Filed pursuant to 424(b)(4)
Registration No. 333-276348

Prospectus

8,000,000 Units

BrightSpring Health Services, Inc.

8,000,000 6.75% Tangible Equity Units

We are offering 8,000,000 6.75% tangible equity units, or "Units." Each Unit has a stated amount of $50.00. Each Unit is comprised of (i) a prepaid stock purchase contract, or "purchase contract," issued by us and (ii) a senior amortizing note due February 1, 2027, or "amortizing note," issued by us. Each amortizing note will have an initial principal amount of $8.6618 and a final installment payment date of February 1, 2027.

Unless settled earlier at your option or at our option as described herein, on February 1, 2027 (subject to postponement in certain limited circumstances), each purchase contract will automatically settle, and we will deliver a number of shares of our common stock, par value $0.01 per share, per purchase contract based on the applicable market value (as defined herein) of our common stock as set forth below:

- if the applicable market value is greater than the threshold appreciation price, which is approximately $15.28, you will receive 3.2733 shares per purchase contract;
- if the applicable market value is greater than or equal to the reference price, which is approximately $13.00, but less than or equal to the threshold appreciation price, you will receive a number of shares per purchase contract equal to $50.00, divided by the applicable market value; and
- if the applicable market value is less than the reference price, you will receive 3.8461 shares per purchase contract.

At any time prior to the second scheduled trading day immediately preceding February 1, 2027, you may settle your purchase contracts early, and we will deliver 3.2733 shares of our common stock per purchase contract (subject to adjustment). In addition, if a "fundamental change" (as defined herein) occurs and you elect to settle your purchase contracts early in connection with such fundamental change, you will receive a number of shares of our common stock per purchase contract equal to the fundamental change early settlement rate, as described herein. We may elect to settle all, but not less than all, outstanding purchase contracts on or after November 1, 2024 and prior to February 1, 2027 at the "early mandatory settlement rate" (as defined herein). Other than cash payments in lieu of fractional shares, holders of purchase contracts will not receive any cash distributions.

The amortizing notes will pay you equal quarterly cash installments of $0.8438 per amortizing note (except for the May 1, 2024 installment payment, which will be $0.8531 per amortizing note), which cash payment in the aggregate will be equivalent to 6.75% per year with respect to each $50.00 stated amount of Units. The amortizing notes will be our general unsecured senior obligations and will rank equally with all of our other unsecured senior indebtedness from time to time outstanding. The amortizing notes are not guaranteed by any of our subsidiaries and will be structurally subordinated to all existing and future indebtedness and other liabilities of our subsidiaries. If we elect to settle the purchase contracts early, you will have the right to require us to repurchase your amortizing notes.

Concurrently with this offering, we are also making an initial public offering of 53,333,334 shares of our common stock, or the Concurrent Offering. The Concurrent Offering is being made by means of a separate prospectus and not by means of this prospectus. In the Concurrent Offering, we have granted the underwriters of that offering an option to purchase up to an additional 8,000,000 shares of our common stock at the initial public offering price less the underwriting discount, within 30 days from the date of the separate prospectus. The closing of this offering is conditioned upon the closing of the Concurrent Offering, but the closing of the Concurrent Offering is not conditioned upon the closing of this offering. We cannot assure you that the Concurrent Offering will be completed or, if completed, on what terms it will be completed.

Prior to this offering and the Concurrent Offering, there has been no public market for the Units or our common stock. Our common stock and the Units have been approved for listing on the Nasdaq Global Select Market, or Nasdaq, under the symbols "BTSG" and "BTSGU," respectively. The shares of our common stock deliverable upon settlement of all purchase contracts are also expected to be listed on Nasdaq. We will not initially apply to list the separate purchase contracts or the separate amortizing notes on any securities exchange or automated inter-dealer quotation system, but we may apply to list such separate purchase contracts and separate amortizing notes in the future as described herein.

After the completion of the Concurrent Offering, KKR Phoenix Aggregator L.P., an investment entity owned by investment funds and other entities affiliated with Kohlberg Kravis Roberts & Co. L.P., and Walgreen Co., an affiliate of Walgreens Boots Alliance, Inc., will collectively beneficially own approximately 67.9% of the voting power of our common stock. As a result, we will be a "controlled company" within the meaning of the corporate governance standards of Nasdaq. See "Management—Controlled Company Exemption" and "Principal Stockholders."

Investing in our Units involves risks. See "Risk Factors" beginning on page 41 to read about factors you should consider before buying our Units.

Neither the Securities and Exchange Commission, or the SEC, nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Unit	Total
Public offering price	$ 50.000	$ 400,000,000
Underwriting discount and commission(1)	$ 1.375	$ 11,000,000
Proceeds, before expenses, to us	$ 48.625	$ 389,000,000

(1) See "Underwriting (Conflicts of Interest)" for additional information regarding underwriting compensation.

To the extent that the underwriters sell more than 8,000,000 Units, the underwriters have the option to purchase up to an additional 1,200,000 Units from us at the public offering price less the underwriting discount, within 13 days beginning on, and including, the date of the initial issuance of the Units.

The underwriters expect to deliver the Units against payment in New York, New York on or about January 30, 2024.

Goldman Sachs & Co. LLC **KKR** **Jefferies** **Morgan Stanley** **UBS Investment Bank** **BofA Securities** **Guggenheim Securities** **Leerink Partners**

Wells Fargo Securities **Deutsche Bank Securities** **HSBC** **Mizuho** **BMO Capital Markets** **Loop Capital Markets** **SoFi**

The date of this prospectus is January 25, 2024.

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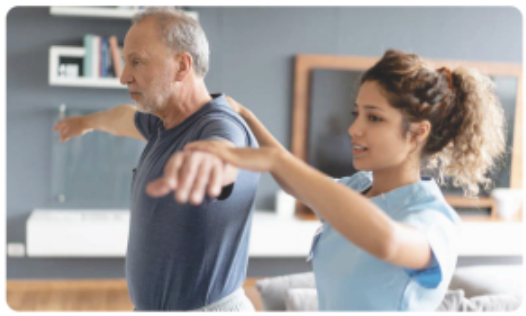
BRIGHTSPRING HEALTH SERVICES

MAKING A DIFFERENCE IN PEOPLE'S LIVES AND COMMUNITIES



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Through and including the 25th day after the date of this prospectus, all dealers that effect transactions in these Units, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligations to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

You should rely only on the information contained in this prospectus or in any free writing prospectus we may authorize to be delivered or made available to you. Neither we nor the underwriters have authorized anyone to provide you with different information. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus, or any free writing prospectus, as the case may be, or any sale of the Units.

For investors outside the United States: we are offering to sell, and seeking offers to buy, the Units only in jurisdictions where offers and sales are permitted. Neither we nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the Units and the distribution of this prospectus outside the United States.

INDUSTRY AND MARKET DATA

Within this prospectus, we reference information and statistics regarding the industries in which we compete. We have obtained this information and statistics from various independent third-party sources, including independent trade associations, industry publications, government publications, reports by market research firms and other independent sources.

In evaluating our business, we reference various studies conducted by independent third-party sources, such as:

- A study published by the Journal of American Medical Directors Association, which we refer to in this prospectus as the JAMDA study, tested 113 home health patients who were enrolled in our Continue CareRx (in-home medication management) Program for Seniors, or CCRx, from May 1, 2021 through March 31, 2023, or the CCRx group, and compared the results to 21,304 home health patients who were not enrolled in CCRx, but were matched with the CCRx group on age range and gender, during the same time period, or the CCRx control group. The study tested whether patients in the CCRx group had a lower hospitalization rate than patients in the CCRx control group. The CCRx control group had a total of 7015 hospitalizations during 2,128,738 total managed days, whereas the CCRx group had a total of 21 hospitalizations during 23,622 total managed days. The JAMDA study showed that patients in the CCRx group experienced a 73.1% lower hospitalization rate than patients in the CCRx control group;
- A two-year study published by the Journal of the American Medical Directors Association, which we refer to in this prospectus as the 2022 JAMDA study, tested approximately 760 Behavioral patients from April 1, 2020 to February 28, 2022. The study showed that patients who received office-based primary care, as opposed to home-based primary care, had a 2.12x higher risk of hospitalization compared to the patients who received home-based primary care, while controlling for patients' age and hospitalization rate in the year prior to the study;
- A study published by the Journal of the American Association of Nurse Practitioners, which we refer to in this prospectus as the AANP study, tested rehospitalizations and emergency department visits of a cohort of approximately 80 patients from April 15, 2016 to August 25, 2016 and compared the results to the same cohort during the six month and one year pre-home care inception periods (using insurance claims–based data). The study showed that with one-year pre-home care inception period, there was a decrease of 23.7% in emergency department visits and 34.9% decrease in rehospitalizations after the implementation of the home-based primary care program, as compared with a six month pre-home care inception period, where there was a decrease of 35.6% in emergency department visits and 59.4% decrease in rehospitalizations;
- The State of the States in Intellectual and Developmental Disabilities, an analytical study of public spending and programmatic trends in intellectual and developmental disability services across the United States, published in 2017, which we refer to in this prospectus as the long-term care study;
- A study conducted by RAND Corporation, which we refer to in this prospectus as the RAND study. RAND tested whether the ExactCare program, a high-touch approach that includes among other things, home visits, comprehensive ongoing medication reviews, and medication compliance packaging, improves medication adherence and reduces health care utilization and costs. Using a national database of a large U.S. insurer, the study identified Medicare Advantage plan members in eight states from 2007 to 2018 who had both medical and prescription drug coverage. Approximately 700 ExactCare patients were propensity-matched to approximately 1,400 non-ExactCare patients. The study showed that when comparing ExactCare patients to non-ExactCare patients over the test period, ExactCare's medication care management model was associated with improved medication adherence and an approximately $2,400 per member per year reduction in total cost of care, representing a 5% reduction in average costs. Each year of ExactCare participation was associated with an average increase in prescription drug costs and decreases in total costs and medical costs, largely attributable to decreases in hospital inpatient costs and skilled nursing facility costs; and

- A study published by healthcare in March 2020, which we refer to in this prospectus as the Health Days study, identified 7.8 million traditional Medicare beneficiaries in 2016 who were continuously-enrolled in Medicare Parts A and B. The Health Days study showed that beneficiaries with three or more chronic conditions had a mean of 333.7 healthy days at home.

Unless specifically cited to an outside source, the data and other information contained in this prospectus are based on management's estimates and calculations, which are derived from our review and interpretation of internal company research, surveys, information from our customers and suppliers, trade and business organizations and other contacts in the markets in which we operate and independent sources.

Statements regarding our competitive position, such as our statements that we are a leading, diversified, independent provider of home and community-based healthcare services in the United States, that we are one of the largest or leading independent providers of home and community-based health services in the United States, that we manage one of the nation's largest independent platforms of both pharmacy and provider services offered on a daily basis in home and community settings, and that within oncology, we are one of the leading independent specialty pharmacies in the United States, are based on market share as calculated by revenue. In determining our market position as calculated by revenue, we compared our 2022 revenue to the 2022 revenues of applicable companies in the Russell 3000 that are independent providers of healthcare services or independent specialty pharmacies, including some of our peers named on page 197. Our statements in this prospectus regarding our combined market opportunity are based on projected expenditures for 2022 from the Centers for Medicare & Medicaid Services, or CMS, data. The Company determined its combined market opportunity of over $1.0 trillion by starting with the projected Medicare and Medicaid expenditures of $944 billion and $805 billion, respectively, and subtracting projected Medicare and Medicaid hospital expenditures of $623 billion and adding projected total pharmacy expenditures, excluding Medicare and Medicaid pharmacy expenditures, of $225 billion. The Company's platform is purpose-built to address the majority of the full continuum of care and pharmacy services provided to patients in the United States today. This is exemplified by the Company's existing penetration evidenced by its delivery of comprehensive pharmacy and provider care (including primary care) to the Senior, Specialty and Behavioral population, while the Company continues to extend the range of services it provides and increase its geographic coverage and density. For these reasons, among others, the Company believes it has a combined market opportunity of over $1.0 trillion. The CMS data after 2021 is not historical data but is based on the National Health Expenditure, or the NHE, projections of trends in major spending categories, such as aggregate medical spending, medical goods and services consumed. The models used to project trends in health care spending are estimated based on historical relationships within the health sector, and between the health sector and macroeconomic variables. Accordingly, the spending projections assume that these relationships will remain consistent with history, subject to certain adjustments, and the projections do not assume any potential legislative changes over the projection period, nor do they attempt to speculate on possible deviations from current law. These projections also make certain assumptions about macroeconomic conditions. Data regarding the industries in which we compete and our market position and market share within the industries are inherently imprecise and are subject to significant business, economic and competitive uncertainties beyond our control, but we believe they generally indicate size, position, and market share within the industries. Assumptions and estimates of our and our industries' future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors." These and other factors could cause our future performance to differ materially from our assumptions and estimates. See "Forward-Looking Statements."

TRADEMARKS, TRADENAMES, SERVICE MARKS, AND COPYRIGHTS

We own or have rights to use various trademarks, tradenames, service marks, and copyrights, which are protected under applicable intellectual property laws, including, for example: BrightSpring, PharMerica, ResCare, All Ways Caring, Amerita, Onco360, Chem Rx, Abode, Adoration, Springhealth, Pharmacy Alternatives, and Rehab Without Walls. This prospectus also contains trademarks, tradenames, service marks, and copyrights of other companies, which are, to our knowledge, the property of their respective owners. Solely for convenience, certain trademarks, tradenames, service marks, and copyrights referred to in this prospectus may appear without the ©, ®, and ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, tradenames, service marks, and copyrights. We do not intend our use or display of other parties' trademarks, tradenames, service marks, or copyrights to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties.

BASIS OF PRESENTATION

Certain Definitions

The following terms are used in this prospectus unless otherwise noted or indicated by the context:

- "ABA" means applied behavioral analysis, a type of therapy that focuses on improving specific behaviors;
- "ABI/TBI" means acquired/traumatic brain injury;
- "Abode" means Abode Healthcare, which we acquired in April 2021;
- "associated family satisfaction," for circumstances when a patient is unable to respond due to cognitive issues, is calculated by the percentage of such family member of a patient who would recommend the Company to another friend or family member based on the patient's experience in the Company's therapy, as reported in our outpatient therapy satisfaction survey from April 1, 2023 to June 30, 2023;
- "Behavioral" patients and populations mean individuals with intellectual and developmental disabilities including mental illness;
- "BHS Acquisition" means the acquisition of BrightSpring Health Holdings Corp. and its subsidiaries in March 2019;
- "BrightSpring," "BrightSpring Health Services," "Company," "we," "us," and "our" refer to BrightSpring Health Services, Inc. and its consolidated subsidiaries;
- "de novo" means new branch, agency, facility, clinic, and pharmacy locations;
- "First Lien Facilities" mean, collectively, the First Lien Term Loan Facility, the Revolving Credit Facility, and the LC Facility;
- "First Lien Term Loan Facility" means, collectively, the Initial Term Loans, the Tranche B-2 Term Loans, and the Tranche B-3 Term Loans, each as described under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Debt";
- "HCI" means Hospice Care Index, which captures care processes occurring throughout the hospice stay. The HCI is a single measure comprising ten indicators calculated from Medicare claims data. Each indicator equally affects the single HCI score, reflecting the equal importance of each aspect of care delivered from admission to discharge. The HCI score does not have a traditional numerator or denominator. Instead, a hospice, assuming 20 or more discharges in the two pooled years of data, is awarded a point for meeting each criterion for each of the ten claims-based indicators. The sum of the points earned from meeting the criterion of each individual indicator results in the hospice's HCI score. HCI scores can range from 0 to a perfect 10;
- "I/DD" means an intellectual/developmental or cognitive disability;
- "independent" when (i) describing independent provider of home and community-based health services means non-hospital providers that are not associated with a payor and (ii) describing independent platform of pharmacy services or independent specialty pharmacy means non-retail pharmacies that are not associated with a payor;
- "KKR Stockholder" means KKR Phoenix Aggregator L.P., an investment entity owned by investment funds and other entities affiliated with Kohlberg Kravis Roberts & Co. L.P.;
- "LC Facility" means our letter of credit facility, as described under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Debt";
- "MPR" means Medication Possession Ratio, which is the most commonly used measure of adherence. MPR is calculated as the ratio of the number of days a patient is stocked for their medication to the number of days a patient should be stocked for their medication. We often use MPR to measure pharmacy performance. A performance measure over 80% is considered compliant under our contracts with a payor;

- "neuro" patients and populations mean individuals who have acquired a traumatic brain injury, spinal cord injury, pediatric autism, or other neurological condition;
- "NPS" represents Net Promoter Score, which is a metric used to gauge patient satisfaction based on how likely a patient or physician would be to recommend a company to a friend or colleague. The question is measured on a scale of 0 (not at all likely) to 10 (extremely likely). A designation of "Promoter" is assigned to respondents who provide a score of 9 or 10, a designation of "Passive" is assigned to respondents who provide a score of 7 or 8, and a designation of "Detractor" is assigned to respondents who provide a score of 0 to 6. NPS is calculated by subtracting the percentage of Detractors from Promoters. NPS ranges from -100 to +100, and scores that are closer to +100 indicate that there are more Promoters overall, and a score of +100 indicates that there are no Detractors or Passives. We utilize a third party consulting service, MMIT, to conduct our own NPS surveys of patients served by us and referring physicians in our network. MMIT, as well as other industry standards such as Qualtrics, have indicated that a score above 50 is "excellent" and a score above 80 is "world class." Throughout this prospectus, we reference multiple NPS, as the underlying surveys are conducted by us or by third parties, including payers, across different constituents, both patients and referring physicians, as well as across various time periods, generally conducted quarterly;
- "OPPC" means OnePoint Patient Care, which we acquired in September 2020;
- "overall rating of care" reflects the overall assessment of eight quality measures: communication with family, getting timely help, treating patient with respect, emotional and spiritual support, help for pain and symptoms, training family to care for patient, rating of hospice care, and willingness to recommend to others, as reported by the Agency for Healthcare Research and Quality;
- "patient satisfaction" is calculated (i) for purposes of Company's outpatient rehab services, by the percentage of patients who are satisfied or very satisfied with the progress they have made with the therapy treatment while on our services, as reported in our outpatient therapy satisfaction survey from April 1, 2023 to June 30, 2023; and (ii) for purposes of infusion scores, by averaging the results of seven quality measures, supplies, staff general communication, staff courtesy, staff helpfulness, staff instruction effectiveness, overall satisfaction, and willingness to recommend, as reported in our home infusion satisfaction survey from April 1, 2023 to June 30, 2023;
- "Revolving Credit Facility" means our senior secured revolving credit facility, as described under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Debt";
- "Second Lien Facility" means our senior secured second lien term loan facility, as described under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Debt";
- "Senior" patients and populations mean individuals who are aged 65 and older;
- "Specialty" patients and populations mean individuals who have unique, specialized and most often chronic/life-long health conditions and needs;
- "Walgreen Stockholder" means Walgreen Co., an affiliate of Walgreens Boots Alliance, Inc.; and
- "Workforce Solutions" means Arbor E&T, LLC, which we divested in November 2022.

Presentation of Financial and Other Information

BrightSpring Health Services, Inc. conducts its operations through its subsidiaries, including its indirect subsidiaries, BrightSpring Health Holdings Corp. and its wholly-owned subsidiary, ResCare, Inc., and PharMerica Corporation, or PharMerica.

Our fiscal year ends December 31 of each year. References to any "year," "quarter," "half," or "month" mean "fiscal year," "fiscal quarter," "fiscal half year," and "fiscal month," respectively, unless the context

requires otherwise. References to "2020," "2021," "2022," and "2023" relate to our fiscal years ended December 31, 2020, December 31, 2021, December 31, 2022, and December 31, 2023, unless the context otherwise requires.

When calculating organically grown Adjusted EBITDA for a period, the Company's measure of organic growth for such purposes (i) includes the legacy business of BrightSpring Health Holdings Corp. and its subsidiaries prior to the BHS Acquisition in March 2019 for comparability, (ii) excludes Adjusted EBITDA contribution from Workforce Solutions, which we divested in November 2022, and (iii) excludes Adjusted EBITDA contribution from acquisitions of OPPC, OptionOne LLC, or OptionOne Pharmacy, Abode, Hospice Home Care, Inc., or Hospice Home Care, SJ Hospice Parent, LLC, or Sacred Journey Hospice, and AbilisHealth LLC, or AbilisHealth, during the first twelve months after each such respective acquisition.

We use two methods for calculating our cost savings discussed in this prospectus. When savings can easily be tracked at the expense account level, we primarily use the trailing twelve month, or TTM, baseline calculation method. Under the TTM baseline method, a baseline of expenses is determined by averaging the TTM expenses for the applicable expense account impacted by the cost savings initiative immediately prior to the implementation of a cost savings initiative. Then, each month following the implementation, we calculate the variance in, or reduction of, the go forward monthly expenses from the baseline of expenses to identify cost savings. In addition to the TTM baseline calculation, we use the price per unit, or PPU, baseline method to identify cost savings. The PPU baseline calculation is most commonly used to normalize transaction volume related expenses that can be significantly impacted by organic or inorganic service volume growth. Under the PPU baseline method, a baseline of expenses is determined by averaging the PPU expenses for the applicable good or service impacted by the cost savings initiative immediately prior to the implementation of a cost savings initiative. Then, each month following implementation of the cost savings initiative, we calculate the variance in, or reduction of, the go forward PPU expenses from the baseline PPU expenses to identify cost savings. The $41.5 million of annual savings from the implementation of our PMO-led continuous improvement program referenced throughout this prospectus was calculated using both methods depending on whether the applicable underlying costs can be significantly impacted by organic or inorganic volume growth.

In this prospectus, where we discuss the number of de novos opened since 2018, such number includes de novos opened by each business we acquired prior to our acquisition of such business if opened since 2018.

Numerical figures included in this prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in various tables may not be arithmetic aggregations of the figures that precede them.

NON-GAAP FINANCIAL MEASURES

This prospectus contains "non-GAAP financial measures," which are financial measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with accounting principles generally accepted in the United States, or GAAP. Specifically, we make use of the non-GAAP financial measures "EBITDA" and "Adjusted EBITDA."

EBITDA and Adjusted EBITDA have been presented in this prospectus as supplemental measures of financial performance that are not required by, or presented in accordance with, GAAP, because we believe they assist investors and analysts in comparing our operating performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. Management also believes that these measures are useful to investors in highlighting trends in our operating performance, while other measures can differ significantly depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which we operate and capital investments. Management uses EBITDA and Adjusted EBITDA to supplement GAAP measures of performance in the evaluation of the effectiveness of our business strategies, to make budgeting decisions, to establish and award discretionary annual incentive compensation, and to compare our performance against that of other peer companies using similar measures.

Management supplements GAAP results with non-GAAP financial measures to provide a more complete understanding of the factors and trends affecting the business than GAAP results alone. EBITDA and Adjusted EBITDA are not GAAP measures of our financial performance and should not be considered as an alternative to net (loss) income as a measure of financial performance or any other performance measures derived in accordance with GAAP. Additionally, these measures are not intended to be a measure of free cash flow available for management's discretionary use as they do not consider certain cash requirements such as tax payments, debt service requirements, total capital expenditures, and certain other cash costs that may recur in the future.

The presentations of these measures have limitations as analytical tools and should not be considered in isolation, or as a substitute for analysis of our results as reported under GAAP. Because not all companies use identical calculations, the presentations of these measures may not be comparable to other similarly titled measures of other companies and can differ significantly from company to company. For a discussion of the use of these measures and a reconciliation of the most directly comparable GAAP measures, see "Summary—Summary Historical Consolidated Financial and Other Data."

SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before deciding to invest in the Units. You should read the entire prospectus carefully, including "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our consolidated financial statements and related notes included elsewhere in this prospectus, before making an investment decision. This summary contains forward-looking statements that involve risks and uncertainties.

Summary Highlights of Our Business

- *A leading, diversified, independent provider of home and community-based healthcare services in the United States*
- *Scaled national platform with a presence in all 50 states, a quality and compliance focus, longer-term customer relationships, a successful M&A track record, and an experienced management team*
- *Complementary pharmacy and provider services that more completely address the multiple needs of complex Senior and Specialty patients across their various settings and over time*
- *Focus on clinical and operational excellence and coordinated front-line healthcare services to deliver improved outcomes in lower-cost settings with high levels of satisfaction among stakeholders*
- *Compelling and proven value proposition for all constituents, including our clients, patients and their respective families, customers, partners, payors, employees, and investors*
- *Over $1.0 trillion combined market opportunity with numerous positive industry trends and drivers*
- *Growth opportunities available through organic expansion in core pharmacy and provider businesses, our ability to leverage complementary and care management services for integrated care synergies and value-based care payment models, and through strategic acquisitions*
- *In 2022, grew revenue by $1.0 billion, or 15.3%, to $7.7 billion*
- *In 2022, net income decreased by $105.5 million to $(54.2) million*
- *In 2022, increased Adjusted EBITDA by $29.4 million, or 6.0%, to $522.5 million*
- *Overall, the comprehensive services that we provide at the scale we provide them create economies of scale, stability, and attractive near-term and long-term commercial opportunities that address societal needs*

Who We Are

We are a leading home and community-based healthcare services platform, focused on delivering complementary pharmacy and provider services to complex patients. We have a differentiated approach to care delivery, with an integrated and scaled model that addresses critical services that the highest-need and highest-cost patients require. With a focus on Senior and Specialty patients, which includes Behavioral populations, our platform provides pharmacy and provider services (both clinical and supportive care in nature) in lower-cost home and community settings largely to Medicare, Medicaid, and commercially-insured populations. We are an essential part of our nation's health delivery network as a front-line provider of high-quality and cost-effective care to a large and growing number of people, who increasingly require a combination of specialized solutions to enable holistic health care management. Our presence spans all 50 states, we serve over 400,000 patients daily through our approximately 10,000 clinical providers and pharmacists, and our services make a profound impact in the lives and communities of the people we serve.

Our model focuses on delivering high-touch and coordinated services to medically complex clients and patients, which is a large, growing, and underserved population in the U.S. healthcare system. These high-need and high-cost Senior and Specialty patients comprise a market of over $1.0 trillion across our business. The chronic conditions and long-term health needs of these patients not only represent an outsized share of health care spend today, according to RAND, but we believe that they are expected to also drive a disproportionate share of future expenditures. Americans with five or more chronic conditions make up over 10% of the population and account for 40% of total health care spending, on average spending 10 times more on health services than those without chronic conditions. These patients most often require both pharmacy and provider services to achieve the best outcomes, but must often navigate disjointed and separately-administered health services. This can result in uncoordinated care delivery with adverse medical consequences, as compared to receiving timely, proximal, and complete care support in the home and community that improves health and reduces cost.

We have built a significant presence and capability in delivering complementary and high-touch daily healthcare services and programs to complex patients in their homes and in communities in order to address their multiple health needs and requirements more completely. In pharmacy, we leverage our national infrastructure to provide daily medication therapy management to various customer and patient types wherever they reside in the community, including home and in-clinic infusion patients, oncology and other specialty patients in their homes, residents of independent and senior living communities, people receiving hospice care, neuro and Behavioral clients' and patients' homes, residents of skilled nursing and rehabilitation facilities, hospital patients, and the homes of Seniors who are on a significant number of medications. Within provider services, we address the clinical and supportive care needs of Senior and Specialty populations, including neuro and Behavioral patients, primarily in their homes, as well as some clinic and community settings. Our clinical services consist of home health and hospice and rehab therapy, and our supportive care services address activities of daily living and social determinants of health as well. We also provide home-based primary care for patients in senior living communities, long-term care, and individual homes to directly manage and optimize patient outcomes and to enable value-based care. By providing these complementary and necessary services for complex patients, our care model is designed to address multiple patient needs and better integrate health services delivery to improve quality and patient experiences, while reducing overall costs.

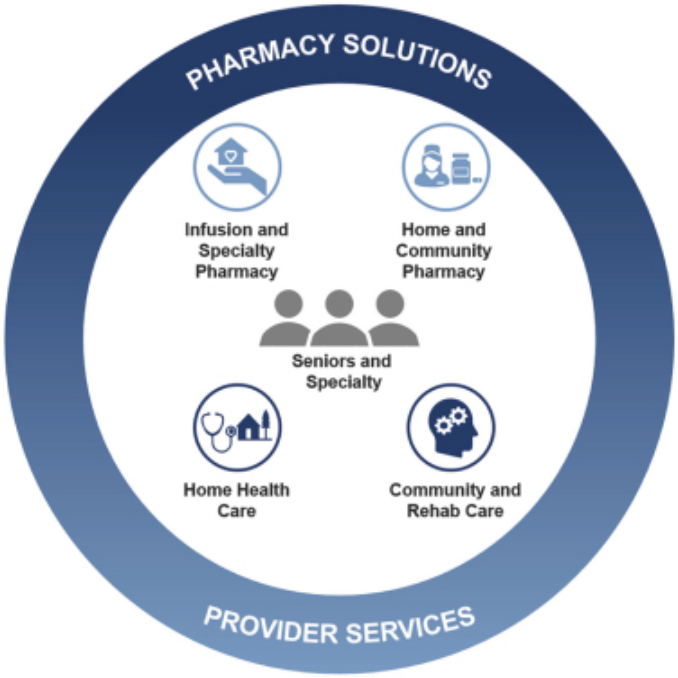
We believe that our Company addresses important needs today and is also well-positioned for the long-term, as it is underpinned by capabilities and characteristics that suggest continued differentiation and growth:

- **Complementary pharmacy and provider services that address multiple patient needs –** We have a healthcare platform that can combine pharmacy and provider care in order to address the spectrum of interrelated and chronic needs that Senior and Specialty patients possess. Through our comprehensive care capabilities, we are able to develop longitudinal relationships and views of our patients, which enables us to more closely manage daily medication requirements and adherence, provide primary care and other skilled nursing and therapy clinical services, and address social determinants of health and daily care needs. Moreover, we believe that this integrated model and capability set will increasingly be a more effective approach for providing high-need and high-cost Senior and Specialty populations the pharmacy and care services solutions they require.
- **Effectively serving complex patients in the home and community setting –** With over 40 years of experience caring for "must-serve" client and patient populations, we deliver care in preferred and lower-cost settings with strong quality results. Our services reduce cost by providing care for many of these individuals in non-institutional home and community settings and reducing hospitalizations. For example, across our pharmacies, we achieve 99.99% order accuracy and 98.46% order completeness, "excellent" and "world class" NPS, and a reduction in hospitalizations with CCRx, while also driving savings through medication adherence and therapeutic interchanges. We achieve 99% patient satisfaction in our outpatient rehab services, an 84% overall rating of care in hospice, and, as reported

by the Agency for Healthcare Research and Quality, hospitalizations 30% lower than the national average in our home-based primary care. Our complex Behavioral clients, often with three or more comorbidities and requiring eight or more medications, are still able to spend 359 days a year at home on average. We believe that we are positioned to identify potential medical problems and avoid adverse events due to our highly proximate position to patients.

- **Market-leading scale with a focus on operational excellence and coordinated front-line care –** We manage one of the nation's largest independent platforms of both pharmacy and provider services offered on a daily basis in home and community settings – to address the multiple needs of medically complex Senior and Specialty patients. Our leading scale across all 50 states has important benefits. Our scale provides complementary diversification and risk mitigation in payor sources, end markets, and geographies, while also creating exposure and access to a broader set of market growth opportunities. Further, we leverage economies of scale and best practices across the company, including in purchasing and all supplier contracting, quality, technology, human resources, and advocacy and payor relations. Scale from our pharmacy and provider businesses allow us to effectively deliver and coordinate integrated solutions to and across patient types and care settings, which we believe will be more important in the ongoing development of value-based care solutions. Ultimately, our track record of building market density, expanding core services to additional customer and patient types, and replicating this model across new geographies underpins both our historical results as well as our growth strategies.

We are one of the largest independent providers of home and community-based health services in the United States, offering skilled, complementary, integrated, and impactful health care solutions. Almost all of the clients and patients that we serve have chronic conditions and the vast majority of them receive their services on a recurring basis over long periods of time. In our pharmacy business, patients have an average of nine prescriptions at a given time and are supported by our local pharmacy model that delivers daily services, often within an hour or two, from over 180 pharmacies, infusion centers, and specialty oncology locations across all 50 states. We have specifically focused on and built a fast, local, and "white-glove" delivery model that is supported by expert clinical teams in the field, which fulfilled over 34 million prescriptions in 2022 across customer and patient settings and types. Patients who receive our provider services average six chronic conditions per patient, and we delivered approximately 20 million hours of quality and compassionate care in 2022 to home health, hospice, rehab, and home care patients and clients. Combined, our daily pharmacy and provider services are delivered from and to approximately 9,500 office, clinic, and customer locations across the country, with over 400,000 patients serviced at any one time, including over 250,000 patients served in their homes at any one time.



We believe the historical results of the Company are due to both our scale and diversified yet complementary services, which have underpinned historical financial stability while also enabling us to grow and pursue opportunities in attractive markets principally in home and community settings. We target customer and patient markets that exhibit strong demand, where we can leverage our scale and infrastructure, and where our services have a clear and tangible value proposition, for example improving quality and reducing healthcare system costs. We also seek to expand our services through targeted de novo locations, accretive acquisitions, and integrated care opportunities, i.e., providing care management and multiple needed services to a patient. The Pharmacy Solutions segment revenue totaled $5,264.4 million in 2022, accounting for 68.3% of total revenue, with Segment EBITDA of $344.5 million, accounting for 52.7% of total Segment EBITDA. The Provider Services segment revenue totaled $2,181.5 million in 2022, accounting for 28.2% of total revenue, with Segment EBITDA of $288.8 million, accounting for 44.2% of total Segment EBITDA. We believe that underlying market growth combined with our scale, integrated services platform, operating capabilities, and acquisition opportunity set have allowed us to grow and increase market share.

From 2020 to 2022, we have grown revenue from $5,580.4 million to $7,720.6 million, primarily from organic growth along with strategic acquisitions. From 2020 to 2022, net income (loss) decreased from $21.2 million to $(54.2) million and Adjusted EBITDA increased from $407.8 million to $522.5 million. Longer term, our compound annual growth rate, or CAGR, from 2018 (including the legacy business of BrightSpring Health Holdings Corp. and its subsidiaries prior to the BHS Acquisition in March 2019 for comparability) to 2022 in Revenue and Adjusted EBITDA was 15% and 15%, respectively.

For the nine months ended September 30, 2023, total revenue was $6,451.6 million, representing a 12.2% increase from $5,749.9 million in the nine months ended September 30, 2022. For the nine months ended September 30, 2023 and 2022, our net (loss) income was $(148.1) million and $2.3 million, respectively. For the nine months ended September 30, 2023, Adjusted EBITDA was $395.2 million, representing a 3.1% increase from $383.5 million in the nine months ended September 30, 2022. Impacting comparability, our results for the

nine months ended September 30, 2022 included $247.4 million of revenue and $18.1 million of Segment EBITDA relating to our Other segment comprised of Workforce Solutions, which we divested in November 2022. See "—Summary Historical Consolidated Financial and Other Data" for a definition of Adjusted EBITDA and reconciliations of Adjusted EBITDA to net (loss) income.

Our Value Proposition

We believe that our services offer a compelling value proposition for numerous constituents, including clients, patients, customers, strategic partners, referral sources (including physicians, hospital systems, and states), payors, policymakers, federal, state, and municipal legislators, clients' and patients' families, employees, other healthcare industry stakeholders, and future investors.

We bring value to high-need, medically complex patients: Our platform is designed to provide improved care for high-need, high-cost, and complex Senior and Specialty patients in the homes and communities in which they live. In the home and community settings where we operate, patients with chronic conditions often require daily care, closely-managed medication regimens, and specialized clinical treatment. Our mission is to make a difference in people's lives and communities, in helping them to live more independently and achieve their specific health goals and outcomes.

The Company's consistent quality performance in providing services for patients with challenging conditions is evidenced over time by strong and leading metrics. For example, across our pharmacies, we achieve 99.99% order accuracy and 98.46% order completeness, "excellent" and "world class" NPS, and a reduction in hospitalizations with CCRx, while also driving savings through medication adherence and therapeutic interchanges. We achieve 99% patient satisfaction for outpatient rehab services. We achieve hospitalization rates for ambulatory care sensitive conditions that are approximately 30% lower than other practices in our region in home-based primary care, as reported by the Agency for Healthcare Research and Quality, an 84% overall rating of care in hospice, and four stars (out of five) in the Consumer Assessment of Healthcare Providers and Systems, or CAHPS, home health patient survey ratings. In addition, we estimate that home healthcare costs per day can be 98% less than costs for hospital care. Our complex Behavioral clients, often with three or more comorbidities and requiring eight or more medications, are still able to spend 359 days a year at home on average.

We bring value to payors and are well positioned for potential shifts towards value-based care arrangements: We believe that proximal, attentive, and quality home and community-based services combined with our integrated care capabilities reduces costs in the healthcare system for medically complex populations, while also delivering improved member outcomes. In addition to our demonstrated strong quality results and serving patients in home or community settings they prefer, we have also demonstrated significant cost and performance benefits for our payors. We provide home-based primary care, which has been associated with up to a 50% reduction in hospitalization rate, and a 20% reduction in emergency room visits, as demonstrated by the 2022 JAMDA study and the AANP study, with in-home clinical services and monitoring that help patients adhere to their medication regimen and avoid accidents or relapses requiring visits to emergency rooms or hospitals. We estimate that the average cost per day for home care clients is 90% less than hospital care and the use of a greater number of personal care hours can delay or prevent nursing home placement, enabling more nursing-home eligible patients to reside in lower-cost home and community-based settings. We reduce the cost of long-term care for Behavioral patients by over $100,000 per year, based on the long-term care study, which demonstrated that the average group home cost similar to our community settings is $107,000 per year, compared to the average large state institution cost of $210,000 per year. Furthermore, our value is enhanced by our ability to provide needed pharmacy solutions to customers, clients, and patients who benefit from our expertise and proprietary programs. These pharmacy services optimally manage medication regimens and drug utilization and minimize adverse medical effects, which have been shown to help capture approximately $2,400 in annual savings from increased medication adherence, according to the RAND study. We are leveraging our growing home-based primary care and complementary, and required pharmacy and provider services, to manage patients through multiple accountable care organizations, or ACOs, arrangements where we receive shared savings. This capability set also positions the Company for continued expansion in value-based care through both our own managed care plans and external partnerships and contracts with managed care organizations.

We bring value to families and communities that care about our clients and patients: By being able to offer multiple, complementary services and by providing services in the home as well as community clinic settings, we reduce the caregiving burden on clients' and patients' family members. Our services are available in care settings where our patients live, and these services are intimately connected to the quality of life of a patient and their family in the broader community. As a result, and for example, our patient or associated family satisfaction scores are 99% for outpatient rehab services based on an internal survey, 95% for home infusion patients based on a survey conducted by Strategic Healthcare Programs, 81% per Home Health CAHPS, which is higher than the national average, calculated by Strategic Healthcare Programs, 87% for Hospice CAHPS based on a Strategic Healthcare Programs CAHPS Hospice satisfaction survey, and Seniors and Behavioral supportive care clients and families (or guardians) report an average satisfaction score of over 4 (out of 5) based on an internal survey.

Clients, patients, families, and guardians have 24/7 access to our pharmacists and providers, through 24/7 pharmacies, afterhours pharmacy hubs, and on-call services. Our expert order and prescription intake, insurance authorization and billing processes, which are also a competitive advantage amidst complicated industry billing requirements, help to ensure timely access to appropriate and required care and accurate out-of-pocket or customer payments. Additionally, our size, scale, and breadth of pharmacy and provider service coverage create greater access points for clients, patients, and families to find care.

In addition to the daily provision of quality and people-focused health care services, our employees are afforded and take advantage of many opportunities to contribute in their communities through charitable activities and organizations, dedicating their time and resources to build up and support others. Since 2020, we have participated in hundreds of community service events, contributed thousands of hours, and committed over $4.5 million to assist underserved communities through programs that benefit children, schools, nursing and hospice foundations, and organizations that provide support to many of the individuals we serve. Additionally, to help create opportunities for people in the future, the BrightSpring Brighter Futures Scholarship and the BrightSpring Nursing Scholarship provide college tuition to outstanding and deserving high school students each year who require financial support.

We bring value to employees who serve our medically complex patient population: Our national scale and healthcare service offerings create flexibility of care provision and breadth of opportunities for our providers. We offer a compelling mission and the ability to form meaningful relationships with clients and patients, while directly improving their condition and lives. Across our pharmacy and provider services, the Company's infrastructure, technology, training, and operational processes provide support, flexibility in work schedules and pay, and reduce administrative burdens for our teammates to help them concentrate on providing quality care for patients. Along with ongoing training, we have implemented career pathways for advancement and continued to invest in pay and benefits.

We have well-known brands and strong reputations in many markets, with comprehensive training, career path, and awards and recognition programs in our Company. Over 100 of our leaders and employees have received third-party national and industry awards over the past several years, including multiple CEO, Human Resources, and Quality awards, and we were named a Diversity Jobs Top Employer for 2023. As an organization we have been committed to creating opportunities for people of all backgrounds and types of skills. We are proud that 80% of our employees are female, 48% of our employees are people of color, and, of our top approximately 600 managers in the Company, almost 60% are female. We have multiple affinity programs internally, including a Veterans program that supports the employment, training, and careers for many employees who are Veterans, and our SHARE (Support Help Assistance Relief Effort) program aids fellow employees that have been affected by an emergency or disaster, with millions of dollars contributed to the program over the past four years.

We bring value to many healthcare partners, including physicians, health systems, customers, and drug manufacturers by driving shared success: We have a strong and well-established base of physician and health system referral sources and partners that has been built on years of customer service and quality results. In many locations, we have built deeper, preferred, and contractual relationships with these partners. Our Company has 360 formal strategic partnerships and contracts with health systems, including approximately 20 home health partnerships and contracts with leading hospital systems and ACOs across multiple states related to high performance networks, care transitions, indigent patient management, high-risk patient programs, and therapy and heart failure bundles.

We have preferred or exclusive relationships with pharmaceutical manufacturers in specialty oncology drugs, as manufacturers select and prefer to work with our pharmacy due to leading patient service, reimbursement navigation, nursing support, speed of drug delivery, patient drug adherence, IT and data solutions, and other proprietary value-add services. We currently have 116 limited distribution oncology drugs, an increase from 93 in 2021, and 87 in 2020, with another 16 in the current pipeline still to launch, including 5 exclusive and 11 ultra-narrow and high-control drugs with limited pharmacy access.

We bring value to investors through our platform of diversified and complementary services: We offer investors a platform of differentiated scale that incorporates broad geographic, end market, and reimbursement diversification among related and complementary services. The platform is designed to offer stability as well as innovative integrated care capabilities with unique levers to drive organic and inorganic growth.

The Senior and Specialty patients we serve represent a market opportunity of over $1.0 trillion and are expected to drive a disproportionate share of future expenditures due to long-term secular drivers that include an aging population, increasing prevalence of chronic diseases, and an increasing prevalence and number of behavioral indications and patients. The Company's platform delivers services primarily in home and community settings, which benefit from industry trends and tailwinds, given patient preference and the high-quality and lower cost of services of home and community-based care. Approximately 20,000 of our patients receive multiple services from us in their homes today, and we believe that there are over 575,000 additional opportunities to deliver our services to our current census of patients across settings.

The typically multi-year "care relationship" with our patients and the recurring nature of the specific patient care that we provide have resulted in strong visibility with respect to future revenues, particularly for the next twelve-month period, as well as greater operational stability. Approximately 76% and 69% of our anticipated service volume for the next six and twelve months, respectively, is expected to be attributable to patients currently in our care based upon average lengths of stay determined from historical data, with the remainder of our anticipated service volume for those periods expected to be attributable to new patients not currently in our care.

Our national footprint, leading scale, quality track record, and focus on operational execution position us as a provider of choice with services that are broadly supported by our mix of diversified payor sources and programs, including, as of December 31, 2022, 48% Medicare (35% Medicare Part D), 23% Medicaid (of which this percentage is further distributed at the state level), 19% Commercial, 4% government programs, and 6% private/other. As reimbursement models continue to evolve, our complementary, value-add services, and diversified payor mix enable us to potentially enter into quality and value-based contracts that allow us to realize greater incentives and savings than today and take risk.

The Company's platform and financial profile also benefits from an extensive track record in high return de novo location expansions. Over our history, we have continuously built and developed new de novo locations to address gaps and opportunities in our geographic coverage. This incremental coverage provides both standalone growth and opportunities for integrated care network benefits and cross-referrals among related services, and is informed by our knowledge of markets, competitors, referral sources, customers, people, and our payor contacts. We have expanded to 138 new locations since 2018. We believe we can continue to replicate our historical performance of opening at least 20 de novo locations per year. While we expect de novos typically take three to five years to reach full maturity, our 138 de novo openings since 2018 have reached profitability within six months on average. We have organically grown Adjusted EBITDA by approximately 9% from 2018 to 2022.

Our extensive M&A track record is also a meaningful part of our platform, financial profile, and future opportunities. We have a proven ability to source, execute, and integrate accretive acquisitions in fragmented industries. Since 2018, we have completed 57 acquisitions within our pharmacy and provider services, including strategic and tuck-in acquisitions, with 12, 12, and 6 deals completed each year in 2020, 2021, and 2022, respectively, and 3 deals completed in the nine months ended September 30, 2023. Our combined aggregate purchase consideration has totaled over $1.7 billion since January 2020, and we have demonstrated significant reduction in our purchase multiple through revenue and expense synergies and growth post the closing of acquisitions. With access to comparatively more acquisition opportunities across our large markets, and through our ability to leverage scale and operating related synergies, we are able to selectively target attractive and value-enhancing acquisitions that we expect to continue to contribute to the long-term success of the Company.

Industry Overview and Market Opportunity

Healthcare expenditures in the United States were projected to total $4.4 trillion in 2022 and are expected to reach $4.9 trillion in 2024, according to CMS. Through our platform, we provide a complementary and integrated set of health services capabilities to high-need, high-cost, medically complex patients that address their multiple needs. We provide these critical services primarily across Medicare, Medicaid, and commercial plans, which we believe creates over $1.0 trillion of opportunity for our specific and relevant services among the main healthcare funding sources and other pharmacy services payors in the United States.

Within the over $1.0 trillion market opportunity, the Company's platform is able to benefit from a comprehensive set of capabilities that address a number of favorable underlying markets and trends. For example, as the baby boomer population ages and life expectancy increases, Seniors, who comprise a large portion of our patients, will represent a higher percentage of the overall population. The Congressional Budget Office, or the CBO, projects that the U.S. population aged 65 and older will grow, on average, by 3% annually over the next five years. Specialty populations, who have unique, specialized, and most often chronic/life-long health conditions and needs, represent a growing proportion of the adult population in the United States. Within our provider services, home health patient expenditures are expected to increase by approximately 7% over the next five years, with hospice patient expenditures expected to increase by 8% over the same period. Additionally, services related to supportive care are expected to grow by 6% over the next five years. In Pharmacy, home and community markets are expected to grow at a weighted average growth rate of approximately 9% over the next five years.

We believe these trends will continue to drive sustainable growth in our markets and greater utilization of our services in the future, creating opportunities for scaled providers to continue to gain share through our infrastructure advantages and focus on coordinated and valuable care to medically complex Senior and Specialty patient populations with intensive healthcare needs.

We operate in a highly competitive industry as well. Within our markets, we compete with businesses spanning both pharmacy and provider services markets.

In our Pharmacy Solutions segment, we compete with local, regional, and national pharmacies. While no other company singularly competes with us across all of our pharmacy customers and patients, on a nationwide basis we compete with several companies depending on the patient type and related service offering. In our infusion and specialty pharmacy services, we compete in the large and fragmented home infusion and specialty pharmacy markets including Option Care Health, Inc., Coram CVS/specialty infusion services (a division of CVS Health), Accredo Health Group, Inc. (a unit of Cigna), Optum Specialty Pharmacy (a subsidiary of OptumRx, which is a unit of the UnitedHealth Group), and various regional and local providers. In our infusion and specialty pharmacy services, owners of senior living and skilled nursing and rehabilitation facilities may also provide pharmacy (and provider) services, and on a nationwide basis we compete with Omnicare, Inc., a division of CVS Health, and several others.

In our Provider Services segment, we compete with local, regional, and national providers of clinical services and supportive care to clients and patients. Within our provider services, our principal competitors are comprised of Amedisys, Inc., Encompass Health Corporation, LHC Group, Inc., and Addus HomeCare Corporation, as well as other local and regional providers. Within these services we also compete for employees with physicians, nurse practitioners, physician assistants, and other medical and non-medical personnel. Additionally, we compete for physicians and other healthcare professionals that we directly employ to provide healthcare services for our patients and to provide licensed medical services.

Our Platform

We believe our high-quality and complementary health services offerings address significant and important patient and stakeholder needs. In the home and community settings where we operate, patients with chronic conditions often require daily care, closely-managed medication regimens, and specialized clinical treatment, and our service model is defined by core pharmacy and provider services augmented by integrated care capabilities that are intended to maximize outcomes and minimize potential disruptions. The Company's quality outcomes achieved for Senior and Specialty patients and industry stakeholders are also mostly delivered in patient-preferred and lower-cost settings. We believe our breadth of service capabilities and proven outcomes position us as a provider of choice for patients, families, referral sources, customers, and payors.

Furthermore, scale is important in the industries and service areas that we participate in, for numerous reasons, including realizing economies of scale, for example in purchasing, technology, and related to fixed expenses, leveraging best practices and quality and operational oversight of the service lines, in payor contracting, being able to invest in attractive growth areas, and driving value through revenue, quality, and operational and cost synergies post acquisitions. Our service capabilities extend across all 50 states in the United States, with co-location of our pharmacy and provider services in 40 states. We deliver a higher proportion of services in select regions with favorable demographics and regulatory environments, with approximately 54% and 47% of our revenue in 10 states in the year ended December 31, 2022 and in the nine months ended September 30, 2023, respectively.

Given our service capabilities extend across all 50 states, our operations are subject to extensive federal, state, and local governmental laws and regulations, including requirements imposed by government healthcare programs. These laws and regulations require us to meet various standards relating to, among other things, arrangement and provision of covered healthcare services to our patients and customers, operation and management of provider and pharmacy solutions, dispensing of pharmaceuticals, the manner in which we provide and bill for services and collect reimbursement from governmental programs and private payors, arrangements with physicians and other licensed healthcare professionals, manufacturers and referral sources, facility licensure, personnel qualifications, and maintenance of proper records and quality assurance programs. See "Business—Regulation."

Our services are organized and managed through two reportable segments: Pharmacy Solutions and Provider Services.

The Company's scale, complementary service offerings, and geographic footprint also enable integrated and value-based care opportunities. Many of our patients today receive both pharmacy and provider services from the Company, thus simplifying their experience and supporting positive outcomes. Our integrated care and value-based care model is based on three important service enablers and three primary strategies. For enablers, we view (i) home-based primary care capabilities, (ii) a customized transitional care management program, and (iii) a clinical care coordination hub as essential to drive optimized quality and reduced cost outcomes. The Company has spent the last several years building out these three integrated and value-based care capabilities. In turn, these enablers are required to execute three key integrated and value-based care strategies, including (i) the coordination of clinically integrated care for patients receiving multiple Company services across settings and over time, (ii) providing multiple integrated (or bundled) services to senior living communities, behavioral providers, skilled nursing and rehabilitation facility providers, hospitals, and payors who all require our comprehensive offerings, and (iii) the execution of value-based care contracts, whether internal through the Company's own ACO shared savings arrangements and managed care plans or whether external through third-party government or managed care entities.

Pharmacy Solutions

We opportunistically provide pharmacy services when and where demanded and as required to customers and patients in their homes and communities, often in coordination with our provider services. The Company filled over 34 million prescriptions in 2022 from over 180 pharmacies across all 50 states, with services delivered to approximately 6,000 customer locations, more than 44,000 individual or group homes, and over 350,000 patients, all through over 4,900 unique customer and payor contracts. Our leading pharmacy support across customer and patient settings is achieved through a focus on medication availability and reliability, cost containment, customer staff and patient support programs, clinical and regulatory education and support, and leading customer service. Infusion and Specialty Pharmacy prescriptions and Community Pharmacy prescriptions have grown at more than 20% and 10%, respectively, from September 2022 to September 2023. We have a unique opportunity to increasingly provide more pharmacy services in the future to provider patients and patients transitioning across settings of care. Almost every one of the Company's patients who receive provider services from us have a significant medication support need given their polypharmacy profile, which we have the opportunity to further address.

Pharmacy services are a universal need and ongoing connection point across medically complex populations. Our pharmacy services delivered into homes and community settings for complex patients are extremely different as compared to retail pharmacy, with more challenging customer and patient needs and service requirements. The average Senior fills approximately 52 medication prescriptions per year, while our average pharmacy patient is usually prescribed approximately nine medications at a given time, or at least two times more than the average Senior. As a result, medication appropriateness, accuracy, and adherence are critical points of emphasis for promoting the overall long-term health and well-being of patients. Non-adherence causes approximately 40% of chronic disease treatment failures and 125,000 deaths per year in the United States. Further, non-adherence costs $100 billion annually, according to the JAMDA study. We deliver on our goals with 99.99% order accuracy and 98.46% order completeness.

There are numerous success factors that we believe are important for long-term sustainability in the pharmacy industry. First, large scale, which our pharmacy platform has and is characterized by, is of critical importance. We are able to leverage our large pharmacy scale in purchasing and all supplier contracting, in operating and fixed expenses, in payor contracting, in technology and systems, in sales and marketing and with brand reputation, in being able to address customer and growth opportunities in more markets, in driving synergies post acquisitions, and in leveraging best practices, for example, in operational, quality, and compliance oversight and human resources and people management. Second, the Company has historically targeted and served home and community pharmacy customers, patients, and channels as different from a retail strategy. We believe that these service settings

and channels are more challenging to serve and present the opportunity for greater customization of offerings, differentiation, and value-add to customers. Third, and related to the customer types and channels that we serve in pharmacy, we most often provide our services through a local pharmacy and delivery model. Many of our customers require same day pharmacy service or in-person administration, and this geographical requirement can only be met through local, physical pharmacies. Fourth, many of our customers and patients have different and more significant clinical, educational, and reimbursement needs as compared to the general population's retail medication profile, which must be addressed through particular expertise and high-touch customer and patient support vehicles and resources. Fifth, and also due to the different setting profile, heightened needs, and medication therapy profile of our patient base, there is an increased importance on service levels and quality measures in our specific pharmacy service types. Companies that outperform on service and quality in our pharmacy customer and patient channels have the opportunity to differentiate themselves in the market and with payors.

Infusion and Specialty Pharmacy

We provide infused, injectable, and oral medication services in the home and clinic focused on pharmaceutical therapies that require expert administration and high-touch clinical services to patients by our pharmacists, registered nursing staff, and patient support teams. Infusion therapy services are a specialty form of pharmaceuticals that involve the intravenous administration of higher-cost, specially-handled medications that treat a wide range of acute and chronic health conditions, including, for example, infections, auto-immune illnesses, oncology, multiple sclerosis, hemophilia, and nutritional deficiencies. Oral and injectable medication therapies for complex disease management treat oncology, neurology, dermatology, cardiology, immunology, inflammatory, rare and orphan, and other conditions. Within oncology, as one of the leading independent specialty pharmacies in the United States, our services encompass clinical coordination, patient education, protocol compliance, patient assistance with insurance access and outside funding, and timely delivery of medication. Our certified oncology pharmacists are available 24/7 to provide support for patients and caregivers while working in close coordination with their physicians.

Our customer service and quality metrics are in-line with, or better than, our peers, such as time-to-first-fill (4.2 day average turnaround time, which is significantly lower than the industry average of 9.7 day average turnaround time), overall Medication Possession Ratio, or MPR (96.9%, which is significantly higher than the generally accepted 80% threshold for compliance, which is also the threshold set forth in the Company's Blue Cross Blue Shield guarantee), and infusion patient satisfaction scores (95.0%, which is in-line with the 95.6% national average). We offer value-add services including technology integrations and real-time analytics for both suppliers and payors. As a result of our unique capabilities in serving pharmaceutical manufacturers and biotech companies, we have exclusive or preferred relationships in specialty oncology drugs, as manufacturers select our pharmacy – exclusively or as part of a group of a few other pharmacies – to distribute and support their therapies in the market. We currently have 116 limited distribution oncology drugs in the market, an increase from 93 in 2021, and 87 in 2020, with an additional 16 in the pipeline still to launch, including 5 exclusive and 11 ultra-narrow drugs with limited pharmacy access. In 2020, 2021, and 2022, as a testament to our leading quality and service, we achieved "world-class" NPS scores of over 90, which also triggered quality incentive payments. The Company receives incentive payments in connection with a payor contract, which includes incentive targets based on the Company's NPS scores achieved from surveys performed directly by the payor. The Company did not receive any such incentive payments during the year ended December 31, 2020. During each of the years ended December 31, 2021 and 2022, the incentive payments were approximately $20 million. For the nine months ended September 30, 2023, the incentive payments were approximately $30 million.

Home and Community Pharmacy

Our home and community-based pharmacy solutions ensure that medications are accessible and clinically supported for patients outside of retail pharmacies. The Company's footprint of pharmacies covers all 50 states with a localized model that features "white-glove" and customized programs and allows for faster response times

and a better customer and patient experience. We service customer locations typically multiple times a day and 24/7 as needed, within a radius of approximately 100 miles of a pharmacy location. Our services focus on achieving leading medication availability, cost containment, and clinical and regulatory education and support for our customers, and they are designed to provide a consistent, best in-class experience for customers accompanied by local concierge support. Centralized intake and order entry drives consistency across operations and markets. Our pharmacy services are all customized to specific settings and patients among the Senior and Specialty populations served, for example whether a patient receiving our medications is in a senior living community, a behavioral group home, or a hospice patient in their own home.

In addition to our very strong service delivery metrics, our pharmacy services and proprietary programs reduce drug costs to customers and patients, for example with a 99.9% generic efficiency rate (the percent of drugs dispensed as generic, when both brand and generic versions of a drug are available) and saving customers an average of $58 per therapeutic interchange. Our customers, supported by several thousand pharmacists, pharmacist consultants, and nurses, perform better than the national average, with our patients consistently outperforming non-patients on overall CMS quality measures. Moreover, we believe we have certain comparative strengths in this large and fragmented pharmacy market due to our large pharmacy scale – and associated drug purchasing capabilities and distribution reach – and robustness of proprietary and customized customer and patient support programs.

In 2021, we launched CCRx, which is a longitudinal medication therapy and risk management program for home health patients, attempting to solve one of the biggest challenges and opportunities in healthcare, which is the ongoing management of complex patients in their homes to reduce adverse health events and hospitalizations. CCRx includes patient and home assessments, initial and ongoing medication review and reconciliation, user-friendly adherence packaging, direct patient engagement, and education by pharmacists and clinicians. The program was built for patients discharged from skilled nursing and rehabilitation facilities or hospitals, and/or patients going onto home health. Studies have shown that all-cause hospitalizations are higher in patients with poor medication adherence and that medication management associated issues are a leading cause of emergency room visits and hospitalizations. CCRx has been shown to reduce hospitalizations, and, as such, is a key enabler in managing patients in value-based care constructs. For example, the JAMDA study found that home health recipients who are enrolled in CCRx experience a 73.1% lower hospitalization rate than home health recipients who are not enrolled in CCRx.

Provider Services

We deliver a variety of impactful and valuable provider services to high-need, chronic, and complex patients in home and community settings. These services consist of clinical and supportive care to over 34,000 Senior and Specialty populations today, with both census for Home Health Care services specifically, and rehab hours served, having grown approximately 9% from September 2022 to September 2023. While the clinical services that we provide have demonstrated attractive volume growth over the past several years, supportive care services have also demonstrated stability and growth due to the valuable nature of these services that address activities of daily living and social determinants of health. Many of our provider patients also receive their pharmacy services through the Company, which helps to optimize their pharmacy and medication care and needs, simplify their experience, and improve their satisfaction. We believe there is greater opportunity to provide integrated services to all of our patients in the future, as almost every one of the Company's patients who receive provider services from us have a significant medication support need given their polypharmacy profile, and, vice versa, many of the patients we serve in pharmacy have multiple provider service needs, including, for example, home-based primary care, home health, and rehab. To this end, the Company has endeavored to build out home-based primary care over the last several years to coordinate patient services.

There are numerous success factors that we believe are important for long-term sustainability in our provider services markets. First, we are able to leverage our investments in human resources and people management initiatives and best practices across the enterprise, including in recruiting scale and centralization, onboarding and training, and career paths. Second, quality and patient satisfaction are critical, and we are able to

provide increased quality and compliance and operational oversight across all locations through additional regional and enterprise resources and functions. Third, we drive strong sales and marketing best practices across geographies to drive strong referral and volume growth rates. Fourth, we are able to drive economies of scale in supplier and payor contracting, in technology and systems, and in government affairs and advocacy. Fifth, the ability to address market opportunities and geographic coverage through de novo locations and tuck-in acquisitions that benefit from synergies adds value, which we have demonstrated. Moreover, provider services scale is perhaps the most important determinant of sustainability for a provider services business, as it enables a company to be able to execute on the aforementioned success factors. Complementary scale in the pharmacy business is additive to provider services quality and growth, as our pharmacy business' presence and footprint across geographies provide for a base of integrated care patient opportunities.

Home Health Care

We provide patient-centric, highly skilled, and compassionate clinical care to Seniors and others in their homes. For Seniors and other patients recovering from surgery or illness or living with chronic diseases, we provide clinical home health care in the home. These services help patients avoid unnecessary hospitalizations, speed up recovery time, and allow people to stay and feel secure in their own homes, which they prefer. Over $40 billion in annual U.S. health care spending is attributed to hospital readmissions, and home health care can reduce 365-day post-discharge costs by more than $6,000 per patient, each per the American Journal of Medicine. We also provide physical, emotional, and spiritual comfort and support primarily for Senior patients with terminal illnesses and their families through our hospice services. Our services have also been shown to help manage end-of-life healthcare spending. For example, Medicare spend in 2019 for patients that had received hospice care was estimated by NORC at the University of Chicago to be $3.5 billion less nationwide than if all such patients had not received hospice care. Like patients receiving home health care, our interdisciplinary hospice teams tailor individualized plans for patients and their families based on a comprehensive understanding of their needs. Our hospice patients require important daily pharmacy support, which we deliver through our pharmacy services. We have an 9.2 Hospice Care Index, or HCI, score, calculated using data from CMS provider reports for each of our providers, and we believe that our nurse-to-patient visit frequency and staffing ratio is well above industry averages, as demonstrated by the fact that across our hospice services, our average total visits per patient is 22.7 visits per month as compared to the national average of 14.0 visits per month. Additionally, on average, nursing visits per patient per month was 10.5 as compared to the national average of 6.4 visits per patient per month, which monthly average was based on a MedPac report in 2022. Additionally, for Seniors and others who require supportive care and activities of daily living support that address social determinants of health, including dietary and nutrition management and cognitive and social engagement, among others, we offer these daily or weekly services. We estimate that the average cost per day of supportive home care services is 90% less than hospital care, and as Medicare spends an average of three times more on older adults with functional limitations, we also believe that supportive care services will continue to become a focus for payors to help improve outcomes and delay or prevent unnecessary facility placement.

We are continuing to build out specialized and different primary care capabilities through our home-based primary care medical home model and platform, which we view as central to the future of optimizing patient management, including patient experiences, outcomes, and cost. Many adverse health and/or medication events can be prevented through better understanding patients' health and risk factors by managing and treating them in the environment where they reside with primary care. In doing so, home-based primary care is more patient-centered and incorporates patients' specific objectives and goals. Home-based primary care pro-actively addresses gaps in care and triages health events in-place when possible, thus mitigating avoidable emergency room visits and hospitalizations. Home-based primary care coordinates care and resources for patients in pulling together previously disparate information and contact points into one place for more coordinated and informed patient care. Our primary care clinicians, including physicians we directly employ in certain states, optimize clinical and care decisions as they see and manage both Seniors and Behavioral (including I/DD) patients in senior living communities, in

individual homes and in group homes, in skilled nursing and rehabilitation facilities, as well as through transitional care visits after patients leave hospitals or skilled nursing facilities. By engaging with patients more frequently and where they live, the Company's home-based primary care can mitigate health issues before they escalate further and conduct many applicable treatments and procedures in a home or community setting. Our home-based primary care has delivered leading quality outcomes, including a hospital readmission rate 30% less than the national average and with acute, chronic, and complex patients served still able to spend 355 days per year at home, which is 6% more days than the Medicare average, based on the Health Days study. For I/DD patients, we have seen reductions in hospitalizations and readmissions of 44% and 84%, respectively, since beginning home-based primary care services.

In addition to many of our provider patients also receiving their pharmacy services from the Company, our patients often receive multiple in-home provider services from the Company to improve outcomes, including home-based primary care and home health or hospice and transitions from home health to hospice. In 2021, the Company implemented CCRx, which provides patients with a more coordinated experience and reduces risks through primary care expertise in the home soon after patient discharge and through optimized medication therapy management in an individual's home. Within the last two years, the Company has built a Clinical (Nursing) Hub to be the contact and coordination point for patients, families, and their pharmacy and provider services. As more of our patients utilize the multiple needed services that they require and we provide, we pro-actively monitor patients and deploy triage tools through our Clinical (Nursing) Hub to address risks and optimize quality outcomes in real-time, particularly for higher risk patients. Within the Clinical (Nursing) Hub, we centralize on-call and tele-triage, perform high-risk patient monitoring and intervention, conduct "Aftercare" patient calls, and manage care coordination opportunities across the enterprise. We see significant potential for additional integrated care opportunities by leveraging our Home-Based Primary Care, CCRx, and Clinical (Nursing) Hub capabilities to support senior living communities, payors, our hospital partners and their patient discharges, and our skilled nursing and rehabilitation facility customers who alone discharge approximately 360,000 patients a year back into the community and their homes.

Community and Rehab Care

Our Community and Rehab Care services provide both client- and patient-centric clinical care and supportive care to Senior and Specialty clients and patients living with age-related acute or chronic conditions, living with life-long indications (including I/DD and autism), or recovering from a catastrophic neuro event (ABI/TBI or stroke) requiring intensive therapy. These services support individuals of all ages who need various forms of expert clinical care and therapy in addition to assistance with daily skill building and living. The majority of these clients and patients receive daily pharmacy support, delivered through our pharmacy business (with an 83% penetration rate), along with ongoing behavioral therapy consults and primary care medical care, which is increasingly being delivered through our home-based primary care practice.

We provide specialized, highly-skilled, and custom-designed rehabilitation services, including physical, speech and occupational therapy and ABA, for clients and patients of all ages with a range of injuries and conditions, including brain and spinal cord injuries, stroke, pediatric neuro conditions, and autism. Our services make a dramatic impact on the trajectory of a patient's independence, skills, and life and significantly lower longer-term costs. Rehab patients see profound improvements in their conditions, with the Company's outpatient rehab services receiving a 99% patient satisfaction score and over 99% of patients who would recommend our services. We also offer a variety of programs for individuals with I/DD through our community living services, including group homes, supported living and family living models (host homes), behavioral therapy, vocational therapy, and case management. Our programs are principally administered in individuals' homes and are predominantly based on individual support and clinical care plans designed to encourage greater independence and manage medical conditions, as the majority of I/DD individuals have multiple chronic conditions and require eight or more medications.

Our Team and Culture

We believe an engaged, connected, and mission-driven team of employees across the Company is an essential component of our platform and growth strategy. Our dedicated clinicians, caregivers, field, corporate and other administrative support employees, managers, and leaders are the critical elements that have enabled us to build a differentiated healthcare platform of scale with strong quality outcomes and historical financial performance. We have a combination of long-standing employees at all levels who have worked together for years and talented newer employees that help to contribute best practices and innovation – all bringing a wealth of experience in healthcare.

Our leadership team has driven a clearly defined vision and mission through the organization. It has fostered and developed a focus on quality, operational excellence, and growth across our enterprise, underpinned by strong people, efficient processes, and robust technology and data systems and applications. The Company has consistently innovated its service models to drive results and augment our positioning as a valuable partner to industry stakeholders. Our culture is at the heart of all we do, enabling execution of our strategies. Our commitment and passion for making a difference and helping people guides the way our care and services are delivered, one patient at a time.

As a leading mission-driven and quality-focused health services organization, our employees are fundamental to our ability to maximize our impact in serving clients, patients, families, customers, referrals sources and partners, and all healthcare stakeholders. Focusing on the interests and development of our employees is a top priority, and our ability to attract and retain compassionate and skilled caregivers and pharmacy professionals, as well as talented functional and managerial staff, is fundamental to our future.

Operational Excellence

Operational excellence is a focus of our Company. It is a key aspect of our performance, and we believe it will be a driver of our continued growth. Our senior leadership's attention to how we operate and manage our services and enterprise support functions is reflected in continuous improvement efforts in both volume and cost efficiency related areas for improved results. In field operations, processes and teams are empowered with clear strategies and goals and managed from the local level up through regions, with key enterprise functions such as finance and accounting, revenue cycle, information technology, quality, compliance, human resources, legal,

payroll, accounts payable, communications, sales and marketing, and government relations working to support front-line and field employees and managers to be as knowledgeable and impactful as possible. In addition to large finance and human resources organizations, dedicated Project Management Office, or PMO, Integration Management Office, or IMO, and Procurement teams have been in place for the last seven years and serve as control functions, as they evaluate opportunities, drive continuous improvement projects, and support the execution of critical initiatives across all business and enterprise functions in the Company.

Working collaboratively, these teams have a broad mandate and are empowered from the CEO office to support further growth and realize savings through new strategies to drive volume, people and culture enhancements, process improvements and operational efficiencies, synergy capture from acquisitions, and improved purchasing that leverages our scale. The implementation of our PMO-led continuous improvement program over the past seven years at the enterprise level has resulted in approximately $41.5 million of annual savings in 2022 (in addition to annual efficiencies and savings work throughout field operations) from improved processes and working smarter, and these efficiencies have been used to reinvest in employees (both existing employees through wages and benefits and new employees to support key strategies, innovation and infrastructure needs to further scale), quality, technology, and growth initiatives.

We have continued to make investments to improve the overall efficiency and workflow of our business and position ourselves for continued future growth. For example, investments in technology and information systems to support our businesses in recent years have included new and improved EMR and ERP systems across different pharmacy and provider services for continued usability improvements, quality objectives, sales and marketing strategies, enabling mobile and electronic visit verification, implementation of daily pay and other employee support applications, and enhancements to financial, revenue cycle, recruiting and training systems. Our cloud-based data lake (storage) and business intelligence (analytics) capabilities are now a single digital platform and set up to feed real-time quality, operational, and financial metrics tracking across the Company.

Quality and compliance are central to our strategies and mission. We have demonstrated leading and excellent service and customer/patient/family satisfaction scores across the organization, as referenced in prior and other sections of this prospectus. In addition to quality and compliance resources and programs in field operations, we invest over $200 million a year in people, training, auditing, signature programs, accreditations, advocacy, and technologies to support quality, compliance, and safety as part of our “Quality First” framework. We continue to invest in quality and compliance resources with 193 enterprise oversight quality and compliance team members, who conduct approximately 200 additional, deep, and next-level audits annually, in addition to ongoing audits at the field operations level. This team also completes monthly record reviews of 10% of all patient charts, leveraging electronic health records. We have over 1,000 pharmacies, branches/agencies, and service locations accredited by the leading, national, and third-party accreditation bodies, including Accreditation Commission for Health Care, or ACHC, Community Health Accreditation Program, or CHAP, Joint Commission, The Commission on Accreditation of Rehabilitation Facilities, or CARF, National Association of Boards of Pharmacy, or NABP, Utilization Review Accreditation Commission, or URAC, and Durable Medical Equipment, Prosthetics, Orthotics and Supplies, or DMEPOS.

Competitive Advantages

As compared to many other health services providers, our large size and scale, our complementary services address multiple needs of high-need and high-cost complex patients, our markets are uniquely large in the aggregate with tangible demand drivers, our services are delivered in preferred lower-cost home and community settings aligned to secular trends, our patients require long-term care and support that results in a high recurring revenue profile, our services produce excellent and proven quality metrics, and our M&A track record and platform is extensive. Moreover, the combination of our services delivered in homes and communities provides for a greater opportunity set of commercial and clinical alternatives to pursue and deepen in, and it provides for a unique model for integrated and value-based care to realize improved patient and cost outcomes for complex

patients, payors, and the healthcare system. These advantages and capabilities have led to strong historical growth, augmented by significant de novo and M&A execution amidst fragmented markets, and underpinned by a capable, seasoned, and proven management team.

The U.S. healthcare industry in which we operate is highly competitive, as we compete with a broad and diverse set of services spanning both pharmacy and provider services. In our Pharmacy Solutions segment, the competition for the distribution of pharmaceuticals to patients and also to healthcare facilities is intense. In our Provider Services segment, we compete with local, regional, and national providers of home health, hospice, rehab therapy, personal, and behavioral health services in each of the geographical areas in which we operate. See "Risk Factors—Risks Related to Our Business—We operate in a highly competitive industry."

Scaled National Platform Focused on Complex Patients in Home and Community Settings: Our reach, breadth, and scaled national platform of pharmacy and provider services improve the consistency of results and is designed to solve critical pain points for payors in managing overall healthcare costs for their most complex patients. We are able to drive clinical outcomes and lower cost of care due to our presence in the home and community and highly proximate position to the patients we serve. In 2022, we delivered over 34 million prescriptions and provided approximately 120 million hours of care across all 50 states in the process of serving over 400,000 people per day on average. We estimate our total addressable market opportunity to be over $1.0 trillion, and the complex populations we serve both comprise the majority of this spend and drive the highest growth within healthcare services. Our ability to provide complementary and integrated daily pharmacy and provider services to more patients at scale enhances our growth and new contract opportunities comparatively and provides us with greater long-term potential size and impact.

Size and scale are important in the industries and service areas that we participate in, for numerous reasons. These include realizing economies of scale, for example in purchasing, technology, and related to fixed expenses, leveraging best practices in human resources and people management, sales and marketing, and customer programs, leveraging quality and operational oversight of the service lines across the enterprise, supporting payor contracting, investing in attractive growth areas, and driving value through revenue, quality, and operational and cost synergies post acquisitions. We believe our scaled national platform of integrated service offerings not only drives efficiencies and best practices, but also establishes our position as a healthcare provider of choice for patients, families, referral sources, customers, and payors.

Complementary Services That Address Integrated Health Over Long Periods of Time: We offer complementary pharmacy and provider services and unique, proprietary programs across our platform that high-need, high-cost, and complex patients require, and we have significant engagement with our patients in their homes and communities. Each of our pharmacy and provider services offers patients higher quality care and provides greater efficiency and effectiveness when integrated, as a streamlined partner available to payors to deliver improved outcomes and cost savings. The comprehensive mix of services that we provide at the scale that we provide them creates both stability – through business, end market, geographic, and payor diversification and relevance – and more revenue opportunities in providing multiple services to patients as a single provider and in capturing additional services across patient settings and transitions of care. The steadily increasing density of our network and proximity to patients allows us to increasingly drive referrals and follow patient needs longitudinally across their individual care continuum. The vast majority of patients we serve not only have multiple service needs, but also have life-long conditions with long-term, chronic care needs, which results in significant revenue visibility – 76% of our patients are on service for at least six months, and 69% of our patients are on service for at least 12 months, which provides for a high degree of recurring revenue comparatively.

Excellent Quality and Compliance with a Focus on Care Coordination: We have demonstrated leading quality metrics and cost-effective care across all service offerings of the Company, coordinating high-need, and complex individuals with caregivers and support services to improve outcomes for clients, patients, and families.

Our provider care management tools and programs help to keep our patients safe, enhance their independence, improve their outcomes, and lower their health care costs. Our goal is to try to ensure that every individual receives the right care, at the right time, in the safest environment possible.

For example, across our pharmacies we achieve 99.99% order accuracy and 98.46% order completeness, "excellent" and "world class" NPS, a 95% satisfaction rating from infusion patients, and a reduction in hospitalizations with CCRx, while also driving savings through medication adherence and therapeutic interchanges. We achieve 99% patient satisfaction in our outpatient rehab services, and we achieve an 84% overall rating of care in hospice, hospitalizations 30% lower than the national average in our home-based primary care, and four stars (out of five) in the CAHPS home health patient survey ratings. Our complex Behavioral clients, often with three or more comorbidities and requiring eight or more medications, are still able to spend 359 days a year at home on average. We believe that we are positioned to identify potential medical problems and avoid adverse events due to our highly proximate position to patients and attentive care protocols, as evidenced by these quality metrics.

Our pharmacies address ever-present patient medication needs across all settings and our industry-leading solutions ensure accurate and timely access to needed medications, control costs, enhance customer education, improve patient outcome measures, and support customer compliance with state and federal regulations. We have dedicated a large and growing amount of resources to support quality and compliance throughout the organization, and we continue to invest in efforts to innovate further towards value-based care capabilities. Together, our quality and compliance programs create an outcomes-based environment centered around clients and patients that enables them to live their best life.

Strong Track Record of Executing High Return De Novo Expansions: We have a successful history of executing on new de novo locations to increase coverage and market share in our geographies. Our knowledge of markets, competitors, referral sources, customers, people, and our payor contacts and contracts from across our services and geographies helps to inform our selection of new markets. We have expanded to 138 new locations since 2018. We have historical performance that indicates that our operating model can succeed across different markets. While we expect de novos typically take three to five years to reach full maturity, our 138 de novo openings since 2018 have reached profitability within six months on average. In the nine months ended September 30, 2023, our 138 de novo locations opened since 2018 generated total revenue of $218.0 million, representing 22.5% growth compared to the de novo locations revenue in the nine months ended September 30, 2022. Our de novo growth in the nine months ended September 30, 2023 contributed approximately 0.7% to our overall Company revenue growth of 12.2% compared to the nine months ended September 30, 2022.

Track Record of Strategic and Accretive M&A Across Our Platform with Proven Ability to Execute: Acquisitions are a key strategic advantage and value creation driver for BrightSpring. We have an established M&A track record and proven capabilities, positioning us to continue to be effective in acquiring businesses within our service lines and within fragmented markets. We have successfully acquired 57 businesses since 2018. Of the 57 businesses, 55 have increased their profitability since we acquired the respective businesses, which is calculated using last twelve months results at the time of the acquisition compared to results calculated for the nine months ended September 30, 2023, annualized for a twelve month period. Our scale and breadth of services creates meaningful opportunities to achieve significant revenue and cost synergies with businesses we acquire. We believe we are an attractive partner for many businesses, who need and can benefit from additional infrastructure, referral source expansion, and purchasing and negotiating power to succeed. Our M&A capabilities have been honed through years of experience, and today we are able to generate significant synergies beginning on the first day post-closing of an acquisition. We have realized combined post-close growth in our acquisitions since 2018 that has resulted in a reduction of aggregate purchase multiple by approximately 50% overall, which is calculated using last twelve months Adjusted EBITDA at the time of the acquisition compared to Adjusted EBITDA calculated for the nine months ended September 30, 2023, annualized to a twelve month period. This highlights the Company's differentiated acquisition and integration approach and skill set and the

value-enhancing nature of our historical acquisitions. We have historically financed our acquisitions primarily with borrowings under our debt facilities, as well as cash flows from operations. Since 2020, we have incurred $1.2 billion of debt to fund the purchase prices of, and otherwise consummate, the acquisitions. Our total debt as of September 30, 2023 was $3.5 billion. See "Risk Factors—Risks Related to Our Indebtedness."

Our M&A platform in our pharmacy and provider services markets within health services is advantageous for multiple reasons: our scale enables both revenue and cost synergies; our complementary service line mix provides us with a broader and larger opportunity set of acquisition targets; our well-resourced corporate development team's ability to pro-actively identify and execute attractive and, most often, proprietary acquisitions; and our IMO team that has extensive experience in managing all elements of the acquisition process pre and post-close and helping to ensure the successful integration of both platform and tuck-in acquisitions into our organization. All service markets that we participate in are still highly fragmented and benefit from scale, which provides for continued consolidation opportunities and value-creation opportunity through well-reasoned and well-executed acquisitions.

Experienced Management Team with a Successful Track Record of Building Companies: Our management team has an average of 26 years of healthcare experience, with combined backgrounds across different industries and disciplines and with collective experience in building healthcare platforms. Senior management has a track record of successfully building home health and hospice platforms, managing large pharmacy businesses, turning around and improving businesses, driving volume growth, entering adjacent and new markets, integrating acquisitions, completing joint ventures, executing on de novos, improving quality, implementing new systems and continuous improvement programs, generating stable cash flows, and creating organizations with strong cultures and talented people. Our management team is tenured and has driven revenue growth of over three times since 2018 while integrating enterprise infrastructure and processes across service lines.

Our Growth Strategy

Drive Organic Growth in Pharmacy Solutions and Provider Services: We expect to continue to pursue and capitalize on growth opportunities in our existing core pharmacy and provider services through four principal mechanisms.

First, we plan to benefit from market penetration in both our legacy and newer markets. Through our scale, our delivery of multiple needed patient services, our quality metrics and ability to improve outcomes for patients, our human resources capabilities, and our sales and marketing initiatives, we are able to drive increased penetration of the Company's stable, growing, and attractive end markets. While we have leading share and scale in a number of our patient services settings, which we have served for longer periods of time, our share in newer patient settings is still emerging and provides added opportunity for further growth. Also, despite the large size of our markets, many potential clients and patients unfortunately still go without care services today, either due to lack of knowledge of available services, access/payment barriers, or waitlists. Continued recognition for the clear value of home and community-based services and continuing referral source, client/patient, and family education can drive further increases in the number of clients and patients on the Company's services.

Second, beyond increasing market penetration and increasing access to existing eligible and appropriate clients and patients, our core business is characterized by favorable demographic and social trends that include an aging population, an increasing number of individuals with chronic, life-long medical conditions, an increasing number of individuals with behavioral and mental health indications, and an increasing preference for home and community-based health solutions. In our core pharmacy and provider services, there remains significant opportunity to benefit from continued growth in our industries and in the number of available patients in need of our services. Seniors over the age of 65 are expected to grow by almost three percent a year by 2030 according to the CBO, and the population size of people over age 85 is expected to double by 2040 according to the Administration for Community Living. In Pharmacy Solutions, the senior living market is expected to grow by five percent per year, demand for home infusion is expected to grow at nine percent, and specialty drug spend is

projected to grow at a 10-15% annual rate, with oncology being the biggest and highest growth market within the specialty pharmacy industry and having a large number of innovative therapies in the pipeline. There is an estimated six percent projected growth rate from 2023 to 2030 in the number of Seniors who will need supportive care services, per Mordor Intelligence forecasts, and 70% of adults over the age of 65 will need assistance at some point, each per the HHS report on older Americans. Hospice services are projected to grow at seven to eight percent per year according to a Bank of America Global Research report, and neuro rehab services are estimated to grow at eight percent per year according to a 2021 report by Allied Market Research.

Third, we believe that we have significant opportunity to serve more patients by further building out our network of locations through high return de novo expansions. Again, it is our scale and complementary service line offerings that afford us this de novo opportunity. We continuously focus on identifying areas of need and gaps in geographic and service coverage that we can fill by opening new locations. Incremental service coverage represents not only standalone service line growth, but also represents an opportunity to provide additional integrated care pharmacy and provider services. Our successful track record to date gives us conviction to continue to invest in new locations to drive long-term value creation. We believe we can continue to replicate our historical pace of opening at least 20 de novo locations per year. Given our size, complementary services, and opportunity set of new service locations to choose from, we have prioritized target markets that we believe will be appealing opportunities for strategic development.

Fourth, underpinning multiple levers to drive continued growth is a stable reimbursement environment across the various services we provide to our high-need client and patient population. Our services have significant and evident value. They deliver high quality, reduce costs in the healthcare system, and are provided in client-, patient-, and family-preferred settings. In order to continue to provide care access and funding solutions to an aging U.S. population, which is increasingly defined by chronic and behavioral health conditions, increased funding for home and community-based services like those of the Company is imperative. Historically, our markets have a demonstrated track record of governmental and payor support and reimbursement stability. Reimbursement rates for hospice services increased by 2.0% on average from 2014 to 2021, per CMS and HHS data, while home health spending in the U.S. is projected to increase by 7.0% per year through at least 2028, according to a 2020 report in Health Affairs. Reimbursement rates, largely Medicaid, in supportive care and behavioral health (including I/DD) have increased for the past ten years, with a CAGR of 4.1% and 3.6%, respectively, since 2014. In Pharmacy Solutions, our long-term care pharmacy revenue has increased at 3.3%, since 2014. Funding for home and community-based services for the highest-need and highest-cost populations will continue to result in better healthcare system outcomes, in terms of patient access, patient and family preference, and overall cost.

Leverage Complementary Services and Market Presence to Increase Integrated and Value-Based Care: As a pharmacy and provider services platform that includes complementary service capabilities and client and patient health solutions, we have additional integrated care opportunities in the future that should improve patient and family outcomes and satisfaction while reducing healthcare system costs. Most all of the complex patients that we serve require pharmacy and provider services, and while the Company's capability to provide these multiple required services to Senior and Specialty populations increases our overall total addressable market size, revenue potential, M&A opportunity set, and de novo possibilities, it also enables us to provide higher-quality and more efficient integrated care for healthcare stakeholders.

Our Company's integrated care management and value-based care model today is predicated on and defined by three important service enablers and three primary strategies. For enablers, we view (i) home-based primary care capabilities, (ii) a customized transitional care management program, and (iii) a clinical care coordination hub as essential to drive optimized quality and reduced cost outcomes. The Company has spent the last several years building out these three integrated and value-based care capabilities. In turn, these enablers are required to execute three key integrated and value-based care strategies, including (i) the coordination of clinically integrated care for patients receiving multiple Company services across settings and over time, (ii) providing multiple

integrated (or bundled) services to senior living communities, behavioral providers, skilled nursing and rehabilitation facility providers, hospitals, and payors who all require our comprehensive offerings, and (iii) the execution of value-based care contracts, whether internal through the Company's own ACO shared savings arrangements and managed care plans or whether external through third-party government or managed care entities. The ongoing build-out of these enablers and strategies will be fundamental to provide augmented care management capabilities to drive more integrated care solutions in the future.

There are opportunities for government and private/commercial payors to improve outcomes and costs for their members by proactively managing at-risk and highest-risk patients with chronic conditions and/or polypharmacy utilizing high-touch, comprehensive, and coordinated care management solutions. Healthcare spending is highly concentrated, and frail Seniors and dual-eligible individuals with behavioral needs are among the highest spenders. Medicare beneficiaries with four to five chronic conditions have 500% greater healthcare spending, and beneficiaries with six or more chronic conditions have 1,500% greater healthcare spending. The top five percent of health spenders account for approximately 50% of the spending and cost approximately $61,000 a year on average, and the top one percent of health spenders account for 21% of healthcare expenditures and cost approximately $130,000 a year. Individuals within seven to nine, four to six, and one to three months of end of life have a medical loss ratio, or MLR, that is 135%, 175%, and 375% higher, respectively, and individuals with polypharmacy (as defined by five or more medications) have a 20% to 30% higher risk of hospitalization and mortality.

Well-coordinated home and community-based settings have demonstrated value, as in-home pharmacy, home health, hospice, home-based primary care, and supportive care services to patients are lower cost alternative care settings that achieve high-quality outcomes for complex patients. As such, we believe there is a continuum of options for appropriately enabled and positioned organizations to increasingly participate in value-based care, whether through owned value-based care arrangements and payor models or in mutually beneficial partnerships and contracts with government entities and payors. As newer payment models continue to evolve and emerge, we believe that we are well-positioned to grow with this shift due to (i) our high quality, cost-effective integrated care capabilities and enablers that sit at the intersection of pharmacy and provider (clinical and supportive care (including addressing activities of daily living and social determinants of health) services; (ii) our ability to pursue value-based care and payment models through our own internally owned arrangements; (iii) payor recognition of our quality and our ability to execute on improved outcomes and cost-savings without sacrificing quality of care; and (iv) our national reach and scale that allow us to partner with payors across larger geographies.

Our daily, interactive patient care relationships lend themselves towards measurable success across improved outcomes, which is an important foundation for risk-based contracts. Preferred provider relationships that are based on quality performance, data sharing, and/or care coordination/ management programs, which may have payment incentives for performance thresholds, are/were the first step in this healthcare system evolution, and we have numerous relationships and contracts in this area today. We believe that these relationships will continue to proliferate among our payor base. For example, CMS expanded the HHVBP Model to all Medicare-certified home health agencies in the 50 states, the District of Columbia and the territories beginning January 1, 2022, and it ended the original HHVBP Model one year early. The six years of the original HHVBP Model resulted in cumulative Medicare savings of $1.38 billion, as well as improvements in quality.

Alternative payor models and full value-based care, whether internally generated or externally partnered, is the next ongoing and future step in the evolution of the healthcare system, which can feature shared savings and risk sharing models and ultimately lead to direct contracting with Medicare and Medicaid and full risk payor contracts. We continue to work through these various opportunities through internal initiatives and progress and payor discussions in a thoughtful way, and we believe that value-based payment structures in the future – supported by our three integrated and care management enablers, our complementary pharmacy and provider

services, and data-driven efforts – represent meaningful opportunities over the next decade, as we continue to support and focus on innovation that benefits clients, patients, and families, and all stakeholders in healthcare.

Execute Strategic and Accretive M&A Through Add-on and Tuck-in Acquisitions: We believe we can continue to utilize our size, national presence, existing operations in complementary services and integrated platform, deal sourcing capabilities, and transaction execution skills as an experienced and proven strategic consolidator in fragmented services markets made up of mostly smaller and mid-sized local and state-based operators. We also believe the robust landscape of potential acquisitions across our markets can supplement organic growth, and that in continuing to pursue our M&A strategy we will be able to supplement census expansion, improve operational efficiencies, and augment delivery of our care. Industry dynamics continue to support and necessitate scale in our markets, due to the importance of volume, investing in people, technology systems, and data and analytics, driving quality best practices, leveraging operating and overhead costs, and working productively with payors.

Our service and patient markets allow us to benefit from increased deal opportunity flow, and it also allows us access to acquire certain "tuck-in" companies at lower and highly accretive multiples. We will continue to execute on both strategic, higher-growth and higher-margin acquisitions in highly-valued markets when it makes sense to do so and "tuck-in" acquisitions that have significant synergies and help manage to a target and attractive blended acquisitions multiple. Our IMO will continue to be a key asset in executing on transactions and ensuring solid integration of acquired operations into our Company, including the attainment of synergies and post-close growth plans. This is evident through the 57 acquisitions we completed since 2018, where post-close growth has resulted in a reduction of aggregate purchase multiple by approximately 50% overall, which highlights the Company's differentiated acquisition and integration approach and skill set and the value-enhancing nature of our historical acquisitions. Due to our scale, quality reputation, approach to integrating new companies, and management team, we believe we are an acquirer of choice and a natural consolidator.

Recent Developments

Preliminary, Unaudited Estimated Financial and Other Data as of and for the Year Ended December 31, 2023

We have presented below preliminary, unaudited estimated ranges of certain financial and other information as of and for the year ended December 31, 2023, as well as comparable information for the year ended December 31, 2022, which was derived from our audited consolidated financial statements for the year ended December 31, 2022, as we believe they are useful to investors in understanding our recent comparative operating performance.

We have provided ranges, rather than specific amounts, for certain data below, primarily because our financial closing and analysis procedures for the year ended December 31, 2023 are not yet completed. The unaudited estimated consolidated financial and other data set forth below are preliminary, based upon our estimates and currently available information and are subject to revision based upon, among other things, our financial closing procedures and the completion of our consolidated financial statements and other operational procedures. The preliminary results as of and for the year ended December 31, 2023 presented below should not be viewed as a substitute for consolidated financial statements prepared in accordance with GAAP. See "Forward-Looking Statements" and "Risk Factors."

All of the data presented below has been prepared by and is the responsibility of management. Our independent registered public accounting firm, KPMG LLP, has not audited, reviewed, compiled or performed any procedures on such data as of and for the year ended December 31, 2023, and does not express an opinion or any other form of assurance with respect to any of such data.

For the year ended December 31, 2023, we estimate that, in our Pharmacy Solutions segment, total prescriptions dispensed will be approximately 37,390,650, compared to total prescriptions dispensed of

34,147,632 for the year ended December 31, 2022. For our Provider Services segment, we estimate a Home Health Care average daily census of approximately 40,065 and Community and Rehab Care persons served of approximately 16,655 for the year ended December 31, 2023, compared to 37,093 and 16,463, respectively, for the year ended December 31, 2022.

For the year ended December 31, 2023, we estimate that our consolidated total revenues will range from $8,700.0 million to $8,800.0 million, compared to consolidated total revenues of $7,720.6 million for the year ended December 31, 2022. We estimate that our consolidated net loss will range from $163.0 million to $157.5 million and Adjusted EBITDA will range from $530.0 million to $537.8 million for the year ended December 31, 2023, compared to consolidated net loss of $54.2 million and Adjusted EBITDA of $522.5 million for the year ended December 31, 2022.

The following table provides a reconciliation of net loss to EBITDA and Adjusted EBITDA for the year ended December 31, 2023 (at the low end and high end of the estimated net loss range set forth above) and the year ended December 31, 2022. In addition, please see "—Summary Historical Consolidated Financial and Other Data" for how we define EBITDA and Adjusted EBITDA, the reasons why we include these measures and certain limitations to their use.

	Year Ended December 31,		
	2023	2023	2022
(In thousands)	Low	High	Actual
Net loss	$163,000	$157,500	$ 54,219
Income tax (benefit) expense	(22,000)	(20,500)	8,465
Interest expense, net	324,550	324,650	233,584
Depreciation and amortization	202,300	202,350	203,970
EBITDA	$341,850	$349,000	$391,800
Non-cash share-based compensation	3,900	3,975	3,547
Acquisition, integration, and transaction-related costs[(a)]	20,725	21,000	38,023
Restructuring and divestiture-related and other costs[(b)]	21,825	21,900	29,320
Goodwill impairment[(c)]	—	—	40,856
Legal costs and settlements[(d)]	127,675	127,700	9,157
Significant projects[(e)]	8,375	8,435	3,570
Management fees[(f)]	5,575	5,700	4,922
Unreimbursed COVID-19 related costs[(g)]	75	90	1,348
Total Adjustments	$188,150	$188,800	$130,743
Adjusted EBITDA	$530,000	$537,800	$522,543

(a) Represents transaction costs incurred in connection with planned, completed, or terminated acquisitions, which include investment banking fees, legal diligence and related documentation costs, finance and accounting diligence and documentation, and integration costs incurred including any facility consolidation, integration travel, or severance associated with the integration of an acquisition. These costs were $15.6 million and $22.6 million for the years ended December 31, 2023 and 2022, respectively. These costs also included $5.3 million of charges previously capitalized associated with the Company's anticipated initial public offering for the year ended December 31, 2022, $2.7 million and $5.5 million of costs associated with a terminated transaction for the years ended December 31, 2023 and 2022, respectively, and $2.4 million and $4.6 million of system implementation costs associated with the integration of acquisitions for the years ended December 31, 2023 and 2022, respectively.

(b) Represents costs associated with restructuring-related activities, including closure, and related license impairment, and severance expenses associated with certain enterprise-wide or significant business line cost-savings measures. These costs included $10.6 million and $10.8 million of intangible asset and other investment impairment for the year ended December 31, 2023 and 2022, respectively and a $5.5 million loss on the divestiture of Workforce Solutions for the year ended December 31, 2022.

(c) Represents a goodwill impairment non-cash charge associated with our Hospice Pharmacy and Workforce Solutions reporting units. See Note 1 "Significant Accounting Policies" and Note 4 "Goodwill and Other Intangible Assets" to our audited consolidated financial statements included elsewhere in this prospectus for further discussion.

(d) Represents defense costs associated with certain PharMerica litigation matters associated with three historical cases and settlement costs associated with the recently settled action brought by Relator Marc Silver, or the Silver matter, as discussed under "Business—Legal Proceedings."

(e) Represents costs associated with certain transformational projects and for the periods presented primarily includes the implementation of, and transition to, new general ledger and business intelligence systems, pharmacy billing system implementation, and response costs associated with the ransomware attack in the first half of 2023 described elsewhere in this prospectus. General ledger system migration and related business intelligence system implementation costs, which were capitalized as development costs and are subsequently amortized in accordance with ASC 350-40, Internal Use Software, were $2.0 million and $2.5 million for the years ended December 31, 2023 and 2022, respectively. Pharmacy billing system implementation costs were $2.2 million and $0.8 million for the years ended December 31, 2023 and 2022, respectively. Ransomware attack response costs were $3.4 million for the year ended December 31, 2023.

(f) Represents annual management fees payable to Kohlberg Kravis Roberts & Co. L.P. and Walgreens Boots Alliance, Inc., or the Managers, under a monitoring agreement with the Managers, or the Monitoring Agreement. This Monitoring Agreement will be terminated upon completion of an initial public offering, including the Concurrent Offering. See "Certain Relationships and Related Party Transactions—Monitoring Agreement."

(g) Represents unreimbursed COVID-19 related costs incurred by the Company such as incremental personal protection equipment, or PPE, in care of our patients as well as certain hazard pay to our caregivers.

As of December 31, 2023, we estimate that we had cash and cash equivalents of approximately $13.0 million and total debt of approximately $3,414.4 million, and our leverage, as calculated under our First Lien Credit Agreement and the Second Lien Credit Agreement was approximately 5.9x.

Summary of Risk Factors

Investing in the Units involves a high degree of risk. You should carefully consider the risks described in "Risk Factors" before making a decision to invest in the Units. If any of these risks actually occurs, our business, consolidated results of operations and consolidated financial condition, including cash flows, may be materially adversely affected. In such case, the trading price of our common stock may decline and you may lose part or all of your investment. Below is a summary of some of the principal risks we face:

- we operate in a highly competitive industry;
- if we are unable to maintain relationships with existing patient referral sources or establish new referral sources, our business, financial condition and results of operations could be materially adversely affected;
- changes to Medicare and Medicaid rates or methods governing Medicare and Medicaid payments for our services could materially adversely affect our business;
- cost containment initiatives of third-party payors, including post-payment audits, could adversely impact our business, financial condition, and results of operations;

- the implementation of alternative payment models and the transition of Medicaid and Medicare beneficiaries to managed care organizations may limit our market share and could adversely affect our revenues;
- changes in the case mix of patients, as well as payor mix and payment methodologies, and decisions and operations of third-party organizations may have a material adverse effect on our business, financial condition, and results of operations;
- our business is reliant on federal and state spending, budget decisions, and continuous governmental operations which may fluctuate under different political conditions;
- changes in drug utilization and/or pricing, PBM contracts, and Medicare Part D/Medicaid reimbursement may negatively impact our profitability;
- changes in our relationships with pharmaceutical suppliers, including changes in drug availability or pricing, could adversely affect our business and financial results;
- our business relies on the continual recruitment and retention of nurses, pharmacists, therapists, caregivers, direct support professionals, and other qualified personnel, including senior management;
- we are subject to federal, state, and local laws and regulations that govern our employment practices, including minimum wage, living wage, and paid time-off requirements; failure to comply with these laws and regulations, or changes to these laws and regulations that increase our employment-related expenses, could adversely impact our operations;
- our results of operations fluctuate on a quarterly basis;
- our business may be harmed by labor relation matters;
- because we are limited in our ability to control reimbursement rates received for our services, our business could be materially adversely affected if we are not able to maintain or reduce our costs to provide such services;
- delays in collection or non-collection of our accounts receivable, particularly during the business integration process, could adversely affect our business, financial condition, and results of operations;
- if we fail to manage our growth effectively, we may be unable to execute our business plan, maintain high levels of service and satisfaction, or adequately address competitive challenges;
- our growth strategy is partially dependent upon our ability to identify and successfully complete acquisitions, joint ventures, and other strategic initiatives; any failure by us to manage or integrate acquisitions, divestitures, and other significant transactions successfully may have a material adverse effect on our business, financial condition, and results of operations;
- if we are unable to provide consistently high quality of care, our business will be adversely impacted;
- if we are unable to maintain our corporate reputation, or there is adverse publicity, including negative information on social media, or changes in public perception of our services, our business may suffer;
- if our existing customers do not continue with or renew their contracts with us, renew at lower fee levels, decline to purchase additional services from us or reduce the services received from us pursuant to those contracts, it could have a material adverse effect on our business, financial condition, and results of operations;
- our business depends on our ability to effectively invest in, implement improvements to, and properly maintain the uninterrupted operation and data integrity of our information technology and other business systems;

- security breaches, loss of data, and other disruptions could compromise sensitive business or patient information, cause a loss of confidential patient data, employee data, personal information, or prevent access to critical information and expose us to liability, litigation, and federal and state governmental inquiries and damage our reputation and brand;
- we are subject to risks related to credit card payments and other payment methods;
- we may be subject to substantial malpractice or other similar claims;
- we are exposed to various risks related to governmental inquiries, regulatory actions, and whistleblower and other lawsuits that could adversely affect our operating results. Our insurance may not cover all claims against us;
- our current insurance program may expose us to unexpected costs and negatively affect our business, financial condition, and results of operations, particularly if we incur losses not covered by our insurance or if claims or losses differ from our estimates;
- factors outside of our control, including those listed, have required, and could in the future require us to record an asset impairment of goodwill;
- a pandemic, epidemic, or outbreak of an infectious disease, including the ongoing effects of COVID-19, have had, and may continue to have, an adverse effect on our business;
- inclement weather, natural disasters, acts of terrorism, riots, civil insurrection or social unrest, looting, protests, strikes, or street demonstrations may impact our ability to provide services;
- we may be unable to adequately protect our intellectual property rights, which could harm our business;
- risks relating to our compliance with our regulatory framework;
- KKR Stockholder and Walgreen Stockholder control us and their interests may conflict with yours in the future;
- our substantial indebtedness of approximately $3.5 billion as of September 30, 2023; and
- we will be a “controlled company” within the meaning of the rules of Nasdaq and the rules of the SEC and, as a result, qualify for, and intend to rely on, exemptions from certain corporate governance requirements.

KKR

KKR & Co. Inc., which, together with its subsidiaries, we refer to as KKR & Co., is a leading global investment firm that offers alternative asset management as well as capital markets and insurance solutions. KKR & Co. aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities. KKR & Co. sponsors investment funds that invest in private equity, credit, and real assets and has strategic partners that manage hedge funds. KKR & Co. Inc.’s insurance subsidiaries offer retirement, life, and reinsurance products under the management of Global Atlantic.

Walgreens

Walgreens Boots Alliance, Inc. is an integrated healthcare, pharmacy, and retail leader with a 170-year heritage of caring for customers and patients. Walgreens Boots Alliance, Inc. had sales of $139.1 billion in its fiscal year ended August 31, 2023.

Our Corporate Information

Through our predecessors, we commenced operations in 1974 and have grown organically and through acquisitions. We were incorporated in Delaware on July 19, 2017, as Phoenix Parent Holdings Inc., in connection with KKR Stockholder's and Walgreen Stockholder's acquisition of PharMerica Corporation, which was completed in December 2017. In March 2019, we acquired BrightSpring Health Holdings Corp. and its subsidiaries. We changed our name to BrightSpring Health Services, Inc. in May 2021. Our principal offices are located at 805 N. Whittington Parkway, Louisville, Kentucky 40222. Our telephone number is (502) 394-2100. We maintain a website at www.brightspringhealth.com. The reference to our website is intended to be an inactive textual reference only. **The information contained on, or that can be accessed through, our website is not part of this prospectus.**

Concurrent Offering

Concurrently with this offering, we are offering, by means of a separate prospectus, 53,333,334 shares of our common stock (or up to 61,333,334 shares of our common stock if the underwriters in the Concurrent Offering exercise in full their option to purchase additional shares of our common stock) at the initial public offering price of $13.00 share. We estimate that the net proceeds to us from the sale of shares of our common stock in the Concurrent Offering will be approximately $657.5 million (or approximately $756.8 million if the underwriters exercise in full their option to purchase additional shares of our common stock), in each case after deducting underwriting discounts and commissions and estimated offering expenses payable by us. The closing of this offering is conditioned upon the closing of the Concurrent Offering, but the closing of the Concurrent Offering is not conditioned upon the closing of this offering, and there can be no assurance that the Concurrent Offering will be completed on the terms described in the prospectus relating to the Concurrent Offering or at all.

The Offering

The summary below describes the principal terms of the Units, the purchase contracts and the amortizing notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. Refer to the sections of this prospectus entitled "Description of the Units," "Description of the Purchase Contracts" and "Description of the Amortizing Notes" for a more detailed description of the terms and conditions of the Units, the purchase contracts and the amortizing notes.

As used in this section, the terms "BrightSpring," the "Company," "us," "we," or "our" refer to BrightSpring Health Services, Inc. and not any of its subsidiaries or affiliates.

The Units

Issuer	BrightSpring Health Services, Inc., a Delaware corporation
Number of units offered	8,000,000 Units.
Underwriters' option	To the extent that the underwriters sell more than 8,000,000 Units, the underwriters have the option to purchase up to an additional 1,200,000 Units from us at the public offering price, less the underwriting discount, within 13 days beginning on, and including, the date of the initial issuance of the Units.
Stated amount of each Unit	$50.00 per Unit.
Components of each Unit	Each Unit is comprised of two parts: • a prepaid stock purchase contract issued by us, or a purchase contract; and • a senior amortizing note issued by us, or a amortizing note. Unless settled earlier at the holder's option or at our option, each purchase contract will, subject to postponement in certain limited circumstances, automatically settle on February 1, 2027 (such date, as so postponed (if applicable), the "mandatory settlement date"). Upon any settlement on the mandatory settlement date, we will deliver not more than 3.8461 shares and not less than 3.2733 shares of our common stock per purchase contract, subject to adjustment, based upon the applicable settlement rate and applicable market value of our common stock, as described below under "Description of the Purchase Contracts—Delivery of Common Stock." Each amortizing note will have an initial principal amount of $8.6618, will bear interest at the rate of 10.00% per annum and will have a final installment payment date of February 1, 2027. On each February 1, May 1, August 1 and November 1, commencing on May 1, 2024, we will pay equal quarterly cash installments of $0.8438 per amortizing note (except for the May 1, 2024 installment payment, which will be $0.8531 per amortizing note), which cash payment in the aggregate per year will be equivalent to 6.75% per year with respect to each $50.00 stated amount of Units.

	Each installment payment will constitute a payment of interest and a partial repayment of principal, allocated as set forth under "Description of the Amortizing Notes—Amortization Schedule." The return to an investor on a Unit will depend upon the return provided by each component. The overall return will consist of the value of the shares of our common stock delivered upon settlement of the purchase contracts and the cash installments paid on the amortizing notes.
Each Unit may be separated into its components	Each Unit may be separated by a holder into its constituent purchase contract and amortizing note on any business day during the period beginning on, and including, the business day immediately following the date of initial issuance of the Units to, but excluding, the second scheduled trading day immediately preceding February 1, 2027 or, if earlier, the second scheduled trading day immediately preceding any "early mandatory settlement date" and also excluding the business day immediately preceding any installment payment date (provided that the right to separate the Units shall resume after such business day). Prior to separation, the purchase contracts and amortizing notes may only be purchased and transferred together as Units. See "Description of the Units—Separating and Recreating Units."
A Unit may be recreated from its components	If you hold a separate purchase contract and a separate amortizing note, you may combine the two components to recreate a Unit. See "Description of the Units—Separating and Recreating Units."
Listing	Our common stock and the Units have been approved for listing on Nasdaq under the symbols "BTSG" and "BTSGU," respectively. However, we cannot assure you that the Units will be so listed. The shares of our common stock deliverable upon settlement of all purchase contracts are also expected to be listed on Nasdaq. We will not initially apply to list the separate purchase contracts or the separate amortizing notes on any securities exchange or automated inter-dealer quotation system, but we may apply to list such separate purchase contracts and separate amortizing notes in the future as described under "Description of the Units—Listing of Securities." Prior to this offering and the Concurrent Offering, there has been no public market for the Units or our common stock.
Use of proceeds	We estimate that the net proceeds to us from this offering will be approximately $388.9 million (or approximately $447.3 million, if the underwriters exercise in full their option to purchase additional Units), in each case after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

	We estimate that the net proceeds to us from the sale of our common shares in the Concurrent Offering will be approximately $657.5 million (or approximately $756.8 million, if the underwriters exercise in full their option to purchase additional shares of common stock), in each case after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds to us from this offering and the Concurrent Offering to repay all indebtedness outstanding under the Second Lien Facility, all indebtedness outstanding under the Revolving Credit Facility, and $473.7 million outstanding aggregate amount under the First Lien Facility, and to pay termination fees of $22.7 million to the Managers in connection with the termination of the Monitoring Agreement, with any remainder to be used for general corporate purposes. See "Use of Proceeds."
Concurrent offering of common stock	Concurrently with this offering and by means of a separate prospectus, we are making an initial public offering of 53,333,334 shares of common stock (or up to 61,333,334 shares if the underwriters for that offering exercise in full their option to purchase additional shares of common stock) at the initial public offering price of $13.00 per share. The net proceeds from our sale of common stock in the Concurrent Offering will be approximately $657.5 million (or approximately $756.8 million if the underwriters of such offering exercise in full their option to purchase additional shares of our common stock), in each case after deducting underwriting discounts and commissions and estimated offering expenses payable by us. This prospectus is not an offer to sell or a solicitation of an offer to buy any securities being offered in the Concurrent Offering. The closing of this offering of Units is conditioned upon the closing of the Concurrent Offering, but the closing of the Concurrent Offering is not conditioned upon the closing of this offering of Units. There can be no assurance that the Concurrent Offering will be completed or, if completed, on what terms it will be completed.
Conflicts of interest	Affiliates of KKR & Co. beneficially own in excess of 10% of our issued and outstanding common stock. Because KKR Capital Markets LLC, an affiliate of KKR & Co., is an underwriter in this offering and its affiliates own in excess of 10% of our issued and outstanding common stock, KKR Capital Markets LLC is deemed to have a "conflict of interest" under Rule 5121, or Rule 5121, of the Financial Industry Regulatory Authority, Inc., or FINRA. Accordingly, this offering is being made in compliance with the requirements of Rule 5121, which requires, among other things, that a "qualified independent underwriter" participate in the preparation of, and exercise the usual standards of "due diligence" with respect to, the registration statement and this prospectus. Goldman Sachs & Co. LLC has agreed to act as a qualified independent underwriter for this

	offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act, specifically including those inherent in Section 11 thereof. Goldman Sachs & Co. LLC will not receive any additional fees for serving as a qualified independent underwriter in connection with this offering. We have agreed to indemnify Goldman Sachs & Co. LLC against liabilities incurred in connection with acting as a qualified independent underwriter, including liabilities under the Securities Act. See "Underwriting (Conflicts of Interest)."
Controlled company	After the completion of the Concurrent Offering, KKR Stockholder and Walgreen Stockholder will collectively beneficially own approximately 67.9% (or approximately 64.8%, if the underwriters exercise in full their option to purchase additional shares of common stock) of the voting power of our common stock. We currently intend to avail ourselves of the controlled company exemption under the corporate governance standards of Nasdaq.
Risk factors	Investing in the Units involves a high degree of risk. See "Risk Factors" for a discussion of factors you should carefully consider before investing in the Units.
Material U.S. federal income tax consequences	There is no authority directly on point regarding the characterization of the Units or instruments similar to the Units for U.S. federal income tax purposes and therefore the characterization of the Units for these purposes is not entirely free from doubt. We will take the position that each Unit will be treated as an investment unit composed of two separate instruments for U.S. federal income tax purposes: (i) a purchase contract to acquire our common stock and (ii) an amortizing note that is indebtedness of BrightSpring. Under this treatment, a holder of Units will be treated as if it held each component of the Units for U.S. federal income tax purposes. By acquiring a Unit, you will agree to treat (i) a Unit as an investment unit composed of two separate instruments in accordance with its form and (ii) the amortizing notes as indebtedness of BrightSpring for U.S. federal income tax purposes. If, however, the components of a Unit were treated as a single instrument, the U.S. federal income tax consequences could differ from the consequences described herein. Prospective investors should consult their tax advisors regarding the tax treatment of an investment in Units and whether a purchase of a Unit is advisable in light of the investor's particular tax situation and the tax treatment described under "Material U.S. Federal Income Tax Consequences."
Governing law	The Units, the purchase contract agreement, the purchase contracts, the indenture and the amortizing notes will all be governed by, and construed in accordance with, the laws of the State of New York.

The Purchase Contracts

Issuer	BrightSpring Health Services, Inc., a Delaware Corporation
Mandatory settlement date	February 1, 2027, subject to postponement in limited circumstances.
Mandatory settlement	On the mandatory settlement date, unless such purchase contract has been earlier settled at the holder's option or at our option, each purchase contract will automatically settle, and we will deliver a number of shares of our common stock, based on the applicable settlement rate.
Settlement rate for the mandatory settlement date	The "settlement rate" for each purchase contract will be not more than 3.8461 shares and not less than 3.2733 shares of our common stock (each subject to adjustment as described herein) depending on the applicable market value of our common stock, calculated as follows: • if the applicable market value (as defined below) is greater than the threshold appreciation price (as defined below), you will receive 3.2733 shares of common stock per purchase contract, or the minimum settlement rate; • if the applicable market value is greater than or equal to the reference price but less than or equal to the threshold appreciation price, you will receive a number of shares of common stock per purchase contract equal to $50.00, divided by the applicable market value; and • if the applicable market value is less than the reference price, you will receive 3.8461 shares of common stock per purchase contract, or the maximum settlement rate. Each of the maximum settlement rate and the minimum settlement rate is subject to adjustment as described below under "Description of the Purchase Contracts—Adjustments to the Fixed Settlement Rates." The "applicable market value" means the arithmetic average of the daily VWAPs (as defined below under "Description of the Purchase Contracts—Delivery of Common Stock") of our common stock over the settlement period (as defined below). The "settlement period" means the 20 consecutive trading day period beginning on, and including, the 21st scheduled trading day immediately preceding February 1, 2027, subject to any adjustment upon a market disruption event. The "reference price" is equal to $50.00 divided by the then applicable maximum settlement rate and is initially approximately equal to $13.00, which is the per share public offering price of our common stock in the Concurrent Offering.

	The "threshold appreciation price" is equal to $50.00 divided by the then applicable minimum settlement rate. The threshold appreciation price, which is initially approximately $15.28, represents a premium of approximately 17.50% over the reference price. No fractional shares of our common stock will be issued to holders upon settlement of purchase contracts. In lieu of fractional shares otherwise issuable, holders will be entitled to receive a cash payment of equivalent value calculated as described herein. Other than cash payments in lieu of fractional shares, holders of purchase contracts will not receive any cash distributions.

The following table illustrates the settlement rate per purchase contract and the value of our common stock issuable upon settlement on the mandatory settlement date, determined using the applicable market value shown, subject to adjustment.

Applicable Market Value of Our Common Stock	Settlement Rate	Value of Common Stock Delivered (Based on the Applicable Market Value Thereof)
Less than the reference price	3.8461 shares of our common stock	Less than $50.00
Greater than or equal to the reference price but less than or equal to the threshold appreciation price	A number of shares of our common stock equal to $50.00 *divided by* the applicable market value	$50.00
Greater than the threshold appreciation price	3.2733 shares of our common stock	Greater than $50.00

Early settlement at your election	At any time prior to 5:00 p.m., New York City time, on the second scheduled trading day immediately preceding February 1, 2027, you may settle any or all of your purchase contracts early, in which case we will deliver a number of shares of our common stock per purchase contract equal to the minimum settlement rate, which is subject to adjustment as described below under "Description of the Purchase Contracts—Adjustments to the Fixed Settlement Rates" (unless such early settlement occurs in connection with a fundamental change, in which case the provisions described under "—Early Settlement Upon a Fundamental Change" below will apply). That is, the market value of our common stock on the early settlement date will not affect the early settlement rate. Your right to settle your purchase contracts prior to the second scheduled trading day immediately preceding February 1, 2027 is subject to the delivery of your purchase contracts. Upon early settlement at the holder's election of a purchase contract that is a component of a Unit, the corresponding amortizing note will remain outstanding and beneficially owned by or registered in the name of, as the case may be, the holder who elected to settle the related purchase contract early.

Early settlement upon a fundamental change	At any time prior to the second scheduled trading day immediately preceding February 1, 2027, if a "fundamental change" (as defined herein) occurs, you may settle any or all of your purchase contracts early. If you elect to settle your purchase contracts early in connection with such fundamental change, you will receive a number of shares of our common stock (and any cash payable for fractional shares) per purchase contract equal to the "fundamental change early settlement rate" as described under "Description of the Purchase Contracts— Early Settlement Upon a Fundamental Change." Upon early settlement at the holder's election in connection with a fundamental change of a purchase contract that is a component of a Unit, the corresponding amortizing note will remain outstanding and beneficially owned by or registered in the name of, as the case may be, the holder who elected to settle the related purchase contract early upon such fundamental change.
Early mandatory settlement at our election	On or after November 1, 2024, we may elect to settle all, but not less than all, outstanding purchase contracts early at the "early mandatory settlement rate" (as described under "Description of the Purchase Contracts—Early Mandatory Settlement at Our Election") on a date fixed by us upon not less than five business days' notice, or the early mandatory settlement date. The "early mandatory settlement rate" will be the maximum settlement rate as of the "notice date" (as defined under "Description of the Purchase Contracts—Early Mandatory Settlement at Our Election"), unless the closing price per share of our common stock for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the notice date in a period of 30 consecutive trading days ending on, and including, the trading day immediately preceding the notice date exceeds 130% of the threshold appreciation price in effect on each such trading day, in which case the "early mandatory settlement rate" will be the minimum settlement rate as of the notice date. If we elect to settle all the purchase contracts early, you will have the right to require us to repurchase your amortizing notes on the repurchase date and at the repurchase price as described under "Description of the Amortizing Notes—Repurchase of Amortizing Notes at the Option of the Holder."
The Amortizing Notes	
Issuer	BrightSpring Health Services, Inc., a Delaware corporation
Initial principal amount of each amortizing note	$8.6618

Installment payments	Each installment payment of $0.8438 per amortizing note (except for the May 1, 2024 installment payment, which will be $0.8531 per amortizing note) will be paid in cash and will constitute a partial repayment of principal and a payment of interest, computed at an annual rate of 10.00%. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Payments will be applied first to the interest due and payable and then to the reduction of the unpaid principal amount, allocated as set forth on the amortization schedule set forth under "Description of the Amortizing Notes—Amortization Schedule."
Installment payment dates	Each February 1, May 1, August 1 and November 1, commencing on May 1, 2024, with a final installment payment date of February 1, 2027.
Ranking	The amortizing notes will be our general unsecured senior obligations and will rank equally with all of our other existing and future unsecured senior indebtedness from time to time outstanding. The amortizing notes are not guaranteed by any of our subsidiaries and will be structurally subordinated to all existing and future indebtedness and other liabilities of our subsidiaries. See "Description of the Amortizing Notes—Ranking" in this prospectus. As of September 30, 2023, our subsidiaries had approximately $2,916.9 million outstanding under the First Lien Term Loan Facility and approximately $450.0 million outstanding under the Second Lien Facility. As of September 30, 2023, our subsidiaries had $173.1 million outstanding under the Revolving Credit Facility, with an available borrowing capacity under the Revolving Credit Facility of approximately $296.4 (after giving effect to $5.5 million of letters of credit in excess of the letters of credit outstanding under the LC Facility), and $54.3 million of letters of credit outstanding under the LC Facility.
Repurchase of amortizing notes at the option of the holder	If we elect to settle the purchase contracts early, holders will have the right to require us to repurchase their amortizing notes for cash at the repurchase price as described under "Description of the Amortizing Notes—Repurchase of Amortizing Notes at the Option of the Holder."
Sinking fund	None.
Trustee	U.S. Bank Trust Company, National Association

Unless we indicate otherwise or the context otherwise requires, this prospectus reflects and assumes:

- no exercise of the underwriters' option in this offering to purchase additional Units;
- no exercise of the underwriters' option in the Concurrent Offering to purchase additional shares of our common stock;

- the 15.7027-for-one stock split of our common stock effected on January 25, 2024; and
- the filing and effectiveness of our second amended and restated certificate of incorporation and the adoption of our amended and restated bylaws immediately prior to the consummation of the Concurrent Offering.

Unless we indicate otherwise or the context otherwise requires, the number of shares of common stock to be outstanding after the Concurrent Offering excludes:

- 14,156,864 shares of common stock issuable upon exercise of outstanding options as of September 30, 2023, (i) 4,520,924 of which are vested, with a weighted-average exercise price of $6.94 per share, and (ii) (A) 2,539,136 of which are time-based options that are not vested, with a weighted-average exercise price of $10.25 per share, and (B) 7,096,804 of which are performance-based options that are not vested, with a weighted-average exercise price of $8.11 per share, in each case, issued under the Amended and Restated Phoenix Parent Holdings Inc. 2017 Stock Incentive Plan, or the 2017 Stock Plan. See "Executive Compensation—Equity Incentive Plans—2017 Stock Plan";
- 5,537,500 shares of common stock issuable upon vesting of restricted stock units and exercise of options expected to be granted to our management, including our named executive officers, in connection with the Concurrent Offering under the new BrightSpring Health Services, Inc. 2024 Equity Incentive Plan, or the 2024 Incentive Plan, which we intend to adopt in connection with the Concurrent Offering. See "Executive Compensation—Equity Incentive Plans—2024 Incentive Plan—New Equity Awards";
- 11,581,539 shares of common stock reserved for future issuance under the 2024 Incentive Plan, excluding shares related to the grants to management described above, but including shares issuable upon vesting of restricted stock units that are expected to be granted to a broad group of other eligible employees, starting in the first quarter of fiscal 2024, with an approximate grant date fair value of $100 million, which we refer to, together with the shares related to the grants to management described above, as the New Equity Awards. See "Executive Compensation—Equity Incentive Plans—2024 Incentive Plan—New Equity Awards"; and
- 30,768,800 shares of common stock (or 35,384,120 shares if the underwriters in this offering exercise in full their option to purchase additional Units) issuable upon settlement of the purchase contracts, assuming the maximum number of shares issuable upon automatic settlement of such purchase contracts that are components of the Units offered hereby, subject to certain anti-dilution adjustments.

Unless otherwise indicated or the context otherwise requires, all information in this prospectus reflects and assumes the completion of the Concurrent Offering.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

Set forth below are our summary historical consolidated financial and other data as of the dates and for the periods indicated. The summary historical financial data as of December 31, 2022 and 2021 and for the years ended 2022, 2021, and 2020 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary historical financial data as of December 31, 2020 has been derived from our audited consolidated financial statements not included in this prospectus. The summary historical financial data as of September 30, 2023 and for the nine months ended September 30, 2023 and 2022 have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. The summary historical financial data as of September 30, 2022 has been derived from our unaudited condensed consolidated financial statements not included in this prospectus. The results of operations for any period are not necessarily indicative of our future financial condition or results of operations. Share and per share data in the table below have been retroactively adjusted to give effect to the 15.7027-for-one stock split effected on January 25, 2024.

You should read the following summary financial and other data below together with the information under "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and related notes and our unaudited condensed consolidated financial statements and related notes, each included elsewhere in this prospectus.

	Year Ended December 31,			Nine Months Ended September 30,	
(In thousands, except per share data)	2022	2021	2020	2023	2022
Statement of Operations Data:					
Revenues:					
Products	$ 5,264,423	$ 4,389,404	$ 3,635,898	$ 4,736,993	$ 3,885,331
Services	2,456,137	2,308,678	1,944,474	1,714,638	1,864,593
Total revenues	7,720,560	6,698,082	5,580,372	6,451,631	5,749,924
Cost of goods	4,635,404	3,781,897	3,099,365	4,226,075	3,416,707
Cost of services	1,730,912	1,667,974	1,432,269	1,160,477	1,316,618
Gross profit	1,354,244	1,248,211	1,048,738	1,065,079	1,016,599
Selling, general, and administrative expenses	1,125,558	1,014,027	883,547	986,161	836,935
Goodwill impairment loss	40,856	—	—	—	15,400
Operating income	187,830	234,184	165,191	78,918	164,264
Interest expense, net	233,584	165,322	138,953	241,539	157,865
(Loss) income before income taxes	(45,754)	68,862	26,238	(162,621)	6,399
Income tax expense (benefit)	8,465	17,600	5,087	(12,987)	3,935
Net (loss) income	$ (54,219)	$ 51,262	$ 21,151	$ (149,634)	$ 2,464
Net (loss) income attributable to redeemable noncontrolling interests	(312)	1,463	341	(1,568)	213
Net (loss) income attributable to BrightSpring Health Services, Inc. and subsidiaries	$ (53,907)	$ 49,799	$ 20,810	$ (148,066)	$ 2,251
Per Share Information:					
Weighted average shares used in computing net (loss) income per share:					
Basic	117,840	117,590	117,014	117,871	117,834
Diluted	117,840	121,790	117,641	117,871	122,997
Net (loss) income per share:					
(Loss) earnings per common share, basic	$ (0.46)	$ 0.42	$ 0.18	$ (1.26)	$ 0.02
(Loss) earnings per common share, diluted	$ (0.46)	$ 0.41	$ 0.18	$ (1.26)	$ 0.02

(In thousands)	Year Ended December 31, 2022	2021	2020	Nine Months Ended September 30, 2023	2022
Balance Sheet Data (end of period):					
Cash and cash equivalents	$ 13,628	$ 46,735	$ 262,005	$ 11,641	$ 15,926
Working capital[1]	411,748	288,453	547,591	347,107	459,993
Total assets	5,441,138	5,513,140	4,541,073	5,489,571	5,566,207
Total debt, net of deferred financing costs	3,394,709	3,433,773	2,693,840	3,489,048	3,435,830
Total shareholders' equity	754,776	774,817	704,984	631,511	794,123
Cash Flow Data:					
Net cash (used in) provided by operating activities	$ (4,653)	$ 270,165	$ 222,641	$ 48,383	$ 92,214
Net cash provided by (used in) investing activities	45,356	(1,190,652)	(452,867)	(117,411)	(98,634)
Net cash (used in) provided by financing activities	(73,810)	705,217	473,936	67,041	(24,389)
Capital expenditures	(70,113)	(59,270)	(51,908)	(56,693)	(52,296)
Other Financial Data (unaudited):					
EBITDA[2]	$ 391,800	$ 433,339	$ 346,693	$ 230,242	$ 314,923
Adjusted EBITDA[2]	$ 522,543	$ 493,114	$ 407,759	$ 395,209	$ 383,449

(1) We define working capital as current assets less current liabilities.

(2) We define EBITDA as net (loss) income before income tax expense (benefit), interest expense, and depreciation and amortization. We defined Adjusted EBITDA as EBITDA, further adjusted to exclude non-cash share-based compensation, acquisition, integration and transaction-related costs, restructuring and divestiture-related and other costs, goodwill impairment, legal costs associated with certain historical matters for PharMerica and settlement costs associated with the Silver matter, significant projects, management fees, and unreimbursed COVID-19 related costs. We describe these adjustments reconciling net (loss) income to EBITDA and Adjusted EBITDA in the table below.

EBITDA and Adjusted EBITDA have been presented in this prospectus as supplemental measures of financial performance that are not required by, or presented in accordance with, GAAP. We believe EBITDA and Adjusted EBITDA assist investors and analysts in comparing our operating performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. Management believes these measures are useful to investors in highlighting trends in our operating performance, while other measures can differ significantly depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which we operate and capital investments. Management uses EBITDA and Adjusted EBITDA to supplement GAAP measures of performance in the evaluation of the effectiveness of our business strategies, to make budgeting decisions, to establish and award discretionary annual incentive compensation, and to compare our performance against that of other peer companies using similar measures.

Management supplements GAAP results with non-GAAP financial measures to provide a more complete understanding of the factors and trends affecting the business than GAAP results alone. EBITDA and Adjusted EBITDA are not recognized terms under GAAP and should not be considered as an alternative to net income (loss) as a measure of financial performance or any other performance measures derived in accordance with GAAP. Additionally, these measures are not intended to be a measure of free cash flow available for management's discretionary use as they do not consider certain cash requirements such as tax payments and debt service requirements, total capital expenditures, and certain other cash costs that may recur in the future. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed to imply that our future results will be unaffected by any such adjustments. Management relies on our GAAP results in

addition to using EBITDA and Adjusted EBITDA in a supplemental manner. For further information related to our computation of Adjusted EBITDA, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures—EBITDA and Adjusted EBITDA."

Our EBITDA and Adjusted EBITDA measures have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- they do not reflect costs or cash outlays for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;
- they do not reflect period to period changes in taxes, income tax expense or the cash necessary to pay income taxes;
- they do not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and these measures do not reflect cash requirements for such replacements; and
- other companies in our industries may calculate these measures differently than we do, limiting their usefulness as comparative measures.

Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to invest in business growth or to reduce indebtedness.

The following table provides a reconciliation of net (loss) income to EBITDA and Adjusted EBITDA for the periods presented:

	Year Ended December 31,			Nine Months Ended September 30,	
(In thousands)	2022	2021	2020	2023	2022
Net (loss) income	$ (54,219)	$ 51,262	$ 21,151	$(149,634)	$ 2,464
Income tax expense (benefit)	8,465	17,600	5,087	(12,987)	3,935
Interest expense, net	233,584	165,322	138,953	241,539	157,865
Depreciation and amortization	203,970	199,155	181,502	151,324	150,659
EBITDA	$391,800	$433,339	$346,693	$ 230,242	$314,923
Non-cash share-based compensation	3,547	4,517	6,267	2,100	2,250
Acquisition, integration, and transaction-related costs[a]	38,023	27,538	12,107	13,754	16,774
Restructuring and divestiture-related and other costs[b]	29,320	6,532	16,618	16,172	22,486
Goodwill impairment[c]	40,856	—	—	—	15,400
Legal costs and settlements[d]	9,157	11,387	12,278	121,706	5,637
Significant projects[e]	3,570	4,082	3,480	6,899	2,093
Management fees[f]	4,922	4,112	4,220	4,248	3,489
Unreimbursed COVID-19 related costs[g]	1,348	1,607	6,096	88	397
Total Adjustments	$130,743	$ 59,775	$ 61,066	$ 164,967	$ 68,526
Adjusted EBITDA	$522,543	$493,114	$407,759	$ 395,209	$383,449

(a) Represents transaction costs incurred in connection with planned, completed, or terminated acquisitions, which include investment banking fees, legal diligence and related documentation costs, finance and accounting diligence and documentation, and integration costs incurred including any facility consolidation, integration travel, or severance associated with the integration of an acquisition. These costs were $22.6 million, $27.5 million, and $12.1 million for the years ended December 31, 2022, 2021, and 2020, respectively; and $9.2 million and $13.7 million for the nine months ended September 30, 2023 and 2022, respectively. The year ended December 31, 2022 included $5.3 million of charges previously capitalized associated with the Company's anticipated initial public offering. The year ended December 31, 2022 included $5.5 million of costs associated with a terminated transaction; and $2.5 million and $0.9 million for the nine months ended September 30, 2023 and 2022, respectively. The year ended December 31, 2022 included $4.6 million of system implementation costs associated with the integration of acquisitions; and $2.1 million and $2.2 million for the nine months ended September 30, 2023 and 2022, respectively.

(b) Represents costs associated with restructuring-related activities, including closure, and related license impairment, and severance expenses associated with certain enterprise-wide or significant business line cost-savings measures. The year ended December 31, 2022 included $10.8 million of intangible asset and other investment impairment. The year ended December 31, 2022 and the nine months ended September 30, 2022 included a $5.5 million loss on the divestiture of Workforce Solutions.

(c) Represents a goodwill impairment non-cash charge associated with our Hospice Pharmacy and Workforce Solutions reporting units. See Note 1 "*Significant Accounting Policies*" and Note 4 "*Goodwill and Other Intangible Assets*" to our audited consolidated financial statements included elsewhere in this prospectus for further discussion.

(d) Represents defense costs associated with certain PharMerica litigation matters associated with three historical cases. The nine months ended September 30, 2023 also included a $115.0 million legal settlement accrual. See Note 9 "*Commitments and Contingencies*" within the unaudited condensed consolidated financial statements and related notes, included elsewhere in this prospectus.

(e) Represents costs associated with certain transformational projects and for the periods presented primarily included the implementation of, and transition to, new general ledger and business intelligence systems, pharmacy billing system implementation, and response costs associated with the ransomware attack in the first half of 2023 described elsewhere in this prospectus. General ledger system migration and related business intelligence system implementation costs, which were capitalized as development costs and are subsequently amortized in accordance with ASC 350-40, Internal Use Software, were $2.5 million, $3.8 million, and $3.2 million for the years ended December 31, 2022, 2021, and 2020, respectively; and $1.5 million and $2.0 million for the nine months ended September 30, 2023 and 2022, respectively. Pharmacy billing system implementation costs were $0.8 million for the year ended December 31, 2022; and $1.8 million for the nine months ended September 30, 2023. Ransomware attack response costs were $3.1 million for the nine months ended September 30, 2023.

(f) Represents annual management fees payable to the Managers under the Monitoring Agreement. This Monitoring Agreement will be terminated upon completion of an initial public offering, including the Concurrent Offering. See "Certain Relationships and Related Party Transactions—Monitoring Agreement."

(g) Represents unreimbursed COVID-19 related costs incurred by the Company such as incremental PPE in care of our patients as well as certain hazard pay to our caregivers.

RISK FACTORS

Investing in the Units involves a high degree of risk. You should carefully consider the risks and uncertainties described below and the other information set forth in this prospectus before deciding to invest in the Units. If any of the following risks actually occurs, our business, results of operations and financial condition may be materially adversely affected. In such case, the trading price of our common stock could decline and you may lose all or part of your investment.

Risks Related to Our Business

We operate in a highly competitive industry.

The U.S. healthcare industry in which we operate is highly competitive. We compete with a broad and diverse set of services spanning both pharmacy and provider services. In our Pharmacy Solutions segment, the competition for the distribution of pharmaceuticals to patients and also to healthcare facilities is intense. In our Provider Services segment, we compete with local, regional, and national providers of home health, hospice, rehab therapy, personal, and behavioral health services in each of the geographical areas in which we operate. In each geographic market, there are national, regional, and local facility-based pharmacies that provide services comparable to those offered by our pharmacies. In addition, owners of skilled nursing facilities are also entering the facility-based pharmacy market, particularly in areas of their geographic concentration. We also compete in the large and highly fragmented hospice, infusion, and specialty pharmacy markets. Failure to compete effectively could have a material adverse effect on our market share, business, financial condition, and results of operations.

We compete based on the availability of personnel, the quality of services, expertise of clinicians, caregivers, pharmacists, and pharmacy professionals, and in certain instances, on the price of our services. Some of our competitors may have greater financial, technical, and marketing resources, name recognition, or a larger number of patients and payors than we do. Often our contracts with payors are not exclusive, and local competitors may develop strategic relationships with referral sources and payors, limiting our ability to retain referrals and payors in local markets. Some of our competitors may negotiate exclusivity provisions with managed care plans or otherwise interfere with the ability of managed care companies to contract with us. We may experience increased competition for managed care contracts due to state regulation and limitations. These competitive advantages could result in pricing pressures, loss of, or failure to gain market share, or loss of patients or payors, any of which could harm our business. In addition, our competitors may offer more services than we do in the markets in which we operate, introduce new or enhanced services that we do not provide, or be viewed by consumers as a more desirable local alternative. This, in combination with industry consolidation and the development of strategic relationships by our competitors (including mergers of competitors with each other and with insurers), could cause a decline in revenue, loss of market acceptance of our services or a negative impact on our results of operations. In addition, some of our competitors have vertically integrated business models with commercial payors, or are under common control with, or owned by, pharmaceutical wholesalers and distributors, Managed Care Organizations, or MCOs, PBMs, or retail pharmacy chains and may be better positioned with respect to the cost-effective distribution of pharmaceuticals. In addition, some of our competitors may have secured long-term supply or distribution arrangements for prescription pharmaceuticals necessary to treat certain chronic disease states on price terms substantially more favorable than the terms currently available to us. Consequently, we may be less price competitive than some of these competitors with respect to certain pharmaceutical products.

In our Provider Services segment, there are few barriers to entry in states that do not require a certificate of need, or CON, or permit of approval, or POA. Although state CON and POA laws may limit the ability of competitors to enter into certain markets, these laws are not uniform throughout the United States and are frequently the subject of efforts to limit or repeal such laws. If states remove existing CON or POA requirements, we could face increased competition in these states. There can be no assurances that other states will not seek to

eliminate or limit their existing CON or POA programs, which could lead to increased competition in these states.

In our Pharmacy Solutions segment, we must maintain good working relationships with pharmaceutical manufacturers, wholesalers, and distributors. Any loss of a supplier relationship or other changes to these relationships could have an adverse effect on our business, financial condition, and results of operations. Additionally, access to limited distribution pharmaceuticals provides us with significant competitive advantages in developing relationships with payors and healthcare providers, and our failure to continue obtaining access to new limited distribution pharmaceuticals or the loss of our current access could have a material and adverse impact on our business. We also provide a significant amount of services to pharmaceutical manufacturers in exchange for a service fee related to patient access to specialty pharmaceuticals, and our failure to provide services at optimal levels could result in losing access to existing and future products. If pharmaceutical manufacturers require significant additional services and products to obtain access to their products without a corresponding increase in service fees, our profitability could be adversely impacted.

If we are unable to maintain relationships with existing patient referral sources or establish new referral sources, our business, financial condition, and results of operations could be materially adversely affected.

Our success is heavily dependent on referrals from physicians, hospitals, long-term care facilities, other institutional healthcare providers, and other sources in the communities we serve, such as case managers and placement agencies, and on our ability to maintain good relationships with these referral sources. Our referral sources are not, and cannot be, obligated to refer patients to us and may refer their patients to other providers. Our growth and profitability depend, in part, on our ability to establish and maintain close working relationships with these patient referral sources, comply with applicable laws with respect to such relationships, and to increase awareness and acceptance of the benefits of our home and community health provider services and pharmaceutical solutions by our referral sources and their patients. Many of our referral sources are becoming increasingly focused on finding quality services. If we should fail to attain our goals regarding acute care hospitalization readmission rates and other quality metrics, we expect our ability to generate referrals would be adversely impacted. Our ability to attract and retain referral sources could also be adversely affected if we fail to provide or maintain a reputation for providing cost-effective care as compared to other providers in the same geographic area or if our reputation is affected by negative publicity, including adverse media related to staffing shortages, the quality of care, the failure to provide care, inadequate training, incidents at our facilities, employee misconduct, and inadequate conditions at our facilities. If we lose, or fail to maintain, existing relationships or fail to develop new referral relationships or if we are perceived by our referral sources for any reason as not providing high quality or cost-effective patient care and solutions, our patient volumes and the quality of our patient mix could suffer, and our revenue and profitability could decline.

Changes to Medicare and Medicaid rates or methods governing Medicare and Medicaid payments for our services could materially adversely affect our business.

We derive substantial revenue from government healthcare programs, primarily Medicare and Medicaid. Payments received from Medicare are subject to changes made through federal legislation and regulation. Payments received from Medicaid may vary from state to state. These payments are subject to statutory and regulatory changes, administrative rulings, interpretations, and determinations concerning patient eligibility requirements, funding levels, and the method of calculating payments or reimbursements. Changes in government healthcare programs may decrease the reimbursement we receive or limit access to, or utilization of, our services, and in turn, could cause our revenues and profitability to decline. When such changes are implemented, we must also modify our internal billing processes and procedures accordingly, which can require significant time and expense. As federal healthcare expenditures continue to increase and state governments may face budgetary shortfalls, federal and state governments have made, and may continue to make, significant changes to the Medicare and Medicaid programs and reimbursement received for services rendered to beneficiaries of such programs. The U.S. federal budget is subject to change, including reductions in federal

spending, and the Medicare program is frequently mentioned as a target for spending cuts. Within the Medicare program, the hospice benefit is often specifically targeted for cuts. The full impact on our business of any future cuts in Medicare or other programs is uncertain. Changes that may occur at the federal or state level include:

- administrative or legislative changes to the base rates under the applicable prospective payment systems;
- the reduction or elimination of annual rate increases;
- redefining eligibility or enrollment standards or coverage criteria for government healthcare programs or the receipt of services under those programs or changes in documentation requirements;
- the imposition of prior authorization and concurrent utilization review programs that may further limit the services for which government healthcare programs will pay and shift patients to lower levels of care and reimbursement;
- the imposition or increase of mechanisms shifting more responsibility for a portion of payment to beneficiaries, such as co-payments;
- adjustments to the relative components of the wage index used in determining reimbursement rates;
- decreasing benefits, such as limiting the number of hours of personal care services that will be covered;
- changing reimbursement methodology;
- slowing payments to providers;
- increasing utilization of self-directed care alternatives or “all inclusive” programs;
- changes to cap limits and per diem rates;
- changes to case mix or therapy thresholds;
- the reclassification of home health resource groups; and
- the reclassification of long-term care diagnosis-related groups.

Additionally, regulators are increasing scrutiny of claims, which may require additional resources to respond to audits, and which may cause additional delays or denials in receiving payments. Medicare currently provides for an annual adjustment of the various payment rates based upon the increase or decrease of the medical care expenditure, which may be less than actual inflation, and if we do not manage the cost of providing services, such an annual adjustment may adversely impact our business, financial condition, and results of operations. This adjustment could be eliminated or reduced in any given year. Congress also passed legislation that resulted in aggregate reductions to Medicare payments to providers of 2% per fiscal year, which went into effect on April 1, 2013. Due to subsequent legislative amendments to the statute, the 2% aggregated reductions will remain in effect through 2032. Further, Medicare routinely reclassifies home health resource groups and long-term care diagnosis-related groups, and as a result, we could receive lower reimbursement rates depending on the case mix of the patients we service. If our cost of providing services increases by more than the annual Medicare price adjustment, or if these reclassifications result in lower reimbursement rates, our business, financial condition and results of operations could be adversely impacted. Certain of these measures have been implemented by, or are proposed in, states in which we operate.

Additionally, CMS changed the Home Health Prospective Payment System case-mix adjustment methodology through the use of a new Patient-Driven Groupings Model, or PDGM, for home health payments. This change was implemented on January 1, 2020, and also includes a change in the unit of payment from a 60-day payment period to a 30-day payment period and eliminates the use of therapy visits in the determination of payments. While the changes were intended to be implemented in a budget-neutral manner to the industry, the ultimate impact varied by provider based on factors including patient mix and admission source. Additionally, in arriving at the rate that is budget-neutral, CMS made assumptions about behavioral changes that resulted in a

4.36% reduction to reimbursement. Additionally, in the Calendar Year 2023 Home Health Final Rule, CMS finalized a 3.5% permanent reduction in reimbursement based on the difference between assumed and actual behavioral changes resulting from the implementation of PDGM.

The Patient Protection and Affordable Care Act and the Health Care Education and Reconciliation Act, or collectively, the ACA, added a new Medicare requirement for face-to-face encounters to support claims for home health services, which continues to be one of the most complex issues and can be the source of claims denials if not fulfilled, and extended the same requirements for face-to-face encounters to the case of physicians making certifications for home health services under Medicaid. For hospice patients receiving nursing center care under certain state Medicaid programs who elect hospice care under Medicare or Medicaid, the state must pay, in addition to the applicable Medicare or Medicaid hospice per diem rate, an amount equal to at least 95% of the Medicaid per diem nursing center rate for "room and board" furnished to the patient by the nursing center. The reduction or elimination of Medicare payments for hospice patients residing in nursing centers would significantly reduce our home and community health services revenues and profitability. In addition, changes in the way nursing centers are reimbursed for "room and board" services provided to hospice patients residing in nursing centers could adversely affect our ability to obtain referrals from nursing centers.

If changes in Medicare, Medicaid, or other state and local programs result in a reduction in available funds for the services we offer, a reduction in the number of beneficiaries eligible for our services or a reduction in the number of hours or amount of services that beneficiaries eligible for our services may receive, then our revenues and profitability could be negatively impacted. We cannot assure you that reimbursement payments under governmental payor programs, including supplemental insurance policies, will remain at levels comparable to present levels or will be sufficient to cover the costs allocable to patients eligible for reimbursement pursuant to these programs. In some cases, commercial insurance companies and other private payors rely on government payment systems to determine payment rates. As a result, changes to government healthcare programs that reduce Medicare, Medicaid, or other payments may negatively impact payments from private payors, as well. Any reduction in reimbursements from governmental or private payors, as well as the imposition of co-payments that dissuade the use of our services, could also materially adversely affect our profitability.

Cost containment initiatives of third-party payors, including post-payment audits, could adversely impact our business, financial condition, and results of operations.

During the past several years, third-party healthcare payors, such as federal and state governments, insurance companies and employers, have undertaken cost containment initiatives. As part of the efforts, such payors are increasingly demanding discounted fee structures or the assumption by healthcare providers of all or a portion of the financial risk relating to paying for care provided, often in exchange for exclusive or preferred participation in their benefit plans. We expect efforts to impose greater discounts and more stringent cost controls by government and other third-party payors to continue, potentially reducing the payments we receive for our services. For example, the Medicaid Integrity Program is increasing its scrutiny of Medicaid providers and reimbursements received through the program, which could result in recoupments of alleged overpayments. Similarly, private third-party payors also engage in post-payment audits which can result in recoupments. Additionally, private third-party payors may be successful in negotiating reduced reimbursement schedules for our services. Fixed fee schedules, capitation payment arrangements, exclusion from participation in or inability to reach agreements with private insurance organizations or government funded programs, reduction, or elimination of payments or an increase in the payments at a rate that is less than the increase in our costs, or other factors affecting payments for healthcare services over which we have no control, could have a material adverse effect on our business, financial condition, results of operations, and prospects. Further, we cannot assure you that our services will be considered cost-effective by third-party payors, that third-party payor reimbursement will continue to be available or that changes to third-party payor reimbursement policies will not have a material adverse effect on our ability to provide our services on a profitable basis, if at all.

In addition, certain third parties, known as conveners, offer patient placement and care transition services to managed care companies, Medicare Advantage plans, bundled payment participants, ACOs, and other healthcare

providers as part of an effort to manage costs. Given their focus on perceived financial savings, conveners customarily suggest that patients avoid higher cost settings altogether or move as soon as practicable to lower-cost settings. However, conveners are not healthcare providers and may suggest a setting or duration of care that may not be appropriate from a clinical perspective. Efforts by conveners to avoid our care settings or suggest shorter lengths of stay in our care settings could have a material adverse effect on our business, financial condition and results of operations.

The implementation of alternative payment models and the transition of Medicaid and Medicare beneficiaries to managed care organizations may limit our market share and could adversely affect our revenues.

Many government and commercial payors are transitioning providers to alternative payment models that are designed to promote cost-efficiency, quality, and coordination of care. For example, ACOs, incentivize hospitals, physician groups, and other providers to organize and coordinate patient care while reducing unnecessary costs. Conceptually, ACOs receive a portion of any savings generated above a certain threshold from care coordination as long as benchmarks for the quality of care are maintained. Providers are then paid based on the overall value and quality (as determined by outcomes) of the services they provide to a patient rather than the number of services they provide. Pursuant to the ACA, CMS has established several separate ACO programs, the largest of which is the Medicare Shared Savings Program, or MSSP, for care provided to Medicare fee-for-service beneficiaries. The ACO rules adopted by CMS are extremely complex and remain subject to further refinement by CMS. Several states have implemented, or plan to implement, accountable care models for their Medicaid populations. Eligible providers, hospitals, and suppliers may participate by creating, participating in or contracting with an ACO. If we are not included in these programs, or if ACOs establish programs that overlap with our services, we are at risk for losing market share, including a loss of our current business.

The trend in the healthcare industry toward value-based purchasing of healthcare services is growing among both government and commercial payors. Value-based purchasing programs emphasize quality of outcome and efficiency of care provided, rather than quantity of care provided. For example, Medicare requires home and community health services companies to report certain quality data in order to receive full reimbursement. Failure to report quality data or poor performance may negatively impact the amount of reimbursement received. We may incur additional expenses in an effort to comply with additional and changing quality reporting requirements. The first performance year of the value-based purchasing program affecting home health providers began on January 1, 2023, and the model has been expanded to all 50 states. Under the expanded program, home health agencies receive payment bonuses or penalties based on their achievement of specified performance measures, relative to their peers' performance. Performance on these quality measures in a specified year (performance year) impacts payment adjustments in a later year. Additionally, commercial payors have expressed intent to shift toward value-based reimbursement arrangements. Government and commercial payors' implementation of value-based purchasing requirements could have a material adverse effect on our business, financial condition, and results of operations.

The ACA resulted in the establishment of various demonstration projects and Medicaid programs under which states may apply to test new or existing approaches to payment and delivery of Medicaid benefits. For example, CMS launched a home health agency pre-claim review demonstration project called the Review Choice Demonstration, or RCD, for Home Health Services. RCD is intended to assist in developing improved procedures to identify and prevent fraud and is limited to home health agencies in five states: Illinois, Ohio, North Carolina, Florida, and Texas. Home health agencies in these states have three options for initial review: pre-claim review of all claims, post-payment review of all claims, or minimal post-payment review with a 25% payment reduction for all home health services. Home health agencies that maintain pre-claim review affirmation rate or postpayment review approval rate of 90% or greater will be eligible for additional, less burdensome options for subsequent review. Compliance with this process has resulted in increased administrative costs and delays in reimbursement for home health services in the states subject to the demonstration. These delays could materially adversely affect our working capital and negatively affect our operations in these states.

Other alternative payment models, such as bundled payment arrangements, may be presented by the government and commercial payors to control costs that subject our Company to financial risk. We cannot predict at this time what effect alternative payment models may have on our Company. If we perform at a level below the outcomes demonstrated by our competitors, fail to satisfy quality data reporting requirements, are unable to meet or exceed quality performance standards under any applicable value-based purchasing program, or otherwise fail to effectively provide or coordinate the efficient delivery of quality healthcare services, our reputation in the industry may be negatively impacted, we may receive reduced reimbursement amounts and we may owe repayments to payors, which could materially adversely impact our business, financial condition, and results of operations. Additionally, our reputation may be affected by negative press, including adverse media related to staffing shortages, the quality of care, the failure to provide care, inadequate training, incidents at our facilities, and inadequate conditions at our facilities, which could materially adversely impact our business.

We may be similarly impacted by increased enrollment of Medicare and Medicaid beneficiaries in managed care plans, shifting away from traditional fee-for-service models. Under a managed Medicare plan, also known as Medicare Advantage, the federal government contracts with private health insurers to provide Medicare benefits and the insurers may choose to offer supplemental benefits. More than half of all Medicare beneficiaries were enrolled in a Medicare Advantage plan as of January 2023, a figure that continues to grow. CMS allows Medicare Advantage plans to offer certain personal care services as a supplemental benefit. Enrollment in managed Medicaid plans is also growing, as states are increasingly relying on MCOs to deliver Medicaid program services as a strategy to control costs and manage resources. Managed care contracts typically permit the payor to terminate the contract without cause, on very short notice, typically 60 days, which can provide payors leverage to reduce volume or obtain favorable pricing. We cannot assure you that we will be successful in our efforts to be included in managed plan networks, that we will be able to secure or maintain favorable contracts with all or some of the MCOs, that our reimbursement under these programs will remain at current levels, that the authorizations for services will remain at current levels or that our profitability will remain at levels consistent with past performance. In addition, operational processes may not be well-defined as a state transitions Medicaid recipients to managed care. For example, membership, new referrals, and the related authorization for services to be provided may be delayed, which may result in delays in service delivery to consumers or in payment for services rendered. Difficulties with operational processes associated with new managed care contracts may negatively affect our revenue, cash flow, and profitability for services provided.

Changes in the case mix of patients, as well as payor mix and payment methodologies, and decisions and operations of third-party organizations may have a material adverse effect on our business, financial condition, and results of operations.

The sources and amounts of our revenue are determined by a number of factors, including the mix of patients and third-party payors, the rates of reimbursement or payments among payors, and decisions and operations of third-party organizations. Changes in the case mix of the patients, payment methodologies, or payor mix among third-party payor, Medicare, and Medicaid may significantly affect our results of operations and cash flows. In particular, any significant decrease in our population of high-acuity patients could have a material adverse effect on our business, financial condition, and results of operations.

Our ability to provide services may also be impacted by actions of third-party organizations, such as assisted living facilities choosing to bring pharmacy services in-house or hospitals following CMS's guidelines for providing care outside of a traditional hospital setting. Increasing consolidation in the payor and supplier structure, including vertical integration efforts among insurers, providers, and suppliers, may limit our ability to negotiate favorable terms and conditions in our contracts and otherwise intensify competitive pressure. For example, MCOs and other third-party payors continue to consolidate, which enhances their ability to influence the delivery and cost structure of healthcare services. Consequently, the healthcare needs of patients in the United States are increasingly served by a smaller number of MCOs. These organizations generally enter into service agreements with a limited number of providers. Our business, financial condition, and results of operations could be materially adversely affected if these organizations terminate us as a provider, engage our competitors as a preferred or exclusive provider, and/or limit the patients eligible for our services.

Our business is reliant on federal and state spending, budget decisions, and continuous governmental operations which may fluctuate under different political conditions.

Adverse developments in the United States could lead to a reduction in federal government expenditures, including governmentally funded programs in which we participate. In addition, if at any time the federal government is not able to meet its debt payments unless the federal debt ceiling is raised, and legislation increasing the debt ceiling is not enacted, the federal government may stop or delay making payments on its obligations, including funding for government programs, such as Medicare and Medicaid. Further, any failure by the Congress to complete the federal budget process and fund government operations may result in a shutdown, potentially causing us to incur substantial costs without reimbursement under the Medicare program. For example, the failure of the 2011 Joint Select Committee to meet its Deficit Reduction goal resulted in an automatic reduction in Medicare home health and hospice payments of 2% beginning April 1, 2013. Due to subsequent legislative amendments to the statute, the 2% aggregated reductions will remain in effect through 2030. Congress continues to discuss deficit reduction measures, leading to a high degree of uncertainty regarding potential reforms to governmental healthcare programs. The Medicare program is frequently mentioned as a target for spending cuts and within the Medicare program, the home health and hospice benefits are often specifically targeted for cuts and a lowering of the Medicare caps. Historically, state budget pressures have resulted in reductions in state spending, and given that Medicaid outlays are a significant component of state budgets, we can expect continuing cost containment pressures on Medicaid outlays for our services. Weak economic conditions also could adversely affect the budgets of individual states and of the federal government. This could result in attempts to reduce or eliminate payments for federal and state healthcare programs, and could result in an increase in taxes and assessments on our activities.

Given competing national priorities, we are unable to predict the outcome and impact on our business of any changes in healthcare policy relating to the future funding of the Medicare and Medicaid programs. Further, Medicare, Medicaid, and/or private payor rates for home and community provider solutions and pharmacy services may not continue to be based on current methodologies or remain comparable to present levels. Any future healthcare legislation or regulation impacting these rates may materially adversely affect our business.

Changes in drug utilization and/or pricing, PBM contracts, and Medicare Part D/Medicaid reimbursement may negatively impact our profitability.

The profitability of our Pharmacy Solutions segment is dependent upon the utilization of prescription and non-prescription pharmaceuticals. Our revenues, operating results, and cash flows may decline if the utilization of drug and/or infusion therapies is reduced or physicians cease writing prescriptions for such therapies, including due to:

- increased safety risk profiles or regulatory restrictions;
- manufacturing or other supply issues;
- a reduction in drug manufacturers' participation in federal programs;
- certain products being withdrawn by their manufacturers or transitioned to over-the-counter products;
- FDA actions restricting the supply or increasing the cost of products;
- the introduction of new and successful prescription drugs or lower-priced generic alternatives to existing brand name products; or
- inflation in the price of drugs.

In addition, increased utilization of generic drugs has resulted in pressure to decrease reimbursement payments to facility-based, hospice, retail, and specialty pharmacies for generic drugs, causing a reduction in our margins on sales of generic drugs. Contracts and fee schedules in the prescription drug industry, including our

contracts with various payors and fee schedules under state Medicaid programs, generally use certain published benchmarks, including Average Wholesale Price, or AWP, or Wholesale Acquisition Cost, or WAC, to establish pricing for prescription drugs. Future changes to the use of AWP, WAC or to other published pricing benchmarks used to establish drug pricing, including changes in the basis for calculating reimbursement by federal and state healthcare programs and/or other payors, could impact the reimbursement we receive from Medicare and Medicaid programs, the reimbursement we receive from our PBM, clients, and other payors, and/or our ability to negotiate rebates and/or discounts with drug manufacturers and wholesalers. A failure or inability to fully offset any increased prices or costs or to modify our operations to mitigate the impact of such increases could have a material adverse effect on our operating results. Additionally, any future changes in drug prices could be significantly different than our projections. We cannot predict the effect of these possible changes on our businesses.

Our reimbursement under Medicare Part D, as well as our reimbursement from certain private third-party payors, is determined pursuant to agreements that we negotiate with those payors or their PBM representatives or group purchasing organizations, or GPOs. Similarly, our reimbursement from skilled nursing and rehabilitation facilities for drugs is determined pursuant to our agreements with them. Certain of these agreements are terminable upon prior notice by the other party. We cannot provide assurance that we will be able to replace terminated or expired agreements on terms as favorable as our existing agreements or at all. The termination or modification of these agreements could adversely affect our reimbursement from these sources, which would have a material adverse effect on our results of operations. Additionally, the proportion of our Medicare Part D business serviced under specific agreements may change over time based upon beneficiary choice, reassignment of beneficiaries to different Medicare Part D Plans, Medicare Part D Plan consolidation or other factors, which could also adversely affect our revenue. Many payors seek to limit the number of providers that supply pharmaceuticals to their enrollees in order to build volume that justifies their discounted pricing. From time to time, payors with whom we have relationships require that we bid against our competitors to keep their business. As a result of this bidding process, we may not be retained, and even if we are retained, the prices at which we are able to retain the business may be reduced. If we are not an approved provider selected by a GPO, affiliated hospitals and other members may be less likely to purchase our products. Should a GPO negotiate a sole source or bundling contract covering a future or current competitor, we may be precluded from making sales to members of that GPO for the duration of the contractual arrangement.

Furthermore, Medicare Part D has resulted in increased utilization of prescription medications and puts pressure on our gross margin rates in our Pharmacy Solutions segment due to regulatory and competitive pressures. As a result of the ACA and changes to the retiree drug subsidy rules, clients of our PBM business could decide to discontinue providing prescription drug benefits to their Medicare-eligible members. To the extent this occurs, the adverse effects of increasing customer migration into Medicare Part D may outweigh the benefits we realize from growth of our Medicare Part D products. For example, in October 2020, the U.S. Department of Health and Human Services, or the HHS, released a final rule requiring health insurers to disclose drug pricing and cost-sharing information. The public disclosure of insurer- or PBM-negotiated price concessions may result in drug manufacturers lowering discounts or rebates, impacting the ability to negotiate drug prices. In November 2020, the HHS released the Rebate Rule, which eliminates the regulatory safe harbor from prosecution under the Anti-Kickback Statute for rebates from pharmaceutical companies to PBMs in Medicare Part D and in Medicaid MCOs, replacing it with two far narrower safe harbors designed to directly benefit patients with high out-of-pocket costs and to change the way PBMs are compensated. The new safe harbors are (i) for rebates which are passed on to the patient at the point of sale and (ii) for flat service fee payments made to PBMs which cannot be tied to the list prices of drugs. The Pharmaceutical Care Management Association which represents PBMs, has filed a suit in an effort to block the Rebate Rule, claiming that the Rebate Rule would lead to higher premiums in Medicare Part D and was adopted in an unlawful manner. The Biden Administration has delayed the effective date of portions of the Rebate Rule to January 1, 2027, which would delay implementation until 2032. It is unclear whether the Rebate Rule will be modified by the current Administration, whether pharmaceutical companies will respond by reducing list prices, whether list prices in the private market may also be reduced, and what the resulting impact will be to PBMs or us.

There has also been increasing legislative and enforcement interest in the United States with respect to drug pricing practices. Specifically, there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, and review the relationship between pricing and manufacturers' patient assistance programs. The Inflation Reduction Act of 2022, or IRA, includes several provisions that may impact our business to varying degrees, including provisions that reduce the out-of-pocket spending cap for Medicare Part D beneficiaries from $7,050 to $2,000 starting in 2025, thereby effectively eliminating the coverage gap; impose new manufacturer financial liability on certain drugs under Medicare Part D, allow the U.S. government to negotiate Medicare Part B and Part D price caps for certain high-cost drugs and biologics without generic or biosimilar competition; require companies to pay rebates to Medicare for certain drug prices that increase faster than inflation; and delay until January 1, 2032, the implementation of the HHS Rebate Rule that would have limited the fees that pharmacy benefit managers can charge. The implementation of the IRA is currently subject to ongoing litigation challenging the constitutionality of the IRA's Medicare drug price negotiation program. The effects of the IRA on our business and the healthcare industry in general are not yet known. See "—Risks Related to Our Regulatory Framework—If we are unable to effectively adapt to changes in the healthcare industry, including changes to laws and regulations regarding or affecting U.S. healthcare reform, our business may be harmed."

Changes in our relationships with pharmaceutical suppliers, including changes in drug availability or pricing, could adversely affect our business and financial results.

We have contractual relationships with pharmaceutical manufacturers, wholesalers, and distributors to purchase the pharmaceuticals that we dispense. In order to have access to these pharmaceuticals, and to be able to participate in the launch of new pharmaceuticals, we must maintain a good working relationship with these suppliers. Most of the manufacturers we contract directly with have the right to cancel their supply contracts with us without cause and after giving only minimal notice. In addition, these agreements may allow the manufacturers to distribute through channels other than us. Certain of these agreements also allow pricing and other terms to be adjusted periodically for changing market conditions or required service levels. We may be unable to renew contracts with our suppliers on favorable terms or at all. Any changes to these relationships, including, but not limited to, the loss of a supplier relationship or changes in pricing, could have an adverse effect on our business and financial results. Many products dispensed by our pharmacies are manufactured with ingredients that are susceptible to supply shortages. Our suppliers are independent entities subject to their own operational and financial risks that are outside our control. If our current suppliers were to stop selling drugs to us or delay delivery, including as a result of supply shortages, production disruptions, quality issues, closing, or bankruptcies of our suppliers, or for other reasons, we may be unable to procure alternatives from other suppliers in a timely and efficient manner and on acceptable terms, or at all. Should a supply disruption result in the inability to obtain pharmaceutical solutions necessary for patient care, our business, financial condition, and results of operations could be negatively impacted.

Some pharmaceutical manufacturers, wholesalers, and/or distributors attempt to limit the number of preferred pharmacies that may market certain of their products. We cannot provide assurance that we will be selected and retained as a preferred pharmacy or can remain a preferred pharmacy to market these products. We cannot provide assurance that we will be able to compete effectively with other providers to dispense each of our core products. Consolidation within the drug manufacturing industry and other external factors may enhance the ability of suppliers to sustain or increase pricing of drugs and diminish our ability to negotiate reduced drug acquisition costs. Any inability to offset increased brand name or generic drug acquisition costs or to modify our activities to lessen the financial impact of such increased costs could have a significant adverse effect on our operating results. We receive certain discounts, rebates, and other price concessions from suppliers. For example, we have agreements with certain affiliates of Walgreen Stockholder pursuant to which we purchase both generic and non-generic pharmaceutical products and services at favorable prices and other payment terms. If one or both of such agreements were to terminate or if we were to otherwise lose our right to participate in such agreements,

we may not be able to replace such arrangements to purchase pharmaceutical products and services at similarly favorable prices or at all. There can be no assurance that any changes in legislation or regulations, or the interpretation or application of current law, that would eliminate or significantly reduce the discounts, rebates, and other price concessions that we receive from suppliers or that would otherwise impact payment available for drugs under federal or state healthcare programs will not have a material adverse impact on our business, financial condition, and results of operations.

The pipeline of new drugs includes many products that over the long term may replace older, more expensive therapies. As a result of such older drugs losing patent protection and being replaced by generic substitutes, new and less expensive delivery methods (such as when an infusion or injectable drug is replaced with an oral drug) or additional products may be added to a therapeutic class, thereby increasing price competition in that therapeutic category. Much of the branded and generic drug product that we dispense is manufactured in whole or in substantial part outside of the United States and imported by our suppliers. As a result, significant changes in tax or trade policies, tariffs, or trade relations between the United States and other countries, such as the imposition of unilateral tariffs on imported products, could result in significant increases in our costs, restrict our access to suppliers, depress economic activity, and have a material adverse effect on our business, financial condition, and results of operations. In addition, other countries may change their business and trade policies and such changes, as well as any negative sentiments towards the United States in response to increased import tariffs and other changes in U.S. trade regulations, could adversely affect our businesses.

Our business relies on the continual recruitment and retention of nurses, pharmacists, therapists, caregivers, direct support professionals, and other qualified personnel, including senior management.

We compete with other healthcare providers for our employees, including but not limited to, clinicians, physicians, nurses, nurse practitioners, physician assistants, caregivers, direct care staff, counselors, therapists, pathologists, psychologists, pharmacists, other pharmacy professionals, and providers for our mobile network, as well as senior management. Competition for skilled personnel is intense, and the process of locating and recruiting qualified personnel with the combination of the skills, experience, and licenses necessary to meet the requirements of their job responsibilities can be difficult and lengthy. Various states in which we operate have established minimum staffing requirements or may establish minimum staffing requirements in the future. While we seek to comply with all applicable staffing and other requirements, such as state requirements related to compensation and benefits for direct care workers, the regulations in this area are complex and we may experience compliance issues from time to time.

Federal and state regulators have considered implementing requirements related to staffing ratios, pass-through payments to direct care workers, minimum compensation standards, and compensation and benefits for direct care workers, and we believe that regulators will continue to focus their attention and regulatory and legislative efforts on these matters. For example, in an effort to promote transparency, CMS has proposed requiring state Medicaid agencies to report on compensation for direct care workers and support staff as a percentage of Medicaid payments for services in intermediate care facilities for individuals with intellectual disabilities. Failure to comply with any new requirements may result in one or more facilities failing to meet the conditions of participation under relevant federal and state healthcare programs and the imposition of fines or other sanctions. The proposed rule would also require compensation reporting requirements to include individuals employed by or contracted or subcontracted with a Medicaid provider or state or local government agency, which would require compliance with new standards. In addition, private litigation involving these matters also has become more common. Moreover, a portion of the staffing costs we incur is funded by states through Medicaid program appropriations or otherwise. If states do not appropriate sufficient additional funds to pay for any additional operating costs resulting from new workforce, transparency, and reporting requirements, our profitability may be materially adversely affected.

Our ability to satisfy new workforce regulations will, among other things, depend upon our ability to attract and retain qualified healthcare professionals. If we are unable to attract and retain qualified personnel, we may be unable to provide our services, the quality of our services may decline, and we could lose patients and referral sources, which could have a material adverse effect on our business, financial condition, and results of operations. The loss of one or more of the members of the executive management team or the inability of a new

management team to successfully execute our strategies may adversely affect our business. Our ability to attract and retain qualified personnel depends on several factors, including our ability to provide these personnel with attractive assignments and competitive salaries and benefits. We cannot be assured we will succeed in any of these areas. From time to time and particularly in recent years, the lack of availability of medical personnel, including qualified nurses, has been a significant operating issue for us and other healthcare providers in certain local and regional markets. Further, because we generally recruit our personnel from the local area where the relevant facility is located, the availability in certain areas of suitably qualified personnel can be limited.

We are subject to federal, state, and local laws and regulations that govern our employment practices, including minimum wage, living wage, and paid time-off requirements. Failure to comply with these laws and regulations, or changes to these laws and regulations that increase our employment-related expenses, could adversely impact our operations.

We are subject to applicable rules and regulations relating to our relationship with our employees, including occupational safety and health requirements, wage and hour and other compensation requirements, break requirements, health benefits, unemployment, providing leave, sick pay and overtime, proper classification of workers as employees or independent contractors, immigration status, and equal employment opportunity laws. These laws and regulations can vary significantly among jurisdictions and can be highly technical. Notably, we are subject to the California Labor Code pursuant to which plaintiffs have filed representative actions under the California Private Attorney General Act seeking statutory penalties for alleged violations related to calculation of overtime pay, errors in wage statements, and meal and rest break violations, among other things. Costs and expenses related to these requirements are a significant operating expense and may increase as a result of, among other things, changes in federal, state, or local laws or regulations, or the interpretation thereof, requiring employers to provide specified benefits or rights to employees, increases in the minimum wage and local living wage ordinances, increases in the level of existing benefits, or the lengthening of periods for which unemployment benefits are available. We may not be able to offset any increased costs and expenses. We have a substantial number of hourly employees who are paid wage rates based on or approximating the applicable federal, state, or local minimum wage, and the high proportion of hourly employees makes our business sensitive to minimum wage laws at both the state and federal levels**.** Furthermore, any failure to comply with these laws requirements, including even a seemingly minor infraction, can result in significant penalties which could harm our reputation and have a material adverse effect on our business. In addition, federal, state, and local proposals to introduce a system of mandated health insurance and flexible work time, provide for higher minimum wages, paid time off and other similar initiatives could, if implemented, adversely affect our operations.

In addition, certain individuals and entities, known as excluded persons, are prohibited from receiving payment for their services rendered to Medicaid, Medicare, and other federal and state healthcare program beneficiaries. If we inadvertently hire or contract with an excluded person, or if any of our current employees or contractors becomes an excluded person in the future without our knowledge, we may be subject to substantial civil penalties, including up to $20,000 for each item or service furnished by the excluded person to a federal or state healthcare program beneficiary, an assessment of up to three times the amount claimed and exclusion from federal healthcare programs.

Our results of operations fluctuate on a quarterly basis.

Our financial condition and results of operations and other key metrics have fluctuated on a quarterly basis in the past and may continue to fluctuate in the future due to a variety of factors, including census, script volume, reimbursement rates, drug purchasing costs, labor availability and pricing, volume fluctuations in broader healthcare and provider markets that are upstream of our care settings and the potential timing of delayed or leading payor reimbursement rate changes based on budget seasons, as well as purchasing cost fluctuations depending on when core contracts renew or escalate. In addition, we have experienced and expect to continue to experience fluctuations in our quarterly results of operations due to the seasonal nature of our business. As a result, historical period-to-period comparisons of our results of operations are not necessarily indicative of future period-to-period results, impacting comparability of our quarterly results year-over-year.

Our business may be harmed by labor relation matters.

We are subject to a risk of work stoppages and other labor relations matters because our hourly workforce in some states is highly unionized. We have numerous agreements with various different unions, which are renegotiated from time to time. We may also negotiate Memoranda of Understanding to amend these collective bargaining agreements when we receive increases in our rates from various state agencies. Upon expiration of these collective bargaining agreements, we may not be able to negotiate labor agreements on satisfactory terms with these labor unions. A strike, work stoppage or other slowdown could result in a disruption of our operations and/or higher ongoing labor costs, which could adversely affect our business.

Because we are limited in our ability to control reimbursement rates received for our services, our business could be materially adversely affected if we are not able to maintain or reduce our costs to provide such services.

We receive fixed payments at predetermined reimbursement rates established through federal and state legislation from Medicare and Medicaid, our most significant payors, for our services. Consequently, our profitability largely depends upon our ability to manage the costs of providing these services. We cannot be assured that reimbursement payments under Medicare and Medicaid will be sufficient to cover the costs allocable to patients eligible for reimbursement pursuant to these programs. Commercial payors such as managed care organizations and private health insurance programs generally reimburse us for the services rendered to insured patients based upon contractually determined rates. Additionally, private payor rates are difficult for us to negotiate as such payors are under pressure to reduce their own costs. In addition, our profitability may be adversely affected by any efforts of our suppliers to shift healthcare costs by increasing the net prices on the products we obtain from them. Increases in operating costs, such as labor and supply costs, without a compensating increase in reimbursement rates, could have a material adverse effect on our business. In addition, cost pressures resulting from the use of more expensive forms of palliative care, including drugs and drug delivery systems, could negatively impact our profitability. As a result, we have sought to manage our costs in order to achieve a desired level of profitability including, but not limited to, centralization of various processes, the use of technology, and management of the number of employees utilized. If we are not able to continue to streamline our processes and reduce our costs, our business, financial condition, and results of operations could be materially adversely affected.

Delays in collection or non-collection of our accounts receivable, particularly during the business integration process, could adversely affect our business, financial condition, and results of operations.

Prompt billing and collection of receivables from patients and third-party payors are important factors in our liquidity, and our business is characterized by delays from the time we provide services to the time we receive reimbursement or payment for these services. Having a diversified payor mix requires expertise and compliance across multiple complex coding, billing, and revenue recognition functions. We bill numerous and varied payors, and they typically have different billing requirements that must be satisfied prior to receiving payment for services rendered. Reimbursement is typically conditioned on our documenting the level and the necessity of service provided and correctly applying administrative and billing codes. Coding of services can be complex. Incorrect or incomplete documentation and billing information could result in non-payment for services rendered and could lead to allegations of billing fraud. This could subsequently lead to civil and criminal penalties, including but not limited to exclusion from government healthcare programs. Reimbursement and procedural issues often require us to resubmit claims multiple times and respond to multiple administrative requests before payment is remitted, increasing the age of accounts receivable. Billing and collection of our accounts receivable are further subject to the complex regulations that govern Medicare and Medicaid reimbursement and rules imposed by third-party payors, which are continuously evolving. Our inability to bill and collect on a timely basis pursuant to these regulations and rules could subject us to payment delays that could have a material adverse effect on our business, financial condition, and results of operations. In addition, timing delays in billings and collections may cause working capital shortages. It is possible that Medicare, Medicaid, documentation support, system problems or other provider issues or industry trends, particularly with respect to newly acquired

entities for which we have limited operational experience, may extend our collection period, which may materially adversely affect our working capital, and our working capital management procedures may not successfully mitigate this risk.

The timing of payments made under the Medicare and Medicaid programs is subject to governmental budgetary constraints, which may result in an increased period of time between submission of claims and subsequent payment under specific programs, most notably under the Medicare and Medicaid managed care programs, which in many cases pay claims significantly slower than traditional Medicare or state Medicaid programs. This delay is a result of more complicated authorization, billing, and collecting processes under Medicare and Medicaid managed care programs. In addition, we may experience delays in reimbursement as a result of the failure to receive prompt approvals related to change of ownership applications for acquired or other facilities. Further, our billing systems require significant technology investment and, as a result of marketplace demands, we need to continually invest in our billing systems. We may experience delays in reimbursement caused by our or other third parties' information system failures. Changes in laws and regulations could further complicate our billing and increase our billing expense.

A change in our estimates of collectability or a delay in collection of accounts receivable could adversely affect our results of operations and liquidity. The estimates are based on a variety of factors, including the length of time receivables are past due, significant one-time events, contractual rights, client funding and/or political pressures, discussions with clients, and historical experience. A delay in collecting our accounts receivable, or the non-collection of accounts receivable, including, without limitation, in connection with our transition and integration of acquired companies, could have a material negative impact on our results of operations and liquidity and could be required to record credit losses in our consolidated financial statements.

If we fail to manage our growth effectively, we may be unable to execute our business plan, maintain high levels of service and satisfaction, or adequately address competitive challenges.

We have experienced, and may continue to experience, rapid growth, and organizational change, which has placed, and may continue to place, significant demands on our management and our operational and financial resources. Additionally, our organizational structure may become more complex as we expand our operational, financial, and management controls, as well as our reporting systems and procedures as a public company. We may require significant capital expenditures and the allocation of valuable management resources to grow and evolve in these areas. We must effectively increase our headcount, ensure our personnel have the necessary licenses and competencies, and continue to effectively train and manage our employees. We will be unable to manage our business effectively if we are unable to alleviate the strain on resources caused by growth in a timely and successful manner. If we fail to effectively manage our anticipated growth and change or fail to ensure that the level of care and services provided by our employees complies with regulatory and contractual requirements, the quality of our services may suffer, which could negatively affect our brand and reputation, harm our ability to attract and retain patients, customers, referral sources, and employees, and lead to the need for corrective actions.

In addition, as we expand our business, it is important that we continue to maintain high levels of patient service and satisfaction. If we are unable to continue to provide high quality healthcare that meets the regulatory requirements and generates high levels of patient satisfaction, our reputation, as well as our business, results of operations and financial condition would be adversely affected.

Our growth strategy is partially dependent upon our ability to identify and successfully complete acquisitions, joint ventures, and other strategic initiatives. Any failure by us to manage or integrate acquisitions, divestitures, and other significant transactions successfully may have a material adverse effect on our business, financial condition, and results of operations.

Acquisitions are a key strategic advantage and value creation driver for us. We regularly evaluate opportunities to acquire other companies and have undertaken, and may in the future undertake, strategic, and accretive acquisitions. We face competition for acquisition and joint venture candidates, which may limit the

number of acquisition and joint venture opportunities available to us or lead to the payment of higher prices for our acquisitions and joint ventures. In addition, changes in federal laws or regulations may materially adversely impact our ability to acquire businesses. For example, CMS has adopted a regulation known as the "36 Month Rule" that is applicable to home health agency acquisitions, which subject to certain exceptions, prohibits buyers of home health agencies that either enrolled in Medicare or underwent a change in ownership fewer than 36 months prior to the acquisition date, from assuming the Medicare billing privileges of the acquired home health agency. Instead, the acquired home health agencies must enroll as new providers with Medicare which may cause significant Medicare billing delays. As a result, the 36 Month Rule may further increase competition for acquisition targets that are not subject to the rule. We cannot assure you that we will successfully identify suitable acquisition candidates, obtain financing for such acquisitions, if necessary, consummate such potential acquisitions or efficiently integrate any acquired entities or successfully expand into new markets as a result of our acquisitions. If we are unable to successfully execute on such a strategy in the future, our future growth could be limited.

We believe that there are risks related to acquiring companies. Such risks include overpaying for acquisitions, losing key employees, strategic partnerships, or patients of acquired companies, failing to effectively integrate acquired companies, the assumption of liabilities and exposure to unforeseen liabilities of acquired operations, and failing to achieve potential synergies or remove transition, integration, or non-recurring costs. In addition, our due diligence review of acquired businesses may not successfully identify all potential issues. Further, following completion of an acquisition, we may not be able to maintain the growth rate, levels of revenue, earnings or operating efficiency that we and the acquired business have achieved or might achieve separately. Historically, we have funded acquisitions primarily through our credit facilities and/or cash on hand, and there is no guarantee that we will be able to obtain financing for any future acquisition on favorable terms, if at all. Furthermore, in certain circumstances, we could be required to pay or be involved in disputes relating to termination fees or liquidated damages if an acquisition is not consummated, the payment of which could have a material adverse effect on our business, financial condition, or results of operations.

Upon consummation of an acquisition, the integration process could divert the attention of management, and any difficulties or problems encountered in the transition process could have a material adverse effect on our business, financial condition, or results of operations. In particular, the integration process may temporarily redirect resources previously focused on reducing cost of services, resulting in lower gross profits in relation to revenues. The process of combining companies could cause the interruption of, or a loss of momentum in, the activities of the respective businesses, which could have an adverse effect on their combined operations. Additionally, in some acquisitions, we may have to renegotiate, or risk losing, one or more third-party payor contracts. We may also be unable to immediately collect the accounts receivable of an acquired entity while we align the payors' payment systems and accounts with our own systems, and may have difficulties in recouping partial episode payments and other types of misdirected payments for services from previous owners. Certain transactions can require licensure changes which, in turn, result in disruptions in payment for services.

We may also make strategic divestitures from time to time. With respect to any divestiture, we may encounter difficulty finding potential acquirers or other divestiture options on favorable terms. Any divestiture could affect our profitability as a result of the gains or losses on such sale of a business or service, the loss of the operating income resulting from such sale or the costs or liabilities that are not assumed by the acquirer that may negatively impact profitability subsequent to any divestiture. We may also recognize impairment charges as a result of a divesture.

If we are unable to provide consistently high quality of care, our business will be adversely impacted.

Providing quality patient care is fundamental to our business. Clinical quality is becoming increasingly important within our industries. Medicare imposes a financial penalty upon hospitals that have excessive rates of patient readmissions within 30 days from hospital discharge. We believe this regulation provides a competitive advantage to home health providers who can differentiate themselves based upon quality, particularly by achieving low patient acute care hospitalization readmission rates and by implementing disease management

programs designed to be responsive to the needs of patients served by referring hospitals. We are focused intently upon improving our patient outcomes, particularly our patient acute care hospitalization readmission rates. Additionally, Medicare has established consumer-facing websites, Home Health Compare and Hospice Compare, that present data regarding our performance on certain quality measures compared to state and national averages. If we should fail to achieve or exceed these averages, it may negatively affect our rates of reimbursement, our reputation, and our ability to generate referrals, which could have a material adverse effect upon our business, consolidated financial condition, and results of operations.

Many of our service users have complex medical conditions or special needs, are vulnerable, and often require a substantial level of care and supervision. There is a risk that one or more service users could be harmed by one or more of our employees, workforce members, or other service users, either intentionally, by accident, or through negligence, neglect, error, poor performance, mistreatment, failure to provide proper care or medication or carry out physician's orders, failure to properly document or monitor or report information, failure to address risks to service users' health or safety, failure to maintain appropriate staffing, failure to implement appropriate interventions or other actions or inaction. Employees and workforce members have engaged in conduct (including failing to take action) that has impacted, and may in the future engage in conduct that impacts, our service users or their health, safety, welfare, or clinical treatment. Further, individuals cared for by us have in the past engaged, and may in the future engage, in behavior that results in harm to themselves, our employees or workforce members or to one or more other individuals, including members of the public and other service users. In addition, we have experienced staff shortages and if we experience staff shortages, or are unable to meet any applicable regulatory staffing requirements, it could impact our quality of care. In the past, regulators have taken measures against certain of our facilities and locations as a result of non-compliance with applicable laws and regulations. For example, in July 2020, the West Virginia Department for Health and Human Resources issued a statewide admissions ban for all ResCare facilities that applied to new admissions and readmissions, and the state later issued separate admissions ban orders for other state operations. In addition, our facilities and locations have been subject to other regulatory inquiries and matters, such as recoupments as a result of alleged insufficient documentation, overpayments, audits, removals of clients as a result of staffing and incidents identified during a monitoring visit, contract terminations, suspensions or revocations of licenses, home closures, vendor holds, which may occur as a result of our failure to submit an acceptable report under state law, and administrative penalties issued as a result of staffing issues and incidents found during monitoring visits.

If one or more of our facilities experiences an adverse patient incident or is found to have failed to provide appropriate patient care (including as a result of a staffing shortages or the actions or inactions of our employees or workforce members), governmental or regulatory authorities may take action against us or our employees or workforce members, including an admissions ban, admissions hold, reduction in census, loss of accreditation, license revocation, application denial period, administrative or other order, other adverse regulatory action, a settlement or other agreement requiring corrective actions or requiring us or a specific facility to demonstrate substantial compliance with licensure or other requirements, and the imposition of certain requirements, including requirements to transfer our service users, to provide reports or other documentation or to undergo revisit surveys or inspections. If such an action or a closure of a facility were to occur and result in the improper termination of patient care, we or our employees or workforce members may be exposed to governmental or regulatory inquiries, investigations, liability, and litigation, including claims of patient abandonment. Certain of our individual locations have been, and may continue to be, subject to findings of quality of care deficiencies or practices, incidents of patient abuse or neglect, and claims regarding services rendered that do not meet the standard of care, which have resulted, and in the future may result, in civil or criminal penalties; fines; the suspension, modification, termination, or revocation of a license of Medicare or Medicaid participation; the suspension of the operations of a facility; the suspension or denial of admissions of service users; a reduction in census; the removal of service users from properties; the denial of payments in full or in part; administrative orders; the implementation of state oversight, temporary management or receivership; and other actions. If an admissions hold, loss of accreditation, license revocation, or other action such as a closure of a facility occurs, states may interpret such an interruption to be "patient abandonment," which may lead to additional action by regulatory authorities or patients. In many states, patient abandonment includes abandoning or neglecting a

patient needing professional care without making reasonable arrangements for the continuation of care. In addition to actions by state boards, patients may also pursue a private right of action claiming abandonment.

Any such patient incident, adverse regulatory action, self-disclosure, self-report, claim or other event, action or inaction has in the past, and could in the future, result in governmental investigations, judgments, or fines and have a material adverse effect on our business, financial condition, and results of operations. We have received inquiries and requests from various governmental and regulatory authorities and we have in the past and may in the future receive notices of potential sanctions based on violations of law or standards of care or alleged or actual failures to cure identified deficiencies or deficient practices. Further, claims of patient abuse, neglect, or medical malpractice have resulted in the past, and in the future may result, in law enforcement agencies investigating or arresting our employees and workforce members in order to investigate even unsubstantiated criminal or misdemeanor claims. While such enforcement actions are typically taken against individuals, we cannot predict how law enforcement or governmental or regulatory authorities will enforce the laws or whether governmental or regulatory authorities will assert that we or any of our employees or workforce members are responsible for such actions, or should have known about such actions. In addition, we have been and could become the subject of negative publicity or unfavorable media attention or governmental or regulatory scrutiny, regardless of whether the allegations are substantiated, that could have a significant, adverse effect on the trading price of our common stock or adversely impact our reputation, our relationships with referral sources and payors, whether service users and their family members choose us, and whether our referral sources choose other healthcare entities to provide healthcare.

If we fail to provide or maintain a reputation for providing high quality or cost-effective care or adequate staffing, training, monitoring, and facilities, or are perceived to provide lower quality or less cost-effective care or inferior staffing, training, monitoring, and facilities than our competitors within the same geographic area, or if patients of our home and community health services and/or pharmacy services perceive that they could receive higher quality or more cost-effective services from other providers, our ability to attract and retain patients, customers, and employees could be adversely affected, which could have a material adverse effect upon our business, consolidated financial condition and results of operations. We believe that the perception of our quality of care by potential patients or their families seeking our services is influenced by a variety of factors, including physician and other healthcare professional referrals, community information and referral services, electronic media, newspapers and other print, and results of patient surveys, recommendations from family and friends, and published quality care statistics compiled by CMS or other industry data.

If we are unable to maintain our corporate reputation, or there is adverse publicity, including negative information on social media, or changes in public perception of our services, our business may suffer.

Our success depends on our ability to maintain our corporate reputation, including our reputation for providing quality patient care and for compliance with applicable Medicare, Medicaid, or HIPAA requirements or other laws to which we are subject, among governmental authorities, physicians, hospitals, discharge planning departments, case managers, nursing homes, rehabilitation centers, advocacy groups, patients and their families, other referral sources, and the public. For example, while we believe that the services we provide are of high quality, if our "quality measures," which are published annually online by CMS, are deemed to be not of the highest value, our reputation could be negatively affected. Adverse publicity surrounding any aspect of our business, including our failure to provide proper care, staffing, or training, incidents at our facilities, employee misconduct, conditions at our facilities, litigation, licensure actions, changes in public perception of our services or government investigations of our operations could negatively affect our overall reputation, the willingness of other providers and organizations to refer patients to us, of patients to use our services, and our ability to retain agreements or obtain new agreements. Increased government scrutiny may also contribute to an increase in compliance costs. Any of these events could have a negative effect on our business, financial condition, and operating results.

There has been a marked increase in the use of social media platforms and similar channels that provide individuals with access to a broad audience of consumers and other interested persons. The availability of information on social media platforms is virtually immediate, as is its effect. Many social media platforms

immediately publish the content their subscribers and participants post, often without filters or checks on accuracy of the content posted. The opportunity for dissemination of information, including inaccurate information, is potentially limitless. Information about our business and/or services may be posted on such platforms at any time. Negative views regarding our services may continue to be posted in the future, and are out of our control. Regardless of their accuracy or authenticity, such information and views may be adverse to our interests and may harm our reputation and brand. The harm may be immediate without affording an opportunity for redress or correction. Such negative publicity also could adversely affect the size, engagement, activity, and loyalty of our customer base or the effectiveness of word-of-mouth marketing, and result in decreased revenue, or require us to expend additional funds for marketing efforts. Ultimately, the risks associated with any such negative publicity cannot be eliminated or completely mitigated and may materially adversely affect our business, financial condition, and results of operations.

If our existing customers do not continue with or renew their contracts with us, renew at lower fee levels, decline to purchase additional services from us or reduce the services received from us pursuant to those contracts, it could have a material adverse effect on our business, financial condition, and results of operations.

Our agreements with our customers are generally in effect for specific time periods. However, certain of our Pharmacy Solutions segment contracts are terminable without cause upon advance written notice, giving those customers leverage to demand more favorable pricing, or seek services from another provider. In all of our lines of business, our ability to renew or retain our agreements depends on our quality of service and reputation, but may also be affected by other factors over which we have little or no control, such as government appropriations and changes in provider eligibility requirements. Additionally, failure to satisfy any of the numerous technical renewal requirements in connections with our proposals for agreements could result in a proposal being rejected even if it contains favorable pricing terms. Failure to obtain, renew, or retain agreements with customers may negatively impact our business, financial condition, and results of operations. We can give no assurance that our existing agreements will be renewed on commercially reasonable terms or at all.

Our business depends on our ability to effectively invest in, implement improvements to, and properly maintain the uninterrupted operation and data integrity of our information technology and other business systems.

Our business is highly dependent on maintaining effective and secure information systems, including those maintained by us and those maintained and provided by third-party service providers (for example, “software-as-a-service” and cloud solutions), as well as the integrity and timeliness of the data we use to serve our patients, support employees and operate our business. Our business also supports the use of electronic visit verification, or EVV, to collect visit submission information such as service type, visit start time and end time, and care plan tasks for our home and community based care services. We use mobile devices to capture time in and time out, mileage and travel time, as well as the completed care plan tasks with client verification. Our ability to effectively manage our business and coordinate the provision and billing of our services and prompt, accurate documentation of the care and services we provide depends significantly on the reliability and capacity of these systems. We rely on these providers to provide continual operation, as well as maintenance, enhancements, and security of any protected and/or confidential data (including personal information). To the extent that our EVV and other vendors fail to support these processes, our internal operations could be negatively affected. Our systems, and those of our third-party service providers, are vulnerable to damages, failures, malfunctions, outages or other interruptions which could be caused by a number of factors such as power outages or damages, telecommunications problems, data corruption, software errors, human error, computer viruses, defects and other errors, physical or electronic break-ins, theft, design defects, network failures, security breaches, cyberattacks, acts of war or terrorist attacks, fire, flood, and natural disasters. A system failure, outage or other interruption may also cause the corruption or loss of important, confidential, and/or protected data (including personal information). See “—Risks Related to Our Regulatory Framework—If we are found to have violated HIPAA, or any other applicable privacy and security laws and regulations, as well as contractual

obligations, we could be subject to sanctions, fines, damages, and other additional civil or criminal penalties, which could increase our liabilities, harm our reputation, and have a material adverse effect on our business, financial condition, and results of operation." Furthermore, our third-party providers' existing safety systems, data backup, access protection, user management, information technology emergency planning, and other security measures may not be sufficient to prevent data loss or long-term network outages.

In addition, we may have to upgrade our existing information technology systems from time to time in order for such systems to withstand the increasing needs of our expanding business. We rely on certain hardware, telecommunications, and software vendors to maintain and periodically upgrade many of these systems so that we can continue to support our business. Costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could disrupt or reduce the efficiency of our operations. Further, upgrading and expanding our information technology infrastructure could require significant investment of additional resources and capital, which may not always be available or available on favorable terms. We also depend on our information technology staff. If we cannot meet our staffing needs in this area, we may not be able to fulfill our technology initiatives while continuing to provide maintenance on existing systems. Any material disruption, outage or slowdown of our systems or those of our third-party providers, including those caused by our or their failure to successfully upgrade our or their systems, and our or their inability to convert to alternate systems in an efficient and timely manner could have a material adverse effect on our business, financial condition, and results of operations.

Additionally, operations that we acquire must be integrated into our various information systems in an efficient and effective manner. For certain aspects, we rely upon third-party service providers to assist us with those activities. If we are unable to integrate and transition any acquired business into our information systems, due to our failures or any failure of our third-party service providers, we could incur unanticipated expenses, suffer disruptions in service, experience regulatory issues, and lose revenue from the operation of such business.

Security breaches, loss of data, and other disruptions could compromise sensitive business or patient information, cause a loss of confidential patient data, employee data, personal information, or prevent access to critical information, and expose us to liability, litigation, and federal and state governmental inquiries and damage our reputation and brand.

In the ordinary course of our business, we collect, process, use, transmit, share, disclose, create, receive, maintain, transmit, and store, or collectively, Process, personal information (which may also be referred to as personal data, personally identifiable information, and/or non-public personal information), including protected health information, or PHI, relating to our patients, employees, referral sources, payors, and others. We also Process, and contract with third-party service providers to Process, other sensitive, confidential, and/or proprietary information. We use third-party service providers for important aspects of the Processing of personal information and other confidential and sensitive data and information, and therefore rely on third parties to manage functions that have material cybersecurity risks. Because of the sensitivity of the such personal information and other sensitive data and information that we and our service providers Process, the security of our technology platform and other aspects of our services, including those provided or facilitated by our third-party service providers, are critical to our operations and business strategy. Our patients, employees, payors, and referral sources have a high expectation that we will adequately protect their information, including personal information, from cyberattacks or other security breaches, and may have claims against us if we are unable to do so. We may also have exposure to regulatory investigations and other compliance risks in the event of a cyberattack or other security breach. We have been, and are currently, subject to HHS investigations with respect to data privacy and security incidents involving PHI. There can be no assurance that we will not be subject to such HHS investigations or investigations by other governmental or regulatory authorities in the future, including those that may have a material impact on our business. Any delay in identifying such breaches or incidents or in providing timely reports or notification of such incidents may lead to increased harm and increased penalties or other actions, such as measures required as part of any resolution or settlement agreement. Our patients, employees, payors, and referral sources may have contractual rights of indemnification against us in the event

that their personal or proprietary business information is accessed, acquired, disclosed, lost, used or compromised as a result of a breach of our information systems. In such an event, these parties may also seek to terminate our contracts with them.

Our systems and those of our third-party service providers and business partners may be vulnerable to, and have experienced, data or security breaches, cyberattacks (including ransomware), acts of vandalism, computer viruses, misplaced or lost data, human errors, or other similar events. While we have safeguards in place designed to defend our systems against intrusions and attacks and to protect our data, we cannot be certain that these measures are sufficient to counter all current and emerging technology threats. If unauthorized parties gain access to our networks or data, or those of our employees, third-party service providers or business partners, they may be able to access, steal, publish, delete, use in an unauthorized manner or modify confidential and sensitive information, including personal information, PHI, trade secrets or other confidential information, intellectual property, and proprietary business information. In addition, employees may intentionally or inadvertently cause data or security breaches that result in destruction, loss, alteration, unauthorized disclosure of, or access to such information. Further, the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and are often difficult to detect. Threats to our systems and associated third-party systems can originate from human error, fraud, or malice on the part of employees or third parties or simply from accidental technological failure. Computer viruses and other malware can be distributed and could infiltrate our systems or those of associated third parties. Because the techniques used to circumvent security systems can be highly sophisticated, change frequently, are often not detected until launched against a target and may originate from less regulated and remote areas around the world, we, and our third-party service providers, may be unable to effectively detect or proactively address all possible techniques, implement adequate preventive measures for all situations or respond to any breach or security incident. The administrative, physical, and technological safeguards we or our third-party service providers implement to address these risks may not address applicable laws and regulations or address situations that could lead to increased privacy or security risks. The businesses we have acquired, or may acquire in the future, may not have in place all of the required safeguards and may have experienced breaches or security incidents. It may take significant time and expense to integrate such businesses to our policies and procedures. To the extent we terminate contracts with our third-party service providers, we may not be able to ensure that the relevant personal information of our patients and employees is maintained in compliance with the required safeguards. In the normal course of business, we are and have been the target of malicious cyberattack attempts and have experienced ransomware attacks and other security incidents that have disrupted our operations. For example, in March 2023, we experienced a ransomware attack that resulted in a breach of more than 6 million individuals' personal information (including PHI). While we do not currently expect this incident to have a material impact on our business, we notified the impacted individuals and applicable regulators and are currently subject to a HHS Office for Civil Rights investigation, various state regulatory investigations, and various lawsuits in connection with this incident. There can be no assurance that any present or future cyberattacks will not be material or significant.

Any such cyberattack or threat, including those that result in data or security breaches, could result in costly investigations, litigation, government enforcement actions, civil or criminal penalties, fines, operational changes or other response measures, loss of patient and customer confidence in our security measures, loss of business partners, and negative publicity that could adversely affect our brand, reputation, business, financial condition, and results of operations. In particular, any such interruption in access, compromise, use, improper access, acquisition, disclosure or other loss of information, including personal information or PHI, could result in legal claims or proceedings and/or liability or penalties under laws and regulations that protect the privacy, confidentiality, or security of personal information, including the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 and other laws, and implementing regulations, or collectively, HIPAA, the FTCA, the California Consumer Privacy Act, or CCPA, as amended by the California Privacy Rights Act of 2020, or CPRA, and its implementing regulations, and other state data privacy, security, consumer health data, or consumer protection laws, including state breach notification laws. These laws often provide for civil penalties for violations, as well as a private right of action for data breaches that may increase data breach litigation. Any delay in identifying such breaches or incidents or in providing timely notification of such incidents may lead to increased harm and increased penalties. For further information, see "—Risks Related to Our Regulatory Framework—If we are found to have violated HIPAA, or any other applicable privacy and security laws

and regulations, as well as contractual obligations, we could be subject to sanctions, fines, damages, and other additional civil or criminal penalties, which could increase our liabilities, harm our reputation, and have a material adverse effect on our business, financial condition, and results of operation."

In addition, denial of service or other cyberattacks could be launched against us for a variety of purposes, including to interfere with our services or create a diversion for other malicious activities. Our defensive measures may not prevent unplanned downtime, or the unauthorized access, acquisition, disclosure, or use of confidential, sensitive data, and/or personal information. We may be required to expend significant capital and other resources to protect against security breaches, to safeguard the privacy, security, and confidentiality of personal information and other sensitive data and information, to investigate, contain, remediate, and mitigate actual or potential security breaches and security incidents, and/or to report security breaches and security incidents to patients, customers, employees, regulators, media, credit bureaus, and other third parties in accordance with applicable law and to offer complimentary credit monitoring, identity theft protection, and similar services where required by law or otherwise appropriate. While we maintain cyber errors and omissions insurance coverage that covers certain aspects of cyber risks, these losses may not be adequately covered by insurance or other contractual rights available to us. We may also be subject to potential increases in insurance premiums, resulting in increased costs or loss of revenue, and such insurance coverage may not continue to be available to us in adequate amounts or on satisfactory terms, if at all.

We are subject to risks related to credit card payments and other payment methods.

We currently accept credit cards and debit cards. As a result, we pay interchange and other related acceptance and transaction processing fees, which may increase over time and raise our operating costs and lower profitability.

We are also subject to evolving Payment Card Industry, or PCI, and network operating rules, including data security rules, certification requirements, and rules governing electronic funds transfers. For example, we are subject to the Payment Card Industry Data Security Standard, issued by the PCI Security Standards Council, that contains compliance guidelines and standards with regard to our security surrounding the physical and electronic storage, processing, and transmission of individual cardholder data, including regular audit to maintain compliance. As our business evolves and expands, and if we offer new payment options to consumers, we may be subject to additional regulations, compliance requirements, fraud, and other risks, in addition to new assessments that involve costs above what we currently pay for compliance. By accepting debit cards for payment, we are also subject to compliance with American National Standards Institute data encryption standards and payment network security operating guidelines. Additionally, the Fair and Accurate Credit Transactions Act requires systems that print payment card receipts to employ personal account number truncation so that the customer's full account number is not viewable on the slip. Failure to be PCI compliant or to meet other payment card standards may result in the imposition of financial penalties or the allocation by the card brands of the costs of fraudulent charges to us. In addition, if we (or a third-party processing payment card transactions on our behalf) suffer a security breach affecting payment card information, we may have to pay onerous and significant fines, penalties, and assessments arising out of the major card brands' rules and regulations, contractual indemnifications, or liability contained in merchant agreements and similar contracts, and we may lose our ability to accept payment cards for payment for our services, which could materially impact our operations and financial performance.

In addition, we rely on third-party payment processors to process the payments made by our customers. If our third-party payment processors terminate their relationships with us or refuse to renew their agreements with us on commercially reasonable terms, we would need to find an alternate payment processor and may not be able to secure similar terms or replace such payment processors in an acceptable time frame. Further, the software and services provided by our third-party payment processors may contain errors or vulnerabilities, be compromised, experience outages, or not meet our expectations. If any of these events were to occur, our business, financial condition, and results of operations could be materially and adversely affected.

We occasionally receive payments made with fraudulent data which result in customer-initiated disputes (charge-backs). Under current credit and debit card practices, we may be liable for fraudulent transactions and be required by card issuers to pay charge-back fees. Charge-backs result not only in our loss of fees earned with respect to the payment, but also leave us liable for the underlying money transfer amount. If our charge-back rate becomes excessive, card brands and associations also may require us to pay fines or refuse to process our transactions. In addition, we may be subject to additional fraud risk if third-party service providers or our employees fraudulently use our customer information for their own gain or facilitate the fraudulent use of such information. As a result, we may suffer losses as a result of orders placed with fraudulent data even if the associated financial institution approved payment of the orders. If we are unable to detect or control credit and debit card fraud, our liability for these transactions could harm our business, financial condition, and results of operations.

We may be subject to substantial malpractice or other similar claims.

The nature of our business subjects us to inherent risk of wrongful death, personal injury, product liability, professional malpractice and other potential claims, liabilities, and substantial damage awards. In addition, the pharmaceutical products we dispense could become subject to contamination, product tampering, mislabeling, recall or other damage. In addition, errors in the compounding, dispensing, and packaging of drugs and consuming drugs in a manner that is not prescribed could lead to serious injury or death. Healthcare providers have become subject to an increasing number of legal actions alleging malpractice or related legal theories in recent years, many of which involve large monetary claims and significant defense costs. In general, we coordinate care for high-need, medically complex individuals through employed clinicians, caregivers, and pharmacists, including registered nurses, limited practice nurses, licensed therapists, certified nursing assistants, home health aides, therapy assistants, direct care staff, and other similar professionals. From time to time, we are subject to claims alleging that we did not properly treat or care for a patient, that we failed to follow internal or external procedures that resulted in death or harm to a patient or that our employees mistreated our consumers, resulting in death or harm. We are also subject to claims arising out of accidents involving vehicle collisions brought by patients whom we are transporting, from employees driving to or from home visits or other affected individuals. We cannot be certain that a provider will not incur tort liability in treating one of our patients. The clinicians, caregivers, and other healthcare professionals we employ could be considered our agents and, as a result, we could be held liable for their acts, omissions, malpractice, and/or negligence and may be subject to mass tort actions and/or class actions. We cannot predict the effect that any claims of this nature, regardless of their ultimate outcome, could have on our business or reputation or on our ability to attract and retain patients and employees. We are self-insured for a substantial portion of our general and professional liability, automobile liability, workers' compensation risks, and (subject to certain stop loss coverage at a high level of losses) health benefits. Any claims against us in excess of insurance limits, or multiple claims requiring us to pay deductibles or self-insured retention amounts, as well as the potential impact on our brand or reputation as a result of being involved in any legal proceedings, could have a material adverse impact on our business, results of operations and financial condition.

We are exposed to various risks related to governmental inquiries, regulatory actions, and whistleblower and other lawsuits that could adversely affect our operating results. Our insurance may not cover all claims against us.

Regulatory agencies may initiate administrative proceedings alleging violations of statutes and regulations arising from our services, or reimbursement of those services, and seek to impose monetary penalties on us. We could be required to pay substantial amounts to respond to and defend against regulatory investigations, and if we do not prevail, damages or penalties arising from these administrative proceedings. We are subject to lawsuits, civil investigative demands, and subpoenas under the False Claims Act, the Controlled Substances Act, the Anti-Kickback Statute, and other federal and state statutes designed to combat fraud and abuse in our industries, as well as civil investigative demands, subpoenas and other inquiries related to our operations, including several ongoing *qui tam* actions and the Silver matter, as discussed under "Business—Legal Proceedings." Additionally, there can be no assurance that we will not be subject to claims or litigation related to the authorization or denial

of claims for payment of benefits, or to allegations that we have engaged in fee splitting, which may be prohibited under state laws, or to allegations that we engage in the corporate practice of medicine or the delivery of medical services, where prohibited. Moreover, we could also be subject to potential litigation associated with compliance with various laws and governmental regulations at the federal or state levels, such as those relating to the protection of older adults and persons with disabilities or those related to employment, health, safety, security, and other regulations under which we operate. We are currently subject to class actions, employee-related claims, and other lawsuits and proceedings in connection with our operations, including, but not limited to, those related to alleged violations of federal and state wage and hour laws, wrongful discharge, retaliation, and illegal discrimination. We are also named as a defendant, along with a number of drug manufacturers, distributors, and pharmacies, in civil litigation instituted by certain Maryland municipalities, which allege claims generally concerning the impacts of widespread opioid abuse in their municipalities. We cannot predict with certainty the outcome of this litigation or how our role, including as a closed door long-term care pharmacy, may be viewed as compared to the role of a manufacturer, distributor or retail pharmacy. The litigation may remain unresolved for several years, and we could incur significant expense in order to resolve the matter, including through settlement agreements. These claims, lawsuits, and proceedings are in various stages of adjudication or investigation and involve a wide variety of claims and potential outcomes.

Responding to lawsuits brought against us and governmental inquiries can often be expensive, time-consuming, and disruptive to normal business operations. Moreover, complex legal proceedings and governmental inquiries may remain unresolved for several years, and the results are difficult to predict. Unfavorable outcomes from these claims, lawsuits, and governmental inquiries could adversely affect our business, financial condition, and results of operations and we could incur substantial monetary liability and/or be required to change our business practices. Any claims made against us, regardless of their merit or eventual outcome, could damage our reputation and business and our ability to attract and retain patients, customers, strategic partnerships, and employees.

We maintain general liability insurance to provide coverage to us and our subsidiaries against these litigation claims and potential litigation risks. However, we cannot assure you claims will not be made in the future in excess of the limits of our insurance, nor can we assure you that any such claims, if successful and in excess of such limits, will not have a material adverse effect on our business, financial condition, and results of operations. We cannot assure you that the insurance we maintain will satisfy claims made against us or that insurance coverage will continue to be available to us at commercially reasonable rates, in adequate amounts or on satisfactory terms, if at all.

Our current insurance program may expose us to unexpected costs and negatively affect our business, financial condition, and results of operations, particularly if we incur losses not covered by our insurance or if claims or losses differ from our estimates.

Although our insurance coverage reflects deductibles, self-insured retentions, limits of liability, and similar provisions that we believe are reasonable based on our operations, the coverage under our insurance programs may not be adequate to protect us in all circumstances. Given the policy limits and high deductibles and/or self-insured retentions on many of the Company's insurance programs, the vast majority of claims may not be paid by third-party insurance. Our insurance policies contain exclusions and conditions that could have a materially adverse impact on our ability to receive indemnification thereunder, as well as customary sub-limits for particular types of losses. Additionally, insurance companies that currently insure companies in our industries may cease to do so, may change the coverage provided, or may substantially increase premiums in the future. Changes in our annual insurance costs and self-insured retention limits depend in large part on the insurance market, and insurance coverage may not continue to be available to us at commercially reasonable rates, in adequate amounts or on satisfactory terms, if at all. We self-insure for a substantial portion of our general and professional liability, automobile liability, workers' compensation risks, and (subject to certain stop loss coverage at a high level of losses) health benefits. We self-insure for various risks, including employment class actions, False Claims Act actions, adverse regulatory actions, commercial contractual or commercial tort actions, and intellectual property actions. The incurrences of losses and liabilities that exceed our available coverage, therefore, could have a material adverse effect on our business, financial condition, and results of operations.

We utilize historical data to estimate our reserves for our insurance programs. Unanticipated changes in any applicable actuarial assumptions and management estimates underlying our liabilities for these losses could result in materially different expenses than expected under these programs, which could have a material adverse effect on our financial condition and results of operations. In addition, if we experience a greater number of these losses than we anticipate, it could have a material adverse effect on our business, financial condition, and results of operations.

Factors outside of our control, including those listed, have required, and could in the future require us to record an asset impairment of goodwill.

Because we have grown in part through acquisitions, goodwill and intangible assets, net represent a significant portion of our assets. We monitor the recoverability of our indefinite-lived intangible assets, which include our licenses, and evaluate goodwill and indefinite-lived intangible assets annually, or more frequently if indicators of impairment exist in interim periods, to determine if impairment has occurred. We also review the carrying value of our goodwill and intangible assets, both indefinite- and definite-lived, for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be fully recoverable. Such indicators are based on market conditions and the operational performance of our business. If the testing performed indicates that impairment has occurred, we are required to record a non-cash impairment charge for the difference between the carrying value of the intangible assets or goodwill and the fair value of the intangible assets or the goodwill, respectively, in the period the determination is made. The testing of goodwill and intangible assets for impairment requires us to make estimates that are subject to significant assumptions about our future revenues, profitability, cash flow, fair value of assets and liabilities, and weighted average cost of capital, as well as other assumptions. Changes in these estimates, or changes in actual performance compared with these estimates, may affect the fair value of intangible assets or goodwill, which may result in an impairment charge. For the year ended December 31, 2022, we recognized a goodwill impairment charge of $40.9 million. See Note 1 "*Significant Accounting Policies*" and Note 4 "*Goodwill and Other Intangible Assets*" to our audited consolidated financial statements included elsewhere in this prospectus. If as part of our review of goodwill and intangibles for impairment, we were required to write down all or a significant part of our goodwill and/or intangible assets, our financial condition and results of operations could be materially adversely affected.

A pandemic, epidemic, or outbreak of an infectious disease, including the ongoing effects of COVID-19, have had, and may continue to have, an adverse effect on our business.

The actual or perceived effects of a disease outbreak, epidemic, pandemic, or similar widespread public health concern, such as the effects of the COVID-19 pandemic, could negatively affect our business, financial condition and results of operations. For example, we may experience increased costs of care, reduced reimbursements, difficulties obtaining supplies due to shortages or supply chain disruptions, and changes in referral patterns. During the COVID-19 pandemic, we experienced a script reduction compared to pre-pandemic levels that was due largely to industry declines in skilled nursing and rehabilitation facility occupancy rates. The COVID-19 pandemic also adversely impacted economic activity and conditions worldwide, including workforces, liquidity, capital markets, consumer behavior, supply chains, and macroeconomic conditions.

We may be more vulnerable to the effects of a public health emergency than other businesses due to our complex patient populations and the physical proximity required by our operations. The majority of our patients are medically complex individuals, many of whom may be more vulnerable than the general public during a pandemic or in a public health emergency, due to chronic illnesses, disabilities, behavioral health issues, or other socioeconomic factors. Demand for home and community health provider services could be significantly diminished due to heightened anxiety among our patients regarding the risk of exposure to a disease or other public health concern during home or community visits, as well as fluctuations in the population of long term facilities that we serve.

Our clinicians, caregivers, and employees are also at greater risk of contracting contagious diseases due to their increased exposure to vulnerable patients and the essential nature of their work. If there is a reduction in our

available healthcare providers due to concerns around a disease outbreak or related risks or if substantial numbers of our healthcare providers were to contract a disease or otherwise be required to quarantine due to exposure to a contagious disease, our ability to provide services to our patients may be significantly interrupted or suspended.

If we are to experience any other pandemic or outbreak, our business, financial condition, and results of operations could be adversely impacted, including in ways similar to the impact of the COVID-19 pandemic.

Inclement weather, natural disasters, acts of terrorism, riots, civil insurrection or social unrest, looting, protests, strikes, or street demonstrations may impact our ability to provide services.

Inclement weather, natural disasters, acts of terrorism, riots, civil insurrection, social unrest or other acts of violence, looting, protests, strikes, or street demonstrations may prevent our employees from providing authorized services. We are not paid for authorized services that are not delivered due to these events. Furthermore, prolonged disruptions as a result of such events in the markets in which we operate, could disrupt our relationships with patients, caregivers and employees, and referral sources located in affected areas and, in the case of our corporate office, our ability to provide administrative support services, including billing and collection services. Future inclement weather, natural disasters, acts of terrorism, riots, civil insurrection, social unrest or other acts of violence, looting, protests, strikes or street demonstrations may adversely affect our reputation, business, financial condition, and results of operations.

We may be unable to adequately protect our intellectual property rights, which could harm our business.

We rely on a combination of intellectual property laws, internal procedures, and nondisclosure agreements to protect our intellectual property and proprietary rights. We believe our trademarks are valuable assets. However, our intellectual property rights may not be sufficient to distinguish our services from those of our competitors and to provide us with a competitive advantage. For example, from time to time, third parties may use names, logos, and slogans similar to ours, may apply to register trademarks or domain names similar to ours, and may infringe or otherwise violate our intellectual property rights. Our intellectual property rights may not be successfully asserted against such third parties or may be invalidated, circumvented, or challenged. Asserting or defending our intellectual property rights could be time consuming and costly and could distract management's attention and resources. If we are unable to prevent our competitors from using names, logos, slogans, and domain names similar to ours, consumer confusion could result, the perception of our brands and services could be negatively affected, and our revenue and profitability could suffer as a result. Failure to protect our intellectual property and proprietary rights could have an adverse effect on our business.

KKR Stockholder and Walgreen Stockholder control us and their interests may conflict with yours in the future.

Immediately following the Concurrent Offering, KKR Stockholder and Walgreen Stockholder will collectively beneficially own approximately 67.9% of the voting power of our common stock (or approximately 64.8% if the underwriters exercise in full their over-allotment option). As a result, KKR Stockholder and Walgreen Stockholder will be able to control the election and removal of our directors and thereby determine our corporate and management policies, including potential mergers or acquisitions, payment of dividends, asset sales, amendment of our certificate of incorporation or bylaws and other significant corporate transactions for so long as KKR Stockholder and its affiliates and/or Walgreen Stockholder and its affiliates retain significant ownership of us. KKR Stockholder, Walgreen Stockholder and their respective affiliates may also direct us to make significant changes to our business operations and strategy, including with respect to, among other things, new service offerings, employee headcount levels, and initiatives to reduce costs and expenses. This concentration of our ownership may delay or deter possible changes in control of the Company, which may reduce the value of an investment in our common stock and the Units. So long as KKR Stockholder and its affiliates and/or Walgreen Stockholder and its affiliates continue to own, directly or indirectly, a significant amount of our voting power, even if such amount is less than 50%, they will continue to be able to strongly influence or effectively control our decisions, and each of KKR Stockholder and Walgreen Stockholder has the right to nominate individuals to our board of directors under the existing stockholders agreement. See "Certain Relationships and Related Party Transactions—Stockholders Agreement."

In the ordinary course of their business activities, KKR Stockholder, Walgreen Stockholder, and their respective affiliates may engage in activities where their interests conflict with our interests or those of our stockholders and Unit holders. Our second amended and restated certificate of incorporation will provide that any of KKR Stockholder, Walgreen Stockholder, any of their respective affiliates or any director who is not employed by us or his or her affiliates will not have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. KKR Stockholder, Walgreen Stockholder, and their respective affiliates also may pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. In addition, KKR Stockholder, Walgreen Stockholder, and their respective affiliates may have an interest in pursuing acquisitions, divestitures, and other transactions that, in their judgment, could enhance their investment, even though such transactions might involve risks to you.

In addition, KKR Stockholder, Walgreen Stockholder, and their respective affiliates will be able to determine the outcome of all matters requiring stockholder approval and will be able to cause or prevent a change of control of the Company or a change in the composition of our board of directors and could preclude any acquisition of the Company. This concentration of voting control could deprive you of an opportunity to receive a premium for your Units or any shares issuable upon settlement of the purchase contracts as part of a sale of the Company and ultimately might affect the market price of our common stock and the Units.

Risks Related to Our Regulatory Framework

We conduct business in a heavily regulated industry, and changes in regulations, the enforcement of these regulations, or violations of regulations may result in increased costs or sanctions that reduce our revenues and profitability.

The federal government and the states in which we operate regulate our industries extensively. The laws and regulations governing our operations, along with the conditions of participation and conditions of payment, in various government programs, impose certain requirements on the way in which we do business, the services we offer, and our interactions with providers and consumers. The extensive federal and state regulations affecting the healthcare industry include, but are not limited to, regulations relating to licensure, certification and enrollment, billing and coding, eligibility for, necessity of, and provision of services, conduct of operations, allowable costs, prices for services, adequacy and quality of services, facility staffing requirements, facility accreditation, qualifications and licensure of staff, environmental and occupational health and safety, and the confidentiality and security of health-related information. In particular, various fraud and abuse laws, including the Anti-Kickback Statute, the Stark Law, and the False Claims Act, prohibit certain business practices and relationships that might affect the provision and cost of healthcare services reimbursable under Medicare and Medicaid, including the payment or receipt of remuneration for the referral of patients whose care will be paid for by Medicare or other governmental programs. Additionally, in some states, our contractual relationships with physicians and professional corporations, which we do not own, may implicate certain state laws that generally prohibit non-professional entities, such as us, from practicing medicine, employing physicians to practice medicine, providing licensed medical services and exercising control over medical decisions by licensed physicians or other healthcare professionals (such activities are generally referred to as the corporate practice of medicine). Other states in which we may operate in the future may also prohibit the corporate practice of medicine. Our contractual relationships with physicians and professional corporations may be challenged by governmental and regulatory authorities, state boards of medicine, state attorneys general and other parties that assert or determine that our relationships with professional corporations violate state corporate practice of medicine, fee-splitting, and kickback prohibitions. We are also subject to laws requiring the registration and regulation of pharmacies; laws governing the dispensing of pharmaceuticals and controlled substances; laws regulating the protection of the environment and health and safety matters, including those governing exposure to, and the management and disposal of, hazardous substances; laws regarding food and drug safety, including those of the Food and Drug Administration, or FDA, and the Drug Enforcement Administration, or DEA. We are required to hold valid DEA and state-level licenses, meet various security and operating standards, and comply

with the federal and various state controlled substance acts and related regulations governing the sale, dispensing, disposal, holding and distribution of controlled substances. Compliance with these regulations is expensive, and these costs may increase in the future.

Federal and state governments continue to pursue intensive enforcement policies resulting in a significant number of investigations, inspections, audits, citations of regulatory deficiencies, and other regulatory sanctions, including demands for refund of alleged overpayments, terminations from the Medicare and Medicaid programs, bans on Medicare and Medicaid payments for new admissions, admission moratoriums, and civil monetary penalties or criminal penalties. We expect audits under the CMS Recovery Audit Contractor, or RAC, program, the CMS Targeted Probe and Educate, or TPE, program, the Unified Program Integrity Contractors, or UPIC, program and other federal and state audits evaluating the medical necessity of services to further intensify the regulatory environment surrounding the healthcare industry, as third-party firms engaged by CMS and others conduct extensive pre and post-payment audits of claims data as well as medical and other records in order to identify improper payments to healthcare providers under the Medicare and Medicaid programs. The DEA, FDA, and state regulatory authorities have broad enforcement powers, including the ability to seize or recall products. If we fail to comply with the extensive laws, regulations, and prohibitions applicable to our businesses, we could become ineligible or disqualified to provide services or receive government program reimbursement, suffer suspension or revocation of our licenses, cancellation of our agreements, civil or criminal penalties, and/or damage to our reputation, lose billing privileges, be barred from re-enrollment in governmental payor programs, or be required to repay amounts received or to make significant changes to our operations. We may also become subject to corporate integrity agreement(s) or monitoring by regulatory agencies. In addition, we could be forced to expend considerable resources responding to investigations, audits, or other enforcement actions related to these laws, regulations, or prohibitions. Failure of our staff to satisfy applicable licensure requirements, or of our home and community health services and pharmacy services operations or our service providers to satisfy applicable licensure and certification requirements, could have a material adverse effect on our business, financial condition, and results of operations.

In March 2020, the HHS Office of the National Coordinator for Health Information Technology, or ONC, and CMS promulgated final rules aimed at supporting seamless and secure access, exchange, and use of electronic health information, or EHI, by increasing innovation and competition by giving patients and their healthcare providers secure access to health information and new tools, allowing for more choice in care and treatment. The final rules were intended to clarify and operationalize provisions of the 21st Century Cures Act, or Cures Act, regarding interoperability and "information blocking." Information blocking is defined as any activity that is likely to interfere with, prevent, or materially discourage access, exchange, or use of EHI, where a health information technology developer, health information network or health information exchange knows or should know that such practice is likely to interfere with access to, exchange or use of EHI. The final rules created significant requirements for healthcare industry participants, and required certain electronic health record technology to incorporate standardized application programming interfaces, or APIs, to allow individuals to securely and easily access structured EHI using smartphone applications. The ONC also implemented provisions of the Cures Act requiring that patients can electronically access all of their EHI (structured and/or unstructured) at no cost. Finally, to further support access and exchange of EHI, the final ONC rule implemented the information blocking provisions of the Cures Act and identified eight "reasonable and necessary activities" as exceptions to information blocking activities, as long as specific conditions are met. On April 18, 2023, the ONC issued a notice of proposed rulemaking that would modify certain components of the final ONC rule, including modifying and expanding certain exceptions to the information blocking regulations, which are intended to support information sharing. The impact of these changes on our business is unclear at this time, due to, among other things, uncertainty regarding the interpretation of safe harbors and exceptions to the final ONC rule by industry participants and regulators. Additionally, on July 3, 2023, the HHS Office of Inspector General, or OIG, issued a final rule that amended the HHS OIG's civil money penalty regulations to add information blocking civil money penalty authority to the existing regulatory framework for the imposition and appeal of civil money penalties, assessments, and exclusions. The final rule also explained that OIG would focus its enforcement efforts on information blocking allegations that pose greater risk to patients, providers, and healthcare programs.

We are unable to predict the future course of federal and state regulation or legislation, including Medicare and Medicaid statutes and regulations, or the intensity of federal and state enforcement actions. Changes in the regulatory framework, including those associated with healthcare reform, and sanctions from various enforcement actions could have a material adverse effect on our business, financial condition, and results of operations.

In the U.S., we conduct business in a heavily regulated industry and if we fail to comply with these laws and government regulations, we could incur fines and penalties or be required to make significant changes to our operations or experience adverse publicity, any or all of which could have a material adverse effect on our business, financial condition, and results of operations.

The U.S. healthcare industry is heavily regulated and closely scrutinized by federal, state, and local governments. Comprehensive statutes and regulations govern our relationships with physicians and other healthcare providers, the manner in we provide and bill for services and collect reimbursement from governmental programs and private payors, our relationships with drug manufacturers, our marketing activities, and other aspects of our operations. Of particular importance are:

- the Anti-Kickback Statute, which prohibits the knowing and willful offer, payment, solicitation, or receipt of any bribe, kickback, rebate, or other remuneration for referring an individual, in return for ordering, leasing, purchasing or recommending or arranging for or to induce the referral of an individual, or the ordering, purchasing, or leasing of items or services covered, in whole or in part, by any federal healthcare program, such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation;
- the federal physician self-referral law, commonly referred to as the Stark Law, which, subject to limited exceptions, prohibits physicians from referring Medicare or Medicaid patients to an entity for the provision of certain "designated health services" if the physician or a member of such physician's immediate family has a direct or indirect financial relationship (including an ownership interest or a compensation arrangement) with the entity, and prohibit the entity from billing Medicare or Medicaid for such designated health services;
- the False Claims Act, which imposes civil and criminal liability on individuals or entities that knowingly submit false or fraudulent claims for payment to the government or knowingly making, or causing to be made, a false statement in order to have a false claim paid, including *qui tam* or whistleblower suits. There are many potential bases for liability under the False Claims Act. The government has used the False Claims Act to prosecute Medicare and other government healthcare program fraud such as coding errors, billing for services not provided, and providing care that is not medically necessary or that is substandard in quality. In addition, the government may assert that a claim including items or services resulting from a violation of the Anti-Kickback Statute or the Stark Law constitutes a false or fraudulent claim for purposes of the False Claims Act;
- the criminal healthcare fraud provisions of HIPAA, and related rules that prohibit knowingly and willfully executing a scheme or artifice to defraud any healthcare benefit program or falsifying, concealing or covering up a material fact or making any material false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation;
- reassignment of payment rules that prohibit certain types of billing and collection practices in connection with claims payable by the Medicare or Medicaid programs;
- similar state law provisions pertaining to anti-kickback, self-referral, and false claims issues, some of which may apply to items or services reimbursed by any payor, including patients and commercial insurers. These statutes and regulations generally prohibit the payment or receipt of remuneration to induce or in exchange for a referral, and prohibit physicians from referring patients to an entity with which the physicians have a financial relationship, thus limiting the types of payments that can be

made between healthcare providers and other parties who may influence referrals to those providers. Many of these statutes and regulations have not been interpreted to the extent of their federal analogues, and therefore are not clear in their scope and application;

- state corporate practice of medicine and fee-splitting laws that prohibit general business corporations, such as us, from practicing medicine, controlling physicians' medical decisions or engaging in some practices such as splitting fees with physicians;
- laws that regulate debt collection practices;
- a provision of the Social Security Act that imposes criminal penalties on healthcare providers who fail to disclose, or refund known overpayments;
- federal and state laws that prohibit providers from billing and receiving payment from Medicare and Medicaid for services unless the services are medically necessary, adequately and accurately documented, and billed using codes that accurately reflect the type and level of services rendered;
- federal and state laws that require licenses to dispense pharmaceuticals, including state laws that restrict operations by non-resident pharmacies, which may affect our ability to operate in some states; and
- federal and state laws and policies that require healthcare providers to maintain licensure, certification or accreditation to enroll and participate in the Medicare and Medicaid programs, and to report certain changes in their operations to the agencies that administer these programs.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of these laws. Achieving and sustaining compliance with these laws may prove costly. Although a well-designed and effective compliance program that detects and prevents wrongdoing may help identify and remediate misconduct and reduce the risk of investigation and prosecution for violations of these laws, the risks cannot be entirely eliminated, especially if our staff does not report compliance concerns or if our auditing and monitoring programs do not adequately identify and resolve compliance concerns. Failure to comply with these laws and other laws can result in civil and criminal penalties such as fines, damages, overpayment, recoupment, imprisonment, loss of enrollment status, and exclusion from the Medicare and Medicaid programs. Our failure to accurately anticipate the application of these laws and regulations to our business or any other failure to comply with regulatory requirements could create liability for us and negatively affect our business. Any action against us for violation of these laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management's attention from the operation of our business, and result in adverse publicity.

Many states have CON laws or other regulatory provisions that may adversely impact our ability to expand into new markets and thereby limit our ability to grow and increase revenue.

Many states, including Alabama, Tennessee, North Carolina, Arkansas, and Maryland, have enacted CON laws that require prior state approval to offer new or expanded healthcare services or open new healthcare facilities or expand services at existing facilities. In such states, expansion by existing providers or entry into the market by new providers is permitted only where a given amount of unmet need exists, resulting from population increases, a reduction in competing providers, or a lack of providers. These states ration the entry of new providers or services and the expansion of existing providers or services in their markets through a CON process, which is periodically evaluated and updated as required by applicable state law. The process is intended to promote comprehensive healthcare planning, assist in providing high-quality healthcare at the lowest possible cost and avoid unnecessary duplication by ensuring that only those healthcare facilities, services, and operations that are needed will be built and opened or expanded.

Our costs of obtaining a CON in any new CON state in which we seek to operate could be significant, and we cannot assure you that we will be able to obtain the CON or other required approvals in the future. We have applied for, and been approved for, CONs in states in which we currently operate. We have also applied for CON for which future hearings have been scheduled for Fall 2023. In the past, we have also been involved in other

processes related to the application of a North Carolina county CON. Our failure or inability to obtain a required CON, license, or any necessary approvals could adversely affect our ability to expand into new markets and to expand our services and facilities in existing markets. Furthermore, if a CON or other prior approval upon which we relied to invest in a facility were to be revoked or lost through an appeal process, we may not be able to recover the value of our investment. Failure to obtain a CON may result in a facility's ineligibility to receive reimbursement under the Medicare or Medicaid programs, the revocation of a facility's license or imposition of civil or criminal penalties, any of which could harm our business. Although we believe that CON laws have not had a material impact on our business to date, the repeal of CON laws in CON markets may have a material adverse effect on our business, financial condition, and results of operations.

CMS and state Medicaid agencies may, for a period of time, impose a moratorium against additional Medicaid enrollment for a particular type of service, upon a determination that a moratorium is necessary to prevent fraud, waste, or abuse, or to limit an over-abundance of a type of Medicaid provider within a state. In addition, states may impose moratoriums relating to state Medicaid program, licensure, and other matters, such as number of beds. A moratorium in any state in which we seek to, or currently, operate may prevent us from introducing, acquiring or disposing of, operations in that state, respectively, which may impair our future expansion, acquisition, or divestiture opportunities in some states. For example, Mississippi has imposed a moratorium on new home health and hospital licenses, and other states perform assessments to determine if there is a need for additional facilities or beds. As another example, West Virginia has imposed a moratorium on new intermediate care facilities, with limited exceptions, and has also imposed a moratorium on healthcare facilities' additions of intermediate care or skilled nursing beds to current licensed beds and the addition of beds in intermediate care facilities for individuals with intellectual disabilities. The imposition of additional CON laws may delay or otherwise affect our ability to accomplish our business objectives.

If we are unable to effectively adapt to changes in the healthcare industry, including changes to laws and regulations regarding or affecting U.S. healthcare reform, our business may be harmed.

In recent years, the Congress and certain state legislatures have considered and passed a large number of laws intended to result in significant changes to the healthcare industry, which could result in major changes in the healthcare delivery and reimbursement system on a national and state level, including changes directly impacting the reimbursement systems for our services. In March 2010, the ACA was signed into law and changed how healthcare services are delivered and reimbursed through the expansion of public and private health insurance coverage, reduction of growth in Medicare and Medicaid program spending, and the establishment and expansion of programs that tie reimbursement to quality and integration. Efforts to substantially modify provisions of the ACA have resulted in federal court reviews of such efforts, and the U.S. Supreme Court rejected the latest constitutional challenge to the ACA's requirement to obtain minimum essential health insurance coverage, or the individual mandate, on June 17, 2021. The ultimate outcomes of efforts to expand the ACA, substantially amend its provisions, or change funding for the ACA is unknown. Though we cannot predict what, if any, reform proposals will be adopted, healthcare reform and legislation may have a material adverse effect on our business, financial condition, and results of operations.

Moreover, healthcare reform initiatives have also resulted in changes to, or the adoption of, federal and state laws and regulations relating to the regulation of PBMs, drug pricing or purchasing, and purchase discount and rebate arrangements with drug manufacturers, which could reduce discounts or rebates and affect our relationships with drug manufacturers. In addition to the rules promulgated by HHS, there have also been judicial decisions impacting the pharmacies and PBMs. For example, in December 2020, the U.S. Supreme Court upheld an Arkansas law that, among other things, mandates a particular pricing methodology, establishes an appeals process for a pharmacy when the reimbursement is below the pharmacy's acquisition cost, permits a pharmacy to reverse and rebill if they cannot procure the drug from its wholesaler at a price equal to or less than the reimbursement rate, prohibits a PBM from reimbursing a pharmacy less than the amount it reimburses an affiliate on a per unit basis, and permits a pharmacy to decline to dispense if the reimbursement is lower than the pharmacy's acquisition cost. More recently, in June 2022, the Federal Trade Commission, or FTC, announced an inquiry regarding the role of PBMs and stated its intent to closely scrutinize the impact of PBM rebates and fees on patients and payers. Several states have proposed separate PBM bills, and at least 18 states have adopted PBM

oversight laws. A number of these proposed laws would require PBMs to submit annual transparency reports or otherwise disclose contractual arrangements with health benefit plans or health insurance issuers and would enable regulators to conduct audits of PBM operations. Congress has also considered legislation to reform PBMs and address PBM consolidation and power with respect to drug pricing. For example, in July 2023, the Senate Finance Committee voted to advance the Modernizing and Ensuring PBM Accountability Act. It is unclear how these laws, inquiries, rules, and decisions will impact pharmaceutical companies, pharmacies, and PBMs. In addition, CMS has indicated that it intends to increase flexibility in state Medicaid programs, including by expanding the scope of waivers under which states may implement Medicaid expansion provisions, impose different eligibility or enrollment restrictions, or otherwise implement programs that vary from federal standards. CMS administrators have also signaled interest in changing Medicaid payment models. Other industry participants, such as private payors, may also introduce financial or delivery system reforms. We are unable to predict the nature and success of such initiatives. We cannot predict with certainty what impact any federal and state healthcare reforms will have on us, but such changes could impose new and/or more stringent regulatory requirements on our activities, which could adversely affect our business, financial condition, and results of operations.

If we are found to have violated HIPAA, or any other applicable privacy and security laws and regulations, as well as contractual obligations, we could be subject to sanctions, fines, damages and other additional civil or criminal penalties, which could increase our liabilities, harm our reputation and have a material adverse effect on our business, financial condition and results of operation.

Numerous federal, state, and foreign laws, rules, and regulations, as well as contractual obligations, govern the Processing of confidential, sensitive, and personal information, including certain patient health information, such as patient records. Existing laws and regulations are constantly evolving, and new laws and regulations that apply to our business are being introduced at every level of government in the United States. In many cases, these laws and regulations apply not only to third-party transactions, but also to transfers of information between or among us, our affiliates, and other parties with whom we conduct business. These laws and regulations may be interpreted and applied differently over time and from jurisdiction to jurisdiction, and it is possible that they will be interpreted and applied in ways that may have a material adverse effect on our business. The regulatory framework for data privacy and security worldwide is continuously evolving and developing and, as a result, interpretation and implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future.

For example, HIPAA establishes a set of national privacy and security standards in the United States for the protection of PHI by health plans, healthcare clearinghouses, and certain healthcare providers, referred to as covered entities, and the business associates with whom such covered entities contract for services that involve the use or disclosure of PHI, including certain subcontractors of such business associates. HIPAA requires healthcare providers like us to develop and maintain policies and procedures with respect to PHI that is used or disclosed, including the adoption of administrative, physical, and technical safeguards to protect such information. In particular, HIPAA requires us to develop and maintain policies and procedures governing PHI that is used or disclosed, and to implement administrative, physical, and technical safeguards to protect PHI, including PHI maintained, used, and disclosed in electronic form. These safeguards include employee training, identifying business associates with whom covered entities need to enter into HIPAA-compliant contractual arrangements, called business associate agreements, and various other measures. Ongoing implementation and oversight of these measures involves significant time, effort, and expense and we may have to dedicate additional time and resources to ensure compliance with HIPAA requirements.

HIPAA further requires covered entities to notify affected individuals “without unreasonable delay and in no case later than 60 calendar days after discovery of the breach” if their unsecured PHI is subject to an unauthorized access, use or disclosure, though many states require shorter breach notification timeframes. If a breach affects 500 patients or more, covered entities must report it to HHS and local media without unreasonable delay (and in no case later than 60 days after discovery of the breach), and HHS will post the name of the entity

on its public website. If a breach affects fewer than 500 individuals, the covered entity must log it and notify HHS at least annually. HIPAA also implemented the use of standard transaction code sets and standard identifiers that covered entities must use when submitting or receiving certain electronic healthcare transactions, including activities associated with the billing and collection of healthcare claims.

Penalties for failure to comply with a requirement of HIPAA vary significantly depending on the failure and could include requiring corrective actions, resolution agreements, and/or imposing civil monetary or criminal penalties. HIPAA also authorizes HHS to conduct audits of HIPAA compliance and state attorneys general to file suit under HIPAA on behalf of state residents. Courts can award damages, costs, and attorneys' fees related to violations of HIPAA in such cases. While HIPAA does not create a private right of action allowing individuals to sue us in civil court for HIPAA violations, its standards have been used as the basis for a duty of care claim in state civil suits such as those for negligence or recklessness in the misuse or breach of PHI. Litigation with those affected could increase our liabilities, harm our reputation, and have a material adverse effect on our business, financial condition, and results of operations.

Numerous other federal and state laws protect the confidentiality, privacy, availability, integrity, and security of PHI. For example, failing to take appropriate steps to keep consumers' personal information secure constitutes unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, or the FTCA. The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Individually identifiable health information is considered sensitive data that merits stronger safeguards. The FTC's current guidance for appropriately securing consumers' personal information is similar to what is required by the HIPAA security regulations, but this guidance may change in the future, resulting in increased complexity and the need to expend additional resources to ensure we are complying with the FTCA. For information that is not subject to HIPAA and deemed to be "personal health records," the FTC may also impose penalties for violations of the Health Breach Notification Rule, or HBNR, to the extent we are considered a "personal health record-related entity" or "third party service provider." The FTC has taken several enforcement actions under HBNR this year and indicated that the FTC will continue to protect consumer privacy through greater use of the agency's enforcement authorities. As a result, our operations may be subject to greater scrutiny by federal and state regulators, partners, and consumers with respect to our collection, use, and disclosure of health information. Additionally, federal and state consumer protection laws are increasingly being applied by FTC and states' attorneys general to regulate the collection, use, storage, and disclosure of personal or personally identifiable information, through websites or otherwise, and to regulate the presentation of website content.

Further, various states, such as California and Massachusetts, have implemented privacy laws and regulations, such as the California Confidentiality of Medical Information Act, that impose restrictive requirements regulating the use and disclosure of personally identifiable information, including PHI. In many cases, these laws are more restrictive than, and may not be preempted by, HIPAA and may be subject to varying interpretations by courts and government agencies, creating complex compliance issues and potentially exposing us to additional expense, adverse publicity, and liability. We also expect that there will continue to be new laws, regulations, and industry standards concerning privacy, data protection, and information security proposed and enacted in various jurisdictions. For example, Washington State enacted a broadly applicable law to protect the privacy of personal health information known as the "My Health My Data Act," which generally requires affirmative consent for the collection, use, or sharing of any "consumer health data." Consumer health data is defined to include personal information that is linked or reasonably linkable to a consumer and that identifies a consumer's past, present, or future physical or mental health status; consumer health data also includes information that is derived or extrapolated from non-health information, such as algorithms and machine learning. Other states, including Connecticut and Nevada, have also passed consumer health data laws, and given the increased focus on the use of health data by entities that are not subject to HIPAA, additional states are expected to pass consumer health privacy laws. The CCPA originally went into effect on January 1, 2020, and established a new privacy framework for covered businesses such as ours. In November 2020, California voters

passed the CPRA, which went into effect on January 1, 2023, and which further expanded the CCPA with additional data privacy compliance requirements that may impact our business, and established a regulatory agency dedicated to enforcing the CCPA. It remains unclear how various provisions of the CCPA (as amended by CPRA and its implementing regulations) will be interpreted and enforced. In addition, on March 2, 2021, Virginia enacted the Virginia Consumer Data Protection Act, or VCDPA, a comprehensive privacy statute that shares similarities with the CCPA and legislation proposed or enacted in other states. Additional states, including Colorado, Connecticut, Delaware, Indiana, Iowa, Montana, Oregon, Tennessee, Texas, and Utah have since passed or are considering passing comprehensive state privacy laws. In addition, laws such as the Illinois Biometric Information Privacy Act, which regulates the Processing of biometric information, provide for a private right of action and substantial penalties and statutory damages for violations that have generated significant class-action litigation and settlements. Such laws and regulations require us to continuously review our data Processing practices and policies, may cause us to incur substantial costs with respect to compliance, and could require us to adapt our products and solutions, which may reduce their utility to our customers.

Similar laws have been proposed in other states and at the federal level and if passed, such laws may have potentially conflicting requirements that would make compliance challenging. Such changes may also require us to modify our products and features, and may limit our ability to make use of the data that we collect, may require additional investment of resources in compliance programs, impact strategies, and the availability of previously useful data and could result in increased compliance costs and/or changes in business practices and policies. New legislation proposed or enacted in various other states will continue to shape the data privacy environment nationally.

Additionally, all 50 U.S. states and the District of Columbia have enacted breach notification laws that may require us to notify patients, employees, or regulators in the event of unauthorized access to or disclosure of personal or confidential information experienced by us or our service providers. These laws are not consistent, and compliance in the event of a widespread data breach is difficult and may be costly. Moreover, states have been frequently amending existing laws, requiring attention to changing regulatory requirements. We also may be contractually required to notify patients or other counterparties of a security breach. Although we may have contractual protections with our service providers, any actual or perceived security breach could harm our reputation and brand, expose us to potential liability, or require us to expend significant resources on data security and in responding to any such actual or perceived breach. Any contractual protections we may have from our service providers may not be sufficient to adequately protect us from any such liabilities and losses, and we may be unable to enforce any such contractual protections. In addition to government regulation, privacy advocates and industry groups have and may in the future propose self-regulatory standards from time to time. These and other industry standards may legally or contractually apply to us, or we may elect to comply with such standards.

Further, in Canada, the Personal Information Protection and Electronic Documents Act, or PIPEDA, and similar provincial laws may impose obligations with respect to processing personal information. PIPEDA requires companies to obtain an individual’s consent when collecting, using, or disclosing that individual’s personal information. Individuals have the right to access and challenge the accuracy of their personal information held by an organization, and personal information may only be used for the purposes for which it was collected. If an organization intends to use personal information for another purpose, it must again obtain that individual’s consent.

Additionally, we make public statements about our use and disclosure of personal information through our privacy policies, information provided on our website and press statements. Although we endeavor to comply with our public statements and documentation, we may at times fail to do so or be alleged to have failed to do so. The publication of our privacy policies and other statements that provide promises and assurances about data privacy and security can subject us to potential government or legal action if they are found to be deceptive, unfair, or misrepresentative of our actual practices. Moreover, from time to time, concerns may be expressed about whether our services compromise the privacy of patients and others. Any concerns about our data privacy and security practices, even if unfounded, could damage the reputation of our businesses, discourage potential patients from our services and have a material adverse effect on our business.

Complying with these various laws, rules, regulations, and standards, and with any new laws or regulations changes to existing laws, could cause us to incur substantial costs that are likely to increase over time, require us to change our business practices in a manner adverse to our business, divert resources from other initiatives and projects, and restrict the way products and services involving data are offered, all of which may have a material adverse effect on our business. For example, we have incurred and expect to continue to incur additional costs to comply with the CCPA and other similar U.S. state laws and regulations. However, in the future we may be unable to make such changes and modifications to our business practices in a commercially reasonable manner, or at all. Given the rapid development of data privacy laws and regulations, we expect to encounter inconsistent interpretation and enforcement of these laws and regulations, as well as frequent changes to these laws and regulations which may expose us to significant penalties or liability for non-compliance, the possibility of fines, lawsuits (including class action privacy litigation), regulatory investigations, criminal or civil sanctions, audits, adverse media coverage, public censure, other claims, significant costs for remediation and damage to our reputation, or otherwise have a material adverse effect on our business and operations. Any inability to adequately address data privacy or security-related concerns, even if unfounded, or to comply with applicable laws, regulations, standards, and other obligations relating to data privacy and security, could result in additional cost and liability to us, damage our relationships with patients, harm our reputation, and have a material adverse effect on our business.

We face and are currently subject to reviews, audits, and investigations under our licenses and/or contracts with federal and state government agencies and other payors, and these reviews, audits, and investigations could have adverse findings that may negatively impact our business.

As a result of our participation in the Medicare and Medicaid programs, we face and are currently subject to various governmental reviews, audits, and investigations to verify our compliance with these programs and applicable laws and regulations. An increasing level of governmental and private resources are being devoted to the investigation of allegations of fraud and abuse in the Medicare and Medicaid programs, and federal and state regulatory authorities are taking an increasingly strict view of the requirements imposed on healthcare providers by the Social Security Act, the Medicare and Medicaid programs, and other applicable laws. We are routinely subject to audits under various government programs, including the RAC program, the TPE program, and the UPIC program, in which CMS engages third-party firms to conduct extensive pre and post-payment reviews of claims data and medical and other records to identify potential improper payments to healthcare providers under the Medicare program.

In addition, each of our facilities and agencies must comply with required conditions of participation in the Medicare program. If we fail to meet the conditions of participation at a facility, we may receive a notice of deficiency from the applicable state surveyor. If that facility then fails to institute an acceptable plan of correction to remediate the deficiency within the correction period provided by the state surveyor, that care center could be terminated from the Medicare program or subjected to alternative sanctions. CMS may impose temporary management, direct a plan of correction, direct training, or impose payment suspensions and civil monetary penalties, in each case, upon providers who fail to comply with the conditions of participation. Termination of one or more of our facilities from the Medicare program for failure to satisfy the program's conditions of participation, or the imposition of alternative sanctions, could disrupt operations, require significant attention by management, or have a material adverse effect on our reputation, business, financial condition, and results of operations.

In addition, we, like other healthcare providers, are subject to ongoing investigations by the U.S. Department of Health and Human Services Office of Inspector General, the United States Department of Justice, or DOJ, and State Attorneys General into the billing of services provided to Medicare and Medicaid patients, including whether such services were properly documented and billed, whether services provided were medically necessary, and general compliance with conditions of participation and conditions of payment in the Medicare and Medicaid programs. For example, a business we operate as Embrace Hospice is subject to an ongoing investigation, including by the DOJ and the DEA, of potential violations of the False Claims Act, Controlled

Substances Act, and other laws, including allegations relating to hospice services that were not reasonable and medically necessary. While we believe our practices are compliant, the investigation continues to evolve and could become extensive and result in the government pursuing civil or criminal legal claims against us that may result in substantial liabilities. Private payors such as third-party insurance and managed care entities also often reserve the right to conduct audits. If billing errors are identified in the sample of reviewed claims, the billing error can be extrapolated to all claims filed which could result in a larger overpayment than originally identified in the sample of reviewed claims. Our costs to respond to and defend any such reviews, audits, and investigations are significant and are likely to increase in the current enforcement environment. These audits and investigations may require us to refund or retroactively adjust amounts that have been paid under the relevant government program or from other payors, and, depending on the findings, the resolution of these audits and investigations could require payment of significant recoupments and other monetary penalties. For example, we have been, and may continue to be, subject to audits and recoupments related to the adequacy of clinical documentation supporting claims submitted to the Medicare and Medicaid programs or other third-party payors. Although we provide education and training to the members of our workforce regarding improvements to clinical documentation and we are working with our vendors regarding system improvements, such measures may not be effective or implemented within the desired timeframes or at all, and we may be subject to additional audits in the future. Further, an adverse review, audit, or investigation could result in other adverse consequences, particularly if the underlying conduct is found to be pervasive or systemic. These consequences include: (1) state or federal agencies imposing significant fines, penalties, and other sanctions on us; (2) loss of our right to participate in the Medicare or Medicaid programs or one or more third-party payor networks; (3) indemnity claims asserted by patients and others for which we provide services; and (4) damage to our reputation in various markets, which could adversely affect our ability to attract patients and employees. If they were to occur, these consequences could have a material adverse effect on our business, financial condition, and results of operations.

Quality reporting requirements may negatively impact Medicare reimbursement.

We are subject to certain reporting requirements, and if we fail to comply with those requirements, our future Medicare reimbursement could be impacted. In particular, the ACA directed the Secretary of HHS to establish quality reporting requirements for hospice programs. Failure to submit required quality data will result in a 2% reduction to the market basket percentage increase for that year. This quality reporting program is currently "pay-for-reporting," meaning it is the act of submitting data that determines compliance with program requirements. Similarly, in the Calendar Year 2015 Home Health Final Rule, CMS proposed to establish a new "Pay-for-Reporting Performance Requirement" with which provider compliance with quality reporting program requirements can be measured. Home health agencies that do not submit quality measure data to CMS are subject to a 2% reduction in their annual home health payment update percentage. Currently, home health agencies are required to report prescribed quality assessment data for a minimum of 90% of all patients. The Improving Medicare Post-Acute Care Transformation Act of 2014, or the IMPACT Act, requires the submission of standardized data by home health agencies and other providers. Specifically, the IMPACT Act requires, among other significant activities, the reporting of standardized patient assessment data with regard to quality measures, resource use, and other measures. Failure to report data as required will subject providers to a 2% reduction in market basket prices then in effect.

There can be no assurance that we will continue to meet quality reporting requirements in the future which may result in us seeing a reduction in its Medicare reimbursements. We could also incur meaningful additional expenses in an effort to comply with additional and changing quality reporting requirements.

Risks Related to Our Indebtedness

Our high level of indebtedness requires that we dedicate a substantial portion of our cash flows to debt service payments and reduces the funds that would otherwise be available for other general corporate purposes and other business opportunities, which could adversely affect our operating performance, growth, profitability and financial condition, which in turn could make it more difficult for us to generate cash flow sufficient to satisfy all of our obligations under our indebtedness.

As of September 30, 2023, we had approximately $2,916.9 million outstanding under the First Lien Term Loan Facility and approximately $450.0 million outstanding under the Second Lien Facility. As of September 30, 2023, we had $173.1 million outstanding under the Revolving Credit Facility, with an available borrowing capacity under the Revolving Credit Facility of approximately $296.4 million (after giving effect to $5.5 million of letters of credit in excess of the letters of credit outstanding under the LC Facility), and $54.3 million of letters of credit outstanding under the LC Facility.

Our overall level of indebtedness requires that we dedicate a substantial portion of our cash flows to debt service payments. The First Lien Term Loan Facility requires quarterly principal and periodic cash interest payments through March 5, 2026 and the Second Lien Facility requires periodic cash interest payments through March 5, 2027. The Revolving Credit Facility requires periodic cash interest payments on outstanding amounts through the earliest of (i) June 30, 2028, (ii) if greater than $500.0 million in aggregate principal amount of term loans under the First Lien Term Loan Facility are outstanding on December 4, 2025, December 4, 2025 and (iii) if any term loans under the Second Lien Facility are outstanding on December 4, 2026, December 4, 2026.

Our substantial indebtedness reduces the funds that would otherwise be available for operations, future business opportunities, and payments of our debt obligations and limits our ability to:

- obtain additional financing, if necessary, for working capital and operations, or such financing may not be available on favorable terms;
- make needed capital expenditures;
- make strategic acquisitions or investments or enter into joint ventures;
- react to changes or withstand a future downturn in our business, our industries or the economy in general;
- meet budget targets and forecasts of future results;
- engage in business activities, including future opportunities that may be in our interest; and
- react to competitive pressures or compete with competitors with less debt.

These limitations could adversely affect our operating performance, growth, profitability, and financial condition, which would make it more difficult for us to generate cash flow sufficient to satisfy our obligations under our indebtedness.

Our ability to make scheduled payments on our debt obligations also depends on our financial condition, results of operations, and capital resources, which are subject to, among other things: the business, financial, economic, industry, competitive, regulatory, and other factors discussed in these risk factors, and on other factors, some of which are beyond our control, including: the level of capital expenditures we make, including those for acquisitions, if any; our debt service requirements; fluctuations in our working capital needs; our ability to borrow funds and access capital markets; and restrictions on debt service payments and our ability to make working capital borrowings for debt service payments contained in our debt instruments.

If we are unable to generate sufficient cash flow to permit us to make scheduled service payments on our debt, then we will be in default and holders of that debt and potentially certain of our other debt could declare all outstanding principal and interest to be due and payable. If our existing indebtedness were to be accelerated, there can be no assurance that we would have, or be able to obtain, sufficient funds to repay such indebtedness in

full. In addition, upon the occurrence and continuance of an event of a default, the lenders under the Revolving Credit Facility could terminate their further commitments to loan money and our secured lenders under the First Lien Facilities and the Second Lien Facility could foreclose against the assets securing their borrowings, and we could be forced into bankruptcy or liquidation.

Despite our high level of indebtedness, we may still be able to incur substantially more debt, which could further increase the risks to our financial condition described above.

Despite our high level of indebtedness, we may be able to incur significant additional indebtedness in the future, including off-balance sheet financings, trade credit, contractual obligations, and general and commercial liabilities. Although the credit agreements governing the First Lien Facilities and the Second Lien Facility contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the additional indebtedness incurred in compliance with these restrictions could be substantial. These restrictions also will not prevent us from incurring obligations that do not constitute indebtedness, and additionally we have further borrowing capacity under the Revolving Credit Facility. As of September 30, 2023, we had $173.1 million outstanding under the Revolving Credit Facility, with an available borrowing capacity under the Revolving Credit Facility of approximately $296.4 million (after giving effect to $5.5 million of letters of credit in excess of the letters of credit outstanding under the LC Facility), and $54.3 million of letters of credit outstanding under the LC Facility.

We may be able to increase the commitments under the Revolving Credit Facility by up to $370.0 million, plus an additional amount, subject to certain conditions, which borrowings would be secured indebtedness. We may also be able to increase the capacity under the First Lien Term Loan Facility and the Second Lien Facility by up to $370.0 million, collectively, plus an additional amount, subject to certain conditions, which borrowings would be secured indebtedness. The addition of new debt to our current debt levels could further exacerbate the related risks to our financial condition that we now face.

If we are unable to generate sufficient cash to service all of our indebtedness, we may be forced to take other actions to fund the satisfaction of our obligations under our indebtedness, which may not be successful.

If our cash flow is insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, raise additional debt or equity capital or restructure or refinance our indebtedness. However, we may not be able to implement any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. Even if new financing were available, it may be on terms that are less attractive to us than our then existing indebtedness or it may not be on terms that are acceptable to us. In addition, the credit agreements governing the First Lien Facilities and the Second Lien Facility restrict our ability to dispose of assets and use the proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. Thus, we may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

If we cannot generate sufficient cash flow to permit us to make scheduled payments on our debt, then we will be in default and holders of that debt could declare all outstanding principal and interest to be due and payable. If our existing indebtedness were to be accelerated, there can be no assurance that we would have, or be able to obtain, sufficient funds to repay such indebtedness in full. In addition, in the event of a default, the lenders under the Revolving Credit Facility could terminate their further commitments to loan money and our secured lenders under the First Lien Facilities and the Second Lien Facility could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation.

The terms of our outstanding indebtedness may restrict our current and future operations, particularly our ability to respond to changes or to take certain actions.

The credit agreements governing the First Lien Facilities and the Second Lien Facility contain restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our best interest, including restrictions on our ability to:

- incur additional indebtedness and guarantee indebtedness;
- pay dividends or make other distributions in respect of, or repurchase or redeem, capital stock;
- prepay, redeem, or repurchase certain debt;
- make loans, investments, and other restricted payments;
- sell or otherwise dispose of assets;
- incur liens;
- enter into transactions with affiliates;
- alter the businesses we conduct;
- enter into agreements restricting our subsidiaries' ability to pay dividends; and
- consolidate, merge, or sell all or substantially all of our assets.

Additionally, at certain times, the Revolving Credit Facility requires maintenance of a certain minimum fixed charge coverage ratio. See "Description of Certain Indebtedness—Covenants." Our ability to comply with the covenants and restrictions contained in our credit agreements may be affected by events beyond our control. If market or other economic conditions deteriorate, our ability to comply with these covenants and restrictions may be impaired.

A breach of the covenants under one of these agreements could result in an event of default under the applicable indebtedness, which, if not cured or waived, could have a material adverse effect on our business, results of operations, and financial condition. Such a default, if not cured or waived, may allow the creditors to accelerate the related debt principal and/or related interest payments and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. If our existing indebtedness were to be accelerated, there can be no assurance that we would have, or be able to obtain, sufficient funds to repay such indebtedness in full. In addition, an event of default under the credit agreements governing the First Lien Facilities and the Second Lien Facility would permit the lenders under our Revolving Credit Facility to terminate all commitments to extend further credit under that facility. Furthermore, if we were unable to repay the amounts due and payable under the First Lien Facilities and the Second Lien Facility, those lenders could proceed against the collateral granted to them to secure that indebtedness, and we could be forced into bankruptcy or liquidation.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly. In addition, the phase-out of LIBOR and transition to SOFR as a benchmark interest rate will have uncertain and possibly adverse effects.

Borrowings under the First Lien Facilities and the Second Lien Facility are at variable rates of interest and expose us to interest rate risk. As of September 30, 2023, while $2.0 billion notional amount of our outstanding debt was fixed through interest swap agreements, the other $1.5 billion of our outstanding debt remained subject to variable rates of interest and the related risk. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even though the amount borrowed will remain the same, and our net income and operating cash flows, including cash available for servicing our indebtedness, will correspondingly decrease.

The U.S. Federal Reserve Board has significantly increased the federal funds rate in 2022 and 2023 and may continue to make further rate increases in the short-term to combat inflation in the United States, which has

increased the borrowing costs on our variable rate debt and may increase the cost of any new debt we incur. Any further additional federal fund rate increases could in turn make our financing activities, including those related to our acquisition activity, more costly and limit our ability to refinance existing debt when it matures or pay higher interest rates upon refinancing and increase interest expense on refinanced indebtedness.

On June 30, 2023, we entered into amendments to our First Lien Facilities and the Second Lien Facility, and as part of those amendments we transitioned from the use of London Interbank Offered Rate, or LIBOR, to Secured Overnight Financing Rate, or SOFR. There is no guarantee that the transition from LIBOR to SOFR will not result in financial market disruptions, significant increases in benchmark rates, or borrowing costs to borrowers, any of which could affect our interest expense and may have an adverse effect on our business, financial condition, and results of operations.

Whether or not SOFR attains market acceptance as a LIBOR replacement tool remains in question. The future performance of SOFR cannot be predicted based on historical performance and the future level of SOFR may have little or no relation to historical levels of SOFR. Moreover, SOFR is calculated differently from LIBOR and has inherent differences, including SOFR's limited historical data, and that LIBOR is an unsecured lending rate while SOFR is a secured lending rate could give rise to uncertainties and volatility in the benchmark rates. In addition, the overall financial market may be disrupted as a result of the replacement of LIBOR, which in turn could adversely impact our liquidity and results of operations.

If the financial institutions that are lenders under the Revolving Credit Facility fail to extend credit under the facility or reduce the borrowing base, our liquidity and results of operations may be adversely affected.

One of our sources of liquidity is the Revolving Credit Facility. Each financial institution that is a lender under the Revolving Credit Facility is responsible on a several but not joint basis for providing a portion of the loans to be made under the facility. If any participant or group of participants with a significant portion of the commitments under the Revolving Credit Facility fails to satisfy its or their respective obligations to extend credit under the facility and we are unable to find a replacement for such participant or participants on a timely basis (if at all), our liquidity may be adversely affected.

In addition, the lenders under the Revolving Credit Facility may reduce the borrowing base under the facility in certain circumstances, which could adversely impact our liquidity and results of operations.

Our high level of indebtedness may hinder our ability to negotiate favorable terms with our suppliers, which could negatively impact our operating performance and, thus, could make it more difficult for us to generate cash flow sufficient to satisfy all of our obligations under our indebtedness.

Our high level of indebtedness may adversely affect our credit profile or rating, which may adversely affect our ability to negotiate favorable trade terms from our current or future suppliers, including pricing, payment, delivery, inventory, transportation, defective and marketing allowances, and other terms, and may increase our need to support merchandise purchases with letters of credit. We may also be unable to negotiate favorable trade terms for our current or future service and non-merchandise vendors, including vendors that assist us in critical aspects of the business such as transportation and logistics, supplies, professional services, insurance and risk management, procurement, marketing and advertising, online operations, and information technology. This could negatively impact the profitability of our business and our ability to effectively compete against competitors. Thus, our high level of indebtedness could adversely affect the profitability of our business, which could make it more difficult for us to generate cash flow sufficient to satisfy our obligations under our indebtedness.

General Risk Factors

We will be a "controlled company" within the meaning of the rules of Nasdaq and the rules of the SEC and, as a result, qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of other companies that are subject to such requirements.

After completion of the Concurrent Offering and the application of net proceeds therefrom, KKR Stockholder and Walgreen Stockholder will collectively beneficially own approximately 67.9% of the voting power of common stock (or approximately 64.8% if the underwriters exercise in full their over-allotment option). As a result, we will be a "controlled company" within the meaning of the corporate governance standards of Nasdaq. Under these rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including the requirement that:

- a majority of our board of directors consist of "independent directors" as defined under the rules of Nasdaq;
- our director nominees be selected, or recommended for our board of directors' selection, by a nominating/governance committee comprised solely of independent directors; and
- the compensation of our executive officers be determined, or recommended to our board of directors for determination, by a compensation committee comprised solely of independent directors.

Following the Concurrent Offering, we intend to utilize these exemptions. As a result, (i) we may not have a majority of independent directors, (ii) our compensation committee may not consist entirely of independent directors, and (iii) director nominations may not be made, or recommended to the full board of directors, by our independent directors or by a nominating and governance committee that is comprised entirely of independent directors. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of Nasdaq. These exemptions do not modify the independence requirements for our audit committee, and we expect to satisfy the member independence requirement for the audit committee prior to the end of the transition period provided under Nasdaq's listing standards and SEC rules and regulations for companies completing their initial public offering. See the section titled "Management—Board Leadership Structure and Our Board of Director's Role in Risk Oversight—Audit Committee."

We will incur increased costs and become subject to additional regulations and requirements as a result of becoming a public company, and our management will be required to devote substantial time to new compliance matters, which could lower our profits or make it more difficult to run our business.

As a public company, we will incur significant legal, regulatory, finance, accounting, investor relations, insurance, and other expenses that we have not incurred as a private company, including costs associated with public company reporting requirements and costs of recruiting and retaining non-executive directors. We also have incurred and will incur costs associated with the Sarbanes-Oxley Act, and the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, and related rules implemented by the SEC and Nasdaq. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. Our management will need to devote a substantial amount of time to ensure that we comply with all of these requirements, diverting the attention of management away from revenue-producing activities. These laws and regulations also could make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as our executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock and the Units, fines, sanctions and other regulatory action, and potentially civil litigation.

Failure to comply with requirements to design, implement, and maintain effective internal controls could have a material adverse effect on our business and stock price.

As a privately-held company, we were not required to evaluate our internal control over financial reporting in a manner that meets the standards of publicly traded companies required by Section 404(a) of the Sarbanes-Oxley Act, or Section 404.

As a public company, we will have significant requirements for enhanced financial reporting and internal controls. The process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environment, and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. If we are unable to establish or maintain appropriate internal financial reporting controls and procedures, it could cause us to fail to meet our reporting obligations on a timely basis, result in material misstatements in our consolidated financial statements, and harm our results of operations. In addition, we will be required, pursuant to Section 404, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting in the second annual report following the completion of the Concurrent Offering. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. The rules governing the standards that must be met for our management to assess our internal control over financial reporting are complex and require significant documentation, testing, and possible remediation. Testing and maintaining internal controls may divert our management's attention from other matters that are important to our business.

In connection with the implementation of the necessary procedures and practices related to internal control over financial reporting, we may identify deficiencies that we may not be able to remediate in time to meet the deadline imposed by the Sarbanes-Oxley Act for compliance with the requirements of Section 404. In addition, we may encounter problems or delays in completing the remediation of any deficiencies identified by us or our independent registered public accounting firm in connection with the issuance of their attestation report.

In connection with the preparation and audits of our consolidated financial statements as of and for the years ended December 31, 2020 and 2019, a material weakness was identified in our internal control over financial reporting. 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 our annual or interim financial statements will not be prevented or detected on a timely basis. Specifically, there were material adjustments identified in our calculations of right of use assets and lease liabilities in connection with our adoption of ASU 2016-02, *Leases,* and the related 2020 and 2019 lease activity. These adjustments were appropriately reflected in our 2020 and 2019 consolidated financial statements. The material weakness resulted from the lack of properly designed controls with sufficient precision to review and identify lease input errors associated with calculating our right of use assets and lease liabilities.

We took subsequent measures to remediate this material weakness. These measures included design changes to our controls related to leases as well as adopting additional oversight controls and procedures. During 2022, these controls were implemented and in 2023, management successfully tested the design and operating effectiveness of such controls. As a result of the testing efforts, management concluded that its internal controls related to leases were effective as of June 30, 2023 and September 30, 2023, and the material weakness has been remediated.

Our testing, or the subsequent testing (if required) by our independent registered public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses in addition to the material weakness described above. Any material weaknesses could result in a material misstatement of our annual or quarterly consolidated financial statements or disclosures that may not be prevented or detected. If we are unable to successfully remediate our existing or any future material weaknesses in our internal control over financial reporting, or if we identify any additional material weaknesses, the accuracy and timing of our financial reporting may be adversely affected, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to Nasdaq listing requirements.

We may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 or our independent registered public accounting firm may not issue an unqualified opinion. If either we are unable to conclude that we have effective internal control over financial reporting or our independent registered public accounting firm is unable to provide us with an unqualified report, investors could lose confidence in our reported financial information, which could have a material adverse effect on the trading price of our common stock.

Upon settlement of the purchase contracts, you may be diluted by the future issuance of additional common stock in connection with our incentive plans, acquisitions or otherwise.

After the Concurrent Offering, we will have approximately 1,328,809,611 shares of common stock authorized but unissued (or 1,320,809,611 shares if the underwriters exercise in full their over-allotment option). Our second amended and restated certificate of incorporation to become effective immediately prior to the consummation of the Concurrent Offering will authorize us to issue these shares of common stock, options, and other equity awards relating to common stock for the consideration and on the terms and conditions established by our board of directors in its sole discretion, whether in connection with acquisitions or otherwise. Issuances of common stock or voting preferred stock would reduce our common stockholders' influence over matters on which our stockholders vote, and, in the case of issuances of preferred stock, would likely result in their interest in us being subject to the prior rights of holders of that preferred stock, if any.

Any of these issuances may dilute a stockholder's ownership interest in us and any of these events or the perception that these settlements and/or issuances could occur may have an adverse impact on the price of our common stock. See "Dilution."

Our ability to raise capital in the future may be limited.

Our business and operations may consume resources faster than we anticipate. In the future, we may need to raise additional funds through the issuance of new equity securities, debt, or a combination of both. Additional financing may not be available on favorable terms or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements. If we issue new debt securities, the debt holders would have rights senior to holders of our common stock to make claims on our assets and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. If we issue additional equity securities or securities convertible into equity securities, existing stockholders will experience dilution and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of our future offerings. Thus, you bear the risk of our future securities offerings reducing the market price of our common stock and diluting their interest.

We have no current plans to pay cash dividends on our common stock.

We have no current plans to pay cash dividends on our common stock. The declaration, amount and payment of any future dividends will be at the sole discretion of our board of directors, and will depend on, among other things, general and economic conditions, our results of operations and financial condition, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions, and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us, including restrictions under our credit agreements and other indebtedness we may incur, and such other factors as our board of directors may deem relevant. See "Dividend Policy."

BrightSpring Health Services, Inc. depends on its subsidiaries for cash to fund its operations and expenses, including future dividend payments, if any, and to meet its debt obligations.

Our operations are conducted through our subsidiaries and our ability to generate cash to meet our debt service obligations (including the amortizing notes that are components of the Units) or to make future dividend

payments, if any, is highly dependent on the earnings of, and the receipt of funds from, our subsidiaries via dividends or intercompany loans. We do not currently expect to declare or pay dividends on our common stock for the foreseeable future; however, to the extent that we determine in the future to pay dividends on our common stock, the agreements governing our indebtedness may restrict the ability of our subsidiaries to pay dividends or otherwise transfer assets to us. In addition, Delaware law may impose requirements that may restrict our ability to pay dividends to holders of our common stock.

Future sales or issuances, or the perception of future sales or issuances, by us or our existing stockholders in the public market following the Concurrent Offering, or the settlement of the purchase contracts, could cause the market price for the Units, the purchase contracts, and our common stock to decline.

The sale or issuance of substantial amounts of shares of our common stock or other securities convertible or exchangeable into shares of our common stock in the public market, or the settlement of the purchase contracts, or the perception that such sales or issuances could occur, including sales by our existing stockholders, could harm the prevailing market price of the Units, the purchase contracts, or our common stock. These sales or issuances, or the possibility that these sales or issuances may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Upon completion of the Concurrent Offering, we will have a total of 171,190,389 shares of our common stock outstanding, or 179,190,389 shares if the underwriters exercise in full their option to purchase additional shares of our common stock. We will also have 8,000,000 Units outstanding, or 9,200,000 Units if the underwriters exercise in full their option to purchase additional Units, which will settle into 30,768,800 shares of our common stock, or 35,384,120 shares if the underwriters exercise in full their option to purchase additional Units, assuming the maximum number of shares issuable upon automatic settlement of such purchase contracts, subject to certain anti-dilution adjustments. All of the shares of our common stock sold in the Concurrent Offering, the Units and the shares of common stock issuable upon settlement of the Units will be freely tradable without restriction or further registration under the Securities Act, except that any shares held by our affiliates, as that term is defined under Rule 144 of the Securities Act, or Rule 144, including our directors, executive officers, and other affiliates (including our existing stockholders), may be sold only in compliance with the limitations described in “Shares Eligible for Future Sale.”

The remaining outstanding 117,857,055 shares of common stock held by our existing stockholders after the Concurrent Offering, representing approximately 68.8% of the total outstanding shares of our common stock following the Concurrent Offering (or approximately 65.8% if the underwriters exercise in full their over-allotment option), will be “restricted securities” within the meaning of Rule 144 and subject to certain restrictions on resale. Restricted securities may be sold in the public market only if they are registered under the Securities Act or are sold pursuant to an exemption from registration such as Rule 144, as described in “Shares Eligible for Future Sale.”

We, our directors and executive officers, and substantially all of our stockholders will sign lock-up agreements with the underwriters that will, subject to certain customary exceptions, restrict the sale of the shares of our common stock and certain other securities held by them for 180 days following the date of the prospectus relating to the Concurrent Offering. The representative of the underwriters may, in their sole discretion and at any time without notice, release all or any portion of the shares or securities subject to any such lock-up agreements. See “Underwriting (Conflicts of Interest)” for a description of these lock-up agreements.

Upon the expiration of the lock-up agreements described above, all of such shares will be eligible for resale in a public market pursuant to Rule 144, subject to our compliance with the public information requirement and, in the case of shares held by our affiliates, to volume, manner of sale, and other limitations under Rule 144. We expect that certain of our existing stockholders will be considered an affiliate upon the expiration of the lock-up period based on their expected share ownership, as well as their board nomination rights (if applicable). Certain other of our stockholders may also be considered affiliates at that time.

In addition, pursuant to the existing registration rights agreement, KKR Stockholder and Walgreen Stockholder each has the right, subject to certain conditions, to require us to register the sale of their shares of our common stock under the Securities Act. See "Certain Relationships and Related Party Transactions—Registration Rights Agreement." By exercising their registration rights and selling a large number of shares, KKR Stockholder and Walgreen Stockholder could cause the prevailing market price of our common stock to decline. Certain of our existing stockholders have "piggyback" registration rights with respect to future registered offerings of our common stock. Following completion of the Concurrent Offering, the shares covered by registration rights would represent approximately 68.0% of our total common stock outstanding (or approximately 65.0% if the underwriters exercise in full their over-allotment option). Registration of any of these outstanding shares of common stock would result in such shares becoming freely tradable without compliance with Rule 144 upon effectiveness of the registration statement. See "Shares Eligible for Future Sale."

We intend to file one or more registration statements on Form S-8 under the Securities Act to register shares of our common stock or securities convertible into or exchangeable for shares of our common stock issued pursuant to our existing 2017 Stock Plan and our 2024 Incentive Plan, including the issuance of the New Equity Awards, to be adopted in connection with the Concurrent Offering. Any such Form S-8 registration statements will automatically become effective upon filing. Accordingly, shares registered under such registration statements will be available for sale in the open market. We expect that the initial registration statement on Form S-8 will cover 31,275,903 shares of our common stock.

As restrictions on resale end, or if the existing stockholders exercise their registration rights, the market price of the Units, the purchase contracts, the amortizing notes and our common stock could drop significantly if the holders of these restricted shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our shares of common stock or other securities.

If securities analysts do not publish research or reports about our business or if they downgrade our stock or our sector, our stock price and trading volume could decline.

The trading market for our common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts. Furthermore, if one or more of the analysts who do cover us downgrade our stock or our industries, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, or if our operating results do not meet their expectations, the price of our stock could decline. If one or more of these analysts ceases coverage of the Company or fails to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

Our management may spend the proceeds of this offering and the Concurrent Offering in ways with which you may disagree or that may not be profitable.

Although we anticipate using the net proceeds from this offering and the Concurrent Offering as described under "Use of Proceeds," we will have broad discretion as to the application of the net proceeds received by us and could use them for purposes other than those contemplated by this offering and the Concurrent Offering. You may not agree with the manner in which our management chooses to allocate and spend the net proceeds. Our management may use the proceeds for corporate purposes that may not increase our profitability or otherwise result in the creation of stockholder value. In addition, pending our use of the proceeds, we may invest the proceeds primarily in instruments that do not produce significant income or that may lose value.

Anti-takeover provisions in our organizational documents could delay or prevent a change of control.

Certain provisions of our second amended and restated certificate of incorporation and amended and restated bylaws may have an anti-takeover effect and may delay, defer or prevent a merger, acquisition, tender

offer, takeover attempt, or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders.

These provisions will provide for, among other things:

- a classified board of directors, as a result of which our board of directors will be divided into three classes, with each class serving for staggered three-year terms;
- the ability of our board of directors to issue one or more series of preferred stock;
- advance notice requirements for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings;
- certain limitations on convening special stockholder meetings;
- the removal of directors only for cause and only upon the affirmative vote of the holders of at least $66^2/_3\%$ of the shares of common stock entitled to vote generally in the election of directors if KKR Stockholder, Walgreen Stockholder and their respective affiliates cease to beneficially own, in the aggregate, at least 40% of shares of common stock entitled to vote generally in the election of directors; and
- that certain provisions may be amended only by the affirmative vote of at least $66^2/_3\%$ of shares of common stock entitled to vote generally in the election of directors if KKR Stockholder, Walgreen Stockholder and their respective affiliates cease to beneficially own, in the aggregate, at least 40% of shares of common stock entitled to vote generally in the election of directors.

These anti-takeover provisions could make it more difficult for a third party to acquire us, even if the third party's offer may be considered beneficial by many of our stockholders. These provisions also may have the effect of preventing changes in our board of directors and may make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests. As a result, our stockholders may be limited in their ability to obtain a premium for their shares. See "Description of Capital Stock."

Our board of directors will be authorized to issue and designate shares of our preferred stock in additional series without stockholder approval.

Our second amended and restated certificate of incorporation will authorize our board of directors, without the approval of our stockholders, to issue 250,000,000 shares of our preferred stock, subject to limitations prescribed by applicable law, rules and regulations, and the provisions of our second amended and restated certificate of incorporation, as shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each such series and to fix the designation, powers, preferences, and rights of the shares of each such series and the qualifications, limitations or restrictions thereof. The powers, preferences, and rights of these additional series of preferred stock may be senior to or on parity with our common stock, which may reduce its value.

Our second amended and restated certificate of incorporation will provide that the Court of Chancery of the State of Delaware (or if such court does not have jurisdiction, another state or the federal courts (as appropriate) located within the State of Delaware) will be the exclusive forum for substantially all disputes between us and our stockholders and the federal district courts will be the exclusive forum for Securities Act and Exchange Act claims, which could limit our stockholders' ability to bring a suit in a different judicial forum than they may otherwise choose for disputes with us or our directors, officers, team members or stockholders.

Our second amended and restated certificate of incorporation will provide that unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or if such court does not have jurisdiction, another state or the federal courts (as appropriate) located within the State of Delaware) will, to the fullest extent permitted by law, be the sole and exclusive forum for any (i) derivative action or proceeding brought

on behalf of our Company, (ii) action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, or other employee or stockholder of our Company to the Company or our stockholders, creditors, or other constituents, (iii) action asserting a claim against the Company or any current or former director or officer of the Company arising pursuant to any provision of the Delaware General Corporation Law, or the DGCL, or our second amended and restated certificate of incorporation or our amended and restated bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (iv) action asserting a claim governed by the internal affairs doctrine. Our second amended and restated certificate of incorporation also provides that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the U.S. federal district courts will be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the federal securities laws of the United States, including any claims under the Securities Act and the Securities Exchange Act of 1934, as amended, or the Exchange Act. However, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce a duty or liability created by the Securities Act or the rules and regulations thereunder and accordingly, we cannot be certain that a court would enforce such provision. See "Description of Capital Stock—Exclusive Forum."

Any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock will be deemed to have notice of and consented to the forum provisions in our second amended and restated certificate of incorporation, except our stockholders will not be deemed to have waived (and cannot waive) compliance with the federal securities laws and the rules and regulations thereunder. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our current or former directors, officers, other team members, or stockholders. There is also a risk that the exclusive forum provisions may result in increased costs for a stockholder to bring a claim. Alternatively, if a court were to find the choice of forum provision contained in our second amended restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, financial condition, and results of operations.

If tax laws change or we experience adverse outcomes resulting from examination of our tax returns or disagreements with taxing authorities, it could adversely affect our business, financial condition, and results of operations.

We are subject to federal, state, and local tax laws and regulations in the United States. The application and interpretation of these laws in different jurisdictions affect our operations in complex ways and are subject to change, and some changes may be retroactively applied. Our future effective tax rates and the value of our deferred tax assets could be adversely affected by changes in tax laws, including impacts of the Tax Cuts and Jobs Act of Public Law No. 115-97, or the TCJA, and the Coronavirus Aid, Relief and Economic Security Act, or the CARES Act. In addition, in August 2022, the IRA was signed into law. The IRA, among other things, includes a new 15% corporate minimum tax as well as a 1% excise tax on corporate stock repurchases, subject to certain exceptions. The United States is also actively considering changes to existing U.S. tax laws that, if enacted, could increase our tax obligations or require us to change the manner in which we operate our business.

In addition, we are subject to the examination of our income and other tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from such examinations to determine the adequacy of our provision for income taxes. Although we believe we have made appropriate provisions for taxes in the jurisdictions in which we operate, changes in the tax laws, or challenges from tax authorities under existing tax laws could adversely affect our business, financial condition, and results of operations.

Risks Related to the Units, the Separate Purchase Contracts, the Separate Amortizing Notes and Our Common Stock

You will bear the risk that the market value of our common stock may decline.

The purchase contracts, pursuant to which we will deliver to you shares of our common stock, are components of the Units. The number of shares of common stock that you will receive upon settlement of a purchase contract on the mandatory settlement date (subject to earlier settlement), whether as a component of a Unit or a separate purchase contract, will depend upon the applicable market value, which is equal to the arithmetic average of the daily VWAPs of our common stock on each of the 20 consecutive trading days beginning on, and including, the 21st scheduled trading day immediately preceding February 1, 2027. There can be no assurance that the market value of the common stock received by you will be greater than or equal to the reference price of approximately $13.00. If the applicable market value of our common stock is less than the reference price, then the market value of the common stock issued to you on the mandatory settlement date (assuming that the market value is the same as the applicable market value of the common stock) will be less than the effective price per share paid by you for such common stock on the date of issuance of the Units. Furthermore, because we will in no event deliver more than 3.8461 shares (subject to adjustment as described herein) upon settlement of a purchase contract, the market value of the common stock delivered to you upon any early settlement may be less than the effective price per share paid to you for such common stock on the date of the issuance of the Units. Therefore, you assume the entire risk that the market value of our common stock may decline before the mandatory settlement date, early settlement date, fundamental change early settlement date, or early mandatory settlement date, as applicable. Any decline in the market value of our common stock may be substantial.

Our stock price may change significantly following the Concurrent Offering and you could lose all or part of your investment as a result.

Even if a trading market develops, the market price of our common stock may be highly volatile and could be subject to wide fluctuations. The trading price of our shares of common stock may decline below the initial public offering price in the Concurrent Offering due to a number of factors such as those listed in "—Risks Related to Our Business" and the following:

- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates and investment recommendations by securities analysts and investors;
- changes in economic conditions for companies in our industries;
- changes in market valuations of, or earnings and other announcements by, companies in our industries;
- declines in the market prices of stocks generally, particularly those of companies in our industries;
- additions or departures of key management personnel;
- strategic actions by us or our competitors;
- announcements by us or our competitors of significant contracts, price reductions, new services, acquisitions, dispositions, joint marketing relationships, joint ventures, other strategic relationships or capital commitments;
- changes in our market share;
- changes in general economic or market conditions or trends in our industries or the economy as a whole;
- changes in business or regulatory conditions;

- future sales of our common stock or other securities;
- investor perceptions of or the investment opportunity associated with our common stock relative to other investment alternatives;
- changes in the way we are perceived in the marketplace, including due to negative publicity or campaigns on social media to boycott certain of our services, our business or our industries;
- the public's response to press releases or other public announcements by us or third parties, including our filings with the SEC;
- changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business;
- announcements relating to litigation or governmental investigations;
- guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance;
- the development and sustainability of an active trading market for our common stock;
- changes in accounting principles; and
- other events or factors, including those resulting from informational technology system failures and disruptions, epidemics, pandemics, natural disasters, war, acts of terrorism, civil unrest, or responses to these events.

Furthermore, the stock market may experience extreme volatility that, in some cases, may be unrelated or disproportionate to the operating performance of particular companies. These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our actual operating performance. In addition, price volatility may be greater if the public float and trading volume of our common stock is low.

In the past, following periods of market volatility, stockholders have instituted securities class action litigation against various issuers. If we were to become involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation, which may adversely affect the market price of our common stock.

See also "—General Risk Factors" for a discussion of risks related to our common stock.

The opportunity for equity appreciation provided by an investment in the Units is less than that provided by a direct investment in our common stock.

The aggregate market value of our common stock delivered to you upon settlement of a purchase contract on the mandatory settlement date generally will exceed the $50.00 stated amount of each Unit only if the applicable market value of our common stock exceeds the threshold appreciation price. Therefore, during the period prior to the mandatory settlement date, an investment in a Unit affords less opportunity for equity appreciation than a direct investment in our common stock. If the applicable market value exceeds the reference price but is less than the threshold appreciation price, you will realize no equity appreciation on our common stock above the reference price. Furthermore, if the applicable market value exceeds the threshold appreciation price, you would receive only a portion of the appreciation in the market value of the shares of our common stock you would have received had you purchased shares of common stock with $50.00 at the public offering price in the Concurrent Offering. See "Description of the Purchase Contracts—Delivery of Common Stock" for a table showing the number of shares of common stock that you would receive at various applicable market values.

We may not be able to settle your purchase contracts and deliver shares of our common stock, or make payments on the amortizing notes or repurchase the amortizing notes, in the event that we file for bankruptcy.

Pursuant to the terms of the purchase contract agreement, your purchase contracts will automatically accelerate upon the occurrence of specified events of bankruptcy, insolvency, or reorganization with respect to us.

A bankruptcy court may prevent us from delivering our common stock to you in settlement of your purchase contracts. In such circumstances or if for any other reason the accelerated purchase contracts are not settled by the delivery of common stock, your resulting claim for damages against us following such acceleration will rank pari passu with the claims of holders of our common stock in the relevant bankruptcy proceeding. As such, to the extent we fail to deliver common stock to you upon such an acceleration, you will only be able to recover damages to the extent holders of our common stock receive any recovery. See "Description of the Purchase Contracts—Consequences of Bankruptcy."

In addition, with respect to the amortizing notes, bankruptcy law and bankruptcy-related court orders generally prohibit the payment of pre-bankruptcy debt by a company that has commenced a bankruptcy case while the case is pending. If we become a debtor in a bankruptcy case, so long as the case was pending, you would likely not receive timely installment payments under, or, if you exercised your right to require repurchase following an early mandatory settlement, receive any repurchase price on, the amortizing notes.

The Units are not protected by restrictive covenants.

Neither the purchase contracts nor the indenture contains any financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by us or any of our subsidiaries. Neither the purchase contracts nor the indenture contains any covenants or other provisions to afford protection to holders of the purchase contracts or the amortizing notes in the event of a fundamental change involving us except, with respect to the purchase contracts, to the extent described under "Description of the Units—Early Settlement Upon a Fundamental Change."

The amortizing notes will be subject to the prior claims of any secured creditors, and if a default occurs, we may not have sufficient funds to fulfill our obligations under the amortizing notes.

The amortizing notes are unsecured obligations, ranking equally with our other senior unsecured indebtedness and effectively junior to any existing and future secured indebtedness we may incur. The indenture that will govern the amortizing notes will not restrict our or our subsidiaries' ability to incur additional debt (including secured debt) and, if we do incur additional secured debt, our assets securing any such indebtedness will be subject to prior claims by our secured creditors. In the event of the bankruptcy, insolvency, liquidation, reorganization, dissolution, or other winding up of our Company, our assets that secure debt will be available to pay obligations on the amortizing notes only after all debt secured by those assets has been repaid in full. Holders of the amortizing notes will participate in any remaining assets ratably with all of our other unsecured and unsubordinated creditors, including trade creditors. If there are not sufficient assets remaining to pay all creditors, then all or a portion of the amortizing notes then outstanding would remain unpaid. Additionally, if any portion of the amount payable on the amortizing notes upon acceleration is considered by a court to be unearned interest, the court could disallow recovery of any such portion.

The amortizing notes are not guaranteed and structurally subordinated to the liabilities of our subsidiaries.

The amortizing notes are our obligations exclusively and not of any of our subsidiaries. Our subsidiaries are separate legal entities that have no obligation to pay any amounts due under the amortizing notes or to make any funds available therefor, whether by dividends, loans, or other payments. Except to the extent that we are a creditor with recognized claims against our subsidiaries, all claims of creditors, including trade creditors of our subsidiaries, will have priority with respect to the assets of such subsidiaries over our claims (and therefore the

claims of our creditors, including holders of the amortizing notes). Consequently, the amortizing notes will be structurally subordinated to all indebtedness and other liabilities of our subsidiaries and any subsidiaries that we may in the future acquire or establish.

In addition, the indenture governing the amortizing notes permits our subsidiaries to incur additional indebtedness, and does not contain any limitation on the amount of other liabilities, such as trade payables, that may be incurred by our subsidiaries.

As of September 30, 2023, our subsidiaries had approximately $2,916.9 million outstanding under the First Lien Term Loan Facility and approximately $450.0 million outstanding under the Second Lien Facility. As of September 30, 2023, our subsidiaries had $173.1 million outstanding under the Revolving Credit Facility, with an available borrowing capacity under the Revolving Credit Facility of approximately $296.4 (after giving effect to $5.5 million of letters of credit in excess of the letters of credit outstanding under the LC Facility), and $54.3 million of letters of credit outstanding under the LC Facility.

Our ability to meet our debt obligations depends on the performance of our subsidiaries and the ability to utilize the cash flows from our subsidiaries.

Our operations are conducted through our subsidiaries and our ability to meet our debt and other obligations depends almost entirely on cash flows from our subsidiaries and, in the short term, our ability to raise capital from external sources. In the long term, cash flows from our subsidiaries depend on their ability to generate operating cash flows in excess of their own expenditures, common and preferred stock dividends (if any), and debt or other obligations. Our subsidiaries are separate and distinct legal entities that are not obligated to pay dividends or make loans or distributions to us (whether to enable us to pay dividends on our common stock, to pay principal and interest on our debt, to settle, repurchase or redeem our debt (including the amortizing notes) or other securities (including the purchase contracts), or to satisfy our other obligations). In addition, certain of our subsidiaries may be limited in its ability to pay dividends or make loans or distributions to us, including, without limitation, as a result of legislation, regulation, court order, contractual restrictions and other restrictions or in times of financial distress. As a result, we may not be able to cause our subsidiaries and other entities to distribute funds or provide loans sufficient to enable us to meet our debt and other obligations.

The trading prices for the Units, the purchase contracts and the amortizing notes will be directly affected by the trading prices for our common stock, the general level of interest rates, and our credit quality, each of which is impossible to predict.

It is impossible to predict whether the prices of our common stock, interest rates, or our credit quality will rise or fall. Trading prices of the common stock will be influenced by general stock market conditions and our operating results and business prospects and other factors described elsewhere in this section “Risk Factors.”

The market for our common stock likely will influence, and be influenced by, any market that develops for the Units or the separate purchase contracts. For example, investors’ anticipation of the distribution into the market of the additional shares of common stock issuable upon settlement of the purchase contracts could depress the price of our common stock and increase the volatility of the common stock price, which could in turn depress the price of the Units or the separate purchase contracts. The price of our common stock also could be affected by possible sales of such common stock by investors who view the Units as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that is likely to develop involving the Units, separate purchase contracts and the common stock. Such hedging or arbitrage activity could, in turn, affect the trading prices of the Units, the separate purchase contracts and the common stock.

In addition, in general, as market interest rates rise, notes (such as the amortizing notes) bearing interest at a fixed rate generally decline in value because the premium, if any, over market interest rates will decline.

Consequently, if you purchase Units and market interest rates increase, the market value of the amortizing notes forming a portion of the Units may decline. We cannot predict the future level of market interest rates.

Regulatory actions and other events may adversely affect the trading price and liquidity of the Units.

We expect that many investors in, and potential purchasers of, the Units will employ, or seek to employ, an equity-linked arbitrage strategy with respect to the Units. Investors would typically implement such a strategy by selling short the common stock underlying the Units and dynamically adjusting their short position while continuing to hold the Units. Investors may also implement this type of strategy by entering into swaps on our common stock in lieu of or in addition to short selling the common stock. As a result, any specific rules regulating equity swaps or short selling of securities or other governmental action that interferes with the ability of market participants to effect short sales or equity swaps with respect to our common stock would adversely affect the ability of investors in, or potential purchasers of, the Units to conduct the arbitrage strategy that we believe they will employ, or seek to employ, with respect to the Units. This could, in turn, adversely affect the trading price and liquidity of the Units.

The SEC and other regulatory and self-regulatory authorities have implemented various rules and taken certain actions, and may in the future adopt additional rules and take other actions, that may impact those engaging in short selling activity involving equity securities (including our common stock). Such rules and actions include Rule 201 of SEC Regulation SHO, the adoption by FINRA and the national securities exchanges of a "Limit Up-Limit Down" program, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines, and the implementation of certain regulatory reforms required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Any governmental or regulatory action that restricts the ability of investors in, or potential purchasers of, the Units to effect short sales of our common stock, borrow our common stock or enter into swaps on our common stock could adversely affect the trading price and the liquidity of the Units.

In addition, if investors and potential purchasers seeking to employ an equity-linked arbitrage strategy are unable to borrow or enter into swaps on our common stock, in each case, on commercially reasonable terms, the trading price and liquidity of the Units may be adversely affected.

You may receive shares of common stock upon settlement of the purchase contracts that are lower in value than the price of the common stock just prior to the mandatory settlement date.

Because the applicable market value of the common stock is determined over the 20 consecutive trading day period beginning on, and including, the 21st scheduled trading day immediately preceding February 1, 2027, the number of shares of common stock delivered for each purchase contract may, on the mandatory settlement date, be greater than or less than the number of shares that would have been delivered based on the closing price (or daily VWAP) per share of the common stock on the last trading day in such 20 trading day period. In addition, you will bear the risk of fluctuations in the market price of the shares of common stock deliverable upon settlement of the purchase contracts between the end of such period and the date such shares are delivered.

If you elect to settle your purchase contracts early, you may not receive the same return on your investment as purchasers whose purchase contracts are settled on the mandatory settlement date.

Holders of the Units or separate purchase contracts have the option to settle their purchase contracts early at any time beginning on, and including, the business day immediately following the date of initial issuance of the Units until the second scheduled trading day immediately preceding February 1, 2027. However, if you settle your purchase contracts prior to the second scheduled trading day immediately preceding February 1, 2027, you will receive for each purchase contract a number of shares of common stock equal to the minimum settlement rate, regardless of the current market value of our common stock, unless you elect to settle your purchase contracts early in connection with a fundamental change, in which case you will be entitled to settle your purchase contracts at the fundamental change early settlement rate, which may be greater than the minimum

settlement rate. In either case, you may not receive the same return on your investment as purchasers whose purchase contracts are settled on the mandatory settlement date.

The fundamental change early settlement rate may not adequately compensate you.

If a "fundamental change" occurs and you elect to exercise your fundamental change early settlement right, you will be entitled to settle your purchase contracts at the fundamental change early settlement rate. Although the fundamental change early settlement rate is designed to compensate you for the lost option value of your purchase contracts as a result of the early settlement of the purchase contracts, this feature may not adequately compensate you for such loss. In addition, if the stock price in the fundamental change is greater than $75.00 per share (subject to adjustment), this feature of the purchase contracts will not compensate you for any additional loss suffered in connection with a fundamental change. See "Description of the Purchase Contracts— Early Settlement Upon a Fundamental Change."

Our obligation to settle the purchase contracts at the fundamental change early settlement rate could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

The minimum settlement rate and maximum settlement rate of the purchase contracts may not be adjusted for all dilutive events and any adjustment may not be adequate compensation for lost value.

The minimum settlement rate and maximum settlement rate of the purchase contracts are subject to adjustment for certain events, including, but not limited to, certain dividends on our common stock, the issuance of certain rights, options or warrants to holders of our common stock, subdivisions or combinations of our common stock, certain distributions of assets, debt securities, capital stock or cash to holders of our common stock, and certain tender offers or exchange offers, as described under "Description of the Purchase Contracts— Adjustments to the Fixed Settlement Rates." The minimum settlement rate, maximum settlement rate, reference price and threshold appreciation price will not be adjusted for other events that may adversely affect the trading price of the purchase contracts or the Units and the market price of our common stock, such as employee stock options grants, offerings of our common stock for cash (including pursuant to the Concurrent Offering), certain exchanges of our common stock for our other securities or in connection with acquisitions and other transactions. The terms of the Units and the separate purchase contracts do not restrict our ability to engage in these activities, and events may occur that are adverse to the interests of the holders of the purchase contracts or the Units and their value, but that do not result in an adjustment to the minimum settlement rate, maximum settlement rate, reference price and threshold appreciation price, or that result in an adjustment that is not adequate compensation for lost value.

Until the purchase contracts are settled with common stock, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect to our common stock.

Until the date on which you are treated as the record holder of common stock on account of a settlement of the purchase contracts for or with, as the case may be, common stock, you will not be entitled to any rights with respect to our common stock, including voting rights and rights to receive any dividends or other distributions on our common stock, but you will be subject to all changes affecting the common stock. You will be treated as the record holder of any shares of our common stock issuable upon settlement or redemption of the purchase contracts only as follows:

- in the case of settlement of purchase contracts on the mandatory settlement date, as of 5:00 p.m.,
- New York City time, on the last trading day of the 20 consecutive trading day period during which the applicable market value is determined;
- in the case of settlement of purchase contracts in connection with any early settlement at the holder's option, as of 5:00 p.m., New York City time, on the early settlement date;

- in the case of settlement of purchase contracts following exercise of a holder's fundamental change early settlement right, as of 5:00 p.m., New York City time, on the fundamental change early settlement date; and
- in the case of settlement of purchase contracts following exercise by us of our early mandatory settlement right, as of 5:00 p.m., New York City time, on the notice date.

For example, in the event that an amendment is proposed to our second amended and restated certificate of incorporation or amended and restated bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the date specified above on which you are treated as the record holder of the shares of our common stock, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock once you become a stockholder.

Some significant restructuring transactions may not constitute fundamental changes, in which case we would not be obligated to early settle the purchase contracts, and you will not have the right to require repurchase of your amortizing notes upon a fundamental change.

Upon the occurrence of specified fundamental changes, you will have the right to require us to settle the purchase contracts. You will not have the right to require repurchase of your amortizing notes upon a fundamental change, however. Additionally, the definition of "fundamental change" herein is limited to specified corporate events and may not include other events that might adversely affect our financial condition or the value of the purchase contracts. For example, events such as leveraged recapitalizations, refinancings, restructurings, or acquisitions initiated by us may not constitute a fundamental change requiring us to settle the purchase contracts at the applicable fundamental change early settlement rate. In the event of any such events, the holders of the purchase contracts would not have the right to require us to settle the purchase contracts at the applicable fundamental change early settlement rate, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the trading price of the purchase contracts and/or the amortizing notes.

We may not have the ability to raise the funds necessary to repurchase the amortizing notes following the exercise of our early mandatory settlement right, and our debt outstanding at that time may contain limitations on our ability to repurchase the amortizing notes.

If we elect to exercise our early mandatory settlement right, holders of the amortizing notes will have the right to require us to repurchase the amortizing notes on the repurchase date at the repurchase price described under "Description of the Amortizing Notes—Repurchase of Amortizing Notes at the Option of the Holder." However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of amortizing notes surrendered for repurchase. In addition, our ability to pay the relevant repurchase price for the amortizing notes may be limited by agreements governing our current and future indebtedness. Our failure to repurchase amortizing notes at a time when the repurchase is required by the indenture would constitute a default under the indenture. A default under the indenture could also lead to a default under agreements governing our indebtedness outstanding at that time. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and the repurchase price for the amortizing notes.

The secondary market for the Units, the purchase contracts and the amortizing notes may be illiquid.

Prior to this offering and the Concurrent Offering, there has been no public market for the Units or our common stock. Our common stock and the Units have been approved for listing on Nasdaq under the symbols "BTSG" and "BTSGU," respectively. The shares of our common stock deliverable upon settlement of all purchase contracts are also expected to be listed on Nasdaq. However, we can give no assurance that the Units

will be so listed. In addition, the underwriters have advised us that they intend to make a market in the Units, but the underwriters are not obligated to do so. However, listing on Nasdaq does not guarantee that a trading market will develop, and the underwriters may discontinue market making at any time in their sole discretion without prior notice to Unit holders. Accordingly we cannot assure you that a liquid trading market will develop for the Units (or, if developed, that a liquid trading market will be maintained), that you will be able to sell Units at a particular time or that the prices you receive when you sell will be favorable.

Beginning on the business day immediately succeeding the date of initial issuance of the Units, purchasers of Units will be able to separate each Unit into a purchase contract and an amortizing note. We are unable to predict how the separate purchase contracts or the separate amortizing notes will trade in the secondary market, or whether that market will be liquid or illiquid. We will not initially apply to list the separate purchase contracts or the separate amortizing notes on any securities exchange or automated inter-dealer quotation system, but we may apply to list such separate purchase contracts and separate amortizing notes in the future as described herein. If (i) a sufficient number of Units are separated into separate purchase contracts and separate amortizing notes and traded separately such that applicable listing requirements are met and (ii) a sufficient number of holders of such separate purchase contracts and separate amortizing notes request that we list such separate purchase contracts and separate amortizing notes, we may endeavor to list such separate purchase contracts and separate amortizing notes on an exchange of our choosing (which may or may not be Nasdaq) subject to applicable listing requirements. However, even if we do so apply to list such separate purchase contracts or separate amortizing notes, we cannot assure you that such securities will be approved for listing.

The purchase contract agreement will not be qualified under the Trust Indenture Act, and the obligations of the purchase contract agent are limited.

The purchase contract agreement between us and the purchase contract agent will not be qualified as an indenture under the Trust Indenture Act of 1939, and the purchase contract agent will not be required to qualify as a trustee under the Trust Indenture Act. Thus, you will not have the benefit of the protection of the Trust Indenture Act with respect to the purchase contract agreement or the purchase contract agent. The amortizing notes constituting a part of the Units will be issued pursuant to an indenture, which has been qualified under the Trust Indenture Act. Accordingly, if you hold Units, you will have the benefit of the protections of the Trust Indenture Act only to the extent applicable to the amortizing notes. The protections generally afforded the holder of a security issued under an indenture that has been qualified under the Trust Indenture Act include:

- disqualification of the trustee for "conflicting interests," as defined under the Trust Indenture Act;
- provisions preventing a trustee that is also a creditor of the issuer from improving its own credit position at the expense of the security holders immediately prior to or after a default under such indenture; and
- the requirement that the trustee deliver reports at least annually with respect to certain matters concerning the trustee and the securities.

The U.S. federal income tax consequences relating to the Units are uncertain.

The Units are complex financial instruments and no statutory, judicial, or administrative authority directly addresses all aspects of the treatment of the Units or instruments similar to the Units for United States federal income tax purposes, and no assurance can be given that the Internal Revenue Service, or IRS, will agree with the tax consequences described herein. As a result, the United States federal income tax consequences of the purchase, ownership, and disposition of the Units are unclear. We have not sought any rulings concerning the treatment of the Units, and the tax consequences described herein are not binding on the IRS or the courts, either of which could disagree with the explanations or conclusions contained in this summary. Accordingly, you should consult your tax advisor regarding the consequences to you of the possible recharacterization of the components of a Unit as a single instrument. See "Material U.S. Federal Income Tax Consequences."

You may be subject to tax upon an adjustment to the settlement rate of the purchase contracts even though you do not receive a corresponding cash distribution.

You might be treated as receiving a constructive distribution from us if (i) the fixed settlement rates are adjusted and as a result of such adjustment your proportionate interest in our assets or earnings and profits is increased and (ii) the adjustment is not made pursuant to a bona fide, reasonable anti-dilution formula. An adjustment in the fixed settlement rates would not be considered made pursuant to such a formula if the adjustment were made to compensate you for taxable distributions with respect to our common stock. Certain of the other possible settlement rate adjustments (including, without limitation, adjustments as discussed in "Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change") may not qualify as being pursuant to a bona fide reasonable adjustment formula. Thus, under certain circumstances, an increase in the fixed settlement rates might give rise to a constructive distribution to you even though you would not receive any cash related thereto. In addition, in certain situations, you might be treated as receiving a constructive distribution if we fail to adjust the fixed settlement rates. Any constructive distribution will be taxable as a dividend, return of capital, or capital gain in accordance with the earnings and profits rules described below in "Material U.S. Federal Income Tax Consequences—U.S. Holders—Common Stock Acquired under a Purchase Contract—Distributions" and "Material U.S. Federal Income Tax Consequences—Non-U.S. Holders—United States Federal Income Tax." If you are a "non-U.S. holder" (as defined in "Material U.S. Federal Income Tax Consequences—Non-U.S. Holders"), a deemed dividend may be subject to United States federal withholding tax (currently at a 30% rate or such lower rate as may be specified by an applicable income tax treaty), which may be withheld from shares of common stock or sales proceeds subsequently paid or credited to you. It is possible that United States federal withholding tax on deemed dividends would be withheld from any interest or other amounts paid to a non-U.S. holder or set off against other assets of the non-U.S. holder. See "Material U.S. Federal Income Tax Consequences—Non-U.S. Holders—United States Federal Withholding Tax."

Any adverse rating action with respect to the Units may cause their trading price to fall.

We do not intend to seek a rating on the Units. However, if a rating service were to rate the Units and if such rating service were to lower its rating on the Units below the rating initially assigned to the Units or otherwise announces its intention to put the Units on credit watch, the trading price of the Units could decline.

The agreements governing the Units will provide that each of us, the purchase contract agent, and the trustee will waive our and their respective rights to trial by jury with respect to claims arising under such agreements, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The agreements governing the Units will provide that, to the fullest extent permitted by law, each of us, the purchase contract agent and the trustee, as applicable, will waive our and their respective rights to a jury trial in any action or proceeding arising out of such agreements or the transactions contemplated thereby, except for any claim under the U.S. federal securities laws.

If we, the purchase contract agent or the trustee opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with applicable U.S. state and federal law. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently, and voluntarily waived the right to a jury trial. We believe that this is the case with respect to such agreements and the Units. Accordingly, Unit holders, including holders that acquired Units in a secondary transaction, are subject to these provisions to the extent any action or proceeding is brought on their behalf by the purchase contract agent and/or the trustee to the extent permitted by applicable law. It is advisable that you consult legal counsel regarding the jury waiver provision before investing in the Units.

If the purchase contract agent and/or the trustee bring a claim against us in connection with matters arising under such agreements or the Units either on their own behalf or on your behalf, except for claims under

U.S. federal securities laws, the purchase contract agent, and/or the trustee will waive its right to a jury trial, which may have the effect of limiting and discouraging lawsuits against us. If a jury trial is waived, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action. Nevertheless, if this jury trial waiver provision is not enforced, to the extent a court action proceeds, it would proceed under the terms of such agreements with a jury trial. Investors cannot waive our compliance with the U.S. federal securities laws and the rules and regulations promulgated thereunder.

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements that reflect our current views with respect to, among other things, our operations, and financial performance. Forward-looking statements include all statements that are not historical facts. These forward-looking statements are included throughout this prospectus, including in the sections entitled "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and relate to matters such as our industries, business strategy, goals and expectations concerning our market position, future operations, margins, profitability, capital expenditures, liquidity and capital resources and other financial and operating information. We have used the words "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "future," "will," "seek," "foreseeable," the negative version of these words, or similar terms and phrases to identify forward-looking statements in this prospectus.

The forward-looking statements contained in this prospectus are based on management's current expectations and are not guarantees of future performance. The forward-looking statements are subject to various risks, uncertainties, assumptions, or changes in circumstances that are difficult to predict or quantify. Our expectations, beliefs, and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management's expectations, beliefs, and projections will result or be achieved. Actual results may differ materially from these expectations due to changes in global, regional, or local economic, business, competitive, market, regulatory, and other factors, many of which are beyond our control. We believe that these factors include but are not limited to those described under "Risk Factors" and the following:

- we operate in a highly competitive industry;
- if we are unable to maintain relationships with existing patient referral sources or establish new referral sources, our business, financial condition, and results of operations could be materially adversely affected;
- changes to Medicare and Medicaid rates or methods governing Medicare and Medicaid payments for our services could materially adversely affect our business;
- cost containment initiatives of third-party payors, including post-payment audits, could adversely impact our business, financial condition, and results of operations;
- the implementation of alternative payment models and the transition of Medicaid and Medicare beneficiaries to managed care organizations may limit our market share and could adversely affect our revenues;
- changes in the case mix of patients, as well as payor mix and payment methodologies, and decisions and operations of third-party organizations may have a material adverse effect on our business, financial condition, and results of operations;
- our business is reliant on federal and state spending, budget decisions, and continuous governmental operations which may fluctuate under different political conditions;
- changes in drug utilization and/or pricing, PBM contracts, and Medicare Part D/Medicaid reimbursement may negatively impact our profitability;
- changes in our relationships with pharmaceutical suppliers, including changes in drug availability or pricing, could adversely affect our business and financial results;
- our business relies on the continual recruitment and retention of nurses, pharmacists, therapists, caregivers, direct support professionals, and other qualified personnel, including senior management;
- we are subject to federal, state, and local laws and regulations that govern our employment practices, including minimum wage, living wage, and paid time-off requirements; failure to comply with these laws and regulations, or changes to these laws and regulations that increase our employment-related expenses, could adversely impact our operations;

- our results of operations fluctuate on a quarterly basis;
- our business may be harmed by labor relation matters;
- because we are limited in our ability to control reimbursement rates received for our services, our business could be materially adversely affected if we are not able to maintain or reduce our costs to provide such services;
- delays in collection or non-collection of our accounts receivable, particularly during the business integration process, could adversely affect our business, financial condition, and results of operations;
- if we fail to manage our growth effectively, we may be unable to execute our business plan, maintain high levels of service and satisfaction or adequately address competitive challenges;
- our growth strategy is partially dependent upon our ability to identify and successfully complete acquisitions, joint ventures, and other strategic initiatives; any failure by us to manage or integrate acquisitions, divestitures, and other significant transactions successfully may have a material adverse effect on our business, financial condition, and results of operations;
- if we are unable to provide consistently high quality of care, our business will be adversely impacted;
- if we are unable to maintain our corporate reputation, or there is adverse publicity, including negative information on social media, or changes in public perception of our services, our business may suffer;
- if our existing customers do not continue with or renew their contracts with us, renew at lower fee levels, decline to purchase additional services from us or reduce the services received from us pursuant to those contracts, it could have a material adverse effect on our business, financial condition and results of operations;
- our business depends on our ability to effectively invest in, implement improvements to and properly maintain the uninterrupted operation and data integrity of our information technology and other business systems;
- security breaches, loss of data, and other disruptions could compromise sensitive business or patient information, cause a loss of confidential patient data, employee data, personal information, or prevent access to critical information and expose us to liability, litigation, and federal and state governmental inquiries and damage our reputation and brand;
- we are subject to risks related to credit card payments and other payment methods;
- we may be subject to substantial malpractice or other similar claims;
- we are exposed to various risks related to governmental inquiries, regulatory actions, and whistleblower and other lawsuits that could adversely affect our operating results. Our insurance may not cover all claims against us;
- our current insurance program may expose us to unexpected costs and negatively affect our business, financial condition. and results of operations, particularly if we incur losses not covered by our insurance or if claims or losses differ from our estimates;
- factors outside of our control, including those listed, have required and could in the future require us to record an asset impairment of goodwill;
- a pandemic, epidemic, or outbreak of an infectious disease, including the ongoing effects of COVID-19, have had, and may continue to have, an adverse effect on our business;
- inclement weather, natural disasters, acts of terrorism, riots, civil insurrection or social unrest, looting, protests, strikes, or street demonstrations may impact our ability to provide services; and
- we may be unable to adequately protect our intellectual property rights, which could harm our business.

These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this prospectus. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, our actual results may vary in material respects from those projected in these forward-looking statements.

Any forward-looking statement made by us in this prospectus speaks only as of the date of this prospectus and are expressly qualified in their entirety by the cautionary statements included in this prospectus. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward- looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, investments, or other strategic transactions we may make. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable securities laws.

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $388.9 million (or $447.3 million if the underwriters in this offering exercise in full their option to purchase additional Units).

We estimate that we will receive net proceeds of approximately $657.5 million from the Concurrent Offering (or approximately $756.8 million, if the underwriters exercise in full their over-allotment option) from the sale of shares of our common stock in the Concurrent Offering, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

We intend to use proceeds from this offering and the Concurrent Offering to repay all indebtedness outstanding under the Second Lien Facility, all indebtedness outstanding under the Revolving Credit Facility, and $473.7 million outstanding aggregate amount under the First Lien Facility, and to pay termination fees of $22.7 million to the Managers in connection with the termination of the Monitoring Agreement, with any remainder to be used for general corporate purposes.

As of September 30, 2023, we had $450.0 million aggregate principal amount outstanding under the Second Lien Facility, maturing on March 5, 2027. As of September 30, 2023, our second lien term loans had an effective interest rate of 13.93%. As of September 30, 2023, we had $173.1 million aggregate principal amount outstanding under the Revolving Credit Facility, maturing on the earliest of (i) June 30, 2028, (ii) if greater than $500.0 million in aggregate principal amount of term loans under the First Lien Term Loan Facility are outstanding on December 4, 2025, December 4, 2025 and (iii) if any term loans under the Second Lien Facility are outstanding on December 4, 2026, December 4, 2026. As of September 30, 2023, our Revolving Credit Loans had an effective interest rate of 9.58% and our Swingline Loans had an effective interest rate of 12.75%. As of September 30, 2023, we had approximately $2,916.9 million outstanding under the First Lien Term Loan Facility, maturing on March 5, 2026. As of September 30, 2023, $1,723.8 million of our first lien term loan had an effective interest rate of 8.68% and our first lien tranches B-2 and B-3 had an effective interest rate of 8.93%. For a further description of our Second Lien Facility and the First Lien Facilities, see “Description of Certain Indebtedness.” For a description of the Monitoring Agreement, see “Certain Relationships and Related Party Transactions—Monitoring Agreement.”

DIVIDEND POLICY

We currently expect to retain all future earnings for use in the operation and expansion of our business and have no current plans to pay dividends on our common stock. The declaration, amount and payment of any future dividends will be at the sole discretion of our board of directors, and will depend on, among other things, general and economic conditions, our results of operations and financial condition, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions, and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us, including restrictions under our credit agreements and other indebtedness we may incur, and such other factors as our board of directors may deem relevant. If we elect to pay such dividends in the future, we may reduce or discontinue entirely the payment of such dividends at any time. BrightSpring Health Services, Inc.'s operations are conducted through its subsidiaries. In the event that we do pay a dividend, we intend to cause our operating subsidiaries to make distributions to us in an amount sufficient to cover such dividend. Our subsidiaries are currently subject to certain restrictions and covenants under the credit agreements governing the First Lien Facilities and the Second Lien Facility, including limits on amounts of leverage, interest charges, distributions, dividends, and capital expenditures. These restrictions and covenants may restrict the ability of those entities to make distributions to BrightSpring Health Services, Inc. See "Description of Certain Indebtedness." Any additional financing arrangement we enter into in the future may include restrictive covenants that limit our subsidiaries' ability to pay dividends to us. In addition, Delaware law may impose requirements that may restrict our ability to pay dividends to holders of our common stock.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2023:

- on an actual basis;
- on an as adjusted basis after giving effect to the sale of 53,333,334 shares of our common stock offered by us in the Concurrent Offering at the initial public offering price of $13.00 per share, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, and the application of the net proceeds to us therefrom as described under "Use of Proceeds"; and
- on an as further adjusted basis after giving effect to the sale of shares of our common stock in the Concurrent Offering as described above and the issuance in this offering of 8,000,000 Units, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, and the application of the net proceeds to us therefrom as described under "Use of Proceeds."

You should read this table in conjunction with the information contained in "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Description of Certain Indebtedness" as well as our audited consolidated financial statements and related notes and our unaudited condensed consolidated financial statements and related notes, each included elsewhere in this prospectus.

	As of September 30, 2023		
	Actual (unaudited)	As Adjusted (unaudited)	As Further Adjusted (unaudited)
(In thousands, except par value)			
Cash and cash equivalents	$ 11,641	$ 28,535	$ 60,935
Debt:			
First Lien Facilities(1):			
First Lien Term Loan Facility	2,916,872	2,799,639	2,443,139
Revolving Credit Facility	173,050	—	—
Second Lien Facility	450,000	—	—
Amortizing notes that are components of the Units(2)(3)	—	—	67,371
Note payable and other	4,404	4,404	4,404
Total debt	$ 3,544,326	$ 2,804,043	$ 2,514,914
Shareholders' equity:			
Common stock, $0.01 par value per share, 1,500,000,000 shares authorized, *actual*, *as adjusted*, and *as further adjusted*; 117,857,055 shares issued and outstanding, *actual*; 171,190,389 shares issued and outstanding, *as adjusted* and as further adjusted(4)	1,179	1,712	1,712
Additional paid-in capital(2)(4)(5)	779,519	1,558,863	1,880,392
Accumulated deficit(6)	(193,782)	(216,482)	(216,482)
Accumulated other comprehensive income	44,595	44,595	44,595
Total shareholders' equity	631,511	1,388,688	1,710,217
Total capitalization	$ 4,175,837	$ 4,192,731	$ 4,225,131

(1) As of September 30, 2023, there were $59.8 million letters of credit outstanding under the LC Facility and the Revolving Credit Facility. As of December 31, 2023, there was $50.7 million outstanding under the Revolving Credit Facility. The balance on the Revolving Credit Facility fluctuates due to the Company's ongoing business needs, and the balance is typically highest during the first half of each calendar month. We intend to use the net proceeds to us from this offering and the Concurrent Offering to repay $524.4 million

aggregate indebtedness outstanding under the Revolving Credit Facility and the First Lien Term Loan Facility. See "Use of Proceeds."

(2) Each Unit will include an amortizing note and a purchase contract. We will allocate the proceeds from the issuance of the Units to the purchase contracts and amortizing notes based on the relative fair values of the respective components, determined as of the date of issuance of the Units. We have estimated that the allocation of the purchase price of each Unit as between the amortizing note and the purchase contract or initial value will be $8.6618 for the amortizing note and $41.3382 for the purchase contract, as described further below.

(3) We expect to record the amortizing notes portion of the Units as long-term debt and to record the issuance costs of the amortizing notes as an adjustment to the carrying amount of the amortizing notes. The fair value of the amortizing notes represents the present value of the installment payments due under the amortizing notes. The interest expense attributable to the amortizing notes is calculated by us using the effective interest method over the life of the amortizing notes. The $69.3 million initial value of the amortizing notes are calculated with the total principal and interest components of the installment payment equal to 6.75% of the $50.00 stated amount of the Units per annum.

(4) Share numbers and amounts do not reflect the shares of our common stock issuable upon settlement of the purchase contracts.

(5) We expect to account for the purchase contracts that are components of the Units as equity and to record the $321.5 million initial value of these purchase contracts, net of the related underwriting discounts, commissions and offering expenses allocated to the purchase contracts, as additional paid-in capital. The fair value of the purchase contracts will be determined utilizing a Black-Scholes model. The exact amount of the initial fair value of these purchase contracts will not be determined until our determination of the final offering expenses.

(6) Does not reflect approximately $6.5 million of non-cash share-based compensation expense that we expect to incur during the quarter in which the Concurrent Offering is completed related to the New Equity Awards.

DILUTION

Investors in shares of our common stock in the Concurrent Offering will experience immediate dilution in their investment to the extent of the difference between the initial public offering price per share of our common stock in the Concurrent Offering and the as adjusted net tangible book value per share of our common stock after giving effect to the Concurrent Offering.

Our net tangible book deficit as of September 30, 2023 was approximately $2,859.4 million, or $(24.26) per share of our common stock. We calculate net tangible book deficit per share by taking the amount of our total tangible assets (including our operating lease right-of-use assets), reduced by the amount of our total liabilities, and then dividing that amount by the total number of shares of common stock outstanding.

After giving effect to (i) the sale by us of 53,333,334 shares of common stock in the Concurrent Offering at the initial public offering price of $13.00 per share and (ii) the use of proceeds therefrom, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, our as adjusted net tangible book value as of September 30, 2023 would have been $(2,102.3) million, or $(12.28) per share of our common stock. This amount represents an immediate decrease in net tangible book deficit of $11.98 per share of common stock to our existing stockholders and an immediate and substantial dilution in net tangible book value of $25.28 per share of common stock to new investors purchasing shares in the Concurrent Offering.

The following table illustrates this dilution on a per share of common stock basis assuming the underwriters do not exercise their option to purchase additional shares of common stock in the Concurrent Offering:

Initial public offering price per share of common stock in the Concurrent Offering	$13.00
Net tangible book deficit per share of common stock as of September 30, 2023	(24.26)
Increase in net tangible book value per share of common stock attributable to investors in the Concurrent Offering	11.98
As adjusted net tangible book value per share of common stock after giving effect to the Concurrent Offering	(12.28)
Dilution per share of common stock to investors in the Concurrent Offering	$25.28

Dilution is determined by subtracting as adjusted net tangible book value per share of common stock after the Concurrent Offering from the initial public offering price per share of common stock.

The closing of this offering is conditioned upon the closing of the Concurrent Offering, but the closing of the Concurrent Offering is not conditioned upon the closing of this offering. The shares of common stock issuable upon settlement of the purchase contracts that are a component of the Units offered in this offering will not be outstanding at the time this offering is consummated. However, for illustrative purposes only, after giving effect to (i) the sale of shares of common stock in the Concurrent Offering as described above, (ii) the concurrent issuance of the Units and (iii) the use of proceeds from both offerings, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, and assuming (iv) the issuance of the 30,768,800 shares of common stock issuable under the purchase contracts that are a component of such Units, assuming the maximum number of shares issuable upon automatic settlement of such purchase contracts, subject to certain anti-dilution adjustments, our as further adjusted net tangible book value as of September 30, 2023 would have been $(1,780.7) million, or $(8.82) per share of our common stock, resulting in substantial dilution in net tangible book value of $21.82 per share of common stock to new investors purchasing shares in the Concurrent Offering.

The following table summarizes, on the same as adjusted basis as of September 30, 2023, the total number of shares of common stock purchased from us, the total cash consideration paid to us, and the average price per share of common stock paid by our existing stockholders and by new investors purchasing shares of common stock in the Concurrent Offering.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
			(in thousands)		
Existing stockholders	117,857,055	68.8%	$ 758,805	52.3%	$ 6.44
New investors in the Concurrent Offering	53,333,334	31.2%	$ 693,333	47.7%	$ 13.00
Total	171,190,389	100.0%	$1,452,138	100.0%	$ 8.48

If the underwriters were to exercise in full their option to purchase 8,000,000 additional shares of common stock in the Concurrent Offering, the percentage of shares of our common stock held by existing stockholders as of September 30, 2023 would be 65.8% and the percentage of shares of our common stock held by new investors in the Concurrent Offerings would be 34.2%.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion analyzes our financial condition and results of operations and should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements." When reviewing the discussion below, you should keep in mind the substantial risks and uncertainties that characterize our business. Known material factors that could affect our financial performance and actual results, and could cause actual results to differ materially from those expressed or implied in any forward-looking statements included in this discussion or otherwise made by our management, are described in "Risk Factors." Factors that could cause or contribute to such difference are not limited to those identified in "Risk Factors."

Overview

We are a leading home and community-based healthcare services platform, focused on delivering complementary pharmacy and provider services to complex patients. We have a differentiated approach to care delivery, with an integrated and scaled model that addresses critical services that the highest-need and highest-cost patients require. With a focus on Senior and Specialty patients, which includes Behavioral populations, our platform provides pharmacy and provider services (both clinical and supportive care in nature) in lower-cost home and community settings largely to Medicare, Medicaid, and commercially-insured populations. We are an essential part of our nation's health delivery network as a front-line provider of high-quality and cost-effective care to a large and growing number of people, who increasingly require a combination of specialized solutions to enable holistic health care management. Our presence spans all 50 states, we serve over 400,000 patients daily through our approximately 10,000 clinical providers and pharmacists, and our services make a profound impact in the lives and communities of the people we serve.

Our model focuses on delivering high-touch and coordinated services to medically complex clients and patients, which is a large, growing, and underserved population in the U.S. healthcare system. These high-need and high-cost Senior and Specialty patients comprise a market of over $1.0 trillion across our business. The chronic conditions and long-term health needs of these patients not only represent an outsized share of health care spend today, according to RAND, but we believe that they are expected to also drive a disproportionate share of future expenditures. Americans with five or more chronic conditions make up over 10% of the population and account for 40% of total health care spending, on average spending 10 times more on health services than those without chronic conditions. These patients most often require both pharmacy and provider services to achieve the best outcomes, but must often navigate disjointed and separately-administered health services. This can result in uncoordinated care delivery with adverse medical consequences, as compared to receiving timely, proximal, and complete care support in the home and community that improves health and reduces cost.

We have built a significant presence and capability in delivering complementary and high-touch daily healthcare services and programs to complex patients in their homes and in communities in order to address their multiple health needs and requirements more completely. In pharmacy, we leverage our national infrastructure to provide daily medication therapy management to various customer and patient types wherever they reside in the community, including home and in-clinic infusion patients, oncology and other specialty patients in their homes, residents of independent and senior living communities, people receiving hospice care, neuro and Behavioral clients' and patients' homes, residents of skilled nursing and rehabilitation facilities, hospital patients, and the homes of Seniors who are on a significant number of medications. Within provider services, we address the clinical and supportive care needs of Senior and Specialty populations, including neuro and Behavioral patients, primarily in their homes, as well as some clinic and community settings. Our clinical services consist of home health and hospice and rehab therapy, and our supportive care services address activities of daily living and social determinants of health as well. We also provide home-based primary care for patients in senior living communities, long-term care, and individual homes to directly manage and optimize patient outcomes and to

enable value-based care. By providing these complementary and necessary services for complex patients, our care model is designed to address multiple patient needs and better integrate health services delivery to improve quality and patient experiences, while reducing overall costs.

2022 Overview and Key Highlights

- *A leading, diversified, independent provider of home and community-based healthcare services in the United States*
- *Scaled national platform with a presence in all 50 states, a quality and compliance focus, longer-term customer relationships, a successful M&A track record, and an experienced management team*
- *Complementary pharmacy and provider services that more completely address the multiple needs of complex Senior and Specialty patients across their various settings and over time*
- *Focus on clinical and operational excellence and coordinated front-line healthcare services to deliver improved outcomes in lower-cost settings with high levels of satisfaction among stakeholders*
- *Compelling and proven value proposition for all constituents, including our clients, patients and their respective families, customers, partners, payors, employees, and investors*
- *Over $1.0 trillion combined market opportunity with numerous positive industry trends and drivers*
- *Growth opportunities available through organic expansion in core pharmacy and provider businesses, our ability to leverage complementary and care management services for integrated care synergies and value-based care payment models, and through strategic acquisitions*
- *In 2022, grew revenue by $1.0 billion, or 15.3%, to $7.7 billion*
- *In 2022, net income decreased by $105.5 million to $(54.2) million*
- *In 2022, increased Adjusted EBITDA by $29.4 million, or 6.0%, to $522.5 million*
- *Overall, the comprehensive services that we provide at the scale we provide them create economies of scale, stability, and attractive near-term and long-term commercial opportunities that address societal needs*

Our Service Offerings

We are one of the largest independent providers of home and community-based health services in the United States, delivering both pharmacy and provider services. We believe our high-quality and complementary health services offerings address significant and important patient and stakeholder needs. We enhance patient outcomes through the delivery and coordination of high-quality services that high-need, high-cost patients require. Our services are principally delivered in patient-preferred and lower-cost settings and often over longer periods of time, given the chronic nature of the patient conditions that we address. We believe our breadth of service capabilities and proven outcomes position us as a provider of choice for patients, families, referral sources, customers, and payors. We deliver services through two reportable segments: Pharmacy Solutions and Provider Services.

The following table summarizes the revenues generated by each of our segments for the nine months ended September 30, 2023 and 2022:

($ in millions)	For the Nine Months Ended September 30,			
	2023		2022	
	Revenue	% of Revenue	Revenue	% of Revenue
Pharmacy Solutions	$4,737.0	73.4%	$3,885.3	67.6%
Provider Services	1,714.6	26.6%	1,617.2	28.1%
Other	—	0.0%	247.4	4.3%
Consolidated	$6,451.6	100.0%	$5,749.9	100.0%

The following table summarizes the revenues generated by each of our segments for the most recent three years:

($ in millions)	For the Years Ended December 31,					
	2022		2021		2020	
	Revenue	% of Revenue	Revenue	% of Revenue	Revenue	% of Revenue
Pharmacy Solutions	$5,264.4	68.3%	$4,389.4	65.6%	$3,635.9	65.2%
Provider Services	2,181.5	28.2%	1,962.7	29.2%	1,683.7	30.1%
Other	274.7	3.5%	346.0	5.2%	260.8	4.7%
Consolidated	$7,720.6	100.0%	$6,698.1	100.0%	$5,580.4	100.0%

Pharmacy Solutions

We opportunistically provide pharmacy services when and where demanded and as required to customers and patients in their homes and communities, often in coordination with our provider services. The Company filled over 34 million prescriptions in 2022 from over 180 pharmacies across all 50 states, with services delivered to approximately 6,000 customer locations, more than 44,000 individual or group homes, and over 350,000 patients, all through over 4,900 unique customer and payor contracts. Our leading pharmacy support across customer and patient settings is achieved through a focus on medication availability and reliability, cost containment, customer staff and patient support programs, clinical and regulatory education and support, and leading customer service. Infusion and Specialty Pharmacy prescriptions and Community Pharmacy prescriptions have grown at more than 20% and 10%, respectively, from September 2022 to September 2023. In addition, the pharmacy patient population grew from 2016 to 2022 with a CAGR of 29%. We have a unique opportunity to increasingly provide more pharmacy services in the future to provider patients and patients transitioning across settings of care. Almost every one of the Company's patients who receive provider services from us have a significant medication support need given their polypharmacy profile, which we have the opportunity to further address.

Pharmacy services are a universal need and ongoing connection point across medically complex populations. Our pharmacy services delivered into homes and community settings for complex patients are extremely different as compared to retail pharmacy, with more challenging customer and patient needs and service requirements. The average Senior fills approximately 52 medication prescriptions per year, while our average pharmacy patient is usually prescribed approximately nine medications at a given time, or at least two times more than the average Senior. As a result, medication appropriateness, accuracy, and adherence are critical points of emphasis for promoting the overall long-term health and well-being of patients. Non-adherence causes approximately 40% of chronic disease treatment failures and 125,000 deaths per year in the United States. Further, non-adherence costs $100 billion annually, according to the JAMDA study. We deliver on our goals with 99.99% order accuracy and 98.46% order completeness.

There are numerous success factors that we believe are important for long-term sustainability in the pharmacy industry. First, large scale, which our pharmacy platform has and is characterized by, is of critical importance. We are able to leverage our large pharmacy scale in purchasing and all supplier contracting, in operating and fixed expenses, in payor contracting, in technology and systems, in sales and marketing and with brand reputation, in being able to address customer and growth opportunities in more markets, in driving synergies post acquisitions, and in leveraging best practices, for example, in operational, quality, and compliance oversight and human resources and people management. Second, the Company has historically targeted and served home and community pharmacy customers, patients, and channels as different from a retail strategy. We believe that these service settings and channels are more challenging to serve and present the opportunity for greater customization of offerings, differentiation, and value-add to customers. Third, and related to the customer

types and channels that we serve in pharmacy, we most often provide our services through a local pharmacy and delivery model. Many of our customers require same day pharmacy service or in-person administration, and this geographical requirement can only be met through local, physical pharmacies. Fourth, many of our customers and patients have different and more significant clinical, educational, and reimbursement needs as compared to the general population's retail medication profile, which must be addressed through particular expertise and high-touch customer and patient support vehicles and resources. Fifth, and also due to the different setting profile, heightened needs, and medication therapy profile of our patient base, there is an increased importance on service levels and quality measures in our specific pharmacy service types. Companies that outperform on service and quality in our pharmacy customer and patient channels have the opportunity to differentiate themselves in the market and with payors.

Infusion and Specialty Pharmacy

We provide infused, injectable, and oral medication services in the home and clinic focused on pharmaceutical therapies that require expert administration and high-touch clinical services to patients by our pharmacists, registered nursing staff, and patient support teams. Infusion therapy services are a specialty form of pharmaceuticals that involve the intravenous administration of higher-cost, specially-handled medications that treat a wide range of acute and chronic health conditions, including, for example, infections, auto-immune illnesses, oncology, multiple sclerosis, hemophilia, and nutritional deficiencies. Oral and injectable medication therapies for complex disease management treat oncology, neurology, dermatology, cardiology, immunology, inflammatory, rare and orphan, and other conditions. Within oncology, as one of the leading independent specialty pharmacies in the United States, our services encompass clinical coordination, patient education, protocol compliance, patient assistance with insurance access and outside funding, and timely delivery of medication. Our certified oncology pharmacists are available 24/7 to provide support for patients and caregivers while working in close coordination with their physicians.

Our customer service and quality metrics are in-line with, or better than, our peers, such as time-to-first-fill (4.2 day average turnaround time, which is significantly lower than the industry average of 9.7 day average turnaround time), overall MPR (96.9%, which is significantly higher than the generally accepted 80% threshold for compliance, which is also the threshold set forth in the Company's Blue Cross Blue Shield guarantee), and infusion patient satisfaction scores (95.0%, which is in-line with the 95.6% national average). We offer value-add services including technology integrations and real-time analytics for both suppliers and payors. As a result of our unique capabilities in serving pharmaceutical manufacturers and biotech companies, we have exclusive or preferred relationships in specialty oncology drugs, as manufacturers select our pharmacy – exclusively or as part of a group of a few other pharmacies – to distribute and support their therapies in the market. We currently have 116 limited distribution oncology drugs in the market, an increase from 93 in 2021, and 87 in 2020, with an additional 16 in the pipeline still to launch, including 5 exclusive and 11 ultra-narrow drugs with limited pharmacy access. In 2020, 2021, and 2022, as a testament to our leading quality and service, we achieved "world-class" NPS scores of over 90, which also triggered quality incentive payments. The Company receives incentive payments in connection with a payor contract, which includes incentive targets based on the Company's NPS scores achieved from surveys performed directly by the payor. The Company did not receive any such incentive payments during the year ended December 31, 2020. During each of the years ended December 31, 2021 and 2022, the incentive payments were approximately $20 million. For the nine months ended September 30, 2023, the incentive payments were approximately $30 million.

Home and Community Pharmacy

Our home and community-based pharmacy solutions ensure that medications are accessible and clinically supported for patients outside of retail pharmacies. The Company's footprint of pharmacies covers all 50 states with a localized model that features "white-glove" and customized programs and allows for faster response times and a better customer and patient experience. We service customer locations typically multiple times a day and 24/7 as needed, within a radius of approximately 100 miles of a pharmacy location. Our services focus on

achieving leading medication availability, cost containment, and clinical and regulatory education and support for our customers, and they are designed to provide a consistent, best in-class experience for customers accompanied by local concierge support. Centralized intake and order entry drives consistency across operations and markets. Our pharmacy services are all customized to specific settings and patients among the Senior and Specialty populations served, for example whether a patient receiving our medications is in a senior living community, a behavioral group home, or a hospice patient in their own home.

In addition to our very strong service delivery metrics, our pharmacy services and proprietary programs reduce drug costs to customers and patients, for example with a 99.9% generic efficiency rate (the percent of drugs dispensed as generic, when both brand and generic versions of a drug are available) and saving customers an average of $58 per therapeutic interchange. Our customers, supported by several thousand pharmacists, pharmacist consultants, and nurses, perform better than the national average, with our patients consistently outperforming non-patients on overall CMS quality measures. Moreover, we believe we have certain comparative strengths in this large and fragmented pharmacy market due to our large pharmacy scale – and associated drug purchasing capabilities and distribution reach – and robustness of proprietary and customized customer and patient support programs.

In 2021, we launched CCRx, which is a longitudinal medication therapy and risk management program for home health patients, attempting to solve one of the biggest challenges and opportunities in healthcare, which is the ongoing management of complex patients in their homes to reduce adverse health events and hospitalizations. CCRx includes patient and home assessments, initial and ongoing medication review and reconciliation, user-friendly adherence packaging, direct patient engagement, and education by pharmacists and clinicians. The program was built for patients discharged from skilled nursing and rehabilitation facilities or hospitals, and/or patients going onto home health. Studies have shown that all-cause hospitalizations are higher in patients with poor medication adherence and that medication management associated issues are a leading cause of emergency room visits and hospitalizations. CCRx has been shown to reduce hospitalizations, and, as such, is a key enabler in managing patients in value-based care constructs. For example, the JAMDA study found that home health recipients who are enrolled in CCRx experience a 73.1% lower hospitalization rate than home health recipients who are not enrolled in CCRx.

Provider Services

We deliver a variety of impactful and valuable provider services to high-need, chronic, and complex patients in home and community settings. These services consist of clinical and supportive care to over 34,000 Senior and Specialty populations today, with both census for Home Health Care services specifically, and rehab hours served, having grown approximately 9% from September 2022 to September 2023. While the clinical services that we provide have demonstrated attractive volume growth over the past several years, supportive care services have also demonstrated stability and growth due to the valuable nature of these services that address activities of daily living and social determinants of health. Many of our provider patients also receive their pharmacy services through the Company, which helps to optimize their pharmacy and medication care and needs, simplify their experience, and improve their satisfaction. We believe there is greater opportunity to provide integrated services to all of our patients in the future, as almost every one of the Company's patients who receive provider services from us have a significant medication support need given their polypharmacy profile, and, vice versa, many of the patients we serve in pharmacy have multiple provider service needs, including, for example, home-based primary care, home health, and rehab. To this end, the Company has endeavored to build out home-based primary care over the last several years to coordinate patient services.

There are numerous success factors that we believe are important for long-term sustainability in our provider services markets. First, we are able to leverage our investments in human resources and people management initiatives and best practices across the enterprise, including in recruiting scale and centralization, onboarding and training, and career paths. Second, quality and patient satisfaction are critical, and we are able to provide increased quality and compliance and operational oversight across all locations through additional regional and enterprise resources and functions. Third, we drive strong sales and marketing best practices across geographies to drive strong referral and volume growth rates. Fourth, we are able to drive economies of scale in supplier and payor contracting, in technology

and systems, and in government affairs and advocacy. Fifth, the ability to address market opportunities and geographic coverage through de novo locations and tuck-in acquisitions that benefit from synergies adds value, which we have demonstrated. Moreover, provider services scale is perhaps the most important determinant of sustainability for a provider services business, as it enables a company to be able to execute on the aforementioned success factors. Complementary scale in the pharmacy business is additive to provider services quality and growth, as our pharmacy business' presence and footprint across geographies provide for a base of integrated care patient opportunities.

Home Health Care

We provide patient-centric, highly skilled, and compassionate clinical care to Seniors and others in their homes. For Seniors and other patients recovering from surgery or illness or living with chronic diseases, we provide clinical home health care in the home. These services help patients avoid unnecessary hospitalizations, speed up recovery time, and allow people to stay and feel secure in their own homes, which they prefer. Over $40 billion in annual U.S. health care spending is attributed to hospital readmissions, and home health care can reduce 365-day post-discharge costs by more than $6,000 per patient, each per the American Journal of Medicine. We also provide physical, emotional, and spiritual comfort and support primarily for Senior patients with terminal illnesses and their families through our hospice services. Our services have also been shown to help manage end-of-life healthcare spending. For example, Medicare spend in 2019 for patients that had received hospice care was estimated by NORC at the University of Chicago to be $3.5 billion less nationwide than if all such patients had not received hospice care. Like patients receiving home health care, our interdisciplinary hospice teams tailor individualized plans for patients and their families based on a comprehensive understanding of their needs. Our hospice patients require important daily pharmacy support, which we deliver through our pharmacy services. We have an 9.2 HCI score, calculated using data from CMS provider reports for each of our providers, and we believe that our nurse-to-patient visit frequency and staffing ratio is well above industry averages, as demonstrated by the fact that across our hospice services, our average total visits per patient is 22.7 visits per month as compared to the national average of 14.0 visits per month. Additionally, on average, nursing visits per patient per month was 10.5 as compared to the national average of 6.4 visits per patient per month, which monthly average was based on a MedPac report in 2022. Additionally, for Seniors and others who require supportive care and activities of daily living support that address social determinants of health, including dietary and nutrition management and cognitive and social engagement, among others, we offer these daily or weekly services. We estimate that the average cost per day of supportive home care services is 90% less than hospital care, and as Medicare spends an average of three times more on older adults with functional limitations, we also believe that supportive care services will continue to become a focus for payors to help improve outcomes and delay or prevent unnecessary facility placement.

We are continuing to build out specialized and different primary care capabilities through our home-based primary care medical home model and platform, which we view as central to the future of optimizing patient management, including patient experiences, outcomes, and cost. Many adverse health and/or medication events can be prevented through better understanding patients' health and risk factors by managing and treating them in the environment where they reside with primary care. In doing so, home-based primary care is more patient-centered and incorporates patients' specific objectives and goals. Home-based primary care pro-actively addresses gaps in care and triages health events in-place when possible, thus mitigating avoidable emergency room visits and hospitalizations. Home-based primary care coordinates care and resources for patients in pulling together previously disparate information and contact points into one place for more coordinated and informed patient care. Our primary care clinicians, including physicians we directly employ in certain states, optimize clinical and care decisions as they see and manage both Seniors and Behavioral (including I/DD) patients in senior living communities, in individual homes and in group homes, in skilled nursing and rehabilitation facilities, as well as through transitional care visits after patients leave hospitals or skilled nursing facilities. By engaging with patients more frequently and where they live, the Company's home-based primary care can mitigate health issues before they escalate further and conduct many applicable treatments and procedures in a home or community setting. Our home-based primary care has delivered leading quality outcomes, including a hospital readmission rate 30% less than the national average and with acute, chronic, and complex patients

served still able to spend 355 days per year at home, which is 6% more days than the Medicare average, based on the Health Days study. For I/DD patients, we have seen reductions in hospitalizations and readmissions of 44% and 84%, respectively, since beginning home-based primary care services.

In addition to many of our provider patients also receiving their pharmacy services from the Company, our patients often receive multiple in-home provider services from the Company to improve outcomes, including home-based primary care and home health or hospice and transitions from home health to hospice. In 2021, the Company implemented CCRx, which provides patients with a more coordinated experience and reduces risks through primary care expertise in the home soon after patient discharge and through optimized medication therapy management in an individual's home. Within the last two years, the Company has built a Clinical (Nursing) Hub to be the contact and coordination point for patients, families, and their pharmacy and provider services. As more of our patients utilize the multiple needed services that they require and we provide, we pro-actively monitor patients and deploy triage tools through our Clinical (Nursing) Hub to address risks and optimize quality outcomes in real-time, particularly for higher risk patients. Within the Clinical (Nursing) Hub, we centralize on-call and tele-triage, perform high-risk patient monitoring and intervention, conduct "Aftercare" patient calls, and manage care coordination opportunities across the enterprise. We see significant potential for additional integrated care opportunities by leveraging our Home-Based Primary Care, CCRx, and Clinical (Nursing) Hub capabilities to support senior living communities, payors, our hospital partners and their patient discharges, and our skilled nursing and rehabilitation facility customers who alone discharge approximately 360,000 patients a year back into the community and their homes.

Community and Rehab Care

Our Community and Rehab Care services provide both client- and patient-centric clinical care and supportive care to Senior and Specialty clients and patients living with age-related acute or chronic conditions, living with life-long indications (including I/DD and autism), or recovering from a catastrophic neuro event (ABI/TBI or stroke) requiring intensive therapy. These services support individuals of all ages who need various forms of expert clinical care and therapy in addition to assistance with daily skill building and living. The majority of these clients and patients receive daily pharmacy support, delivered through our pharmacy business (with an 83% penetration rate), along with ongoing behavioral therapy consults and primary care medical care, which is increasingly being delivered through our home-based primary care practice.

We provide specialized, highly-skilled, and custom-designed rehabilitation services, including physical, speech and occupational therapy and ABA, for clients and patients of all ages with a range of injuries and conditions, including brain and spinal cord injuries, stroke, pediatric neuro conditions, and autism. Our services make a dramatic impact on the trajectory of a patient's independence, skills, and life and significantly lower longer-term costs. Rehab patients see profound improvements in their conditions, with the Company's outpatient rehab services receiving a 99% patient satisfaction score and over 99% of patients who would recommend our services. We also offer a variety of programs for individuals with I/DD through our community living services, including group homes, supported living and family living models (host homes), behavioral therapy, vocational therapy, and case management. Our programs are principally administered in individuals' homes and are predominantly based on individual support and clinical care plans designed to encourage greater independence and manage medical conditions, as the majority of I/DD individuals have multiple chronic conditions and require eight or more medications.

Locations of Operations

We are headquartered in Louisville, Kentucky with operations in all 50 states, Puerto Rico, and Canada. We deliver a higher proportion of services in select regions with favorable demographics and regulatory environments.

We serve patients from and across approximately 9,500 offices, customer locations and group homes, as well as serving approximately 250,000 patients in their own homes, every day with co-location of our pharmacy and provider services in 40 states.

Payor Mix

We are characterized by payor diversification across our platform. Our payors are principally federal, state, and local governmental agencies, commercial insurance, private, and other payors. No payor represents more than 40% of our revenue in the aggregate for the years ended December 31, 2022, 2021 and 2020 or for the nine months ended September 30, 2023 and 2022. Additionally, our Medicaid payors can be further broken down across each individual state with our top 10 Medicaid states representing 16% of total Company revenue. Our payor mix has become increasingly more diversified since 2020 primarily due to organic growth and acquisitions throughout our portfolio. The federal, state, and local programs under which we operate are subject to legislative and budgetary changes that can influence reimbursement rates.

($ in millions)	For the Nine Months Ended September 30,			
	2023		2022	
	Revenue	% of Revenue	Revenue	% of Revenue
Medicare D	$2,442.1	37.9%	$2,010.5	35.0%
Medicaid	1,476.6	22.9%	1,335.3	23.2%
Commercial Insurance	1,341.2	20.8%	1,101.2	19.1%
Medicare A	756.0	11.8%	705.8	12.2%
Private & Other	371.2	5.6%	318.5	5.7%
Medicare B	64.5	1.0%	31.2	0.5%
Department of Labor	—	0.0%	247.4	4.3%
	$6,451.6	100.0%	$5,749.9	100.0%

($ in millions)	For the Years Ended December 31,					
	2022		2021		2020	
	Revenue	% of Revenue	Revenue	% of Revenue	Revenue	% of Revenue
Medicare D	$2,713.3	35.1%	$2,259.0	33.7%	$1,903.7	34.1%
Medicaid	1,806.6	23.4%	1,634.1	24.4%	1,512.5	27.1%
Commercial Insurance	1,487.9	19.3%	1,215.7	18.2%	999.4	17.9%
Medicare A	946.8	12.3%	813.2	12.2%	494.3	8.9%
Private & Other	447.6	5.8%	399.6	5.9%	385.4	6.9%
Department of Labor	273.4	3.5%	346.0	5.2%	260.8	4.7%
Medicare B	45.0	0.6%	30.5	0.4%	24.3	0.4%
	$7,720.6	100.0%	$6,698.1	100.0%	$5,580.4	100.0%

We provide our services across all 50 states, Puerto Rico and Canada, with our top 10 states of operations comprising 54% of total Company revenue in the year ended December 31, 2022.

Trends and Other Factors Affecting Business

Continued Growth of our Pharmacy Solutions Patient Populations

We focus on providing health-dependent medications in a timely and well-supported manner to our patients receiving pharmacy solutions in their home and community-based settings. Our pharmacy services are primarily delivered directly to patients in their place of residence, home, or stay, and sometimes in a clinic setting. Our high-need Senior and Specialty patients depend on closely and expertly managed daily medication regimens that are supported by pharmacist and nurse consultants and available in a timely and 24/7 manner. According to industry reports, pharmacy solutions delivered to and tailored for the home environment, such as home infusion services, oncology services, and daily medication management services in the home, will continue to grow faster than the overall and general pharmacy market. Each of the end markets that these home and community-based pharmacy services supply and support are growing at attractive rates, and the lack of appropriate pharmacy medication management and resulting non-adherence among complex and polypharmacy patients in homes are significant contributors to ER visits, hospitalizations and increased costs.

We have continued to expand our pharmacy capabilities to serve this need. Overall, our pharmacy has grown patient census and prescriptions by 9% and 6%, respectively, over the past year. We are a leading independent pharmacy provider in our respective pharmacy patient markets, and we expect to continue to increase our share. Our growth in serving numerous patient types has been well into the double digits, including home infusion patients, specialty oncology patients, behavioral patients, in-home Seniors, and hospice patients. Also, due to the strength of our quality and customer and patient support and relationships with pharmaceutical drug manufacturers, from 2020 to 2022 the unique number of exclusive or limited distribution drugs we dispense has increased by 24%, and the annual revenue impact from these drugs and relationships has increased by nearly 91%.

Continued Growth of our Provider Services Patient Populations

We focus on delivering high-touch and coordinated services to medically complex Senior and Specialty patients in the home and community-based settings where they live. As the baby boomer population ages, Seniors, who comprise a significant majority of our patients, will represent a higher percentage of the overall population. The U.S. Census Bureau projects that the U.S. population aged 65 and over will grow substantially from 15% of the population in 2016 to 21% of the population by 2030, and the population size of people over age 85 is expected to double by 2040, according to the Administration for Community Living. Given the proven value proposition of home-based health services, we believe patients will increasingly seek treatment and referral sources and payors will increasingly support treatment in homes more often than in higher cost, less convenient, higher acuity institutional settings. Home health care can reduce 365-day post-discharge costs by more than $6,000 per patient, and as healthcare spending rises, home health care can improve the continuity of care while reducing overall costs. In addition, advancements in medical technology have allowed providers to expand access points and the breadth of services available in the home.

The vast majority of patients we serve in our provider businesses are served in the home, and we have purposefully continued to expand our service offering and footprint to serve patients in this lower cost setting. Over the past five years we built upon supportive care services to patients, as we have meaningfully expanded our footprint of highly clinical and expert services to home health, rehabilitation, and hospice patients to address a large national healthcare need and more completely and better serve Senior and Specialty patients in the home. For example, our census for Home Health Care services have grown approximately 9% from September 2022 to September 2023. Our complementary services that address the multiple needs of these patient populations will increasingly provide integrated care opportunities to provide more complete and better coordinated services to patients across health settings and stages.

Stable Reimbursement Environment Across our Portfolio of Businesses

Our revenue is dependent upon our contracts and relationships with payors for our “must-serve” patient populations. We partner with a large and diverse set of payor groups nationally and in each of our markets to form provider networks and to lower the overall cost of care. We structure our payor contracts to help both providers and payors achieve their objectives in a mutually aligned manner. Maintaining, supporting, and both deepening and increasing the number of these contracts and relationships, particularly as we continue to grow market share and enter new markets, is important for our long-term success.

We have observed relatively stable reimbursement rates from government and commercial payors in our pharmacy and provider services over a number of years, particularly for services provided to high-need, medically complex populations. Due to the medical necessity of our services, which are lower cost than healthcare services provided in other settings and reduce ER, hospital and institutional facility utilization, we have a history of reimbursement stability characterized by low-to-mid single digit rate increases across our lines of business from 2014 to 2022. Our average reimbursement rate increases based on revenue during this time period included 4.2% for personal care services associated with activity of daily living services for Seniors, 4.5% for Behavioral services, 2.2% for hospice services, and 1.6% associated with long term care pharmacy services.

Culture of Quality and Compliance and Consistent Operations Execution

Quality and compliance are central to our strategies and mission. We have demonstrated leading and excellent service and customer/patient/family satisfaction scores across the organization, as referenced in prior and other sections of this prospectus. In addition to quality and compliance resources and programs in field operations, we invest over $200 million a year in people, training, auditing, signature programs, accreditations, advocacy, and technologies to support quality, compliance, and safety as part of our "Quality First" framework. We have demonstrated consistently high and often leading marks for service levels, satisfaction scores, and quality metrics in our industries.

For example, across our pharmacies we achieve 99.99% order accuracy and 98.46% order completeness, "excellent" and "world class" NPS, a 95% satisfaction rating from infusion patients, and a reduction in hospitalizations with CCRx, while also driving savings through medication adherence and therapeutic interchanges. We achieve 99% patient satisfaction in our outpatient rehab services, and we achieve an 84% overall rating of care in hospice, hospitalizations 30% lower than the national average in our home-based primary care, and four stars (out of five) in the CAHPS home health patient survey ratings. Our complex Behavioral clients, often with three or more comorbidities and requiring eight or more medications, are still able to spend 359 days a year at home on average. We believe that we are positioned to identify potential medical problems and avoid adverse events due to our highly proximate position to patients and attentive care protocols, as evidenced by these quality metrics.

Operational excellence is also an ongoing focus at the Company, including how we collect and share key metrics, hold operational reviews, audit, conduct training, deploy expert support resources, execute on corrective and preventative actions, and implement continuous improvement initiatives across the organization. In addition to ongoing efficiency and cost reduction activities in the businesses, the implementation of our PMO-led continuous improvement program over the past seven years at the enterprise level has resulted in approximately $41.5 million of annual savings in 2022 (and in addition to annual efficiencies and savings work achieved throughout field operations) from improved processes and working smarter, and these efficiencies have been used to reinvest in employees (both existing employees through wages and benefits and new employees to support key strategies, innovation and infrastructure needs to further scale), quality, technology, and growth initiatives. We have continued to make investments in automation, data, and technology systems to support enhanced workflows, further scale, and future growth across service lines.

Ability to Build De Novo Locations

We have a proven ability to augment growth of existing operations by expanding our presence and opening new locations – in both of our operating segments in Pharmacy Solutions and Provider Services – across geographies with consistent ramp-up in performance after site opening. We believe our platform can continue to build further scale nationally, adding density to additional and targeted key markets as a lever to facilitate maximum pharmacy and provider services overlap, integrated and value-based care, and growth. The Company's geographic and operations scale and platform of complementary segments and service lines provides us with access to more de novo opportunities to consider and prioritize.

Since January 1, 2018, we have opened 138 de novo offices (branches/agencies) and clinics in new locations across our pharmacy and provider services. Since beginning our de novo program in late 2018, we have accelerated the pace of our de novo openings, having opened eight in 2018, 22 in 2019, and an average of 30 per year from 2020 through 2022. We typically identify and open new locations within proximity of an existing location as we leverage existing market knowledge and presence to expand in target markets, regions, and states. Our internal support resources in real estate, purchasing, IT, credentialing, payor contracting, HR, and sales and marketing, along with our PMO, help to support and manage de novos from start to opening. We expect to continue to selectively and strategically expand our footprint within the United States and extend our service offerings to our patients and for customers, referral sources, and payors, and we believe de novo investments facilitate more integrated care capability and are a meaningful organic growth driver for the Company.

Ability to Facilitate Integrated Care

Our operating model consists of complementary pharmacy and provider services that high-need Senior and Specialty populations require, and it is designed to increasingly coordinate, manage, and serve patients across our various needs and settings over time, leading to improved patient, family, physician, and referral source satisfaction, improved payor experiences, and better outcomes. Our performance and potential to drive increased service volume for increased patient and health outcomes impact is driven partly by our appeal with our patients, families, customers, referral sources, and payors to provide multiple integrated care services – either in the same setting at the same time or across settings and stages of health – within our collection of pharmacy solutions and provider services and differentiated overall capabilities.

We provide multiple pharmacy and provider services to approximately 20,000 patients today, and we believe that there are substantially more opportunities to deliver more integrated care, given the hundreds of thousands of patients we serve and a similar number of patients discharging from customers annually. Value-add, beneficial, and multiple integrated care opportunities exist for our customer base and all Senior and Specialty patient populations and not only across pharmacy and provider services, but also within each segment. Within the pharmacy services, CCRx is aimed at providing medication risk and therapy management continuously and longitudinally post discharge from hospitals and skilled nursing customers. Within the provider services, patients often transition from home health to hospice services and can receive therapy and supportive care services concurrent with each other and with home health and hospice.

Aligning to Value-Based Care Reimbursement Models with Innovative Solutions

The scale and depth of our complimentary platform of diverse yet related customer and patient services – that complex patients require – positions us at the forefront with governmental and commercial payors who are increasingly seeking ways to expand value-based reimbursement models. In 2021, CMS established a goal to have 100 percent of Original Medicare beneficiaries, and the vast majority of Medicaid beneficiaries, in accountable, value-based care relationships by 2030. Our high-quality services that are delivered in home and community-based and patient and family-preferred settings at lower comparable costs are well-positioned for the long-term, and we continue to add wraparound care management capabilities and offerings to our core services. We believe our ability to enable more patients to move from the institutional acute care setting to the home (and other community settings) represents a critical part of this industry transition effort, as we have demonstrated improved patient outcomes to payors while driving incremental volume of service solution and revenue growth. In addition to our large Medicare and Medicaid beneficiary populations, we have a large number of non-governmental payor contracts across the organization today, which both diversifies our payor mix, and provides for additional value-based opportunities and partnerships.

The Company's focused build out of its (i) Home-Based Primary Care, transitional care programs, and in-home medication therapy management (CCRx), and (ii) Clinical (Nursing) Hub, are key enablers to coordinate base pharmacy and prover services and drive improved quality and lower costs for value-based care constructs. In addition to numerous payor contracts that feature reimbursement incentives, in the past year the Company has entered into several ACO arrangements to participate in shared savings from its attributed primary care patients and other ACO partnerships and contract as a preferred provider.

New Equity Awards

We expect to grant approximately $163.3 million in non-cash share-based compensation with respect to equity awards expected to be granted to our management and certain other full-time employees at the time of the consummation of the Concurrent Offering or subsequently, starting in the first quarter of fiscal 2024. See "Executive Compensation—Equity Incentive Plans—2024 Incentive Plan—New Equity Awards."

Factors Affecting Results of Operations and Comparability

Acquisitions and Divestitures

In addition to organic growth, we have grown through acquisitions that have deepened and expanded our presence in current markets and facilitated entry into attractive adjacent markets.

During each of the years ended December 31, 2020, 2021, and 2022, we completed 12 acquisitions, 12 acquisitions, and six acquisitions, respectively, within the Pharmacy Solutions and Provider Services segments. Aggregate consideration, net of cash acquired, for these acquisitions was approximately $414.7 million, $1,137.1 million, and $45.0 million, respectively. During the nine months ended September 30, 2023, we completed three acquisitions within our Pharmacy Solutions and Provider Services segments. Aggregate consideration, net of cash acquired, for these acquisitions was approximately $70.0 million. Select highlights of these acquisitions are as follows:

- On April 16, 2021, we completed the acquisition of Abode for approximately $749.2 million, net of an acquired Medicare Advanced payment liability of $25.0 million. We funded the acquisition through the incurrence of incremental term loans under our First Lien Facilities and available cash. With the purchase of Abode, we expanded our growing home health and hospice offerings with a leading and high-quality provider in 12 states that complement our existing home health and hospice states, leveraging operating infrastructure that had previously been assembled at BrightSpring, further strengthening our clinical service offerings, driving hospice pharmacy revenue synergies (and home health pharmacy revenue synergies in the future), and better positioning us to acquire “tuck-in” home health and hospice companies in the future.
- On November 1, 2021, we completed the acquisition of Hospice Home Care for approximately $213.0 million, net of cash acquired. We funded the acquisition through the incurrence of incremental term loans under our First Lien Facilities and available cash. With the purchase of Hospice Home Care, we expanded our growing hospice and palliative care offerings with a leading, high-quality provider operating in three states and positioned ourselves for additional expansion in the market.
- On September 30, 2020, we completed the acquisition of OPPC for approximately $190.0 million. We funded the acquisition primarily through incremental borrowing on our Revolving Credit Facility and available cash. With the purchase of OPPC, we expanded our pharmacy offerings in the hospice pharmacy services market with value added to the OPPC platform through accelerating de novo hospice pharmacies in new target markets, leveraging our existing national pharmacy network to locally fulfill hospice drug prescriptions directly to patient homes in more markets, enhancing sales through our hospice provider relationships, and driving purchasing and cost savings in further leveraging our scale. We also rolled out these hospice pharmacy services internally to hospice patients that we serve in our Provider Services segment.
- On October 15, 2020, we completed the acquisition of OptionOne Pharmacy; on December 9, 2020, we completed the acquisition of Sacred Journey Hospice; and on December 31, 2020, we completed the acquisition AbilisHealth, for approximately $19.6 million, $71.0 million, and $51.6 million, net of cash acquired, respectively. We funded each of the acquisitions primarily through incremental borrowing on our Revolving Credit Facility and available cash.

On November 1, 2022, the Company completed the sale of Workforce Solutions, which comprises the single business in our Other segment, for a sales price of $155.8 million, net of cash divested of $2.7 million. As of September 30, 2022, we adjusted the carrying value of the disposal group to the agreed upon sales price, which resulted in goodwill impairment loss of $15.4 million and a loss on assets held for sale of $5.5 million, which is reported in the consolidated statements of operations within selling, general, and administrative expenses. The Company used the proceeds from the sale of Workforce Solutions to pay down the Revolving Credit Facility and to fund its operations. The divestiture did not represent a strategic shift with a major effect on the Company’s operations and financial results and therefore is not reported as a discontinued operation. The results of operations of Workforce Solutions are consolidated in the Company’s results of operations for the year ended December 31, 2022. The divestiture reflects our decision to focus on driving our community-based healthcare strategy. With the sale complete, we have dedicated our resources to the Pharmacy Solutions and Provider Services segments and further strengthening our position in our service offerings as well as a focus towards the connectivity of care services across our business lines in order to best serve our patients.

Legal Costs and Settlements Accrual

In November 2023, the Company agreed to settle the Silver matter, as discussed under "Business—Legal Proceedings," without admitting liability. The settlement agreement is subject to the approval of the United States Department of Justice and the District Court. The estimated financial impact is $115.0 million, which is included in selling, general, and administrative expenses in the unaudited condensed consolidated statements of operations for the nine months ended September 30, 2023. See Note 9 "Commitments and Contingencies" within the unaudited condensed consolidated financial statements and related notes, included elsewhere in this prospectus.

Impact of COVID-19 and CARES Act

On January 31, 2020, the Secretary of HHS declared a national public health emergency due to a novel coronavirus. In March 2020, the World Health Organization declared the outbreak of COVID-19, a disease caused by this novel coronavirus, a pandemic. In May 2023, the World Health Organization determined that COVID-19 no longer fit the definition of a public health emergency and the declaration of a public health emergency associated with COVID-19 subsequently expired on May 11, 2023. COVID-19 has continued to result in a significant number of hospitalizations, and the future course of the pandemic remains uncertain; however, compared to earlier periods, the number of COVID-19 infections and related hospitalizations has significantly declined. We will continue to closely monitor the impact of COVID-19 on all aspects of our business, including the impacts to our employees, patients, and suppliers. In recognition of the significant threat to the liquidity of financial markets posed by the COVID-19 pandemic, the Federal Reserve and Congress took dramatic actions to provide liquidity to businesses and the banking system in the United States. One of the primary sources of relief for healthcare providers is the CARES Act, which was expanded by the Paycheck Protection Program and Health Care Enhancement Act, or the PPPHCE Act, and the Consolidated Appropriations Act, or the CAA. In total, the CARES Act, the PPPHCE Act, and the CAA authorized $178 billion in funding to be distributed to healthcare providers through the Provider Relief Fund, or the PRF. This funding is intended to support healthcare providers by reimbursing them for healthcare-related expenses or lost revenues attributable to COVID-19.

Our primary COVID-related impacts have been in prescription drug volume with our skilled nursing and rehabilitation facility customers. During 2020 and 2021, we experienced an annual script reduction of approximately 2.7 million scripts when compared with our pre-pandemic levels in January and February 2020. These script volume impacts were due largely to industry declines in skilled nursing and rehabilitation facility occupancy rates. We took action quickly to reduce costs and mitigate the impact of these COVID-related declines. Additionally, due to the Company's complementary diversification and mix of services we provide as a whole, we were able to continue to grow, despite the pandemic, and perform well in many of our other pharmacy and provider businesses, which helped to mitigate the impact of COVID-19 overall. Partially as a result of these factors, we dispensed 34.1 million scripts during 2022, which volume we believe was not materially impacted by the pandemic and related factors. The following portions of the CARES Act have impacted us in 2020, 2021, 2022, and into 2023:

Provider Relief Fund

Beginning in April 2020, funds were distributed to healthcare providers who provide or provided diagnosis, testing, or care for individuals with possible or actual cases of COVID-19. The payments received under the PRF are subject to certain terms and conditions. Payments are to be used to prevent, prepare for, and respond to COVID-19.

We received $22.7 million, $31.4 million, and $0 in PRF funds in the years ended December 31, 2020, 2021, and 2022, respectively, and an additional $18.8 million in PRF funds in the nine months ended September 30, 2023. We returned $0.1 million and $3.9 million of these funds in 2020 and 2021, respectively. In each year, the funds received and recognized were offset directly by healthcare related expenses attributable to

COVID-19 in accordance with HHS guidelines, which resulted in no financial impact to the Company. As of December 31, 2022, we had received a total of $50.1 million, net of returns, in cumulative PRF funds. As of September 30, 2023, we had received a total of $68.9 million, net of returns, in cumulative PRF funds.

In order to receive and use PRF funds, the Company has certified to various terms and conditions, as required by the HHS, including but not limited to: (1) it provides or provided after January 31, 2020 diagnosis, testing or care for individuals with possible or actual cases of COVID-19, (2) that the PRF funds will only be used to prevent, prepare for and respond to COVID-19, (3) such PRF funds shall reimburse the Company only for healthcare related expenses or lost revenues that are attributable to COVID-19, (4) the Company will not use the PRF funds to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse and (5) the Company will submit reports as HHS determines are needed to ensure compliance with conditions that are imposed on PRF funds. The Company believes that it is in compliance with all applicable terms and conditions, regulations, and interim guidance regarding the receipt and usage of PRF funds.

Deferred payment of the employer portion of social security tax

We were permitted to defer payments of the employer portion of social security tax for 2020, which was payable in 50% increments, with 50% due by December 31, 2021 and the remainder due by December 31, 2022. This deferral increased our 2020 cash flow from operations by approximately $66.7 million and subsequently reduced our cash flow from operations by $33.7 million in 2022 and $32.5 million in 2021 on the payback of those amounts.

Components of Our Consolidated Statement of Operations

Revenues. The Company recognizes the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. For transactions involving the transfer of goods, revenues are primarily recognized when the customer obtains control of the products sold, which is generally upon shipment or delivery, depending on the delivery terms specified in the sales agreement. For transactions exclusively involving provision of services, revenues are recognized over time based on an appropriate measure of progress.

Cost of Goods and Cost of Services. We classify expenses directly related to providing goods and services, including depreciation and amortization, as cost of goods and cost of services. Direct costs and expenses principally include cost of drugs, net of rebates, salaries and benefits for direct care and service professionals, contracted labor costs, insurance costs, transportation costs for clients requiring services, certain client expenses such as food, supplies and medicine, residential occupancy expenses, which primarily comprise rent and utilities, and other miscellaneous direct goods or service related expenses.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses consist of expenses incurred in support of our operations and administrative functions and include labor costs, such as salaries, bonuses, commissions, benefits, and travel-related expenses, distribution expenses, facilities rental costs, third-party revenue cycle management costs, and corporate support costs including finance, information technology, legal costs and settlements, human resources, procurement, and other administrative costs.

Goodwill Impairment Loss. Goodwill impairment loss consists of non-cash expense resulting from the excess of the carrying values of the reporting units over their estimated fair market values during the reporting period.

Interest Expense, net. Interest expense, net includes the debt service costs associated with our various debt instruments, including our First Lien Facilities and Second Lien Facility, and the amortization of related deferred financing fees, which are amortized over the term of the respective credit agreement. Interest expense, net also includes the portion of the gain or loss on our interest rate swap agreements that is reclassified into earnings.

Income Tax Expense (Benefit). Our provision for income taxes is based on permanent book/tax differences and statutory tax rates in the various jurisdictions in which we operate. Significant estimates and judgments are required in determining the provision for income taxes.

Results of Operations

Consolidated Results of Operations

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

The following table sets forth, for the periods indicated, our consolidated results of operations:

($ in thousands)	For the Nine Months Ended September 30,				Change	
	2023		2022			
	Amount	% Revenues	Amount	% Revenues	Amount	%
Revenues:						
Products	$4,736,993	73.4%	$3,885,331	67.6%	$ 851,662	21.9%
Services	1,714,638	26.6%	1,864,593	32.4%	(149,955)	(8.0)%
Total revenues	6,451,631	100.0%	5,749,924	100.0%	701,707	12.2%
Cost of goods	4,226,075	65.5%	3,416,707	59.4%	809,368	23.7%
Cost of services	1,160,477	18.0%	1,316,618	22.9%	(156,141)	(11.9)%
Gross profit	1,065,079	16.5%	1,016,599	17.7%	48,480	4.8%
Selling, general, and administrative expenses	986,161	15.3%	836,935	14.6%	149,226	17.8%
Goodwill impairment loss	—	0.0%	15,400	0.3%	(15,400)	n.m.
Operating income	78,918	1.2%	164,264	2.9%	(85,346)	(52.0)%
Interest expense, net	241,539	3.7%	157,865	2.7%	83,674	53.0%
(Loss) income before income taxes	(162,621)	(2.5)%	6,399	0.1%	(169,020)	n.m.
Income tax (benefit) expense	(12,987)	(0.2)%	3,935	0.1%	(16,922)	(430.0)%
Net (loss) income	(149,634)	(2.3)%	2,464	0.0%	(152,098)	n.m.
Net (loss) income attributable to non-controlling interest	(1,568)	(0.0)%	213	0.0%	(1,781)	n.m.
Net (loss) income attributable to BrightSpring Health Services, Inc. and subsidiaries	$ (148,066)	(2.3)%	$ 2,251	0.0%	$(150,317)	n.m.

Revenues

Revenue was $6,451.6 million for the nine months ended September 30, 2023, as compared with $5,749.9 million for the nine months ended September 30, 2022, an increase of $701.7 million or 12.2%. The increase primarily resulted from the following segment activity and factors:

- a $851.7 million, or 14.8% growth on the nine months ended September 30, 2022 consolidated revenue, increase in Pharmacy Solutions revenue. See additional discussion in "—Segment Results of Operations" below; and
- a $97.4 million, or 1.7% growth on the nine months ended September 30, 2022 consolidated revenue, increase in Provider Services revenue. See additional discussion in "—Segment Results of Operations" below; offset by
- a decrease of $247.4 million, or 4.3% decline on the nine months ended September 30, 2022 consolidated revenue, as a result of the divestiture of the single business in our Other segment that was effective on November 1, 2022.

Cost of Goods

Cost of goods was $4,226.1 million for the nine months ended September 30, 2023, as compared with $3,416.7 million for the nine months ended September 30, 2022, an increase of $809.4 million or 23.7%. The increase primarily resulted from an increase in Pharmacy Solutions cost of goods. See additional discussion in "—Segment Results of Operations" below.

Cost of Services

Cost of services was $1,160.5 million for the nine months ended September 30, 2023, as compared with $1,316.6 million for the nine months ended September 30, 2022, a decrease of $156.1 million or 11.9%. The decrease resulted from the following segment activity and factors:

- an increase of $59.9 million, or 4.5% growth on the nine months ended September 30, 2022 consolidated cost of services as a result of an increase in Provider Services cost of services. See additional discussion in "—Segment Results of Operations" below; partially offset by
- a decrease of $216.0 million, or 16.4% decline on the nine months ended September 30, 2022 consolidated cost of services, as a result of the divestiture of the single business in our Other segment that was effective on November 1, 2022.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses were $986.2 million for the nine months ended September 30, 2023, as compared with $836.9 million for the nine months ended September 30, 2022, an increase of $149.2 million or 17.8%. The increase resulted from the following segment activity and factors:

- an increase of $43.3 million, or 5.2% growth on the nine months ended September 30, 2022 consolidated selling, general, and administrative expenses, as a result of growth in our Pharmacy Solutions and Provider Services segments. See additional discussion in "—Segment Results of Operations" below;
- an increase of $116.1 million, or 13.9% growth on the nine months ended September 30, 2022 consolidated selling, general, and administrative expenses, due to legal costs and settlements. See Note 9 "Commitments and Contingencies" within the unaudited condensed consolidated financial statements and related notes, included elsewhere in this prospectus;
- an increase of $5.7 million, or 0.7% growth on the nine months ended September 30, 2022 consolidated selling, general, and administrative expenses, as a result of investments in corporate personnel and other corporate operating costs;
- an increase of $4.8 million, or 0.5% growth on the nine months ended September 30, 2022 consolidated selling, general, and administrative expenses, as a result of significant projects expenses including ransomware attack response costs; offset by:
- a decrease of $5.5 million, or 0.7% decline on the nine months ended September 30, 2022 consolidated selling, general, and administrative expenses, as a result of a loss on assets held for sale recognized in the nine months ended 2022 related to the divestiture of Workforce Solutions;
- a decrease of $15.2 million, or 1.8% decline on the nine months ended September 30, 2022 consolidated selling, general, and administrative expenses, as a result of the divestiture of Workforce Solutions that was effective on November 1, 2022 and therefore not included in 2023 results.

Included within selling, general, and administrative expenses for the nine months ended September 30, 2023 were $6.0 million of certain pre-opening startup costs associated with our corporate de novo program as compared with $4.4 million for the nine months ended September 30, 2022. The costs are attributable to certain strategic initiatives, and include costs incurred prior to opening de novo locations in connection with our expansion into specific new geographies, and fluctuate based on the number, timing and geographic footprint of new locations.

Goodwill Impairment Loss

During the nine months ended September 30, 2022, we recognized a non-cash goodwill impairment charge of $15.4 million related to the Workforce Solutions reporting unit. There was no goodwill impairment recognized for the nine months ended September 30, 2023.

Interest Expense, net

Interest expense, net was $241.5 million for the nine months ended September 30, 2023, as compared to $157.9 million for the nine months ended September 30, 2022, an increase of $83.7 million or 53.0%. The increase primarily resulted from the increase in the variable interest rates applicable to our outstanding debt as compared to the prior period offset by $21.9 million of interest income related to cash flow hedges of interest rate risk in the nine months ended September 30, 2023. There was no interest income related to cash flow hedges during the nine months ended September 30, 2022.

Income Tax (Benefit) Expense

Income tax (benefit) was $(13.0) million for the nine months ended September 30, 2023, as compared to an expense of $3.9 million for the nine months ended September 30, 2022, a decrease of $16.9 million. The decrease was primarily the result of the reduction in pre-tax income during the period and discrete tax expense in 2022 related to our goodwill impairment that was not deductible for tax purposes offset by discrete tax expense related to a legal settlement accrual in 2023 which is not expected to be deductible for tax purposes.

Years Ended December 31, 2022, 2021, and 2020

The following table sets forth, for the periods indicated, our consolidated results of operations:

($ in thousands)	For the Years Ended December 31						
				'22 v '21 Change		'21 v '20 Change	
	2022	2021	2020	Amount	%	Amount	%
Revenues:							
Products	$5,264,423	$4,389,404	$3,635,898	$ 875,019	19.9%	$ 753,506	20.7%
Services	2,456,137	2,308,678	1,944,474	147,459	6.4%	364,204	18.7%
Total revenues	7,720,560	6,698,082	5,580,372	1,022,478	15.3%	1,117,710	20.0%
Cost of goods	4,635,404	3,781,897	3,099,365	853,507	22.6%	682,532	22.0%
Cost of services	1,730,912	1,667,974	1,432,269	62,938	3.8%	235,705	16.5%
Gross profit	1,354,244	1,248,211	1,048,738	106,033	8.5%	199,473	19.0%
Selling, general, and administrative expenses	1,125,558	1,014,027	883,547	111,531	11.0%	130,480	14.8%
Goodwill impairment loss	40,856	—	—	40,856	n.m.	—	n.m.
Operating income	187,830	234,184	165,191	(46,354)	(19.8)%	68,993	41.8%
Interest expense, net	233,584	165,322	138,953	68,262	41.3%	26,369	19.0%
(Loss) income before income taxes	(45,754)	68,862	26,238	(114,616)	n.m.	42,624	n.m.
Income tax expense	8,465	17,600	5,087	(9,135)	(51.9)%	12,513	246.0%
Net (loss) income	(54,219)	51,262	21,151	(105,481)	n.m.	30,111	n.m.
Net (loss) income attributable to non-controlling interest	(312)	1,463	341	(1,775)	n.m.	1,122	n.m.
Net (loss) income attributable to BrightSpring Health Services, Inc. and subsidiaries	$ (53,907)	$ 49,799	$ 20,810	$ (103,706)	n.m.	$ 28,989	n.m.

** n.m.: not meaningful*

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

($ in thousands)	For the Years Ended December 31,		
	2022	2021	Change
Revenues:			
Products	$ 5,264,423	$ 4,389,404	$ 875,019
Services	2,456,137	2,308,678	147,459
Total revenues	7,720,560	6,698,082	1,022,478
Cost of goods	4,635,404	3,781,897	853,507
Cost of services	1,730,912	1,667,974	62,938
Gross profit	1,354,244	1,248,211	106,033
Selling, general, and administrative expenses	1,125,558	1,014,027	111,531
Goodwill impairment loss	40,856	—	40,856
Operating income	187,830	234,184	(46,354)
Interest expense, net	233,584	165,322	68,262
(Loss) income before income taxes	(45,754)	68,862	(114,616)
Income tax expense	8,465	17,600	(9,135)
Net (loss) income	$ (54,219)	$ 51,262	$ (105,481)

The following discussion of our results of operations should be read in conjunction with the foregoing tables summarizing our consolidated results of operations.

Revenues

Revenue was $7,720.6 million for the year ended December 31, 2022, as compared with $6,698.1 million for the year ended December 31, 2021, an increase of $1,022.5 million or 15.3%. The increase primarily resulted from the following segment activity and factors:

- a $1,093.8 million, or 16.3% growth on consolidated 2021 revenue, increase as a result of growth in our Pharmacy Solutions and Provider Services segments. See additional discussion in "—Segment Results of Operations" below; offset by
- a decrease of $71.3 million, or 1.1% decline on consolidated 2021 revenue, primarily as a result of the divestiture of the single business in our Other segment that was effective on November 1, 2022.

Cost of Goods

Cost of goods was $4,635.4 million for the year ended December 31, 2022, as compared with $3,781.9 million for the year ended December 31, 2021, an increase of $853.5 million or 22.6%. The increase resulted from an increase in Pharmacy Solutions cost of goods. See additional discussion in "—Segment Results of Operations" below.

Cost of Services

Cost of services was $1,730.9 million for the year ended December 31, 2022, as compared with $1,668.0 million for the year ended December 31, 2021, an increase of $62.9 million or 3.8%. The increase primarily resulted from the following segment activity and factors:

- an increase of $123.6 million, or 7.4% growth on consolidated 2021 cost of services, in Provider Services cost of services. See additional discussion in "—Segment Results of Operations" below; offset by
- a decrease of $60.7 million, or 3.6% decline on consolidated 2021 cost of services, as a result of the divestiture of the single business in our Other segment that was effective on November 1, 2022.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses were $1,125.6 million for the year ended December 31, 2022, as compared with $1,014.0 million for the year ended December 31, 2021, an increase of $111.5 million or 11.0%. The increase primarily resulted from the following segment activity and factors:

- an increase of $82.7 million, or 8.2% growth on consolidated 2021 selling, general, and administrative expenses, as a result of growth in our Pharmacy Solutions and Provider Services segments. See additional discussion in "—Segment Results of Operations" below;
- a decrease of $2.2 million, or 0.2% decline on consolidated 2021 selling, general, and administrative expenses, as a result of the divestiture of the single business in our Other segment that was effective on November 1, 2022; and
- an increase of $31.0 million, or 3.1% growth on consolidated 2021 selling, general, and administrative expenses, as a result of acquisition, integration and transaction-related expenses increase of $10.5 million, and an increase in our restructuring and divestiture-related expenses of $22.8 million, partially offset by a decrease in other operational expenses year over year.

Included within selling, general, and administrative expenses for the year ended December 31, 2022 were $7.3 million of certain pre-opening startup costs associated with our corporate de novo program as compared with $3.7 million for the year ended December 31, 2021. The costs are attributable to certain strategic initiatives, and include costs incurred prior to opening de novo locations in connection with our expansion into specific new geographies, and fluctuate based on the number, timing and geographic footprint of new locations.

Goodwill Impairment Loss

During the year ended December 31, 2022, we recognized non-cash goodwill impairment charges of $25.5 million related to the Hospice Pharmacy reporting unit and $15.4 million related to the Workforce Solutions reporting unit. There was no goodwill impairment recognized for the year ended December 31, 2021.

Interest Expense, net

Interest expense, net was $233.6 million for the year ended December 31, 2022, as compared with $165.3 million for the year ended December 31, 2021, an increase of $68.3 million or 41.3%. The increase primarily resulted from the increase in LIBOR as compared to the prior period offset by $0.7 million of interest income related to cash flow hedges of interest rate risk in the year ended December 31, 2022 compared to no cash flow hedges during the year ended December 31, 2021.

Income Tax Expense

Income tax expense was $8.5 million for the year ended December 31, 2022, as compared to an expense of $17.6 million for the year ended December 31, 2021, a decrease of $9.1 million which corresponds with a decrease in the effective tax rate from 25.6% for the year ended December 31, 2021 to (18.5)% for the year ended December 31, 2022. The decrease was primarily the result of the reduction in pre-tax income as described by the drivers listed above, the impact of which was offset by $18.2 million of discrete tax expense related to our goodwill write-off that was not deductible for tax.

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

($ in thousands)	For the Years Ended December 31,		
	2021	2020	Change
Revenues:			
Products	$ 4,389,404	$ 3,635,898	$ 753,506
Services	2,308,678	1,944,474	364,204
Total revenues	6,698,082	5,580,372	1,117,710
Cost of goods	3,781,897	3,099,365	682,532
Cost of services	1,667,974	1,432,269	235,705
Gross profit	1,248,211	1,048,738	199,473
Selling, general, and administrative expenses	1,014,027	883,547	130,480
Operating income	234,184	165,191	68,993
Interest expense, net	165,322	138,953	26,369
Income before income taxes	68,862	26,238	42,624
Income tax expense	17,600	5,087	12,513
Net income	$ 51,262	$ 21,151	$ 30,111

The following discussion of our results of operations should be read in conjunction with the foregoing tables summarizing our consolidated results of operations.

Revenues

Revenue was $6,698.1 million for the year ended December 31, 2021, as compared with $5,580.4 million for the year ended December 31, 2020, an increase of $1,117.7 million or 20.0%. The increase primarily resulted from growth in our Pharmacy Solutions and Provider Services segments. See additional discussion in "—Segment Results of Operations" below.

Cost of Goods

Cost of goods was $3,781.9 million for the year ended December 31, 2021, as compared with $3,099.4 million for the year ended December 31, 2020, an increase of $682.5 million or 22.0%. The increase resulted from an increase in Pharmacy Solutions cost of goods. See additional discussion in "—Segment Results of Operations" below.

Cost of Services

Cost of services was $1,668.0 million for the year ended December 31, 2021, as compared with $1,432.3 million for the year ended December 31, 2020, an increase of $235.7 million or 16.5%. The increase primarily resulted from an increase in Provider Services cost of services. See additional discussion in "—Segment Results of Operations" below.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses were $1,014.0 million for the year ended December 31, 2021, as compared with $883.5 million for the year ended December 31, 2020, an increase of $130.5 million or 14.8%. The increase primarily resulted from the following segment activity and factors:

- an increase of $137.1 million, or 15.5% growth on consolidated 2020 selling, general, and administrative expenses, as a result of growth in our Pharmacy Solutions and Provider Services segments. See additional discussion in "—Segment Results of Operations" below; partially offset by

- a decrease of $6.6 million, or 0.7% decline on consolidated 2020 selling, general, and administrative expenses, as a result of a decrease in other operational expenses year over year.

Included within selling, general, and administrative expenses for the year ended December 31, 2021 were $3.7 million of certain pre-opening startup costs associated with our corporate de novo program as compared with $4.3 million for the year ended December 31, 2020. The costs are attributable to certain strategic initiatives, and include costs incurred prior to opening de novo locations in connection with our expansion into specific new geographies, and fluctuate based on the number, timing and geographic footprint of new locations.

Interest Expense, net

Interest expense, net was $165.3 million for the year ended December 31, 2021, as compared with $139.0 million for the year ended December 31, 2020, an increase of $26.4 million or 19.0%. The increase resulted from the incremental First Lien borrowings to fund acquisitions offset by the repricing of variable rates associated with Tranche B-2 of our First Lien borrowings compared to the prior period. See "—Liquidity and Capital Resources—Debt."

Income Tax Expense

Income tax expense was $17.6 million for the year ended December 31, 2021, as compared with $5.1 million for the year ended December 31, 2020, an increase of $12.5 million, which corresponds with an increase in the effective tax rate from 19.4% for the year ended December 31, 2020 to 25.6% for the year ended December 31, 2021. The increased expense was primarily the result of the increase in operating income during the year.

Segment Results of Operations

Pharmacy Solutions Segment

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

The following table sets forth, for the periods indicated, our segment results of operations.

($ in thousands, except Business Metrics)	Pharmacy Solutions			
	For the Nine Months Ended September 30,		Change	
	2023	2022	Amount	%
Revenues	$ 4,736,993	$ 3,885,331	$ 851,662	21.9%
Cost of goods	4,226,075	3,416,707	809,368	23.7%
Gross profit	510,918	468,624	42,294	9.0%
Selling, general, and administrative expenses	319,386	304,615	14,771	4.8%
Segment operating income	$ 191,532	$ 164,009	$ 27,523	16.8%
Segment EBITDA	$ 278,211	$ 247,941	$ 30,270	12.2%
Business Metrics:				
Prescriptions dispensed	27,799,901	25,290,277	2,509,624	9.9%
Revenue per script	$ 170.40	$ 153.63	$ 16.77	10.9%
Gross profit per script	$ 18.38	$ 18.53	$ (0.15)	(0.8)%

Revenues

Revenue was $4,737.0 million for the nine months ended September 30, 2023, as compared with $3,885.3 million for the nine months ended September 30, 2022, an increase of $851.7 million or 21.9%. The increase primarily resulted from volume growth and mix shift across and within the Pharmacy Solutions segment. Revenue attributable to Infusion and Specialty Pharmacy was $3,331.2 million for the nine months ended September 30, 2023, as compared with $2,591.1 million for the nine months ended September 30, 2022, an increase of $740.1 million or 28.6%. Revenue attributable to Home and Community Pharmacy was $1,405.8 million for the nine months ended September 30, 2023, as compared with $1,294.2 million for the nine months ended September 30, 2022, an increase of $111.6 million or 8.6%.

The increase in revenue per prescription dispensed is due to mix changes year-over-year and a greater relative increase in volume growth in certain specialty brand drugs, which carry a higher revenue per prescription dispensed.

Cost of Goods

Cost of goods was $4,226.1 million for the nine months ended September 30, 2023, as compared with $3,416.7 million for the nine months ended September 30, 2022, an increase of $809.4 million or 23.7%. The increase primarily resulted from the aforementioned revenue growth in the period. Gross profit was $510.9 million for the nine months ended September 30, 2023, as compared with $468.6 million for the nine months ended September 30, 2022, an increase of $42.3 million or 9.0%. The increase primarily resulted from the aforementioned revenue growth in the period. Gross profit margin for the nine months ended September 30, 2023 was 10.8% compared to 12.1% for the nine months ended September 30, 2022. The decrease in gross profit margin is due to mix shift in the Pharmacy Solutions segment and greater relative volume growth in Infusion and Specialty Pharmacy, along with product-level mix shifts, rate changes, and an increase in the fulfillment cost per script in Home and Community Pharmacy.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses were $319.4 million for the nine months ended September 30, 2023, as compared with $304.6 million for the nine months ended September 30, 2022, an increase of $14.8 million or 4.8%. The increase primarily resulted from the aforementioned revenue growth in the period with selling, general, and administrative expenses growing less than the volume growth rate and demonstrating economies of scale.

Segment EBITDA

Segment EBITDA was $278.2 million for the nine months ended September 30, 2023, as compared with $247.9 million for the nine months ended September 30, 2022, an increase of $30.3 million or 12.2%. The increase primarily resulted from the aforementioned revenue and gross profit growth in the period partially offset by increased selling general and administrative expenses.

Years Ended December 31, 2022, 2021 and 2020

The following table sets forth, for the periods indicated, our segment results of operations.

($ in thousands, except Business Metrics)	Pharmacy Solutions						
	For the Years Ended December 31,			'22 v '21 Change		'21 v '20 Change	
	2022	2021	2020	Amount	%	Amount	%
Revenues	$ 5,264,423	$ 4,389,404	$ 3,635,898	$ 875,019	19.9%	$ 753,506	20.7%
Cost of goods	4,635,404	3,781,897	3,099,365	853,507	22.6%	682,532	22.0%
Gross profit	629,019	607,507	536,533	21,512	3.5%	70,974	13.2%
Selling, general, and administrative expenses	398,080	396,951	357,844	1,129	0.3%	39,107	10.9%
Goodwill impairment loss	25,455	—	—	25,455	n.m.	—	n.m.
Segment operating income	$ 205,484	$ 210,556	$ 178,689	$ (5,072)	(2.4)%	$ 31,867	17.8%
Segment EBITDA	$ 344,472	$ 320,744	$ 275,492	$ 23,728	7.4%	$ 45,252	16.4%
Business Metrics:							
Prescriptions dispensed	34,147,632	32,276,058	29,733,155	1,871,574	5.8%	2,542,903	8.6%
Revenue per script	$ 154.17	$ 136.00	$ 122.28	$ 18.17	13.4%	$ 13.71	11.2%
Gross profit per script	$ 18.42	$ 18.82	$ 18.04	$ (0.40)	(2.1)%	$ 0.78	4.3%

** n.m.: not meaningful*

2022 Compared to 2021

Revenues

Revenue was $5,264.4 million for the year ended December 31, 2022, as compared with $4,389.4 million for the year ended December 31, 2021, an increase of $875.0 million or 19.9%. The increase primarily resulted from volume growth and mix shift across and within the Pharmacy Solutions segment. Revenue attributable to Infusion and Specialty Pharmacy was $3,531.5 million for the year ended December 31, 2022, as compared with $2,716.1 million for the year ended December 31, 2021, an increase of $815.4 million or 30.0%. Revenue attributable to Home and Community Pharmacy was $1,732.9 million for the year ended December 31, 2022, as compared with $1,673.3 million for the year ended December 31, 2021, an increase of $59.6 million or 3.6%.

The increase in revenue per prescription dispensed is due to mix changes year-over-year and a greater relative increase in volume growth in certain specialty brand drugs, which carry a higher revenue per prescription dispensed.

Cost of Goods

Cost of goods was $4,635.4 million for the year ended December 31, 2022, as compared with $3,781.9 million for the year ended December 31, 2021, an increase of $853.5 million or 22.6%. The increase primarily resulted from the aforementioned revenue growth in the period. Gross profit was $629.0 million for the year ended December 31, 2022, as compared with $607.5 million for the year ended December 31, 2021, an increase of $21.5 million or 3.5%. The increase primarily resulted from the aforementioned revenue growth in the period.

Gross profit margin for the year ended December 31, 2022 was 11.9% compared to 13.8% for the year ended December 31, 2021. The decrease in gross profit margin is due to mix shift in the Pharmacy Solutions segment and greater relative volume growth in Infusion and Specialty Pharmacy, along with product-level mix shifts, rate changes, and an increase in the fulfillment cost per script in Home and Community Pharmacy.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses were $398.1 million for the year ended December 31, 2022, as compared with $397.0 million for the year ended December 31, 2021, an increase of $1.1 million or 0.3%. The increase primarily resulted from the aforementioned revenue growth in the period with selling, general, and administrative expenses growing less than the volume growth rate and demonstrating economies of scale.

Segment EBITDA

Segment EBITDA was $344.5 million for the year ended December 31, 2022, as compared with $320.7 million for the year ended December 31, 2021, an increase of $23.7 million or 7.4%. The increase primarily resulted from the aforementioned revenue and gross profit growth in the period.

2021 Compared to 2020

Revenues

Revenue was $4,389.4 million for the year ended December 31, 2021, as compared with $3,635.9 million for the year ended December 31, 2020, an increase of $753.5 million or 20.7%. This increase primarily resulted from the following segment activity and factors:

- a $665.1 million, or 18.3%, increase primarily from volume growth across the Pharmacy Solutions segment; and
- an $88.4 million, or 2.4%, increase associated with the acquisitions of OPPC and OptionOne Pharmacy.

Revenue attributable to Infusion and Specialty Pharmacy was $2,716.1 million for the year ended December 31, 2021, as compared with $2,025.4 million for the year ended December 31, 2020, an increase of $690.7 million or 34.1%. Revenue attributable to Home and Community Pharmacy was $1,673.3 million for the year ended December 31, 2021, as compared with $1,610.5 million for the year ended December 31, 2020, an increase of $62.8 million or 3.9%.

The increase in revenue per prescription dispensed is due to mix changes year-over-year and a greater relative increase in volume growth in certain specialty brand drugs, which carry a higher revenue per prescription dispensed.

Cost of Goods

Cost of goods was $3,781.9 million for the year ended December 31, 2021, as compared with $3,099.4 million for the year ended December 31, 2020, an increase of $682.5 million or 22.0%. The increase primarily resulted from the aforementioned revenue growth in the period. Gross profit was $607.5 million for the year ended December 31, 2021, as compared with $536.5 million for the year ended December 31, 2021, an increase of $71.0 million or 13.2%. The increase primarily resulted from the aforementioned revenue growth in the period.

Gross profit margin for the year ended December 31, 2021 was 13.8% compared to 14.8% for the year ended December 31, 2020. The decrease in gross profit margin is due to mix shift in the Pharmacy Solutions Segment and greater relative volume growth in Infusion and Specialty Pharmacy, along with rate changes and an increase in the fulfillment cost per script in Home and Community Pharmacy. Gross profit per script increased by 4.3% in the year ended December 31, 2021, as compared to the year ended December 31, 2020.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses were $397.0 million for the year ended December 31, 2021, as compared with $357.8 million for the year ended December 31, 2020, an increase of $39.1 million or 10.9%. The increase primarily resulted from the aforementioned revenue growth in the period.

Segment EBITDA

Segment EBITDA was $320.7 million for the year ended December 31, 2021, as compared with $275.5 million for the year ended December 31, 2020, an increase of $45.3 million or 16.4%. The increase primarily resulted from the following segment activity and factors:

- a $35.8 million, or 13.0%, increase primarily from volume growth across the Pharmacy Solutions segment; and
- a $9.5 million, or 3.4%, increase associated with the acquisitions OPPC and OptionOne Pharmacy.

Provider Services Segment

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

The following table sets forth, for the periods indicated, our segment results of operations.

($ in thousands, except Business Metrics)	Provider Services For the Nine Months Ended September 30, 2023	2022	Change Amount	%
Revenues	$ 1,714,638	$ 1,617,199	$97,439	6.0%
Cost of services	1,160,477	1,100,566	59,911	5.4%
Gross profit	554,161	516,633	37,528	7.3%
Selling, general, and administrative expenses	387,862	359,379	28,483	7.9%
Segment operating income	$ 166,299	$ 157,254	$ 9,045	5.8%
Segment EBITDA	$ 221,154	$ 212,363	$ 8,791	4.1%
Business Metrics:				
Home Health Care average daily census	39,350	36,467	2,883	7.9%
Community and Rehab Care persons served	16,695	16,435	260	1.6%

Revenues

Revenue was $1,714.6 million for the nine months ended September 30, 2023, as compared with $1,617.2 million for the nine months ended September 30, 2022, an increase of $97.4 million or 6.0%. Revenue attributable to Home Health Care was $681.8 million for the nine months ended September 30, 2023, as compared with $655.0 million for the nine months ended September 30, 2022, an increase of $26.8 million or 4.1%. Revenue attributable to Community and Rehab Care was $1,032.8 million for the nine months ended September 30, 2023, as compared with $962.2 million for the nine months ended September 30, 2022, an increase of $70.6 million or 7.3%. These increases primarily resulted from volume growth and rate increases.

Cost of Services

Cost of services was $1,160.5 million for the nine months ended September 30, 2023, as compared with $1,100.6 million for the nine months ended September 30, 2022, an increase of $59.9 million or 5.4%. The increase primarily resulted from the aforementioned revenue growth and investments in wages in the period.

Gross profit was $554.2 million for the nine months ended September 30, 2023, as compared with $516.6 million for the nine months ended September 30, 2022, an increase of $37.5 million or 7.3%. The increase primarily resulted from the aforementioned revenue growth in the period and labor cost growth that was slightly higher than rate growth.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses were $387.9 million for the nine months ended September 30, 2023, as compared with $359.4 million for the nine months ended September 30, 2022, an increase of $28.5 million or 7.9%. The increase primarily resulted from the aforementioned revenue growth and investments in wages and clinical, quality, and compliance positions in the period.

Segment EBITDA

Segment EBITDA was $221.2 million for the nine months ended September 30, 2023, as compared with $212.4 million for the nine months ended September 30, 2022, an increase of $8.8 million or 4.1%. The increase primarily resulted from the aforementioned revenue growth in the period partially offset by investments in wages and clinical, quality, and compliance positions in the period.

Years Ended December 31, 2022, 2021 and 2020

The following table sets forth, for the periods indicated, our segment results of operations.

($ in thousands, except Business Metrics)	Provider Services						
	For the Years Ended December 31,			'22 v '21 Change		'21 v '20 Change	
	2022	2021	2020	Amount	%	Amount	%
Revenues	$2,181,487	$1,962,690	$1,683,840	$218,797	11.1%	$278,850	16.6%
Cost of services	1,491,953	1,368,379	1,207,135	123,574	9.0%	161,244	13.4%
Gross profit	689,534	594,311	476,705	95,223	16.0%	117,606	24.7%
Selling, general, and administrative expenses	475,159	393,576	295,551	81,583	20.7%	98,025	33.2%
Segment operating income	$ 214,375	$ 200,735	$ 181,154	$ 13,640	6.8%	$ 19,581	10.8%
Segment EBITDA	$ 288,825	$ 262,464	$ 229,561	$ 26,360	10.0%	$ 32,903	14.3%
Business Metrics:							
Home Health Care average daily census	37,093	32,222	27,533	4,871	15.1%	4,689	17.0%
Community and Rehab Care persons served	16,463	16,156	15,090	307	1.9%	1,066	7.1%

2022 Compared to 2021

Revenues

Revenue was $2,181.5 million for the year ended December 31, 2022, as compared with $1,962.7 million for the year ended December 31, 2021, an increase of $218.8 million or 11.1%. The increase primarily resulted from the following segment activity and factors:

- a $121.4 million, or 6.1%, increase primarily from volume growth and rate increases; and
- a $97.4 million, or 5.0%, increase from the acquisitions of Abode and Hospice Home Care.

Revenue attributable to Home Health Care was $878.4 million for the year ended December 31, 2022, as compared with $737.7 million for the year ended December 31, 2021, an increase of $140.7 million or 19.1%. Revenue attributable to Community and Rehab Care was $1,303.1 million for the year ended December 31, 2022, as compared with $1,225.0 million for the year ended December 31, 2021, an increase of $78.1 million or 6.4%.

Cost of Services

Cost of services was $1,492.0 million for the year ended December 31, 2022, as compared with $1,368.4 million for the year ended December 31, 2021, an increase of $123.6 million or 9.0%. The increase primarily resulted from the aforementioned revenue growth and investments in wages in the period. Gross profit was $689.5 million for the year ended December 31, 2022, as compared with $594.3 million for the year ended December 31, 2021, an increase of $95.2 million or 16.0%. The increase primarily resulted from the aforementioned revenue growth in the period.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses were $475.2 million for the year ended December 31, 2022, as compared with $393.6 million for the year ended December 31, 2021, an increase of $81.6 million or 20.7%. The increase primarily resulted from the aforementioned revenue growth and investments in wages in the period.

Segment EBITDA

Segment EBITDA was $288.8 million for the year ended December 31, 2022, as compared with $262.5 million for the year ended December 31, 2021, an increase of $26.4 million or 10.0%. The increase primarily resulted from the following segment activity and factors:

- a $5.7 million, or 2.2%, increase primarily from revenue growth in the Segment, partially offset by investments in wages; and
- a $20.7 million, or 7.9%, increase associated with the acquisitions of Abode and Hospice Home Care;

2021 Compared to 2020

Revenues

Revenue was $1,962.7 million for the year ended December 31, 2021, as compared with $1,683.8 million for the year ended December 31, 2020, an increase of $278.9 million or 16.6%. This increase primarily resulted from the following segment activity and factors:

- an $80.8 million, or 4.8%, increase primarily from revenue growth in the Segment; and
- a $198.1 million, or 11.8%, increase as a result of the acquisitions of Abode, Sacred Journey Hospice, and AbilisHealth.

Revenue attributable to Home Health Care was $737.7 million for the year ended December 31, 2021, as compared with $515.6 million for the year ended December 31, 2020, an increase of $222.1 million or 43.1%. Revenue attributable to Community and Rehab Care was $1,225.0 million for the year ended December 31, 2021, as compared with $1,168.2 million for the year ended December 31, 2020, an increase of $56.8 million or 4.9%.

Cost of Services

Cost of services was $1,368.4 million for the year ended December 31, 2021, as compared with $1,207.1 million for the year ended December 31, 2020, an increase of $161.2 million or 13.4%. The increase primarily resulted from the aforementioned revenue growth in the period. Gross profit was $594.3 million for the year ended December 31, 2021, as compared with $476.7 million for the year ended December 31, 2020, an increase of $117.6 million or 24.7%. The increase primarily resulted from the aforementioned revenue growth in the period.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses were $393.6 million for the year ended December 31, 2021, as compared with $295.6 million for the year ended December 31, 2020, an increase of $98.0 million or 33.2%. The increase primarily resulted from the aforementioned revenue growth and acquisitions in the period.

Segment EBITDA

Segment EBITDA was $262.5 million for the year ended December 31, 2021, as compared with $229.6 million for the year ended December 31, 2020, an increase of $32.9 million or 14.3%. The increase primarily resulted from the aforementioned revenue growth and acquisitions in the period.

Non-GAAP Financial Measures

In addition to our results of operations prepared in accordance with GAAP, which we have discussed above, we also evaluate our financial performance using EBITDA and Adjusted EBITDA.

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are non-GAAP financial measures and are not intended to replace financial performance measures determined in accordance with GAAP, such as net (loss) income. Rather, we present EBITDA and Adjusted EBITDA as supplemental measures of our performance. We define EBITDA as net (loss) income before income tax expense (benefit), interest expense, net, and depreciation and amortization. We define Adjusted EBITDA as EBITDA, further adjusted for the impact of certain other items that are either non-recurring, infrequent, non-cash, unusual, or items deemed by management to not be indicative of the performance of our core operations, including non-cash, share-based compensation; acquisition, integration, and transaction-related costs; restructuring and divestiture-related and other costs; goodwill impairment; legal costs associated with certain historical matters for PharMerica and settlement costs associated with the Silver matter; significant projects; management fees; and unreimbursed COVID-19 related costs. As non-GAAP financial measures, our computations of Adjusted EBITDA may vary from similarly termed non-GAAP financial measures used by other companies, making comparisons with other companies on the basis of this measure impracticable.

Management believes our computations of Adjusted EBITDA are helpful in highlighting trends in our core operating performance. In determining which adjustments are made to arrive at Adjusted EBITDA, management considers both (1) certain non-recurring, infrequent, non-cash, or unusual items, which can vary significantly from year to year, as well as (2) certain other items that may be recurring, frequent, or settled in cash but which management does not believe are indicative of our core operating performance. We use EBITDA and Adjusted EBITDA to assess operating performance and make business decisions.

We have incurred substantial acquisition, integration, and transaction-related costs in the years 2022, 2021, and 2020 and the nine months ended September 30, 2023 and 2022. The underlying acquisition activities take place over a defined timeframe, have distinct project timelines, and are incremental to activities and costs that arise in the ordinary course of our business. Therefore, we believe it is important to exclude these costs from our Adjusted EBITDA because it provides management a normalized view of our core, ongoing operations after integrating our acquired companies, which is an important measure in assessing our performance.

The legal costs and settlements adjustment represents defense costs associated with certain PharMerica litigation matters associated with three cases, two of which remain outstanding as of September 30, 2023, that commenced prior to KKR Stockholder's and Walgreen Stockholder's acquisition of PharMerica in December 2017, as well as settlement costs associated with the Silver matter, which settled in November 2023. We believe it is important to exclude legal costs associated with these PharMerica litigation matters from our Adjusted EBITDA due to the magnitude of these cases and the costs attributable to them, the timing of the commencement of the cases and the fact that no similar cases have been brought against the Company since the acquisition of PharMerica, and the fact that these cases are unlike our routine legal and regulatory proceedings that we see in the normal course of business. Further, we believe it is important to exclude settlement costs associated with the Silver matter from our Adjusted EBITDA due to the magnitude of the case and the costs attributable to it, as well as the fact that the Silver matter is unlike our routine legal and regulatory proceedings that we see in the normal course of business.

The significant projects adjustment represents costs associated with certain transformational projects, which are not considered to be a part of our normal and recurring business operations and are not expected to recur in

our future business plans. Moreover, the costs associated with significant projects, which are incurred on an infrequent and limited basis, are not reflective of our operating performance. Due to the aforementioned reasons, we believe it is important to exclude the costs related to significant projects from our Adjusted EBITDA, as such adjustment provides a more meaningful understanding to investors and others of our ongoing results.

The management fees adjustment represents fees paid historically under the Monitoring Agreement related to either (i) activities that are expected to be performed by our existing personnel upon the termination of the Monitoring Agreement, and thus not expected to result in incremental costs subsequent to the Concurrent Offering, or (ii) acquisitions, divestitures, and external financing activities, which costs would otherwise be excluded from our Adjusted EBITDA. Therefore, we believe it is important to exclude management fees from our Adjusted EBITDA, as such fees will no longer be applicable and representative of our ordinary operating performance from and after completion of the Concurrent Offering.

Given our determination of adjustments in arriving at our computations of EBITDA and Adjusted EBITDA, these non-GAAP measures have limitations as analytical tools and should not be considered in isolation or as substitutes or alternatives to net income or loss, operating income or loss, cash flows from operating activities, total indebtedness or any other financial measures calculated in accordance with GAAP.

The following table reconciles net (loss) income to EBITDA and Adjusted EBITDA:

($ in thousands)	Year Ended			Nine Months Ended	
	December 31, 2022	December 31, 2021	December 31, 2020	September 30, 2023	September 30, 2022
Net (loss) income	$ (54,219)	$ 51,262	$ 21,151	$ (149,634)	$ 2,464
Income tax expense (benefit)	8,465	17,600	5,087	(12,987)	3,935
Interest expense, net	233,584	165,322	138,953	241,539	157,865
Depreciation and amortization	203,970	199,155	181,502	151,324	150,659
EBITDA	$ 391,800	$ 433,339	$ 346,693	$ 230,242	$ 314,923
Non-cash share-based compensation	3,547	4,517	6,267	2,100	2,250
Acquisition, integration, and transaction-related costs (1)	38,023	27,538	12,107	13,754	16,774
Restructuring and divestiture-related and other costs (2)	29,320	6,532	16,618	16,172	22,486
Goodwill impairment (3)	40,856	—	—	—	15,400
Legal costs and settlements (4)	9,157	11,387	12,278	121,706	5,637
Significant projects (5)	3,570	4,082	3,480	6,899	2,093
Management fees (6)	4,922	4,112	4,220	4,248	3,489
Unreimbursed COVID-19 related costs (7)	1,348	1,607	6,096	88	397
Total adjustments	$ 130,743	$ 59,775	$ 61,066	$ 164,967	$ 68,526
Adjusted EBITDA	$ 522,543	$ 493,114	$ 407,759	$ 395,209	$ 383,449

(1) Represents transaction costs incurred in connection with planned, completed, or terminated acquisitions, which include investment banking fees, legal diligence and related documentation costs, finance and accounting diligence and documentation, and integration costs incurred including any facility consolidation, integration travel, or severance associated with the integration of an acquisition. These costs were $22.6 million, $27.5 million, and $12.1 million for the years ended December 31, 2022, 2021, and 2020, respectively; and $9.2 million and $13.7 million for the nine months ended September 30, 2023 and 2022, respectively. The year ended December 31, 2022 included $5.3 million of charges previously capitalized associated with the Company's anticipated initial public offering. The year ended December 31, 2022 included $5.5 million of costs associated with a terminated transaction; and $2.5 million and $0.9 million for the nine months ended September 30, 2023 and 2022, respectively. The year ended December 31, 2022 included $4.6 million of system implementation costs associated with the integration of acquisitions; and $2.1 million and $2.2 million for the nine months ended September 30, 2023 and 2022, respectively.

(2) Represents costs associated with restructuring-related activities, including closure, and related license impairment, and severance expenses associated with certain enterprise-wide or significant business line cost-savings measures. The year ended December 31, 2022 included $10.8 million of intangible asset and other investment impairment. The year ended December 31, 2022 and the nine months ended September 30, 2022 included a $5.5 million loss on the divestiture of Workforce Solutions.

(3) Represents a goodwill impairment non-cash charge associated with our Hospice Pharmacy and Workforce Solutions reporting units. See Note 1 "*Significant Accounting Policies*" and Note 4 "*Goodwill and Other Intangible Assets*" to our audited consolidated financial statements included elsewhere in this prospectus for further discussion.

(4) Represents defense costs associated with certain PharMerica litigation matters associated with three historical cases. The nine months ended September 30, 2023 also included a $115.0 million legal settlement accrual. See Note 9 "Commitments and Contingencies" within the unaudited condensed consolidated financial statements and related notes, included elsewhere in this prospectus.

(5) Represents costs associated with certain transformational projects and for the periods presented primarily included the implementation of, and transition to, new general ledger and business intelligence systems, pharmacy billing system implementation, and response costs associated with the ransomware attack in the first half of 2023 described elsewhere in this prospectus. General ledger system migration and related business intelligence system implementation costs, which were capitalized as development costs and are subsequently amortized in accordance with ASC 350-40, Internal Use Software, were $2.5 million, $3.8 million, and $3.2 million for the years ended December 31, 2022, 2021, and 2020, respectively; and $1.5 million and $2.0 million for the nine months ended September 30, 2023 and 2022, respectively. Pharmacy billing system implementation costs were $0.8 million for the year ended December 31, 2022; and $1.8 million for the nine months ended September 30, 2023. Ransomware attack response costs were $3.1 million for the nine months ended September 30, 2023.

(6) Represents annual management fees payable to the Managers under the Monitoring Agreement. This Monitoring Agreement will be terminated upon completion of an initial public offering, including the Concurrent Offering. See "Certain Relationships and Related Party Transactions—Monitoring Agreement."

(7) Represents unreimbursed COVID-19 related costs incurred by the Company such as incremental PPE in care of our patients as well as certain hazard pay to our caregivers.

Quarterly Results of Operations

The following table sets forth our historical quarterly results of operations as well as certain key metrics for each of our most recent nine quarters. This information should be read in conjunction with the audited consolidated financial statements and related notes thereto and unaudited condensed consolidated financial statements and related notes thereto, each included elsewhere in this prospectus.

	For the Quarters Ended								
($ in thousands)	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**	**September 30, 2021**
Revenues:									
Products	$ 1,673,152	$1,596,839	$1,467,002	$ 1,379,092	$ 1,340,127	$1,318,591	$1,226,613	$ 1,183,939	$ 1,122,701
Services	583,377	569,885	561,376	591,544	641,288	617,723	605,582	617,561	613,455
Total revenues	2,256,529	2,166,724	2,028,378	1,970,636	1,981,415	1,936,314	1,832,195	1,801,500	1,736,156
Cost of goods	1,509,845	1,409,249	1,306,981	1,218,697	1,192,120	1,152,701	1,071,886	1,027,174	976,133
Cost of services	388,388	385,405	386,684	414,294	453,549	434,045	429,024	438,710	438,370
Gross profit	358,296	372,070	334,713	337,645	335,746	349,568	331,285	335,616	321,653
Selling, general, and administrative expenses	410,549	292,454	283,158	288,623	284,198	281,162	271,575	272,627	253,719
Goodwill impairment loss	—	—	—	25,456	15,400	—	—	—	—
Operating income	(52,253)	79,616	51,555	23,566	36,148	68,406	59,710	62,989	67,934
Interest expense, net	83,678	79,684	78,177	75,719	63,368	49,485	45,012	43,529	43,137
(Loss) income before income taxes	(135,931)	(68)	(26,622)	(52,153)	(27,220)	18,921	14,698	19,460	24,797
Income tax (benefit) expense	(5,807)	(2,834)	(4,346)	4,530	(4,241)	4,575	3,601	4,022	7,464
Net (loss) income	$ (130,124)	$ 2,766	$ (22,276)	$ (56,683)	$ (22,979)	$ 14,346	$ 11,097	$ 15,438	$ 17,333
EBITDA	$ (1,479)	$ 129,821	$ 101,900	$ 76,877	$ 87,186	$ 118,000	$ 109,737	$ 114,895	$ 117,390
Adjusted EBITDA	$ 130,504	$ 149,427	$ 115,278	$ 139,094	$ 120,928	$ 139,659	$ 122,862	$ 128,041	$ 128,768

Quarterly GAAP to Non-GAAP Reconciliation

	For the Quarters Ended								
($ in thousands)	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Net (loss) income	$ (130,124)	$ 2,766	$ (22,276)	$ (56,683)	$ (22,979)	$ 14,346	$ 11,097	$ 15,438	$ 17,333
Income tax (benefit) expense	(5,807)	(2,834)	(4,346)	4,530	(4,241)	4,575	3,601	4,022	7,464
Interest expense, net	83,678	79,684	78,177	75,719	63,368	49,485	45,012	43,529	43,137
Depreciation and amortization	50,774	50,205	50,345	53,311	51,038	49,594	50,027	51,906	49,456
EBITDA	$ (1,479)	$129,821	$101,900	$ 76,877	$ 87,186	$118,000	$109,737	$ 114,895	$ 117,390
Non-cash share-based compensation	825	825	450	1,297	750	750	750	1,192	1,325
Acquisition, integration, and transaction-related costs	6,319	5,789	1,646	21,249	4,238	9,622	2,914	10,510	4,490
Restructuring and divestiture-related and other costs	4,527	7,419	4,225	6,834	10,044	7,086	5,356	(3,808)	1,202
Goodwill impairment	—	—	—	25,456	15,400	—	—	—	—
Legal costs and settlements	117,042	2,626	2,038	3,520	1,190	2,257	2,190	3,204	2,225
Significant projects	1,935	1,248	3,716	1,477	520	779	794	742	808
Management fees	1,383	1,432	1,433	1,433	1,436	1,002	1,051	1,026	1,027
Unreimbursed COVID-19 related costs	(48)	266	(130)	951	164	163	70	280	301
Total adjustments	$ 131,983	$ 19,606	$ 13,378	$ 62,217	$ 33,742	$ 21,659	$ 13,125	$ 13,146	$ 11,378
Adjusted EBITDA	$ 130,504	$149,427	$115,278	$ 139,094	$ 120,928	$139,659	$122,862	$ 128,041	$ 128,768

Liquidity and Capital Resources

Our principal sources of cash have historically been from operating activities. Our principal source of liquidity in excess of cash from operating activities has historically been from proceeds from our debt facilities and issuances of common stock. Our principal uses of cash and liquidity have historically been for acquisitions, debt service requirements, and financing of working capital. As permitted by the CARES Act, we deferred payment of approximately $66.7 million of payroll taxes as of December 31, 2020, which increased our net cash provided by operating activities and available cash on hand. These deferred payroll taxes required payments to the Internal Revenue Service of approximately $33.7 million and $32.5 million as of December 31, 2022 and 2021, respectively. We believe that our operating cash flows, available cash on hand, and availability under our Revolving Credit Facility and the LC Facility will be sufficient to meet our cash requirements for the next twelve months and beyond. Our future capital requirements will depend on many factors that are difficult to predict, including the size, timing, and structure of any future acquisitions, future capital investments, and future results of operations. We cannot assure you that cash provided by operating activities or cash and cash equivalents will be sufficient to meet our future needs. If we are unable to generate sufficient cash flows from operations in the future, we may have to obtain additional financing. If we obtain additional capital by issuing equity, the interests of our existing stockholders will be diluted. If we incur additional indebtedness, that indebtedness may contain significant financial and other covenants that may significantly restrict our operations. We cannot assure you that we could obtain refinancing or additional financing on favorable terms or at all. See “Risk Factors—Risks Related to Our Indebtedness.”

We evaluate our liquidity based upon the availability we have under our First Lien Facilities and the Second Lien Facility in addition to the net cash (used in) provided by operating, investing, and financing activities. Specifically, we review the activity under the Revolving Credit Facility and the LC Facility and consider period

end balances outstanding under the Revolving Credit Facility and the LC Facility. Based upon the outstanding borrowings and letters of credit under the Revolving Credit Facility and the LC Facility, we calculate the availability for incremental borrowings under the Revolving Credit Facility and the LC Facility. Such amount, in addition to cash on our balance sheet, is what we consider to be our "Total Liquidity."

The following table provides a calculation of our Total Liquidity for the nine months ended September 30, 2023 and for the years ended December 31, 2022 and 2021, respectively:

($ in thousands)	For the Nine Months Ended September 30, 2023	For the Years Ended December 31, 2022	2021
Revolving Credit Facility Rollforward			
Beginning Revolving Credit Facility balance	$ 74,800	$ 92,100	$ —
Proceeds (repayments) from swingline debt, net	98,250	(17,300)	92,100
Ending Revolving Credit Facility balance	$ 173,050	$ 74,800	$ 92,100
Calculation of Revolving Credit Facility and LC Facility availability			
Revolving Credit Facility and LC Facility limit	$ 530,000	$ 375,000	$ 375,000
Less: outstanding Revolving Credit Facility balance	(173,050)	(74,800)	(92,100)
Less: outstanding letters of credit subject to LC Sublimit	(5,468)	(4,300)	(1,780)
Less: outstanding letters of credit under the LC Facility	(54,279)	(54,600)	(54,750)
End of period Revolving Credit Facility and LC Facility availability	297,203	241,300	226,370
End of period cash balance	11,641	13,628	46,735
Total Liquidity, end of period	$ 308,844	$ 254,928	$ 273,105

Cash Flow Activity

Nine Months Ended September 30, 2023 and 2022

The following table sets forth a summary of our cash flows provided by (used in) operating, investing, and financing activities for the periods presented:

($ in thousands)	For the Nine Months Ended September 30, 2023	2022
Net cash provided by operating activities	$ 48,383	$ 92,214
Net cash used in investing activities	$ (117,411)	$ (98,634)
Net cash provided by (used in) financing activities	$ 67,041	$ (24,389)

Operating Activities

Net cash provided by operating activities decreased by $43.8 million, from $92.2 million for the nine months ended September 30, 2022, to $48.4 million for the nine months ended September 30, 2023. The decrease was primarily due to an $82.5 million increase in cash paid for interest, partially offset by $18.8 million of CARES Act PRF general distribution received in 2023, $7.7 million of Medicare advances paid in 2022, $13.5 million of liabilities assumed from certain acquisitions paid in 2022, and other operating activities.

Investing Activities

Net cash used in investing activities increased by $18.8 million, from $98.6 million for the nine months ended September 30, 2022 to $117.4 million for the nine months ended September 30, 2023. The increase was primarily driven by an increase in cash used for acquisitions and purchases of property and equipment. We paid an aggregate of $62.5 million, net of cash acquired, for the 2023 acquisitions and paid an aggregate of $46.8 million, net of cash acquired, for the 2022 acquisitions. Purchases of property and equipment for the nine months ended September 30, 2023 were $56.7 million compared to $52.3 million in the nine months ended September 30, 2022.

Financing Activities

Net cash provided by financing activities was $67.0 million for the nine months ended September 30, 2023, primarily attributable to $98.3 million of net proceeds from the Revolving Credit Facility. These proceeds were partially offset by repayments on our long-term debt of $22.9 million, payment of finance lease obligations of $8.6 million, and other financing activities.

Net cash used in financing activities was $24.4 million for the nine months ended September 30, 2022, primarily attributable to repayments on our long-term debt of $32.7 million, payment of finance lease obligations of $8.1 million, payment of acquisition related earn outs of $4.4 million, partially offset by $20.7 million in net proceeds of the Revolving Credit Facility, and other financing activities.

Years Ended December 31, 2022, 2021, and 2020

The following table sets forth a summary of our cash flows (used in) provided by operating, investing, and financing activities for the periods presented:

($ in thousands)	For the Years Ended December 31,		
	2022	2021	2020
Net cash (used in) provided by operating activities	$ (4,653)	$ 270,165	$ 222,641
Net cash provided by (used in) investing activities	$ 45,356	$(1,190,652)	$(452,867)
Net cash (used in) provided by financing activities	$(73,810)	$ 705,217	$ 473,936

Operating Activities

Net cash (used in) provided by operating activities decreased by $274.8 million, from $270.2 million for 2021, to $(4.7) million for 2022. The decrease was primarily due to the following:

- a decrease in operating income of $46.4 million in 2022 as compared to 2021 primarily due to non-cash goodwill impairment charges of $40.9 million in 2022;
- a net $79.1 million increase in strategic inventory purchases in 2022;
- no CARES Act PRF general distributions received in 2022, as compared to $27.5 million of CARES Act PRF general distribution received, net of returns, in 2021;
- an increase in cash paid for interest of $86.4 million in 2022 as compared to 2021; and
- an increase in cash paid for income taxes, net of refunds, of $33.5 million in 2022 as compared to 2021.

Net cash provided by operating activities increased by $47.5 million, from $222.6 million for 2020, to $270.2 million for 2021. The increase was primarily due to our operating income increasing by $69.0 million in 2021 as compared to 2020.

Investing Activities

Net cash provided by investing activities was $45.4 million in 2022, as compared to net cash used in investing activities of $1,190.7 million in 2021. The increase in 2022 was due to proceeds from the divestiture of Workforce Solutions of $155.8 million, net of cash divested;, partially offset by a decrease in acquisition activity in 2022. We paid an aggregate of $42.5 million, net of cash acquired, for the 2022 acquisitions and paid an aggregate of $1,142.1 million, net of cash acquired, for the 2021 acquisitions. Purchases of property and equipment were $70.1 million in the year ended December 31, 2022 compared to $59.3 million in the year ended December 31, 2021.

Net cash used in investing activities was $1,190.7 million in 2021, as compared to $452.9 million in 2020. The significant increase in 2021 was due to acquisition activity that occurred in 2021. We paid an aggregate of $1,142.1 million, net of cash acquired, for the 2021 acquisitions and paid an aggregate of $402.0 million, net of cash acquired, for the 2020 acquisitions. Purchases of property and equipment were $59.3 million in the year ended December 31, 2021 compared to $51.9 million in the year ended December 31, 2020.

Financing Activities

Net cash used in financing activities was $73.8 million in the year ended December 31, 2022, primarily attributable to repayments on our long-term debt of $40.7 million, net repayments on our Revolving Credit Facility of $17.3 million, payment of capital lease obligations of $10.9 million and other financing activities.

For the year ended December 31, 2021, net cash provided by financing activities was $705.2 million, primarily attributable to our long-term debt borrowings of $675.6 million incurred primarily to fund acquisitions, $92.1 million of net borrowings under the Revolving Credit Facility, and $12.8 million of new stock issuance. These proceeds were partially offset by repayments on our debt of $29.0 million, payment of debt issuance costs of $17.6 million, payment of capital lease obligations of $11.8 million, payment of acquisition related earn outs of $15.0 million, and other financing activities.

For the year ended December 31, 2020, net cash provided by financing activities was $473.9 million, primarily attributable to $550.0 million in long term borrowings incurred primarily to fund acquisitions. These proceeds were offset by repayments on our debt of $18.4 million, net repayments on our Revolving Credit Facility of $26.2 million, payment of debt issuance costs of $14.3 million, payment of capital lease obligations of $12.3 million, and other financing activities.

Purchases of Property and Equipment

Purchases of property and equipment, or capital expenditure, is primarily comprised on leasehold improvements, furniture and equipment, vehicles, and software. Our capital expenditures expressed as a percentage of revenue was as follows for the periods presented:

($ in thousands)	For the Nine Months Ended September 30,		For the Years Ended December 31,		
	2023	2022	2022	2021	2020
Purchases of property and equipment	$56,693	$52,296	$70,113	$59,270	$51,908
Percentage of total revenue	0.9%	0.9%	0.9%	0.9%	0.9%

The increase in our capital expenditures in the years ended December 31, 2022, 2021, and 2020, and for the nine months ended September 30, 2023 and 2022 was primarily the result of the aforementioned drivers of revenue growth in the period.

Debt

We typically incur debt to finance mergers and acquisitions, and we borrow under our Revolving Credit Facility for working capital purposes, as well as to finance acquisitions, as needed. Below is a summary of our long-term indebtedness as of September 30, 2023 and December 31, 2022 and 2021.

We were in compliance with all applicable financial covenants under the First Lien Facilities and the Second Lien Facility as of September 30, 2023 and December 31, 2022 and 2021.

First Lien Credit Agreement

On March 5, 2019, the Company entered into the First Lien Credit Agreement, among Phoenix Intermediate Holdings Inc., as Holdings, Phoenix Guarantor Inc., as the Borrower, the several lenders from time to time parties thereto and Morgan Stanley Senior Funding Inc. as administrative agent and collateral agent.

The First Lien Credit Agreement originally consisted of a principal amount of $1,650.0 million. In May 2019, an additional delayed draw of $150.0 million was made on the First Lien Credit Agreement, resulting in gross borrowing of $1,800.0 million.

On January 30, 2020, the Company amended the terms of the Initial Term Loans, and borrowings of Tranche B-1 Term Loans (as defined in the First Lien Credit Agreement) under the First Lien Credit Agreement bore interest at a rate equal to, at our option, (a) LIBOR (with a floor of 0.00%) plus 3.25% or (b) Alternate Base Rate, or ABR, plus 2.25%. On June 30, 2023, the Company amended the First Lien Credit Agreement, and borrowings of Tranche B-1 Term Loans under the First Lien Credit Agreement bear interest at a rate equal to, at our option, (a) SOFR plus 3.25% or (b) ABR plus 2.25%.

Principal payments are due on the last business day of each quarter and equate to 0.25% of the aggregate principal of the original loan amount, with a balloon payment due in March 2026.

Revolving Credit Facility

The First Lien Credit Agreement extended credit in the form of a Revolving Credit Facility, or the Revolver, made available to the Borrower at any time and from time to time prior to the Revolving Credit Maturity Date (as defined in the First Lien Credit Agreement), in an aggregate principal amount outstanding not in excess of $187.5 million, less Swingline Loans and Letters of Credit issued under the LC Sublimit outstanding at such time. The Revolver comprises the Revolving Credit Loans and Swingline Loans. Additionally, the Letter of Credit Issuer (as defined in the First Lien Credit Agreement) may issue standby Letters of Credit at any time, initially in an aggregate stated amount outstanding not in excess of $82.5 million, or the LC Sublimit, and the Swingline Lender may issue Swingline Loans at any time and from time to time prior to the Revolving Credit Maturity Date, in an aggregated amount outstanding not in excess of $50.0 million.

Borrowings under the Revolving Credit Facility under the First Lien Credit Agreement initially bore interest at a rate equal to LIBOR (with a floor of 0.00%) plus 4.25% for the Revolving Credit Loans or ABR plus 3.25% for the Swingline Loans.

On June 30, 2023, the Company completed an amendment of the Revolving Credit Facility that increased the revolving credit capacity to $475.0 million from $320.0 million and extended the Revolving Credit Maturity Date to June 30, 2028, subject to a springing maturity covenant if our term loans are not refinanced prior to December 4, 2025. Borrowings under the Revolving Credit Facility bear interest at a rate equal to, at our option, (a) SOFR (with a floor of 0.00%) plus 4.25% or (b) ABR plus 3.25%.

The total borrowing capacity under the Revolving Credit Facility was $475.0 million and $320.0 million as of September 30, 2023 and December 31, 2022, respectively. As of September 30, 2023, the Company had $173.1 million of borrowings outstanding under the Revolving Credit Facility and $5.5 million of letters of credit, reducing the available borrowing capacity to $296.4 million. As of December 31, 2022, the Company had $74.8 million of borrowings outstanding under the Revolving Credit Facility and $4.3 million of letters of credit, reducing the available borrowing capacity to $240.9 million.

On June 30, 2020, the Company amended the First Lien Credit Agreement to provide for an additional $55.0 million of letter of credit commitments, or the LC Facility, which are not subject to the LC Sublimit. As of September 30, 2023 and December 31, 2022, there were $54.3 million and $54.6 million of letters of credit outstanding under the LC Facility, resulting in an available borrowing capacity of $0.7 million and $0.4 million, respectively.

First Lien Credit Agreement – Tranche B-2

On October 7, 2020, the Company amended the First Lien Credit Agreement. The amendment provided for the establishment of the new Tranche B-2 Term Loans, or Tranche B-2, in an aggregate principal amount equal to $550.0 million. Borrowings under the Tranche B-2 initially bore interest at a rate equal to, at our option, (a) LIBOR (with a floor of 0.50%) plus 3.75% or (b) ABR plus 2.75%.

On April 8, 2021, Tranche B-2 was repriced so that borrowings under Tranche B-2 bore interest at a rate equal to, at our option, (a) LIBOR (with a floor of 0.00%) plus 3.50% or (b) ABR plus 2.50%. On June 30, 2023, the Company amended the First Lien Credit Agreement, and borrowings of Tranche B-2 Term Loans bear interest at a rate equal to, at our option, (a) SOFR (with a floor of 0.00%) plus 3.50% or (b) ABR plus 2.50%.

Principal payments are due on the last business day of each fiscal quarter, and equate to 0.25% of the aggregate principal of the original loan amount, with a balloon payment due in March 2026.

First Lien Credit Agreement – Tranche B-3

On April 16, 2021, the Company amended the First Lien Credit Agreement. The amendment updated the terms on the existing Tranche B-2 Term Loans and provided for the establishment of a new Tranche B-3 Term Loan, or Tranche B-3, in an aggregate principal amount equal to $675.0 million. Borrowings under the Tranche B-3 bore interest at a rate equal to, at our option, (a) LIBOR (with a floor of 0.00%) plus 3.50% or (b) ABR plus 2.50%. On June 30, 2023, the Company amended the First Lien Credit Agreement, and borrowings of Tranche B-3 Term Loans bear interest at a rate equal to, at our option, (a) SOFR (with a floor of 0.00%) plus 3.50% or (b) ABR plus 2.50%.

Principal payments are due on the last business day of each fiscal quarter, and equate to 0.25% of the aggregate principal of the original loan amount, with a balloon payment due in March 2026.

Second Lien Credit Agreement

On March 5, 2019, the Company entered into a $450.0 million Second Lien Facility.

Borrowings under the Second Lien Facility are subordinated to the First Lien Credit Agreement and initially bore interest at a rate equal to, at our option, (a) LIBOR (with a floor of 1.00%) plus 8.50% or (b) ABR plus 7.50%. On June 30, 2023, the Company amended the Second Lien Facility to reflect a change in reference rate from LIBOR to SOFR (with a floor of 0.00%). Subsequent to the amendment, borrowings under the Second Lien bear interest at a rate equal to, at our option, (a) SOFR (with a floor of 1.00%) plus 8.50% or (b) ABR plus 7.50%.

The aggregate principal is due with a balloon payment in March 2027.

The First Lien Credit Agreement and the Second Lien Credit Agreement described above contain customary negative covenants, including, but not limited to, restrictions on the Company and its restricted subsidiaries' ability to merge and consolidate with other companies, incur indebtedness, grant liens or security interests on assets, make acquisitions, loans, advances, or investments, pay dividends, sell or otherwise transfer assets, prepay or modify terms of certain junior indebtedness, enter into transactions with affiliates, or change their lines of business or fiscal year. In addition, under the Revolving Credit Facility, the Company will not permit the consolidated first lien secured debt to consolidated EBITDA (as defined in the First Lien Credit Agreement) ratio to be greater than 6.90 to 1.00, which shall be tested as of the end of the most recent quarter at any time when the aggregate revolving credit loans exceed 35% of the total revolving credit commitments.

Interest Rate Swap Agreements

To manage fluctuations in cash flows resulting from changes in the variable rates, the Company entered into three receive-variable, pay-fixed interest rate swap agreements, with a combined notional value of $2.0 billion, all effective September 30, 2022 with a maturity date of September 30, 2025. For the nine months ended September 30, 2023 and the years ended December 31, 2022 and 2021, interest expense, net includes interest income related to cash flow hedges of interest rate risk of $21.9 million, $0.7 million, and $0, respectively.

The table below summarizes the total outstanding debt of the Company:

($ in thousands)	Long term obligation and note payable			Interest Expense, net		
	September 30, 2023	December 31, 2022	December 31, 2021	Nine Months Ended September 30, 2023	Fiscal Year 2022	Fiscal Year 2021
First Lien - payable to lenders at SOFR* plus applicable margin (8.68%, 7.63% and 3.35% as of September 30, 2023, December 31, 2022 and 2021, respectively)	$ 1,723,838	$ 1,737,270	$ 1,755,180	$ 107,882	$ 87,870	$ 60,033
First Lien Tranche B-2 and B-3 - payable to lenders at SOFR* plus applicable margin (8.93%, 7.88% and 3.60% as of September 30, 2023, December 31, 2022 and 2021, respectively)	1,193,034	1,202,212	1,214,448	76,931	63,833	38,390
Second Lien - payable to lenders at SOFR* plus applicable margin (13.93%, 12.88% and 9.50% as of September 30, 2023, December 31, 2022 and 2021, respectively)	450,000	450,000	450,000	45,980	47,833	42,784
Revolving Credit Loans - payable to lenders at SOFR* plus applicable margin (9.58% as of September 30, 2023)	100,000	—	—	1,622	—	
Swingline/Base Rate - payable to lenders at ABR plus applicable margin (12.75%, 10.75% and 6.50% as of September 30, 2023, December 31, 2022 and 2021, respectively)	73,050	74,800	92,100	10,420	9,268	801
Notes payable and other	4,404	452	10,914	1	405	542
Amortization of deferred financing costs & other, net of interest income from cash flow hedges	—	—	—	(1,297)	24,375	22,772
Total debt	$ 3,544,326	$ 3,464,734	$ 3,522,642	$ 241,539	$ 233,584	$ 165,322

($ in thousands)	Long term obligation and note payable			Interest Expense, net		
	September 30, 2023	December 31, 2022	December 31, 2021	Nine Months Ended September 30, 2023	Fiscal Year 2022	Fiscal Year 2021
Less: deferred financing costs, net	55,278	70,025	88,869			
Total debt, net of deferred financing costs	3,489,048	3,394,709	3,433,773			
Less: Current portion of long-term debt	32,310	30,407	40,538			
Total long-term debt	$ 3,456,738	$ 3,364,302	$ 3,393,235			

* Beginning on June 30, 2023, the debt instruments bear interest at a rate equal to SOFR plus applicable margin. Prior to June 30, 2023, the debt instruments bore interest at a rate equal to LIBOR plus applicable margin.

Our Company leverage, as calculated under our First Lien Credit Agreement and the Second Lien Credit Agreement, was 6.07x, 6.27x and 6.10x at September 30, 2023, December 31, 2022 and December 31, 2021, respectively.

We expect to use the net proceeds from this offering and the Concurrent Offering to repay all indebtedness outstanding under the Second Lien Facility, all indebtedness outstanding under the Revolving Credit Facility, and $473.7 million outstanding aggregate amount under the First Lien Facility, which will reduce our cost of capital and debt service obligations. For more information, please see "Use of Proceeds."

Off-Balance Sheet Arrangements

As of September 30, 2023 and 2022 and December 31, 2022 and 2021, we did not have any material off-balance sheet arrangements. As part of our ongoing business, we do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, or SPEs, which would have been established for the purpose of facilitating off balance sheet arrangements or other contractually narrow or limited purposes. As of September 30, 2023 and 2022 and December 31, 2022 and 2021, we were not involved in any unconsolidated SPE transactions. We do enter into letters of credit in the normal course of our operations.

Critical Accounting Policies and Use of Estimates

In preparing our consolidated financial statements in conformity with GAAP, we must use estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures and the reported amounts of revenue and expenses. In general, our estimates are based on historical experience and various other assumptions we believe are reasonable under the circumstances. We evaluate our estimates on an ongoing basis and make changes to the estimates and related disclosures as experience develops or new information becomes known. Actual results could differ from those estimates.

We consider our critical accounting policies and estimates to be those that involve significant judgments and uncertainties and may potentially result in materially different results under different assumptions and conditions. See Note 1 "*Significant Accounting Policies*" to our audited consolidated financial statements included elsewhere in this prospectus for a summary of all of our significant accounting policies.

Revenue Recognition

The Company recognizes the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. For transactions involving the transfer of goods, revenues are primarily recognized when the customer obtains control of the products sold, which is generally upon shipment or delivery, depending on

the delivery terms specified in the sales agreement. For transactions exclusively involving provision of services, revenues are recognized over time based on an appropriate measure of progress. Additionally, as a policy, where we are required to collect sales taxes from our customers, revenue is recognized net of any taxes collected, and the sales tax amounts are recorded as a liability until remitted to the governmental taxing authorities.

Revenues and the associated receivables are based upon the actual reimbursements to be received and include contractual allowances based upon historical trends, contractual reimbursement terms, and other factors which may impact ultimate reimbursement. Amounts are adjusted to actual reimbursed amounts based upon cash receipts.

Pharmacy Solutions

Pharmacy Solutions revenues are generated from the products and services provided in association with the distribution of prescription drugs to consumers primarily under contracts with Prescription Drug Plans, or PDPs, under Medicare Part D, state Medicaid programs, long-term care institutions, third party insurance companies, and private payors. Services provided include individualized medication management and support, staff and patient support programs and solutions, regulatory support, and product delivery. When an order for a prescription is placed with the Company, it creates the performance obligation to deliver a prescription and related services. The performance obligation is satisfied at a point in time upon shipment for specialty pharmacies and upon delivery for other pharmacies. Revenues are recognized at a point in time when the associated performance obligations are satisfied at the contractual rate established at or before the time the performance obligation is satisfied.

Provider Services

Provider Services revenues are generated from providing care services directly to consumers under contracts with state, local, and other governmental agencies, as well as commercial insurance companies, long-term care insurance policies, private pay customers, and management contracts with private operators. Generally, these contracts, which are negotiated based on current contract practices as appropriate for the payor, establish the terms of a customer relationship, and set the broad range of terms for services to be performed at a stated rate. The contracts do not give rise to rights and obligations until a service request is placed with the Company. Contract terms vary but generally are for one year or less with available renewal options and a 30 – 60-day reimbursement period. When a service request is placed with the Company, it creates the performance obligation to provide a defined quantity of service hours per patient. Performance obligations to deliver patient care services are satisfied over time using a time-based input method to measure progress against the contract between the Company and the customer, given that consumers simultaneously receive and consume the benefits provided by the Company as the services are performed. Revenues are recognized over a period of time as the services are rendered at the contractual rate established at or before the time services are rendered; thus, there are no forms of variable consideration associated with the various revenue streams.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable primarily consists of amounts due from PDPs under Medicare Part D, institutional healthcare providers, the respective state Medicaid programs, other government agencies, third-party insurance companies, and private payors. The Company performs a periodic analysis to review the valuation of accounts receivable and collectability of outstanding balances. Management’s evaluation takes into consideration factors such as historical bad debt experience, business and economic conditions, trends in healthcare coverage, other collection indicators, and information about specific receivables. The Company’s evaluation also considers the age and composition of the outstanding amounts in determining their estimated net realizable value. The Company’s ability to collect outstanding receivables is critical to its results of operations and cash flows. To provide for accounts receivable that could become uncollectible in the future, the Company establishes an allowance for credit losses to reduce the carrying value of such receivables to the extent it is probable that a portion or all of a particular account will not be collected, with the related expense recorded as a component of selling, general, and administrative expenses.

Goodwill and Intangible Assets

Goodwill represents the amount of the purchase price in excess of the fair values assigned to the underlying identifiable net assets of acquired businesses. Goodwill is not amortized, but is subject to an annual impairment test. Tests are performed more frequently if events occur or circumstances change, that would more-likely-than-not reduce the fair value of the reporting unit below its carrying amount.

The Company performs an annual goodwill impairment test on the first day of the fourth quarter of each year for each reporting unit. The Company first assesses certain qualitative factors to determine whether the existence of events or circumstances would indicate that it is more-likely-than-not that the fair value of a reporting unit was less than its carrying amount. If after assessing the totality of events and circumstances, we were to determine that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, then we would perform quantitative impairment testing. The quantitative impairment test is a single-step process. The process requires the Company to estimate and compare the fair value of a reporting unit to its carrying amount, including goodwill. If the fair value exceeds the carrying amount, the goodwill is not considered impaired. To the extent a reporting unit's carrying amount exceeds its fair value, the reporting unit's goodwill is deemed impaired, and an impairment charge is recognized based on the excess of a reporting unit's carrying amount over its fair value.

A reporting unit is either an operating segment or one level below the operating segment, referred to as a component. The Company has seven reporting units and engages a third-party valuation firm to assist in calculating each reporting unit's fair value, which is derived using a combination of both income and market approaches.

In each of 2022, 2021, and 2020, we performed a quantitative assessment of all reporting units as of October 1.

The material assumptions underlying the estimate of fair value of each reporting unit included the following:

- Future cash flow assumptions—the projections for future cash flows utilized in the model were derived from historical experience and assumptions regarding future growth and profitability of each reporting unit. These projections are consistent with our operating budget and strategic plan. Beyond the forecasted period, a long-term growth rate was utilized to determine a terminal value that reflects our estimate of stable and perpetual growth.
- Weighted average cost of capital (WACC)—the WACC is the rate used to discount each reporting unit's estimated future cash flows. The WACC is calculated based on a proportionate weighting of the cost of debt and equity. The cost of equity is based on a capital asset pricing model and includes a company-specific risk premium to capture the perceived risks and uncertainties associated with each reporting unit's projected cash flows.
- Market approach—the market approach measures the value of an asset through the analysis of publicly traded companies or present sales of similar businesses. The analysis entails measuring the multiple of sales and/or EBITDA at which the comparables are currently trading or were purchased.
- Equal weighting was applied to the discounted cash flow analysis or "income approach" (50%) and the "market approach" (50%).

As of October 1, 2022, our seven reporting units had an aggregate carrying amount of $4.3 billion. Our Behavioral Therapies, Specialty Pharmacy, and Home Infusion reporting units had fair values that substantially exceeded their respective carrying amounts and an aggregate goodwill balance of $696.0 million.

Our Home Health and Therapies and Institutional Pharmacy reporting units had fair values that exceeded their carrying amounts by 8.1% and 10.3%, carrying amounts of $1.6 billion and $1.1 billion, and goodwill balances of $1.3 billion and $438.8 million, respectively.

Notwithstanding our belief that the assumptions we used for WACC and long-term growth rates in our impairment testing were reasonable, we performed sensitivity analyses for the Home Health and Therapies and Institutional Pharmacy reporting units. The results of these sensitivity analyses on our impairment tests revealed that if there was a hypothetical 1% increase in the WACC and a hypothetical 1% decrease in the long-term growth rate, the fair values of the Home Health and Therapies and Institutional Pharmacy reporting units would continue to be in excess of its respective carrying amounts by 1.8% and 2.4%, respectively.

Our Hospice Pharmacy and Workforce Solutions reporting units had carrying amounts that exceeded their respective fair values, and an aggregate carrying amount of $332.1 million. We recognized non-cash goodwill impairment charges of $25.5 million related to the Hospice Pharmacy reporting unit and $15.4 million related to the Workforce Solutions reporting unit during the year ended December 31, 2022. Following the goodwill impairment charges, the Hospice Pharmacy and Workforce Solutions reporting units had goodwill balances of $92.1 million and $77.4 million, respectively.

The Hospice Pharmacy reporting unit is primarily comprised of the OPPC acquisition in 2020, and its goodwill impairment was primarily driven by an increase in the WACC. The increase in the WACC resulted from increases in the equity market risk premium and higher interest rates. Additionally, the impacts of the COVID-19 pandemic and other factors caused a slower than anticipated ramp-up in the reporting unit's forecasted cash flows.

The material assumptions underlying the estimate of fair value of the Hospice Pharmacy reporting unit included the following:

- Future cash flow assumptions—we applied a compound annual growth rate of approximately 9.2% for forecasted sales in our projected cash flows through fiscal year 2031. Beyond the forecasted period, a terminal value was determined using a long-term growth rate of 3.0% to reflect our estimate of stable and perpetual growth.
- WACC—The WACC applied to the reporting unit was 12.5%.

Notwithstanding our belief that the assumptions we used for WACC and long-term growth rates in our impairment testing were reasonable, we performed a sensitivity analysis for the Hospice Pharmacy reporting unit. The results of this sensitivity analysis on our impairment test revealed that a hypothetical 1% increase in the WACC and a hypothetical 1% decrease in the long-term growth rate would have increased the impairment charge by approximately $8.9 million.

The Workforce Services reporting unit is entirely comprised of Workforce Solutions, which was divested on November 1, 2022. The Workforce Services reporting unit impairment was primarily driven by recent increases in the equity market risk premium and higher interest rates.

Our 2021 and 2020 goodwill impairment analysis concluded that the fair value of each reporting unit was in excess of the carrying amount of each reporting unit.

The Company's intangible assets are comprised primarily of trade names, customer contracts and relationships, and licenses, which are amortized on a straight-line basis over their estimated useful lives, which is generally two to twenty years. The Company's indefinite-lived intangible assets are comprised of indefinite lived licenses, which are reviewed for impairment annually or more frequently if events occur or circumstances change that would more-likely-than-not reduce the fair value of the intangible asset below its carrying amount. We elected to perform a qualitative assessment for our intangible assets for our annual impairment test in the fourth quarter of 2022, 2021 and 2020. As a result of our qualitative analyses, we determined that it was more-likely-than-not that the fair values of our indefinite-lived intangible assets were greater than their carrying values. We recorded intangible impairment of $8.3 million related to definite-lived intangible licenses for the year ended December 31, 2022. During years ended December 31, 2021 and 2020, we recorded no impairment related to intangible assets.

The estimates and assumptions we use to estimate fair values when performing quantitative assessments are highly subjective judgments based on our experience and knowledge of our operations. Significant changes in the assumptions used in our analysis could result in an impairment charge related to goodwill or the indefinite-lived intangible assets. Circumstances that could result in changes to future estimates and assumptions include, but are not limited to, expectations of lower revenue growth, which can be caused by a variety of factors, fluctuations in comparable company and acquisition market multiples, increases in income tax rates, and increases in discount rates.

Self-insurance

The Company is self-insured for a substantial portion of the Company's general and professional liability, automobile liability, workers' compensation risks, and (subject to certain stop loss coverage at a high level of losses) health benefits. Given the policy limits and high deductibles and/or self-insured retentions on many of the Company's insurance programs, the vast majority of claims may not be paid by third-party insurance.

The Company's self-insured liabilities contain uncertainties because management must make assumptions and apply judgment to estimate the ultimate cost of reported claims and claims incurred but not reported as of the balance sheet date. The Company's provisions for losses for workers' compensation and health benefit risks are based upon actuarially determined estimates and include an amount determined from reported claims and an amount based on past experiences for losses incurred but not reported. The Company's provisions for general and professional and automobile liabilities are recorded on a claims-made basis, which includes estimates of fully developed losses for both reported and unreported claims. Accruals for general and professional and automobile liabilities are based on analyses performed internally by management.

On a quarterly basis, the Company evaluates the assumptions and the valuations to determine the adequacy of the self-insurance liabilities. The following are certain of the key assumptions and other factors that significantly influence the Company's estimate of self-insurance liabilities: historical claims experience; trending of loss development factors; trends in the frequency and severity of claims; coverage limits of third-party insurance; demographic information; medical cost inflation; and payroll dollars. Any adjustments to the liabilities are reflected in earnings in the period identified.

The time period to resolve claims can vary depending upon the jurisdiction, the nature, and the form of resolution of the claims. The estimation of the timing of payments beyond a year can vary significantly. In addition, if current and future claims differ from historical trends, our estimated liabilities for self-insured claims may be significantly affected. The Company's self-insurance liabilities for workers' compensation are discounted based on actuarial estimates of claim payment patterns.

The Company believes the provision for loss is adequate for claims that have been reported but not paid and for claims that have been incurred but not reported. Due to the considerable variability that is inherent in such estimates, there can be no assurance the ultimate liability will not exceed management's estimates. If actual results are not consistent with the assumptions and judgments, the Company may be exposed to gains or losses that could be material.

Recent Accounting Pronouncements

Refer to Note 1 "*Significant Accounting Policies*" within our audited consolidated financial statements included elsewhere in this prospectus for further discussion.

Quantitative and Qualitative Disclosures About Market Risk

Impact of Inflation

Wages and other expenses increase during periods of inflation and when labor shortages occur in the marketplace. The impact of inflation on the Company is primarily in the area of labor costs. The healthcare

industry is labor intensive. There can be no guarantee we will not experience increases in the cost of labor, particularly given the shortage of qualified caregivers in our markets, and the demand for homecare services is expected to grow.

In addition, increases in healthcare costs are typically higher than inflation and impact our costs under our employee benefit plans. Managing these costs remains a significant challenge and priority for us. While we believe the effects of inflation, if any, and labor shortages on our results of operations and financial condition have not been significant, there can be no guarantee we will not experience the effect of inflation in the future.

In addition, suppliers pass along rising costs to us in the form of higher prices, which impacts us primarily in the area of pharmaceutical drug costs in our Pharmacy Solutions segment. Changes in costs of drugs can be accompanied by a change in rate that we pass along to our customers. Additionally, our supply chain efforts have enabled us to effectively manage and mitigate any inflationary impacts in our supply chain over recent years. However, we cannot predict our ability to cover future cost increases.

We have little or no ability to pass on certain of these increased costs associated with providing services to Medicare and Medicaid patients due to federal and state laws that establish fixed reimbursement rates.

Interest Rate Risk

Our Company is exposed to interest rate risk related to changes in interest rates for borrowings under our First Lien Facilities and Second Lien Facility. Although we hedge a portion of our interest rate risk through interest rate swaps, any borrowings under our First Lien or Second Lien in excess of the notional amount of the swaps will be subject to variable interest rates.

As of September 30, 2023 and December 31, 2022, we had three interest rate swaps with a combined notional value of $2.0 billion that were designated as cash flow hedges of interest rate risk. See Note 5 “*Debt and Derivatives*” within the audited consolidated financial statements and related notes, and Note 5 “*Debt and Derivatives”* within the unaudited condensed consolidated financial statements and related notes, included elsewhere in the prospectus.

The changes in fair value of derivatives designated and that qualify as cash flow hedges are recorded in accumulated other comprehensive income, or AOCI, and is subsequently reclassified into earnings in the period that the hedged forecasted transaction impacts earnings. Amounts reported in AOCI related to derivatives will be reclassified to interest expense, net as interest payments are made on the Company’s variable-rate debt. Based on current valuations, the Company expects approximately $36.9 million of pre-tax gains to be reclassified out of AOCI into earnings within the next twelve months.

As of September 30, 2023, our debt outstanding was $3.5 billion, of which $2.0 billion is fixed through interest rate swap agreements. A hypothetical 1% increase in interest rates would decrease our net income and cash flows by $15.4 million on an annual basis based upon our borrowing level at September 30, 2023.

BUSINESS

Who We Are

We are a leading home and community-based healthcare services platform, focused on delivering complementary pharmacy and provider services to complex patients. We have a differentiated approach to care delivery, with an integrated and scaled model that addresses critical services that the highest-need and highest-cost patients require. With a focus on Senior and Specialty patients, which includes Behavioral populations, our platform provides pharmacy and provider services (both clinical and supportive care in nature) in lower-cost home and community settings largely to Medicare, Medicaid, and commercially-insured populations. We are an essential part of our nation's health delivery network as a front-line provider of high-quality and cost-effective care to a large and growing number of people, who increasingly require a combination of specialized solutions to enable holistic health care management. Our presence spans all 50 states, we serve over 400,000 patients daily through our approximately 10,000 clinical providers and pharmacists, and our services make a profound impact in the lives and communities of the people we serve.

Our model focuses on delivering high-touch and coordinated services to medically complex clients and patients, which is a large, growing, and underserved population in the U.S. healthcare system. These high-need and high-cost Senior and Specialty patients comprise a market of over $1.0 trillion across our business. The chronic conditions and long-term health needs of these patients not only represent an outsized share of health care spend today, according to RAND, but we believe that they are expected to also drive a disproportionate share of future expenditures. Americans with five or more chronic conditions make up over 10% of the population and account for 40% of total health care spending, on average spending 10 times more on health services than those without chronic conditions. These patients most often require both pharmacy and provider services to achieve the best outcomes, but must often navigate disjointed and separately-administered health services. This can result in uncoordinated care delivery with adverse medical consequences, as compared to receiving timely, proximal, and complete care support in the home and community that improves health and reduces cost.

We have built a significant presence and capability in delivering complementary and high-touch daily healthcare services and programs to complex patients in their homes and in communities in order to address their multiple health needs and requirements more completely. In pharmacy, we leverage our national infrastructure to provide daily medication therapy management to various customer and patient types wherever they reside in the community, including home and in-clinic infusion patients, oncology and other specialty patients in their homes, residents of independent and senior living communities, people receiving hospice care, neuro and Behavioral clients' and patients' homes, residents of skilled nursing and rehabilitation facilities, hospital patients, and the homes of Seniors who are on a significant number of medications. Within provider services, we address the clinical and supportive care needs of Senior and Specialty populations, including neuro and Behavioral patients, primarily in their homes, as well as some clinic and community settings. Our clinical services consist of home health and hospice and rehab therapy, and our supportive care services address activities of daily living and social determinants of health as well. We also provide home-based primary care for patients in senior living communities, long-term care, and individual homes to directly manage and optimize patient outcomes and to enable value-based care. By providing these complementary and necessary services for complex patients, our care model is designed to address multiple patient needs and better integrate health services delivery to improve quality and patient experiences, while reducing overall costs.

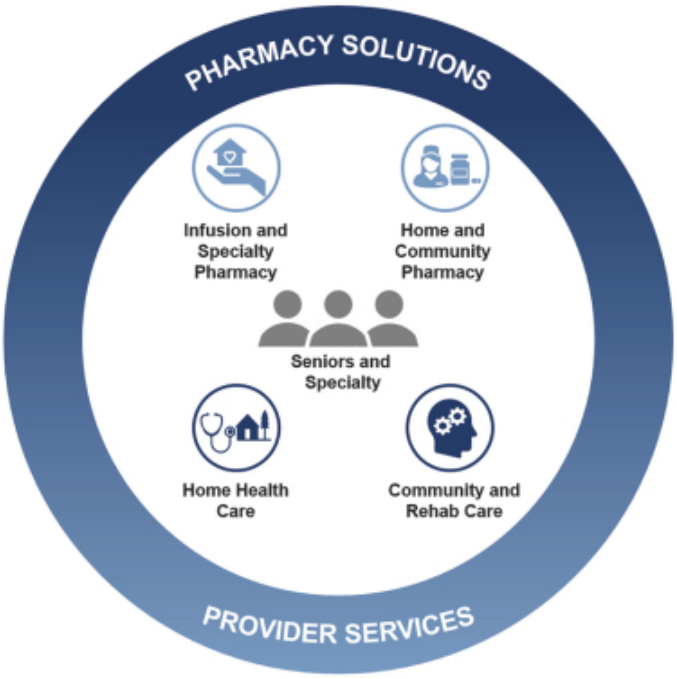
We believe that our Company addresses important needs today and is also well-positioned for the long-term, as it is underpinned by capabilities and characteristics that suggest continued differentiation and growth:

- **Complementary pharmacy and provider services that address multiple patient needs –** We have a healthcare platform that can combine pharmacy and provider care in order to address the spectrum of interrelated and chronic needs that Senior and Specialty patients possess. Through our comprehensive care capabilities, we are able to develop longitudinal relationships and views of our patients, which

enables us to more closely manage daily medication requirements and adherence, provide primary care and other skilled nursing and therapy clinical services, and address social determinants of health and daily care needs. Moreover, we believe that this integrated model and capability set will increasingly be a more effective approach for providing high-need and high-cost Senior and Specialty populations the pharmacy and care services solutions they require.

- **Effectively serving complex patients in the home and community setting** – With over 40 years of experience caring for "must-serve" client and patient populations, we deliver care in preferred and lower-cost settings with strong quality results. Our services reduce cost by providing care for many of these individuals in non-institutional home and community settings and reducing hospitalizations. For example, across our pharmacies, we achieve 99.99% order accuracy and 98.46% order completeness, "excellent" and "world class" NPS, and a reduction in hospitalizations with CCRx, while also driving savings through medication adherence and therapeutic interchanges. We achieve 99% patient satisfaction in our outpatient rehab services, an 84% overall rating of care in hospice, and, as reported by the Agency for Healthcare Research and Quality, hospitalizations 30% lower than the national average in our home-based primary care. Our complex Behavioral clients, often with three or more comorbidities and requiring eight or more medications, are still able to spend 359 days a year at home on average. We believe that we are positioned to identify potential medical problems and avoid adverse events due to our highly proximate position to patients.
- **Market-leading scale with a focus on operational excellence and coordinated front-line care –** We manage one of the nation's largest independent platforms of both pharmacy and provider services offered on a daily basis in home and community settings – to address the multiple needs of medically complex Senior and Specialty patients. Our leading scale across all 50 states has important benefits. Our scale provides complementary diversification and risk mitigation in payor sources, end markets, and geographies, while also creating exposure and access to a broader set of market growth opportunities. Further, we leverage economies of scale and best practices across the company, including in purchasing and all supplier contracting, quality, technology, human resources, and advocacy and payor relations. Scale from our pharmacy and provider businesses allow us to effectively deliver and coordinate integrated solutions to and across patient types and care settings, which we believe will be more important in the ongoing development of value-based care solutions. Ultimately, our track record of building market density, expanding core services to additional customer and patient types, and replicating this model across new geographies underpins both our historical results as well as our growth strategies.

We are one of the largest independent providers of home and community-based health services in the United States, offering skilled, complementary, integrated, and impactful health care solutions. Almost all of the clients and patients that we serve have chronic conditions and the vast majority of them receive their services on a recurring basis over long periods of time. In our pharmacy business, patients have an average of nine prescriptions at a given time and are supported by our local pharmacy model that delivers daily services, often within an hour or two, from over 180 pharmacies, infusion centers, and specialty oncology locations across all 50 states. We have specifically focused on and built a fast, local, and "white-glove" delivery model that is supported by expert clinical teams in the field, which fulfilled over 34 million prescriptions in 2022 across customer and patient settings and types. Patients who receive our provider services average six chronic conditions per patient, and we delivered approximately 20 million hours of quality and compassionate care in 2022 to home health, hospice, rehab, and home care patients and clients. Combined, our daily pharmacy and provider services are delivered from and to approximately 9,500 office, clinic, and customer locations across the country, with over 400,000 patients serviced at any one time, including over 250,000 patients served in their homes at any one time.



We believe the historical results of the Company are due to both our scale and diversified yet complementary services, which have underpinned historical financial stability while also enabling us to grow and pursue opportunities in attractive markets principally in home and community settings. We target customer and patient markets that exhibit strong demand, where we can leverage our scale and infrastructure, and where our services have a clear and tangible value proposition, for example improving quality and reducing healthcare system costs. We also seek to expand our services through targeted de novo locations, accretive acquisitions, and integrated care opportunities, i.e., providing care management and multiple needed services to a patient. The Pharmacy Solutions segment revenue totaled $5,264.4 million in 2022, accounting for 68.3% of total revenue, with Segment EBITDA of $344.5 million, accounting for 52.7% of total Segment EBITDA. The Provider Services segment revenue totaled $2,181.5 million in 2022, accounting for 28.2% of total revenue, with Segment EBITDA of $288.8 million, accounting for 44.2% of total Segment EBITDA. We believe that underlying market growth combined with our scale, integrated services platform, operating capabilities, and acquisition opportunity set have allowed us to grow and increase market share.

From 2020 to 2022, we have grown revenue from $5,580.4 million to $7,720.6 million, primarily from organic growth along with strategic acquisitions. From 2020 to 2022, net income (loss) decreased from $21.2 million to $(54.2) million and Adjusted EBITDA increased from $407.8 million to $522.5 million. Longer term, our CAGR from 2018 (including the legacy business of BrightSpring Health Holdings Corp. and its subsidiaries prior to the BHS Acquisition in March 2019 for comparability) to 2022 in Revenue and Adjusted EBITDA was 15% and 15%, respectively.

For the nine months ended September 30, 2023, total revenue was $6,451.6 million, representing a 12.2% increase from $5,749.9 million in the nine months ended September 30, 2022. For the nine months ended September 30, 2023 and 2022, our net (loss) income was $(148.1) million and $2.3 million, respectively. For the nine months ended September 30, 2023, Adjusted EBITDA was $395.2 million, representing a 3.1% increase from $383.5 million in the nine months ended September 30, 2022. Impacting comparability, our results for the nine months ended September 30, 2022 included $247.4 million of revenue and $18.1 million of Segment

EBITDA relating to our Other segment comprised of Workforce Solutions, which we divested in November 2022. See "Summary—Summary Historical Consolidated Financial and Other Data" for a definition of Adjusted EBITDA and reconciliations of Adjusted EBITDA to net (loss) income.

Our Value Proposition

We believe that our services offer a compelling value proposition for numerous constituents, including clients, patients, customers, strategic partners, referral sources (including physicians, hospital systems, and states), payors, policymakers, federal, state, and municipal legislators, clients' and patients' families, employees, other healthcare industry stakeholders, and future investors.

We bring value to high-need, medically complex patients

Our platform is designed to provide improved care for high-need, high-cost, and complex Senior and Specialty patients in the homes and communities in which they live. In the home and community settings where we operate, patients with chronic conditions often require daily care, closely-managed medication regimens, and specialized clinical treatment. Further, in regard to U.S. seniors 65 and older, 18% have six or more chronic conditions, 23% have four to five chronic conditions, and 29% have two to three chronic conditions, according to CMS. Our mission is to make a difference in people's lives and communities, in helping them to live more independently and achieve their specific health goals and outcomes. We believe our ability to provide high-quality services and multiple integrated service capabilities to these patients enables us to more holistically care for their health needs through our breadth of pharmacy and provider services and as patient care needs evolve. Our technology-enabled and high-touch, complementary care model allows us to provide daily care to our patients while effectively tracking outcomes and progress related to patient conditions. As a result, patients spend more days at home than otherwise, and many of our patients have the opportunity to uniquely receive multiple services from us for improved experiences and outcomes.

The Company's consistent quality performance in providing services for patients with challenging conditions is evidenced over time by strong and leading metrics. For example, across our pharmacies, we achieve 99.99% order accuracy and 98.46% order completeness, "excellent" and "world class" NPS, and a reduction in hospitalizations with CCRx, while also driving savings through medication adherence and therapeutic interchanges. We achieve 99% patient satisfaction for outpatient rehab services. We achieve hospitalization rates for ambulatory care sensitive conditions that are approximately 30% lower than other practices in our region in home-based primary care, as reported by the Agency for Healthcare Research and Quality, an 84% overall rating of care in hospice, and four stars (out of five) in the CAHPS home health patient survey ratings. In addition, we estimate that home healthcare costs per day can be 98% less than costs for hospital care, and hospice costs per day can be 98% less than for ICU care, per our internal calculations. Our complex Behavioral clients, often with three or more comorbidities and requiring eight or more medications, are still able to spend 359 days a year at home on average.

We bring value to payors and are well positioned for potential shifts towards value-based care arrangements

We believe that proximal, attentive, and quality home and community-based services combined with our integrated care capabilities reduces costs in the healthcare system for medically complex populations, while also delivering improved member outcomes. The complex patient populations for whom our services are particularly impactful represent a disproportionate share of medical, pharmacy, and LTSS spend for payors, and we believe each of our services and the coordinated and integrated approach to care that we have built, now also augmented and enabled by home-based primary care, transitional care programs and in-home medication therapy management, and clinical hub services, provides value to such payors, with the potential to provide more value in the future. Collectively, we have over 4,900 unique contracts with different payor sources across the organization, including Medicare Parts A, B and D, commercial insurers and managed care, state Medicaid, managed Medicaid, the Veterans Administration, Workers Compensation, hospice providers, behavioral health providers, hospitals, skilled nursing customers, and private pay.

In addition to our demonstrated strong quality results and serving patients in home or community settings they prefer, we have also demonstrated significant cost and performance benefits for our payors. We provide home-based primary care, which has been associated with up to a 50% reduction in hospitalization rate, and a 20% reduction in emergency room visits, as demonstrated by the 2022 JAMDA study and the AANP study, with in-home clinical services and monitoring that help patients adhere to their medication regimen and avoid accidents or relapses requiring visits to emergency rooms or hospitals. We estimate that the average cost per day for home care clients is 90% less than hospital care and the use of a greater number of personal care hours can delay or prevent nursing home placement, enabling more nursing-home eligible patients to reside in lower-cost home and community-based settings. We reduce the cost of long-term care for Behavioral patients by over $100,000 per year, based on the long-term care study, which demonstrated that the average group home cost similar to our community settings is $107,000 per year, compared to the average large state institution cost of $210,000 per year. Furthermore, our value is enhanced by our ability to provide needed pharmacy solutions to customers, clients, and patients who benefit from our expertise and proprietary programs. These pharmacy services optimally manage medication regimens and drug utilization and minimize adverse medical effects, which have been shown to help capture approximately $2,400 in annual savings from increased medication adherence, according to the RAND study. We are leveraging our growing home-based primary care and complementary, and required pharmacy and provider services, to manage patients through multiple ACO arrangements where we receive shared savings. This capability set also positions the Company for continued expansion in value-based care through both our own managed care plans and external partnerships and contracts with managed care organizations.

Today, we have numerous payor contracts that reflect newer and innovative structures and payment models, such as quality incentives and per member per month payments. We participate in multiple value-based purchasing states in Home Health, we are an active participant in two Medicare Shared Savings Program ACOs, in addition to CMMI's Primary Care First program, and we have multiple unique contracts with Managed Care that reflect quality incentive payments – related to transitions of care, timely start of care, optimal care planning, and hospital (re)admission reduction, which we have consistently achieved. The holistic and daily care solutions we deliver for our patients results in significant quality improvement and cost reduction, and this impact for patients and to the health care system is magnified as the utilization of the number of our complementary pharmacy and provider services increases. As a result, we aspire to be viewed as the "partner of choice" for payors in the future, including Medicare and Medicaid, given our national scale and scope, the critical importance and integration of pharmacy solutions, our proven quality outcomes, and the cost reducing nature of our services. Our access, existing contracts, and large number of relationships with payors today gives us the ability to expand services more readily with them.

We believe our complementary services enable us to provide high-quality and cost-effective integrated care, positioning us for emerging value-based care models made possible by the intersection of pharmacy services and provider services, including both clinical and supportive care services, and augmented by more recent care management resources and capabilities in place and being built out further. Our preferred provider relationships and partnerships with health systems and ACOs, our joint ventures, and our ongoing build out of Home-Based Primary Care, the proprietary CCRx, and a Clinical (Nursing) Hub, all represent continued development of our population health management capabilities and enable us to provide more integrated services to our patients. Integrating our pharmacy and provider services to measure effectiveness across quality, costs, and patient experience provides potential opportunities to pursue additional per member per month, shared savings, and risk-taking (capitated) payment models and contracts, subsequent to current quality and shared savings based incentives in multiple payor and ACO contracts today. We currently do not participate in any capitated payment models or contracts where reimbursement for services is based on a fixed amount per patient per unit of time to wholly manage medical risk and spend, representing full risk model for providers. If we are to participate in any such models or contracts in the future, it would expose us to potential losses from patient and member medical costs in excess of revenue.

For example, CCRx consists of medication therapy and risk management, care coordination, and proactive and preventative in-home care for the highest risk and highest acuity patients. It is aimed at optimizing

medication regimens and adherence, preventing avoidable ER visits, preventing or reducing hospitalizations, and lowering the overall cost of care for ultimate success in value-based care arrangements. With respect to the pharmacy component of CCRx, by conducting an in-person medication reconciliation with a consultant pharmacist regimen review, providing easier-to-use adherence packaging, and check-in contacts with the patient, we are able to identify and correct non-adherence, conflicting prescriptions and optimize drug regimens, ultimately leading to fewer ER visits and hospitalizations. We have found that compared to matched home health recipients not receiving CCRx, patients in the program have a lower hospitalization rate. We have the ability to add CCRx as a service to the 34,000 patients receiving our home health and supportive care services today, with the number of home health patients we serve likely to continue to increase in the future, and the approximately 360,000 patients that discharge from our skilled nursing and rehabilitation facility pharmacy customers per year.

We bring value to families and communities that care about our clients and patients

By being able to offer multiple, complementary services and by providing services in the home as well as community clinic settings, we reduce the caregiving burden on clients' and patients' family members. Our services are available in care settings where our patients live, and these services are intimately connected to the quality of life of a patient and their family in the broader community. As a result, and for example, our patient or associated family satisfaction scores are 99% for outpatient rehab services based on an internal survey, 95% for home infusion patients based on a survey conducted by Strategic Healthcare Programs, 81% per Home Health CAHPS, which is higher than the national average, calculated by Strategic Healthcare Programs, 87% for Hospice CAHPS based on a Strategic Healthcare Programs CAHPS Hospice satisfaction survey, and Seniors and Behavioral supportive care clients and families (or guardians) report an average satisfaction score of over 4 (out of 5) based on an internal survey.

Clients, patients, families, and guardians have 24/7 access to our pharmacists and providers, through 24/7 pharmacies, afterhours pharmacy hubs, and on-call services. Our expert order and prescription intake, insurance authorization and billing processes, which are also a competitive advantage amidst complicated industry billing requirements, help to ensure timely access to appropriate and required care and accurate out-of-pocket or customer payments. Additionally, our size, scale, and breadth of pharmacy and provider service coverage create greater access points for clients, patients, and families to find care.

In addition to the daily provision of quality and people-focused health care services, our employees are afforded and take advantage of many opportunities to contribute in their communities through charitable activities and organizations, dedicating their time and resources to build up and support others. Since 2020, we have participated in hundreds of community service events, contributed thousands of hours, and committed over $4.5 million to assist underserved communities through programs that benefit children, schools, nursing and hospice foundations, and organizations that provide support to many of the individuals we serve. Additionally, to help create opportunities for people in the future, the BrightSpring Brighter Futures Scholarship and the BrightSpring Nursing Scholarship provide college tuition to outstanding and deserving high school students each year who require financial support.

We bring value to employees who serve our medically complex patient population

Our national scale and healthcare service offerings create flexibility of care provision and breadth of opportunities for our providers. We offer a compelling mission and the ability to form meaningful relationships with clients and patients, while directly improving their condition and lives. Across our pharmacy and provider services, the Company's infrastructure, technology, training, and operational processes provide support, flexibility in work schedules and pay, and reduce administrative burdens for our teammates to help them concentrate on providing quality care for patients. Along with ongoing training, we have implemented career pathways for advancement and continued to invest in pay and benefits.

We have well-known brands and strong reputations in many markets, with comprehensive training, career path, and awards and recognition programs in our Company. Over 100 of our leaders and employees have

received third-party national and industry awards over the past several years, including multiple CEO, Human Resources, and Quality awards, and we were named a Diversity Jobs Top Employer for 2023. As an organization we have been committed to creating opportunities for people of all backgrounds and types of skills. We are proud that 80% of our employees are female, 48% of our employees are people of color, and, of our top approximately 600 managers in the Company, almost 60% are female. We have multiple affinity programs internally, including a Veterans program that supports the employment, training, and careers for many employees who are Veterans, and our SHARE (Support Help Assistance Relief Effort) program aids fellow employees that have been affected by an emergency or disaster, with millions of dollars contributed to the program over the past four years.

We bring value to many healthcare partners, including physicians, health systems, customers, and drug manufacturers by driving shared success

We have a strong and well-established base of physician and health system referral sources and partners that has been built on years of customer service and quality results. In many locations, we have built deeper, preferred, and contractual relationships with these partners. Our Company has 360 formal strategic partnerships and contracts with health systems, including approximately 20 home health partnerships and contracts with leading hospital systems and ACOs across multiple states related to high performance networks, care transitions, indigent patient management, high-risk patient programs, and therapy and heart failure bundles.

We have preferred or exclusive relationships with pharmaceutical manufacturers in specialty oncology drugs, as manufacturers select and prefer to work with our pharmacy due to leading patient service, reimbursement navigation, nursing support, speed of drug delivery, patient drug adherence, IT and data solutions, and other proprietary value-add services. We currently have 116 limited distribution oncology drugs, an increase from 93 in 2021, and 87 in 2020, with another 16 in the current pipeline still to launch, including 5 exclusive and 11 ultra-narrow and high-control drugs with limited pharmacy access.

In addition to providing strong service and results in each service line, we believe our complementary pharmacy and provider services will create further opportunities for us to be preferred by stakeholders focused on providing and coordinating care across multiple services and settings for patients, which we are able to do more effectively than standalone pharmacies and providers. The benefit to our partners will increasingly be integrated care that improves clinical and quality of living outcomes and reduces cost.

We bring value to investors through our platform of diversified and complementary services

We offer investors a platform of differentiated scale that incorporates broad geographic, end market, and reimbursement diversification among related and complementary services. The platform is designed to offer stability as well as innovative integrated care capabilities with unique levers to drive organic and inorganic growth.

The Senior and Specialty patients we serve represent a market opportunity of over $1.0 trillion and are expected to drive a disproportionate share of future expenditures due to long-term secular drivers that include an aging population, increasing prevalence of chronic diseases, and an increasing prevalence and number of behavioral indications and patients. The Company’s platform delivers services primarily in home and community settings, which benefit from industry trends and tailwinds, given patient preference and the high-quality and lower cost of services of home and community-based care. Approximately 20,000 of our patients receive multiple services from us in their homes today, and we believe that there are over 575,000 additional opportunities to deliver our services to our current census of patients across settings.

The typically multi-year “care relationship” with our patients and the recurring nature of the specific patient care that we provide have resulted in strong visibility with respect to future revenues, particularly for the next twelve-month period, as well as greater operational stability. Approximately 76% and 69% of our anticipated service volume for the next six and twelve months, respectively, is expected to be attributable to patients currently in our care based upon average lengths of stay determined from historical data, with the remainder of

our anticipated service volume for those periods expected to be attributable to new patients not currently in our care. Our national footprint, leading scale, quality track record, and focus on operational execution position us as a provider of choice with services that are broadly supported by our mix of diversified payor sources and programs, including, as of December 31, 2022, 48% Medicare (35% Medicare Part D), 23% Medicaid (of which this percentage is further distributed at the state level), 19% Commercial, 4% government programs, and 6% private/other. As reimbursement models continue to evolve, our complementary, value-add services, and diversified payor mix enable us to potentially enter into quality and value-based contracts that allow us to realize greater incentives and savings than today and take risk.

The Company's platform and financial profile also benefits from an extensive track record in high return de novo location expansions. Over our history, we have continuously built and developed new de novo locations to address gaps and opportunities in our geographic coverage. This incremental coverage provides both standalone growth and opportunities for integrated care network benefits and cross-referrals among related services, and is informed by our knowledge of markets, competitors, referral sources, customers, people, and our payor contacts. We have expanded to 138 new locations since 2018. We believe we can continue to replicate our historical performance of opening at least 20 de novo locations per year. While we expect de novos typically take three to five years to reach full maturity, our 138 de novo openings since 2018 have reached profitability within six months on average. We have organically grown Adjusted EBITDA by approximately 9% from 2018 to 2022.

Our extensive M&A track record is also a meaningful part of our platform, financial profile, and future opportunities. We have a proven ability to source, execute, and integrate accretive acquisitions in fragmented industries. Since 2018, we have completed 57 acquisitions within our pharmacy and provider services, including strategic and tuck-in acquisitions, with 12, 12, and 6 deals completed each year in 2020, 2021, and 2022, respectively, and 3 deals completed in the nine months ended September 30, 2023. Our combined aggregate purchase consideration has totaled over $1.7 billion since January 2020, and we have demonstrated significant reduction in our purchase multiple through revenue and expense synergies and growth post the closing of acquisitions. With access to comparatively more acquisition opportunities across our large markets, and through our ability to leverage scale and operating related synergies, we are able to selectively target attractive and value-enhancing acquisitions that we expect to continue to contribute to the long-term success of the Company.

Industry Overview and Market Opportunity

Healthcare expenditures in the United States were projected to total $4.4 trillion in 2022 and are expected to reach $4.9 trillion in 2024, according to CMS. Through our platform, we provide a complementary and integrated set of health services capabilities to high-need, high-cost, medically complex patients that address their multiple needs. We provide these critical services primarily across Medicare, Medicaid, and commercial plans, which we believe creates over $1.0 trillion of opportunity for our specific and relevant services among the main healthcare funding sources and other pharmacy services payors in the United States.

Our markets include a range of home and community-based health services, which are each required by complex patients and increasingly recognized by industry experts as part of the solution to high national

healthcare demand and spending growth. According to CMS, Medicare and Medicaid are projected to grow at 6.4% and 6.6%, respectively, from 2021 to 2023. CMS also projects the prescription drug market to grow at 4.4% from 2021 to 2023. High-quality home and community-based health services continue to grow in recognition and utilization for multiple compelling and long-term reasons. Growth is mainly driven by:

- continued aging of the U.S. population;
- the rising number of individuals with chronic, often lifelong medical conditions;
- increases in the prevalence and number of people with behavioral conditions;
- patients and families who increasingly prefer home and community-based healthcare solutions as an alternative to institutional care settings;
- payors increasingly diverting care from higher cost facility settings to the home and community;
- strong quality and cost savings resulting from services delivered in home and community settings; and
- advancements in medical technology that allow providers to expand the breadth of services available for delivery in the home.

Within the over $1.0 trillion market opportunity, the Company's platform is able to benefit from a comprehensive set of capabilities that address a number of favorable underlying markets and trends. For example, as the baby boomer population ages and life expectancy increases, Seniors, who comprise a large portion of our patients, will represent a higher percentage of the overall population. The CBO projects that the U.S. population aged 65 and older will grow, on average, by 3% annually over the next five years. Specialty populations, who have unique, specialized, and most often chronic/life-long health conditions and needs, represent a growing proportion of the adult population in the United States. Within our provider services, home health patient expenditures are expected to increase by approximately 7% over the next five years, with hospice patient expenditures expected to increase by 8% over the same period. Additionally, services related to supportive care are expected to grow by 6% over the next five years. In Pharmacy, home and community markets are expected to grow at a weighted average growth rate of approximately 9% over the next five years.

We believe these trends will continue to drive sustainable growth in our markets and greater utilization of our services in the future, creating opportunities for scaled providers to continue to gain share through our infrastructure advantages and focus on coordinated and valuable care to medically complex Senior and Specialty patient populations with intensive healthcare needs.

We operate in a highly competitive industry as well. Within our markets, we compete with businesses spanning both pharmacy and provider services markets. In our Pharmacy Solutions segment, we compete with local, regional, and national pharmacies. While no other company singularly competes with us across all of our pharmacy customers and patients, on a nationwide basis we compete with several companies depending on the patient type and related service offering. In our infusion and specialty pharmacy services, we compete in the large and fragmented home infusion and specialty pharmacy markets including Option Care Health, Inc., Coram CVS/specialty infusion services (a division of CVS Health), Accredo Health Group, Inc. (a unit of Cigna), Optum Specialty Pharmacy (a subsidiary of OptumRx, which is a unit of the UnitedHealth Group), and various regional and local providers. In our infusion and specialty pharmacy services, owners of senior living and skilled nursing and rehabilitation facilities may also provide pharmacy (and provider) services, and on a nationwide basis we compete with Omnicare, Inc., a division of CVS Health, and several others.

In our Provider Services segment, we compete with local, regional, and national providers of clinical services and supportive care to clients and patients. Within our provider services, our principal competitors are comprised of Amedisys, Inc., Encompass Health Corporation, LHC Group, Inc., and Addus HomeCare Corporation, as well as other local and regional providers. Within these services we also compete for employees with physicians, nurse practitioners, physician assistants, and other medical and non-medical personnel. Additionally, we compete for physicians and other healthcare professionals that we directly employ to provide healthcare services for our patients and to provide licensed medical services.

Our Platform

We believe our high-quality and complementary health services offerings address significant and important patient and stakeholder needs. In the home and community settings where we operate, patients with chronic conditions often require daily care, closely-managed medication regimens, and specialized clinical treatment, and our service model is defined by core pharmacy and provider services augmented by integrated care capabilities that are intended to maximize outcomes and minimize potential disruptions. The Company's quality outcomes achieved for Senior and Specialty patients and industry stakeholders are also mostly delivered in patient-preferred and lower-cost settings. We believe our breadth of service capabilities and proven outcomes position us as a provider of choice for patients, families, referral sources, customers, and payors.

Furthermore, scale is important in the industries and service areas that we participate in, for numerous reasons, including realizing economies of scale, for example in purchasing, technology, and related to fixed expenses, leveraging best practices and quality and operational oversight of the service lines, in payor contracting, being able to invest in attractive growth areas, and driving value through revenue, quality, and operational and cost synergies post acquisitions. Our service capabilities extend across all 50 states in the United States, with co-location of our pharmacy and provider services in 40 states. We deliver a higher proportion of services in select regions with favorable demographics and regulatory environments, with approximately 54% and 47% of our revenue in 10 states in the year ended December 31, 2022 and in the nine months ended September 30, 2023, respectively. Our services are organized and managed through two reportable segments: Pharmacy Solutions and Provider Services.

The Company's scale, complementary service offerings, and geographic footprint also enable integrated and value-based care opportunities. Many of our patients today receive both pharmacy and provider services from the Company, thus simplifying their experience and supporting positive outcomes. Our integrated care and value-based care model is based on three important service enablers and three primary strategies. For enablers, we view (i) home-based primary care capabilities, (ii) a customized transitional care management program, and (iii) a clinical care coordination hub as essential to drive optimized quality and reduced cost outcomes. The Company has spent the last several years building out these three integrated and value-based care capabilities. In turn, these enablers are required to execute three key integrated and value-based care strategies, including (i) the coordination of clinically integrated care for patients receiving multiple Company services across settings and over time, (ii) providing multiple integrated (or bundled) services to senior living communities, behavioral providers, skilled nursing and rehabilitation facility providers, hospitals, and payors who all require our comprehensive offerings, and (iii) the execution of value-based care contracts, whether internal through the Company's own ACO shared savings arrangements and managed care plans or whether external through third-party government or managed care entities.

Pharmacy Solutions

We opportunistically provide pharmacy services when and where demanded and as required to customers and patients in their homes and communities, often in coordination with our provider services. The Company filled over 34 million prescriptions in 2022 from over 180 pharmacies across all 50 states, with services delivered to approximately 6,000 customer locations, more than 44,000 individual or group homes, and over 350,000 patients, all through over 4,900 unique customer and payor contracts. Our leading pharmacy support across customer and patient settings is achieved through a focus on medication availability and reliability, cost containment, customer staff and patient support programs, clinical and regulatory education and support, and leading customer service. Infusion and Specialty Pharmacy prescriptions and Community Pharmacy prescriptions have grown at more than 20% and 10%, respectively, from September 2022 to September 2023. We have a unique opportunity to increasingly provide more pharmacy services in the future to provider patients and patients transitioning across settings of care. Almost every one of the Company's patients who receive provider services from us have a significant medication support need given their polypharmacy profile, which we have the opportunity to further address.

Pharmacy services are a universal need and ongoing connection point across medically complex populations. Our pharmacy services delivered into homes and community settings for complex patients are extremely different as compared to retail pharmacy, with more challenging customer and patient needs and service requirements. The average Senior fills approximately 52 medication prescriptions per year, while our average pharmacy patient is usually prescribed approximately nine medications at a given time, or at least two times more than the average Senior. As a result, medication appropriateness, accuracy, and adherence are critical points of emphasis for promoting the overall long-term health and well-being of patients. Non-adherence causes approximately 40% of chronic disease treatment failures and 125,000 deaths per year in the United States. Further, non-adherence costs $100 billion annually, according to the JAMDA study. We deliver on our goals with 99.99% order accuracy and 98.46% order completeness.

There are numerous success factors that we believe are important for long-term sustainability in the pharmacy industry. First, large scale, which our pharmacy platform has and is characterized by, is of critical importance. We are able to leverage our large pharmacy scale in purchasing and all supplier contracting, in operating and fixed expenses, in payor contracting, in technology and systems, in sales and marketing and with brand reputation, in being able to address customer and growth opportunities in more markets, in driving synergies post acquisitions, and in leveraging best practices, for example, in operational, quality, and compliance oversight and human resources and people management. Second, the Company has historically targeted and served home and community pharmacy customers, patients, and channels as different from a retail strategy. We believe that these service settings and channels are more challenging to serve and present the opportunity for greater customization of offerings, differentiation, and value-add to customers. Third, and related to the customer types and channels that we serve in pharmacy, we most often provide our services through a local pharmacy and delivery model. Many of our customers require same day pharmacy service or in-person administration, and this geographical requirement can only be met through local, physical pharmacies. Fourth, many of our customers and patients have different and more significant clinical, educational, and reimbursement needs as compared to the general population's retail medication profile, which must be addressed through particular expertise and high-touch customer and patient support vehicles and resources. Fifth, and also due to the different setting profile, heightened needs, and medication therapy profile of our patient base, there is an increased importance on service levels and quality measures in our specific pharmacy service types. Companies that outperform on service and quality in our pharmacy customer and patient channels have the opportunity to differentiate themselves in the market and with payors.

Infusion and Specialty Pharmacy

We provide infused, injectable, and oral medication services in the home and clinic focused on pharmaceutical therapies that require expert administration and high-touch clinical services to patients by our pharmacists, registered nursing staff, and patient support teams. Infusion therapy services are a specialty form of pharmaceuticals that involve the intravenous administration of higher-cost, specially-handled medications that treat a wide range of acute and chronic health conditions, including, for example, infections, auto-immune illnesses, oncology, multiple sclerosis, hemophilia, and nutritional deficiencies. Oral and injectable medication therapies for complex disease management treat oncology, neurology, dermatology, cardiology, immunology, inflammatory, rare and orphan, and other conditions. Within oncology, as one of the leading independent specialty pharmacies in the United States, our services encompass clinical coordination, patient education, protocol compliance, patient assistance with insurance access and outside funding, and timely delivery of medication. Our certified oncology pharmacists are available 24/7 to provide support for patients and caregivers while working in close coordination with their physicians.

Our customer service and quality metrics are in-line with, or better than, our peers, such as time-to-first-fill (4.2 day average turnaround time, which is significantly lower than the industry average of 9.7 day average turnaround time), overall MPR (96.9%, which is significantly higher than the generally accepted 80% threshold for compliance, which is also the threshold set forth in the Company's Blue Cross Blue Shield guarantee), and infusion patient satisfaction scores (95.0%, which is in-line with the 95.6% national average). We offer value-add services including technology integrations

and real-time analytics for both suppliers and payors. As a result of our unique capabilities in serving pharmaceutical manufacturers and biotech companies, we have exclusive or preferred relationships in specialty oncology drugs, as manufacturers select our pharmacy – exclusively or as part of a group of a few other pharmacies – to distribute and support their therapies in the market. We currently have 116 limited distribution oncology drugs in the market, an increase from 93 in 2021, and 87 in 2020, with an additional 16 in the pipeline still to launch, including 5 exclusive and 11 ultra-narrow drugs with limited pharmacy access. In 2020, 2021, and 2022, as a testament to our leading quality and service, we achieved "world-class" NPS scores of over 90, which also triggered quality incentive payments. The Company receives incentive payments in connection with a payor contract, which includes incentive targets based on the Company's NPS scores achieved from surveys performed directly by the payor. The Company did not receive any such incentive payments during the year ended December 31, 2020. During each of the years ended December 31, 2021 and 2022, the incentive payments were approximately $20 million. For the nine months ended September 30, 2023, the incentive payments were approximately $30 million. Further, there are meaningful new opportunities, such as $90 billion expected by 2032 in pharmaceutical industry revenue from oncology drugs not yet launched, drugs that will become generic over the next five years, and approximately 400 drug therapies in Phase III in the Infusion and Specialty Pharmacy pipeline.

Home and Community Pharmacy

Our home and community-based pharmacy solutions ensure that medications are accessible and clinically supported for patients outside of retail pharmacies. The Company's footprint of pharmacies covers all 50 states with a localized model that features "white-glove" and customized programs and allows for faster response times and a better customer and patient experience. We service customer locations typically multiple times a day and 24/7 as needed, within a radius of approximately 100 miles of a pharmacy location. Our services focus on achieving leading medication availability, cost containment, and clinical and regulatory education and support for our customers, and they are designed to provide a consistent, best in-class experience for customers accompanied by local concierge support. Centralized intake and order entry drives consistency across operations and markets. Our pharmacy services are all customized to specific settings and patients among the Senior and Specialty populations served, for example whether a patient receiving our medications is in a senior living community, a behavioral group home, or a hospice patient in their own home.

In addition to our very strong service delivery metrics, our pharmacy services and proprietary programs reduce drug costs to customers and patients, for example with a 99.9% generic efficiency rate (the percent of drugs dispensed as generic, when both brand and generic versions of a drug are available) and saving customers an average of $58 per therapeutic interchange. Our customers, supported by several thousand pharmacists, pharmacist consultants, and nurses, perform better than the national average, with our patients consistently outperforming non-patients on overall CMS quality measures. Moreover, we believe we have certain comparative strengths in this large and fragmented pharmacy market due to our large pharmacy scale – and associated drug purchasing capabilities and distribution reach – and robustness of proprietary and customized customer and patient support programs.

In 2021, we launched CCRx, which is a longitudinal medication therapy and risk management program for home health patients, attempting to solve one of the biggest challenges and opportunities in healthcare, which is the ongoing management of complex patients in their homes to reduce adverse health events and hospitalizations. CCRx includes patient and home assessments, initial and ongoing medication review and reconciliation, user-friendly adherence packaging, direct patient engagement, and education by pharmacists and clinicians. The program was built for patients discharged from skilled nursing and rehabilitation facilities or hospitals, and/or patients going onto home health. Studies have shown that all-cause hospitalizations are higher in patients with poor medication adherence and that medication management associated issues are a leading cause of emergency room visits and hospitalizations. CCRx has been shown to reduce hospitalizations, and, as such, is a key enabler in managing patients in value-based care constructs. For example, the JAMDA study found that home health recipients who are enrolled in CCRx experience a 73.1% lower hospitalization rate than home health recipients who are not enrolled in CCRx.

Provider Services

We deliver a variety of impactful and valuable provider services to high-need, chronic, and complex patients in home and community settings. These services consist of clinical and supportive care to over 34,000 Senior and Specialty populations today, with both census for Home Health Care services specifically, and rehab hours served, having grown approximately 9% from September 2022 to September 2023. While the clinical services that we provide have demonstrated attractive volume growth over the past several years, supportive care services have also demonstrated stability and growth due to the valuable nature of these services that address activities of daily living and social determinants of health. Many of our provider patients also receive their pharmacy services through the Company, which helps to optimize their pharmacy and medication care and needs, simplify their experience, and improve their satisfaction. Our patient personal care satisfaction score for provider services patients was 4.44 out of 5.0, per an internal survey. We believe there is greater opportunity to provide integrated services to all of our patients in the future, as almost every one of the Company's patients who receive provider services from us have a significant medication support need given their polypharmacy profile, and, vice versa, many of the patients we serve in pharmacy have multiple provider service needs, including, for example, home-based primary care, home health, and rehab. To this end, the Company has endeavored to build out home-based primary care over the last several years to coordinate patient services.

There are numerous success factors that we believe are important for long-term sustainability in our provider services markets. First, we are able to leverage our investments in human resources and people management initiatives and best practices across the enterprise, including in recruiting scale and centralization, onboarding and training, and career paths. Second, quality and patient satisfaction are critical, and we are able to provide increased quality and compliance and operational oversight across all locations through additional regional and enterprise resources and functions. Third, we drive strong sales and marketing best practices across geographies to drive strong referral and volume growth rates. Fourth, we are able to drive economies of scale in supplier and payor contracting, in technology and systems, and in government affairs and advocacy. Fifth, the ability to address market opportunities and geographic coverage through de novo locations and tuck-in acquisitions that benefit from synergies adds value, which we have demonstrated. Moreover, provider services scale is perhaps the most important determinant of sustainability for a provider services business, as it enables a company to be able to execute on the aforementioned success factors. Complementary scale in the pharmacy business is additive to provider services quality and growth, as our pharmacy business' presence and footprint across geographies provide for a base of integrated care patient opportunities.

Home Health Care

We provide patient-centric, highly skilled, and compassionate clinical care to Seniors and others in their homes. For Seniors and other patients recovering from surgery or illness or living with chronic diseases, we provide clinical home health care in the home. These services help patients avoid unnecessary hospitalizations, speed up recovery time, and allow people to stay and feel secure in their own homes, which they prefer. Over $40 billion in annual U.S. health care spending is attributed to hospital readmissions, and home health care can reduce 365-day post-discharge costs by more than $6,000 per patient, each per the American Journal of Medicine. We also provide physical, emotional, and spiritual comfort and support primarily for Senior patients with terminal illnesses and their families through our hospice services. Our services have also been shown to help manage end-of-life healthcare spending. For example, Medicare spend in 2019 for patients that had received hospice care was estimated by NORC at the University of Chicago to be $3.5 billion less nationwide than if all such patients had not received hospice care. Like patients receiving home health care, our interdisciplinary hospice teams tailor individualized plans for patients and their families based on a comprehensive understanding of their needs. Our hospice patients require important daily pharmacy support, which we deliver through our pharmacy services. We have an 9.2 HCI score, calculated using data from CMS provider reports for each of our providers, and we believe that our nurse-to-patient visit frequency and staffing ratio is well above industry averages, as demonstrated by the fact that across our hospice services, our average total visits per patient is 22.7 visits per month as compared to the national average of 14.0 visits per month. Additionally, on average, nursing visits per patient per month was 10.5 as compared to the national average of 6.4 visits per patient per month,

which monthly average was based on a MedPac report in 2022. Additionally, for Seniors and others who require supportive care and activities of daily living support that address social determinants of health, including dietary and nutrition management and cognitive and social engagement, among others, we offer these daily or weekly services. We estimate that the average cost per day of supportive home care services is 90% less than hospital care, and as Medicare spends an average of three times more on older adults with functional limitations, we also believe that supportive care services will continue to become a focus for payors to help improve outcomes and delay or prevent unnecessary facility placement.

We are continuing to build out specialized and different primary care capabilities through our home-based primary care medical home model and platform, which we view as central to the future of optimizing patient management, including patient experiences, outcomes, and cost. Many adverse health and/or medication events can be prevented through better understanding patients' health and risk factors by managing and treating them in the environment where they reside with primary care. In doing so, home-based primary care is more patient-centered and incorporates patients' specific objectives and goals. Home-based primary care pro-actively addresses gaps in care and triages health events in-place when possible, thus mitigating avoidable emergency room visits and hospitalizations. Home-based primary care coordinates care and resources for patients in pulling together previously disparate information and contact points into one place for more coordinated and informed patient care. Our primary care clinicians, including physicians we directly employ in certain states, optimize clinical and care decisions as they see and manage both Seniors and Behavioral (including I/DD) patients in senior living communities, in individual homes and in group homes, in skilled nursing and rehabilitation facilities, as well as through transitional care visits after patients leave hospitals or skilled nursing facilities. By engaging with patients more frequently and where they live, the Company's home-based primary care can mitigate health issues before they escalate further and conduct many applicable treatments and procedures in a home or community setting. Our home-based primary care has delivered leading quality outcomes, including a hospital readmission rate 30% less than the national average and with acute, chronic, and complex patients served still able to spend 355 days per year at home, which is 6% more days than the Medicare average, based on the Health Days study. For I/DD patients, we have seen reductions in hospitalizations and readmissions of 44% and 84%, respectively, since beginning home-based primary care services.

In addition to many of our provider patients also receiving their pharmacy services from the Company, our patients often receive multiple in-home provider services from the Company to improve outcomes, including home-based primary care and home health or hospice and transitions from home health to hospice. In 2021, the Company implemented CCRx, which provides patients with a more coordinated experience and reduces risks through primary care expertise in the home soon after patient discharge and through optimized medication therapy management in an individual's home. Within the last two years, the Company has built a Clinical (Nursing) Hub to be the contact and coordination point for patients, families, and their pharmacy and provider services. As more of our patients utilize the multiple needed services that they require and we provide, we pro-actively monitor patients and deploy triage tools through our Clinical (Nursing) Hub to address risks and optimize quality outcomes in real-time, particularly for higher risk patients. Within the Clinical (Nursing) Hub, we centralize on-call and tele-triage, perform high-risk patient monitoring and intervention, conduct "Aftercare" patient calls, and manage care coordination opportunities across the enterprise. We see significant potential for additional integrated care opportunities by leveraging our Home-Based Primary Care, CCRx, and Clinical (Nursing) Hub capabilities to support senior living communities, payors, our hospital partners and their patient discharges, and our skilled nursing and rehabilitation facility customers who alone discharge approximately 360,000 patients a year back into the community and their homes.

Community and Rehab Care

Our Community and Rehab Care services provide both client-and patient-centric clinical care and supportive care to Senior and Specialty clients and patients living with age-related acute or chronic conditions, living with life-long indications (including I/DD and autism), or recovering from a catastrophic neuro event (ABI/TBI or stroke) requiring intensive therapy. These services support individuals of all ages who need various forms of expert clinical care and therapy in addition to assistance with daily skill building and living. The majority of these clients and patients receive daily pharmacy support, delivered through our pharmacy business

(with an 83% penetration rate), along with ongoing behavioral therapy consults and primary care medical care, which is increasingly being delivered through our home-based primary care practice.

We provide specialized, highly-skilled, and custom-designed rehabilitation services, including physical, speech and occupational therapy and ABA, for clients and patients of all ages with a range of injuries and conditions, including brain and spinal cord injuries, stroke, pediatric neuro conditions, and autism. Our services make a dramatic impact on the trajectory of a patient's independence, skills, and life and significantly lower longer-term costs. Rehab patients see profound improvements in their conditions, with the Company's outpatient rehab services receiving a 99% patient satisfaction score and over 99% of patients who would recommend our services. We also offer a variety of programs for individuals with I/DD through our community living services, including group homes, supported living and family living models (host homes), behavioral therapy, vocational therapy, and case management. Our programs are principally administered in individuals' homes and are predominantly based on individual support and clinical care plans designed to encourage greater independence and manage medical conditions, as the majority of I/DD individuals have multiple chronic conditions and require eight or more medications.

Our Team and Culture

We believe an engaged, connected, and mission-driven team of employees across the Company is an essential component of our platform and growth strategy. Our dedicated clinicians, caregivers, field, corporate and other administrative support employees, managers, and leaders are the critical elements that have enabled us to build a differentiated healthcare platform of scale with strong quality outcomes and historical financial performance. We have a combination of long-standing employees at all levels who have worked together for years and talented newer employees that help to contribute best practices and innovation – all bringing a wealth of experience in healthcare.

Our leadership team has driven a clearly defined vision and mission through the organization. It has fostered and developed a focus on quality, operational excellence, and growth across our enterprise, underpinned by strong people, efficient processes, and robust technology and data systems and applications. The Company has consistently innovated its service models to drive results and augment our positioning as a valuable partner to industry stakeholders. Our culture is at the heart of all we do, enabling execution of our strategies. Our commitment and passion for making a difference and helping people guides the way our care and services are delivered, one patient at a time.

As a leading mission-driven and quality-focused health services organization, our employees are fundamental to our ability to maximize our impact in serving clients, patients, families, customers, referrals sources and partners, and all healthcare stakeholders. Focusing on the interests and development of our employees is a top priority, and our ability to attract and retain compassionate and skilled caregivers and pharmacy professionals, as well as talented functional and managerial staff, is fundamental to our future.

Our LEGACY focus guides every member of our team to act as professionally and responsibly as possible with an attention to the following core behaviors:

- **Leadership:** Everyone is a leader. Establish purpose and coach to make others better.
- **Environment:** Work together among a trusting team, and reward good performance.
- **Get Going:** Think. Plan. Act. Take action to set and hit our goals.
- **Attitude:** Take a positive, can-do approach, because that is contagious.
- **Communication:** Connect, coordinate, and collaborate, so that everyone is in the know.
- **You:** Be an example. Stop and reflect. Set high standards, and note progress and wins.

These LEGACY standards show up in all areas of operations, including strategic planning, budgeting, quality and compliance, operations, sales and marketing, technology, management review systems, performance reviews, compensation, and promotions. We believe our culture supports our ability to operate at the highest

levels to maximize our collective impact in fulfilling our mission and delivering critically needed care to our clients and patients in a high-quality way. If we do this, we believe that sound and responsible financial results will follow, which enable further investment in people, technology and continuous improvement efforts.

Operational Excellence

Operational excellence is a focus of our Company. It is a key aspect of our performance, and we believe it will be a driver of our continued growth. Our senior leadership's attention to how we operate and manage our services and enterprise support functions is reflected in continuous improvement efforts in both volume and cost efficiency related areas for improved results. In field operations, processes and teams are empowered with clear strategies and goals and managed from the local level up through regions, with key enterprise functions such as finance and accounting, revenue cycle, information technology, quality, compliance, human resources, legal, payroll, accounts payable, communications, sales and marketing, and government relations working to support front-line and field employees and managers to be as knowledgeable and impactful as possible. In addition to large finance and human resources organizations, dedicated PMO, IMO, and Procurement teams have been in place for the last seven years and serve as control functions, as they evaluate opportunities, drive continuous improvement projects, and support the execution of critical initiatives across all business and enterprise functions in the Company.

Working collaboratively, these teams have a broad mandate and are empowered from the CEO office to support further growth and realize savings through new strategies to drive volume, people and culture enhancements, process improvements and operational efficiencies, synergy capture from acquisitions, and improved purchasing that leverages our scale. The implementation of our PMO-led continuous improvement program over the past seven years at the enterprise level has resulted in approximately $41.5 million of annual savings in 2022 (in addition to annual efficiencies and savings work throughout field operations) from improved processes and working smarter, and these efficiencies have been used to reinvest in employees (both existing employees through wages and benefits and new employees to support key strategies, innovation and infrastructure needs to further scale), quality, technology, and growth initiatives. Our cost initiatives have included various projects such as formulary product focus which then can lead to pricing improvements, delivery route optimization, and vehicle and mileage optimization among many other initiatives focused on reducing waste and improving costs in our network.

We have continued to make investments to improve the overall efficiency and workflow of our business and position ourselves for continued future growth. For example, investments in technology and information systems to support our businesses in recent years have included new and improved EMR and ERP systems across different pharmacy and provider services for continued usability improvements, quality objectives, sales and marketing strategies, enabling mobile and electronic visit verification, implementation of daily pay and other employee support applications, and enhancements to financial, revenue cycle, recruiting and training systems. Our cloud-based data lake (storage) and business intelligence (analytics) capabilities are now a single digital platform and set up to feed real-time quality, operational, and financial metrics tracking across the Company.

In 2020, we also completed the implementation of a financial systems transformation, including the implementation of Oracle Fusion and a new budgeting and forecasting system. Continued enhancements in revenue cycle systems and processes have included a new accounts receivable collections system to prioritize accounts and team activity and drive DSOs, implementation of our "One Touch" billing and collections program in pharmacy (to comparatively outperform for customers in a complicated industry billing environment using dedicated billing specialists assigned to facilities to proactively lower costs and optimize customer experiences), lockbox capability, and online bill pay. Employee and vendor initiatives have included payroll and accounts payable systems enhancements and conversions to automate field and people processes, a new enterprise recruiting, hiring and onboarding system, enhanced training systems and programs, introduction of an employee App, or OutReach, that also includes capability for employees to receive daily pay, and a new enterprise travel system to implement policy controls and bulk purchasing for better rates. In turn, we have continued to refine and

leverage our scale with IT infrastructure consolidations and efficiencies and ongoing IT security investments in support of enterprise systems and data. Moreover, the Company is on a course to digitize as much information as possible and to automate all relevant processes and tasks possible, and we continue to identify opportunities to take advantage of robotic process automation, a discipline we introduced into the Company that has resulted in the automation of many wrote, manual processes, saving time and freeing up employees for higher value-add activities.

Quality and compliance are central to our strategies and mission. We have demonstrated leading and excellent service and customer/patient/family satisfaction scores across the organization, as referenced in prior and other sections of this prospectus. In addition to quality and compliance resources and programs in field operations, we invest over $200 million a year in people, training, auditing, signature programs, accreditations, advocacy, and technologies to support quality, compliance, and safety as part of our "Quality First" framework. We continue to invest in quality and compliance resources with 193 enterprise oversight quality and compliance team members, who conduct approximately 200 additional, deep, and next-level audits annually, in addition to ongoing audits at the field operations level. This team also completes monthly record reviews of 10% of all patient charts, leveraging electronic health records. We have over 1,000 pharmacies, branches/agencies, and service locations accredited by the leading, national, and third-party accreditation bodies, including ACHC, CHAP, Joint Commission, CARF, NABP, URAC, and DMEPOS.

The strength of our quality was reinforced during the initial years of the COVID-19 pandemic, during which the Company focused on implementing best practices in infection control, visitor management, employee screening, streamlined reporting, and triage protocols to optimally support clients, patients, employees, families and communities. Through the end of the COVID-19 pandemic, the Company has experienced an overall infection rate that is much less than the general U.S. population, with client/patient and employee infection rates of only 7.1% and 9.0%, respectively, which is less than one-third of the U.S. national average of 31.5%, despite the Company serving a comparatively higher-risk population. We have reported our preparation plans, tactics, experience, and data in numerous peer-reviewed research publications, and the World Health Organization, the International Long-Term Care Network, and the London School of Economics included these publications in their policy briefs. Since 2020, the Company has published and presented on outcomes, value, and best practices from our various services, as well as in COVID-19 pandemic management, in 36 different venues, including in 9 different peer-reviewed publications, and the Company's published white papers on its outcomes and practices have been cited by authors in other research articles approximately 95 times.

Our continued build-out of Home-Based Primary Care, transitional care management programs, including CCRx, and Clinical (Nursing) Hub services should further optimize quality outcomes and help to reduce unnecessary ER visits and hospitalizations across all provider service lines, as they will increase transitional care and primary care visits in the homes of high-risk patients, centralize on-call and tele-triage, perform high-risk patient monitoring and intervention (utilizing telehealth), monitor home health and hospice utilization algorithms and bridging, conduct "Aftercare" patient calls, manage care coordination opportunities, and support CCRx with patient monitoring, touch points, and care services coordination as needed. These continued investments in innovation and quality resources should add capabilities to support evolved models of quality and payment initiatives with payors in value-based arrangements in the future.

Competitive Advantages

As compared to many other health services providers, our large size and scale, our complementary services address multiple needs of high-need and high-cost complex patients, our markets are uniquely large in the aggregate with tangible demand drivers, our services are delivered in preferred lower-cost home and community settings aligned to secular trends, our patients require long-term care and support that results in a high recurring revenue profile, our services produce excellent and proven quality metrics, and our M&A track record and platform is extensive. Moreover, the combination of our services delivered in homes and communities provides

for a greater opportunity set of commercial and clinical alternatives to pursue and deepen in, and it provides for a unique model for integrated and value-based care to realize improved patient and cost outcomes for complex patients, payors, and the healthcare system. These advantages and capabilities have led to strong historical growth, augmented by significant de novo and M&A execution amidst fragmented markets, and underpinned by a capable, seasoned, and proven management team.

Scaled National Platform Focused on Complex Patients in Home and Community Settings

Our reach, breadth, and scaled national platform of pharmacy and provider services improve the consistency of results and is designed to solve critical pain points for payors in managing overall healthcare costs for their most complex patients. We are able to drive clinical outcomes and lower cost of care due to our presence in the home and community and highly proximate position to the patients we serve. In 2022, we delivered over 34 million prescriptions and provided approximately 120 million hours of care across all 50 states in the process of serving over 400,000 people per day on average. We estimate our total addressable market opportunity to be over $1.0 trillion, and the complex populations we serve both comprise the majority of this spend and drive the highest growth within healthcare services. Our ability to provide complementary and integrated daily pharmacy and provider services to more patients at scale enhances our growth and new contract opportunities comparatively and provides us with greater long-term potential size and impact.

Size and scale are important in the industries and service areas that we participate in, for numerous reasons. These include realizing economies of scale, for example in purchasing, technology, and related to fixed expenses, leveraging best practices in human resources and people management, sales and marketing, and customer programs, leveraging quality and operational oversight of the service lines across the enterprise, supporting payor contracting, investing in attractive growth areas, and driving value through revenue, quality, and operational and cost synergies post acquisitions. We believe our scaled national platform of integrated service offerings not only drives efficiencies and best practices, but also establishes our position as a healthcare provider of choice for patients, families, referral sources, customers, and payors.

Complementary Services That Address Integrated Health Over Long Periods of Time

We offer complementary pharmacy and provider services and unique, proprietary programs across our platform that high-need, high-cost, and complex patients require, and we have significant engagement with our patients in their homes and communities. Each of our pharmacy and provider services offers patients higher quality care and provides greater efficiency and effectiveness when integrated, as a streamlined partner available to payors to deliver improved outcomes and cost savings. The comprehensive mix of services that we provide at the scale that we provide them creates both stability – through business, end market, geographic, and payor diversification and relevance – and more revenue opportunities in providing multiple services to patients as a single provider and in capturing additional services across patient settings and transitions of care. The steadily increasing density of our network and proximity to patients allows us to increasingly drive referrals and follow patient needs longitudinally across their individual care continuum. The vast majority of patients we serve not only have multiple service needs, but also have life-long conditions with long-term, chronic care needs, which results in significant revenue visibility – 76% of our patients are on service for at least six months, and 69% of our patients are on service for at least 12 months, which provides for a high degree of recurring revenue comparatively.

Excellent Quality and Compliance with a Focus on Care Coordination

We have demonstrated leading quality metrics and cost-effective care across all service offerings of the Company, coordinating high-need, and complex individuals with caregivers and support services to improve outcomes for clients, patients, and families. Our provider care management tools and programs help to keep our patients safe, enhance their independence, improve their outcomes, and lower their health care costs. Our goal is to try to ensure that every individual receives the right care, at the right time, in the safest environment possible.

For example, across our pharmacies we achieve 99.99% order accuracy and 98.46% order completeness, "excellent" and "world class" NPS, a 95% satisfaction rating from infusion patients, and a reduction in hospitalizations with CCRx, while also driving savings through medication adherence and therapeutic interchanges. We achieve 99% patient satisfaction in our outpatient rehab services, and we achieve an 84% overall rating of care in hospice, hospitalizations 30% lower than the national average in our home-based primary care, and four stars (out of five) in the CAHPS home health patient survey ratings. Our complex Behavioral clients, often with three or more comorbidities and requiring eight or more medications, are still able to spend 359 days a year at home on average. We believe that we are positioned to identify potential medical problems and avoid adverse events due to our highly proximate position to patients and attentive care protocols, as evidenced by these quality metrics.

Our pharmacies address ever-present patient medication needs across all settings and our industry-leading solutions ensure accurate and timely access to needed medications, control costs, enhance customer education, improve patient outcome measures, and support customer compliance with state and federal regulations. We have dedicated a large and growing amount of resources to support quality and compliance throughout the organization, and we continue to invest in efforts to innovate further towards value-based care capabilities. Together, our quality and compliance programs create an outcomes-based environment centered around clients and patients that enables them to live their best life.

Strong Track Record of Executing High Return De Novo Expansions

We have a successful history of executing on new de novo locations to increase coverage and market share in our geographies. Our knowledge of markets, competitors, referral sources, customers, people, and our payor contacts and contracts from across our services and geographies helps to inform our selection of new markets. We have expanded to 138 new locations since 2018. We have historical performance that indicates that our operating model can succeed across different markets. While we expect de novos typically take three to five years to reach full maturity, our 138 de novo openings since 2018 have reached profitability within six months on average. In the nine months ended September 30, 2023, our 138 de novo locations opened since 2018 generated total revenue of $218.0 million, representing 22.5% growth compared to the de novo locations revenue in the nine months ended September 30, 2022. Our de novo growth in the nine months ended September 30, 2023 contributed approximately 0.7% to our overall Company revenue growth of 12.2% compared to the nine months ended September 30, 2022.

Track Record of Strategic and Accretive M&A Across Our Platform with Proven Ability to Execute

Acquisitions are a key strategic advantage and value creation driver for BrightSpring. We have an established M&A track record and proven capabilities, positioning us to continue to be effective in acquiring businesses within our service lines and within fragmented markets. We have successfully acquired 57 businesses since 2018, with the median purchase price of $4 million for acquisitions since 2018. Of the 57 businesses, 55 have increased their profitability since we acquired the respective businesses, which is calculated using last twelve months results at the time of the acquisition compared to results calculated for the nine months ended September 30, 2023, annualized for a twelve month period. Our scale and breadth of services creates meaningful opportunities to achieve significant revenue and cost synergies with businesses we acquire. We believe we are an attractive partner for many businesses, who need and can benefit from additional infrastructure, referral source expansion, and purchasing and negotiating power to succeed. Our M&A capabilities have been honed through years of experience, and today we are able to generate significant synergies beginning on the first day post-closing of an acquisition. We have realized combined post-close growth in our acquisitions since 2018 that has resulted in a reduction of aggregate purchase multiple by approximately 50% overall, which is calculated using last twelve months Adjusted EBITDA at the time of the acquisition compared to Adjusted EBITDA calculated for the nine months ended September 30, 2023, annualized to a twelve month period. This highlights the Company's differentiated acquisition and integration approach and skill set and the value-enhancing nature of our historical acquisitions. We have historically financed our acquisitions primarily with borrowings under our

debt facilities, as well as cash flows from operations. Since 2020, we have incurred $1.2 billion of debt to fund the purchase prices of, and otherwise consummate, the acquisitions. Our total debt as of September 30, 2023 was $3.5 billion.

Our M&A platform in our pharmacy and provider services markets within health services is advantageous for multiple reasons: our scale enables both revenue and cost synergies; our complementary service line mix provides us with a broader and larger opportunity set of acquisition targets; our well-resourced corporate development team's ability to pro-actively identify and execute attractive and, most often, proprietary acquisitions; and our IMO team that has extensive experience in managing all elements of the acquisition process pre and post-close and helping to ensure the successful integration of both platform and tuck-in acquisitions into our organization. All service markets that we participate in are still highly fragmented and benefit from scale, which provides for continued consolidation opportunities and value-creation opportunity through well-reasoned and well-executed acquisitions.

Experienced Management Team with a Successful Track Record of Building Companies

Our management team has an average of 26 years of healthcare experience, with combined backgrounds across different industries and disciplines and with collective experience in building healthcare platforms. Senior management has a track record of successfully building home health and hospice platforms, managing large pharmacy businesses, turning around and improving businesses, driving volume growth, entering adjacent and new markets, integrating acquisitions, completing joint ventures, executing on de novos, improving quality, implementing new systems and continuous improvement programs, generating stable cash flows, and creating organizations with strong cultures and talented people. Our management team is tenured and has driven revenue growth of over three times since 2018 while integrating enterprise infrastructure and processes across service lines.

Our Growth Strategy

Drive Organic Growth in Pharmacy Solutions and Provider Services

We expect to continue to pursue and capitalize on growth opportunities in our existing core pharmacy and provider services through four principal mechanisms.

First, we plan to benefit from market penetration in both our legacy and newer markets. Through our scale, our delivery of multiple needed patient services, our quality metrics and ability to improve outcomes for patients, our human resources capabilities, and our sales and marketing initiatives, we are able to drive increased penetration of the Company's stable, growing, and attractive end markets. While we have leading share and scale in a number of our patient services settings, which we have served for longer periods of time, our share in newer patient settings is still emerging and provides added opportunity for further growth. For example, in our hospice services, utilization is still only 50% despite the benefits of the service delivering life-enriching care and important medication management. Also, despite the large size of our markets, many potential clients and patients unfortunately still go without care services today, either due to lack of knowledge of available services, access/payment barriers, or waitlists. Continued recognition for the clear value of home and community-based services and continuing referral source, client/patient, and family education can drive further increases in the number of clients and patients on the Company's services.

Second, beyond increasing market penetration and increasing access to existing eligible and appropriate clients and patients, our core business is characterized by favorable demographic and social trends that include an aging population, an increasing number of individuals with chronic, life-long medical conditions, an increasing number of individuals with behavioral and mental health indications, and an increasing preference for home and community-based health solutions. In our core pharmacy and provider services, there remains significant opportunity to benefit from continued growth in our industries and in the number of available patients in need of our services. Seniors over the age of 65 are expected to grow by almost three percent a year by 2030, according to the CBO, and the population size of people over age 85 is expected to double by 2040, according to the

Administration for Community Living. In Pharmacy Solutions, the senior living market is expected to grow by five percent per year, demand for home infusion is expected to grow at nine percent, and specialty drug spend is projected to grow at a 10-15% annual rate, with oncology being the biggest and highest growth market within the specialty pharmacy industry and having a large number of innovative therapies in the pipeline. There is an estimated six percent projected growth rate from 2023 to 2030 in the number of Seniors who will need supportive care services, per Mordor Intelligence forecasts, and 70% of adults over the age of 65 will need assistance at some point, each per the HHS report on older Americans. Hospice services are projected to grow at seven to eight percent per year according to a Bank of America Global Research report, and neuro rehab services are estimated to grow at eight percent per year according to a 2021 report by Allied Market Research.

Third, we believe that we have significant opportunity to serve more patients by further building out our network of locations through high return de novo expansions. Again, it is our scale and complementary service line offerings that afford us this de novo opportunity. We continuously focus on identifying areas of need and gaps in geographic and service coverage that we can fill by opening new locations. Incremental service coverage represents not only standalone service line growth, but also represents an opportunity to provide additional integrated care pharmacy and provider services. Our successful track record to date gives us conviction to continue to invest in new locations to drive long-term value creation. We believe we can continue to replicate our historical pace of opening at least 20 de novo locations per year. Given our size, complementary services, and opportunity set of new service locations to choose from, we have prioritized target markets that we believe will be appealing opportunities for strategic development.

Fourth, underpinning multiple levers to drive continued growth is a stable reimbursement environment across the various services we provide to our high-need client and patient population. Our services have significant and evident value. They deliver high quality, reduce costs in the healthcare system, and are provided in client-, patient-, and family-preferred settings. In order to continue to provide care access and funding solutions to an aging U.S. population, which is increasingly defined by chronic and behavioral health conditions, increased funding for home and community-based services like those of the Company is imperative. Historically, our markets have a demonstrated track record of governmental and payor support and reimbursement stability. Reimbursement rates for hospice services increased by 2.0% on average from 2014 to 2021, per CMS and HHS data, while home health spending in the U.S. is projected to increase by 7.0% per year through at least 2028, according to a 2020 report in Health Affairs. Reimbursement rates, largely Medicaid, in supportive care and behavioral health (including I/DD) have increased for the past ten years, with a CAGR of 4.1% and 3.6%, respectively, since 2014. In Pharmacy Solutions, our long-term care pharmacy revenue has increased at 3.3%, since 2014. Funding for home and community-based services for the highest-need and highest-cost populations will continue to result in better healthcare system outcomes, in terms of patient access, patient and family preference, and overall cost.

Leverage Complementary Services and Market Presence to Increase Integrated and Value-Based Care

As a pharmacy and provider services platform that includes complementary service capabilities and client and patient health solutions, including 500,000 embedded clinical interchange opportunities, we have additional integrated care opportunities in the future that should improve patient and family outcomes and satisfaction while reducing healthcare system costs. For example, 22% of all hospice care takes place in assisted living facilities and 35% of residents in assisted living facilities receive home health care. Moreover, 70% of patients in skilled nursing facilities are discharged to home health care. Most all of the complex patients that we serve require pharmacy and provider services, and while the Company's capability to provide these multiple required services to Senior and Specialty populations increases our overall total addressable market size, revenue potential, M&A opportunity set, and de novo possibilities, it also enables us to provide higher-quality and more efficient integrated care for healthcare stakeholders.

Our Company's integrated care management and value-based care model today is predicated on and defined by three important service enablers and three primary strategies. For enablers, we view (i) home-based primary

care capabilities, (ii) a customized transitional care management program, and (iii) a clinical care coordination hub as essential to drive optimized quality and reduced cost outcomes. The Company has spent the last several years building out these three integrated and value-based care capabilities. In turn, these enablers are required to execute three key integrated and value-based care strategies, including (i) the coordination of clinically integrated care for patients receiving multiple Company services across settings and over time, (ii) providing multiple integrated (or bundled) services to senior living communities, behavioral providers, skilled nursing and rehabilitation facility providers, hospitals, and payors who all require our comprehensive offerings, and (iii) the execution of value-based care contracts, whether internal through the Company's own ACO shared savings arrangements and managed care plans or whether external through third-party government or managed care entities. The ongoing build-out of these enablers and strategies will be fundamental to provide augmented care management capabilities to drive more integrated care solutions in the future.

There are opportunities for government and private/commercial payors to improve outcomes and costs for their members by proactively managing at-risk and highest-risk patients with chronic conditions and/or polypharmacy utilizing high-touch, comprehensive, and coordinated care management solutions. Healthcare spending is highly concentrated, and frail Seniors and dual-eligible individuals with behavioral needs are among the highest spenders. Medicare beneficiaries with four to five chronic conditions have 500% greater healthcare spending, and beneficiaries with six or more chronic conditions have 1,500% greater healthcare spending. The top five percent of health spenders account for approximately 50% of the spending and cost approximately $61,000 a year on average, and the top one percent of health spenders account for 21% of healthcare expenditures and cost approximately $130,000 a year. Individuals within seven to nine, four to six, and one to three months of end of life have an MLR that is 135%, 175%, and 375% higher, respectively, and individuals with polypharmacy (as defined by five or more medications) have a 20% to 30% higher risk of hospitalization and mortality.

Well-coordinated home and community-based settings have demonstrated value, as in-home pharmacy, home health, hospice, home-based primary care, and supportive care services to patients are lower cost alternative care settings that achieve high-quality outcomes for complex patients. As such, we believe there is a continuum of options for appropriately enabled and positioned organizations to increasingly participate in value-based care, whether through owned value-based care arrangements and payor models or in mutually beneficial partnerships and contracts with government entities and payors. As newer payment models continue to evolve and emerge, we believe that we are well-positioned to grow with this shift due to (i) our high quality, cost-effective integrated care capabilities and enablers that sit at the intersection of pharmacy and provider (clinical and supportive care (including addressing activities of daily living and social determinants of health) services; (ii) our ability to pursue value-based care and payment models through our own internally owned arrangements; (iii) payor recognition of our quality and our ability to execute on improved outcomes and cost-savings without sacrificing quality of care; and (iv) our national reach and scale that allow us to partner with payors across larger geographies.

Our daily, interactive patient care relationships lend themselves towards measurable success across improved outcomes, which is an important foundation for risk-based contracts. Preferred provider relationships that are based on quality performance, data sharing, and/or care coordination/ management programs, which may have payment incentives for performance thresholds, are/were the first step in this healthcare system evolution, and we have numerous relationships and contracts in this area today. We believe that these relationships will continue to proliferate among our payor base. For example, CMS expanded the HHVBP Model to all Medicare-certified home health agencies in the 50 states, the District of Columbia and the territories beginning January 1, 2022, and it ended the original HHVBP Model one year early. The six years of the original HHVBP Model resulted in cumulative Medicare savings of $1.38 billion, as well as improvements in quality.

Alternative payor models and full value-based care, whether internally generated or externally partnered, is the next ongoing and future step in the evolution of the healthcare system, which can feature shared savings and risk sharing models and ultimately lead to direct contracting with Medicare and Medicaid and full risk payor

contracts. We continue to work through these various opportunities through internal initiatives and progress and payor discussions in a thoughtful way, and we believe that value-based payment structures in the future – supported by our three integrated and care management enablers, our complementary pharmacy and provider services, and data-driven efforts – represent meaningful opportunities over the next decade, as we continue to support and focus on innovation that benefits clients, patients, and families, and all stakeholders in healthcare.

Execute Strategic and Accretive M&A Through Add-on and Tuck-in Acquisitions

We believe we can continue to utilize our size, national presence, existing operations in complementary services and integrated platform, deal sourcing capabilities, and transaction execution skills as an experienced and proven strategic consolidator in fragmented services markets made up of mostly smaller and mid-sized local and state-based operators. We also believe the robust landscape of potential acquisitions across our markets can supplement organic growth, and that in continuing to pursue our M&A strategy we will be able to supplement census expansion, improve operational efficiencies, and augment delivery of our care. Industry dynamics continue to support and necessitate scale in our markets, due to the importance of volume, investing in people, technology systems, and data and analytics, driving quality best practices, leveraging operating and overhead costs, and working productively with payors.

Our service and patient markets allow us to benefit from increased deal opportunity flow, and it also allows us access to acquire certain "tuck-in" companies at lower and highly accretive multiples. We will continue to execute on both strategic, higher-growth and higher-margin acquisitions in highly-valued markets when it makes sense to do so and "tuck-in" acquisitions that have significant synergies and help manage to a target and attractive blended acquisitions multiple. Our IMO will continue to be a key asset in executing on transactions and ensuring solid integration of acquired operations into our Company, including the attainment of synergies and post-close growth plans. This is evident through the 57 acquisitions we completed since 2018, where post-close growth has resulted in a reduction of aggregate purchase multiple by approximately 50% overall, which highlights the Company's differentiated acquisition and integration approach and skill set and the value-enhancing nature of our historical acquisitions. Due to our scale, quality reputation, approach to integrating new companies, and management team, we believe we are an acquirer of choice and a natural consolidator.

Our Competition

The U.S. healthcare industry in which we operate is highly competitive. We compete with a broad and diverse set of businesses spanning both pharmacy and provider services. We operate in a highly competitive industry as well. Within our markets, we compete with businesses spanning both pharmacy and provider services markets. In our Pharmacy Solutions segment, we compete with local, regional, and national pharmacies. While no other company singularly competes with us across all of our pharmacy customers and patients, on a nationwide basis we compete with several companies depending on the patient type and related service offering. In our infusion and specialty pharmacy services, we compete in the large and fragmented home infusion and specialty pharmacy markets including Option Care Health, Inc., Coram CVS/specialty infusion services (a division of CVS Health), Accredo Health Group, Inc. (a unit of Cigna), Optum Specialty Pharmacy (a subsidiary of OptumRx, which is a unit of the UnitedHealth Group), and various regional and local providers. In our infusion and specialty pharmacy services, owners of senior living and skilled nursing and rehabilitation facilities may also provide pharmacy (and provider) services, and on a nationwide basis we compete with Omnicare, Inc., a division of CVS Health, and several others. In our Pharmacy Solutions segment, our continued success depends on our ability to attract and retain pharmacists and other pharmacy professionals. Competition for qualified pharmacists and other pharmacy professionals is robust. The inability to attract, retain, or motivate sufficient numbers of qualified pharmacy professionals could adversely affect our business. Although we have been able to meet our staffing requirements for pharmacists and other pharmacy professionals in the past, our inability to do so in the future would have a material adverse impact on us. In our Provider Services segment, we also compete for physicians, nurse practitioners, physician assistants, nurses, therapists, and other medical and non-medical personnel that we directly employ to provide healthcare services for our patients and to provide licensed medical services. We face significant competition in attracting and retaining these qualified providers.

Our principal competitors in both of our segments vary considerably in type, identity, and size by market. Our business could be adversely affected if we are not able to continue to penetrate existing markets, successfully expand into new markets, maintain or establish new relationships with health plans and providers, recruit qualified employees, or if we experience significant customer attrition to our competitors. See "Risk Factors—Risks Related to Our Business."

Sales and Marketing

In our Pharmacy Solutions segment, potential referral sources and customers include physicians and specialists (prescribers), hospitals, senior living providers, behavioral (I/DD and other) providers, hospice providers, skilled nursing and rehabilitation providers, pharmaceutical manufacturers, and other health providers. We receive substantially all of our Provider Services clients and patients through third-party referrals, including from healthcare providers, such as physicians, hospitals, skilled nursing and rehabilitation facilities, assisted living facilities, state, county and city departments on aging, rehabilitation, mental health, behavioral health, and social services, MCOs, and other healthcare and social services providers, discharge planners, and case managers.

All of our referral sources are generally made aware of the Company's available in-home, clinic-based, or community-based pharmacy and provider services through our team of clinical/account liaisons, patient care coordinators, clinicians, and operators, as well as through traditional and digital marketing initiatives and inside inbound/outbounds call center teams. These individuals focus on initiating, building, and maintaining professional and trusting relationships underpinned by value-add and up-to-date education about client/patient conditions and needs, regulatory guidelines and client/patient eligibility, the benefit of relevant and authorized services, and our specific approach to care and outcomes. We also provide ongoing market development through education and outreach to the industries and in the communities we serve in order to inform referral sources and healthcare participants about federal, state and locally sponsored care options, the needs of different patient types, the benefits of our services, and to communicate our role in providing quality home and community-based health services. Our development teams work closely with referral source prescribers and providers to discuss their specific needs and our capabilities, including proprietary programs, clinical support, and performance measures.

We have continued to invest in the leadership and personnel of our development teams across the organization by growing the number of team resources and broadening its geographic coverage, rolling out new and updated training curriculum and programs, and optimizing the use of time through targeting analytics. We have a specialized team of trade professionals that work with pharmaceutical manufacturers to understand their needs and pipeline of limited distribution drugs and construct programs to optimize the distribution, support, and usage of their products. We augment these teams through marketing resources that provide optimized educational content and tools and develop and manage market-specific education events and digital content and lead generation. We utilize customer relationship management, or CRM, technology tools to plan, track, and manage initiatives, activities, and results across teams. We have built an inside team to outreach and educate our target industries and who works in close coordination with the development and marketing teams. Our centralized communications team catalogues and publishes important ongoing news and events, as well as client/patient testimonials, and quality results and white papers, which have been published in many peer-reviewed journals. We also have a dedicated function in the organization that educates and advocates with policymakers at a higher level in partnership with industry associations and advocates, as champions for our clients/patients and employees.

Over the past several years we have increasingly worked with key healthcare system stakeholders, such as health systems (hospitals) and payors, to develop new, direct, and value-add relationships that focus on patient experiences and quality, including ACOs and MCOs that contract with CMS and the states for the servicing of federal and state Medicare and Medicaid programs, respectively. We expect to work more directly with payors and at-risk providers in the future to mutually construct "win-win" programs and payment constructs that are

based on quality and overall outcomes and driven by the Company's blend of service offerings and innovative care management programs that we continue to build.

Our Payors

We are reimbursed for substantially all of our services by federal, state, and local government programs, such as Medicare, including Medicare Part D, and Medicaid state programs, MCOs and other state agencies. In addition, we are reimbursed by commercial insurance, PBMs, and private pay consumers. Our pharmacy services are also reimbursed directly by some skilled nursing and rehabilitation facilities, hospice providers, Behavioral (including I/DD) providers, hospitals, and other provider customers. Depending on the type of service, coverage for services may be predicated on a case manager, physician or nurse determination that the care is necessary or on the development of a plan for care in the home.

Medicare

Medicare is a federal program that provides medical services to persons aged 65 or older and other qualified persons with disabilities or end-stage renal disease. Medicare Parts A (hospital insurance) and B (medical insurance) provide prescription drug coverage in certain circumstances, while the Part D prescription drug benefit covers many outpatient prescription drugs. For example, Medicare Part A may cover drugs for individuals in skilled nursing facilities that receive Medicare-covered skilled nursing care. Medicare Part B covers some outpatient prescription drugs and biologics provided through our pharmacy services in certain circumstances, such as injectable products administered incident to a physician service. All of our operations must comply with the extensive conditions of participation in the Medicare program in order to continue receiving Medicare reimbursement.

For our patients and clients that receive certain home health benefits, effective January 1, 2020, CMS transitioned to 30-day periods of care within each 60-day certification of patient eligibility period and implemented the Patient-Driven Groupings Model, or PDGM, as the payment model for services provided to Medicare patients with dates of service on or after January 1, 2020. The PDGM replaced the case-mix system, which used the number of visits to determine payment, and classified patients based on clinical characteristics. The intent of the PDGM is to shift toward a value-based payment system and remove the incentive to overprovide care. CMS updates the Home Health Prospective Payment System, or HH PPS, payment rates each calendar year. For calendar year 2023, HH PPS rates increased by 0.7%, which reflects a 4.1% market basket update, reduced by a multifactor productivity adjustment of 0.1% as well as permanent adjustments through authority CMS retains to achieve budget neutrality of the new PDGM system through calendar year 2026. CMS will release final rates for calendar year 2024 this fall. Home health providers that do not comply with quality data reporting requirements are subject to a 2 percentage point reduction to their market basket update.

For our Medicare beneficiaries who have a terminal illness and a life expectancy of six months or less, these patients may elect to receive hospice benefits in lieu of standard Medicare coverage for treatment. Hospice services are paid by Medicare as a daily rate for each day a patient is enrolled in the hospice benefit. Hospice payment rates increased by 3.1% for federal fiscal year 2024, which reflects a 3.3% market basket update with a 0.2% productivity reduction. CMS requires various providers, including hospice providers, to submit quality reporting data each year. Hospices that do not satisfy quality reporting requirements are subject to a 2 percentage point reduction to the market basket percentage update. Additionally, hospice companies are subject to two specific payment limit caps under the Medicare program each federal fiscal year: the inpatient cap and the aggregate cap. The inpatient cap limits the number of inpatient care days provided to no more than 20% of the total days of hospice care provided to Medicare patients for the year. If a hospice exceeds the number of allowable inpatient care days, the hospice must refund any amounts received for inpatient care that exceed the total of: (i) the product of the total reimbursement paid to the hospice for inpatient care multiplied by the ratio of the maximum number of allowable inpatient days to the actual number of inpatient care days furnished by the hospice to Medicare patients; and (ii) the product of the number of actual inpatient days in excess of the limitation multiplied by the routine home care rate. The aggregate cap, which is calculated each federal fiscal

year, limits the amount of Medicare reimbursement a hospice may receive based on an annual per-beneficiary cap amount and the number of Medicare patients served. If a hospice's Medicare payments exceed its aggregate cap, it must repay Medicare for the excess amount. In federal fiscal years 2023 and 2024, the aggregate caps are $32,486.92 and $33,494.01, respectively.

Our pharmacy services for eligible Medicare patients are reimbursed through the Medicare Part D program, which makes prescription drug coverage available to eligible Medicare beneficiaries. For our Medicare-eligible patients receiving pharmacy services, we primarily contract with PBMs, who contract with plan sponsors to administer and provide Medicare Part D prescription drug coverage. The Medicare Part D program regulates various aspects of the provision of Medicare drug coverage, including enrollment, formularies, pharmacy networks, marketing, and claims processing. CMS has imposed restrictions and consent requirements for automatic prescription delivery programs, and further limited the circumstances under which Medicare Part D plans may recoup payments to pharmacies for claims that are subsequently determined not payable under Medicare Part D. CMS sanctions for non-compliance may include suspension of enrollment and even termination from the program.

The Medicare Part D program has undergone significant legislative and regulatory changes since its inception, which have had varying impacts on utilization and margin rates. Medicare Part D continues to attract a high degree of legislative and regulatory scrutiny, and applicable government rules and regulations continue to evolve. Accordingly, it is possible that regulatory oversight and legislative and regulatory developments, including changes to Medicare Part D program requirements and reductions in funding, could materially affect our Medicare Part D business, results of operations, or profitability.

Medicaid Programs

Medicaid is a state-administered program that provides certain medical, pharmacy and social services to qualified low-income individuals and is jointly funded by the federal government and individual states. Reimbursement rates and methods vary by state and service type but are typically based on an hourly or unit-of-service basis. Rates are subject to adjustment based on statutory and regulatory changes, administrative rulings, government funding limitations and interpretations of policy by individual state agencies. Within guidelines established by federal statutes and regulations, and subject to federal oversight, each state establishes its own eligibility standards, determines the type, amount, duration and scope of services, sets the rate of payment for services and administers its own program. States typically cover Medicaid beneficiaries for intermittent home health services as well as continuous services for children and young adults with complicated medical conditions and home and community-based services for seniors and people with disabilities. Pharmacy coverage is an optional benefit under federal Medicaid laws and regulations, but states typically provide coverage for outpatient prescription drugs for eligible individuals under state Medicaid programs and may also pay pharmacies directly for the drugs and supplies of eligible Medicaid members.

Some states are moving the administration of their Medicaid personal care programs to MCOs. This transition is due to an overall desire to better manage the costs of the Medicaid long-term care programs. In addition, hospice and home health services are also reimbursed by MCOs in some states. Reimbursement from the MCOs for personal care services is generally on an hourly, fee-for-service basis with rates consistent with or as a percentage of the individual state funded rates. The Company has been increasing its source of reimbursement and revenue from incentive and quality-based contracts with payors and through ACO arrangements and partnerships.

In addition to personal care services, we derive reimbursement for our pharmacy services from Medicaid for those Medicaid-eligible and paid patients. Medicaid prescription drug coverage and reimbursement varies by state and is based on the ingredient cost of the drug, which may depend on factors such as a drug's acquisition cost and average sale price, and a professional dispensing fee, which may vary based on the type of medication (e.g., brand, generic, specialty, compounded medication) and other factors, such as annual prescription volume.

Pharmacy Benefit Managers

We have a large number of contracts with PBMs including Caremark, Optum, ESI, and Humana. PBMs are third-party administrators of prescription drug programs for commercial health plans, self-insured employer plans, Medicare Part D prescription drug plans, the Federal Employees Health Benefits Program, and state government employee plans. PBMs typically administer multiple prescription drug plans that provide for varying reimbursement rates. We contract directly with PBMs and other healthcare providers to provide our pharmacy services and derive a portion of our sales from prescription drug sales reimbursed through the prescription drug plans administered by PBMs. Our PBM contracts range from annual to multi-year contracts and expire at various times. If our contracts with one or more of these PBMs are terminated, restricted or subject to material adverse changes, such changes may have a material impact on the reimbursement we receive from the PBMs. PBM fees assessed to pharmacies by PBMs, which may be difficult to predict, may also adversely affect our profitability. There is also increased regulatory and legislative activity and scrutiny of PBMs and prescription drug costs at the federal and state levels that could lead to additional regulatory oversight, adverse legislative or regulatory developments or adverse impacts on our business, financial position, and results of operations.

Other

Healthcare provider pharmacy customers such as hospitals, skilled nursing and rehabilitation facilities, Behavioral (including I/DD) providers, hospice providers, and other healthcare services providers are direct payors for certain of our pharmacy services provided, and we have a large and diversified number of these contracts in place, which are either annual or multi-year and typically either fee-for-service or per diem in nature. Other sources of funding are available to support home and community-based healthcare services in different states and localities. In addition, many states appropriate general funds or special use funds through targeted taxes or lotteries to finance personal care services for senior citizens and individuals with disabilities. Depending on the state, these funds may be used to supplement existing Medicaid programs or for distinct programs that serve non-Medicaid eligible consumers. Any termination or material changes to these contracts or changes to the allocation of state funds or programs could affect our business, financial position, and results of operations.

Commercial Insurance

For patients receiving pharmacy services that are under commercial insurance coverage, we contract with many different commercial insurance plans and through PBMs for payment for their members' pharmacy services. For certain provider services, most long-term care insurance policies contain benefits for in-home services. Policies are generally subject to dollar limitations on the amount of daily, weekly or monthly coverage provided. Any termination or material changes to such contracts could have a material impact on the reimbursement that we receive and our financial position and results of operations.

Private Pay

Our private pay services are provided on an hourly or type of services basis. Our rates are competitive with those of other local providers. We bill our private pay consumers for services rendered weekly, bi-monthly or monthly. Other private payors include workers' compensation programs/insurance, preferred provider organizations, and employers.

Supply

Historically, in our Pharmacy Solutions segment, we have purchased most of the generic and brand pharmaceuticals that we dispense through wholesaler and GPO agreements. In certain situations, we also purchase branded pharmaceuticals directly from drug manufacturers. We have a sizable and experienced centralized procurement team that oversees inventory management and coordinates all purchasing across suppliers and vendors across the organization to leverage our scale and ensure optimal and cost-effective products.

Intellectual Property

We rely on a combination of intellectual property laws, internal procedures, and contractual provisions to protect our intellectual property and proprietary rights. We believe our trademarks are valuable assets, including various trademarks and service marks registered with the U.S. Patent and Trademark Office.

Information Technology

Our information technology systems are essential to our day-to-day operations as well as to our long-term growth strategies. Technology is integrated across all business functions throughout the organization, including in coding, eMARs/EHRs, clinical operations, pharmacy operations, billing and collections, compliance, human resources, payroll, accounts payable, purchasing, sales and marketing, management business reviews, and financial reporting and accounting functions. The focus of information technology for the Company is to provide for efficient workstreams and to strive to deliver real-time, accurate data and effective and secure solutions that enable our employees to perform their daily responsibilities of delivering services and care as best possible, while also determining new and innovative ways to improve both employee and patient experiences. We view information technology as a critical enabler of future results for the Company that must help support consistent, efficient processes and quality in a scaled organization with a large number of offices, customers, and patient service locations.

Our technology capabilities are delivered through a combination of services that utilize third-party software-as-a-service, or SaaS, cloud-based solutions, provider hosted colocation, and on-premises systems. The ability to leverage these different delivery methods allows our Company to customize solutions that meet customers' needs, support growth, leverage decision systems, and take advantage of evolving technology trends. Paramount in the delivery of all information technology services throughout the organization is a focus on data security and technology-based security solutions that protect the Company's data with responsible stewardship and efforts to safeguard of data. We have continued to invest greater amounts into technology resources and systems that we believe are required, drive continuous improvement, and reflect leading infrastructure and applications standards in our industries, including investments in automation, digitization, standardization, and modernization initiatives.

We will continue to drive new and innovative approaches to supporting our employees, clients, patients, customers, referral sources, payors, and all stakeholders through integrated technology solutions that help to optimize workflows, data/analytics sharing, and quality and cost outcomes. Over the past several years, we have deployed upgraded and new systems across clinical and compliance (e.g., eMARs/EHRs), pharmacy ERP, revenue cycle, finance, business intelligence, or BI, payroll, human resources, training, sales and marketing platforms, and employee connectivity applications. We are continuing to advance the integration of different systems across the enterprise, and by establishing an electronic lifecycle that supports a continuum of care for a patient. We are focused on continued improvements in the experience and quality of patient care, for example, in addressing healthcare industry challenges related to the navigation of multiple discharge/admissions processes, missing information from previous stages/sites of care, and connecting all patient care services. We believe we can provide a better patient and family experience during an individual's progression of care through more coordinated care enabled by user-friendly technology.

For more information regarding risks related to our information technology, see "Risk Factors—Risks Related to Our Business."

Employees and Human Capital Resources

As a leading mission-driven and quality-focused health services organization, our valued employees are fundamental to our ability to maximize the Company's impact in serving clients, patients, families, customers, referrals sources and partners, and all healthcare stakeholders. Focusing on the interests and development of our employees is a top priority, and our ability to attract and retain compassionate and skilled caregivers and pharmacy professionals, as well as talented functional and managerial staff, is fundamental to our future. We

believe the team we have built across the Company, including managers and all of our dedicated clinicians, caregivers, employees, managers, and leaders, are the critical elements that have enabled us to build an industry leading and differentiated healthcare platform. We have approximately 600 human resources professionals in the Company supporting our businesses and enterprise functions, in groups and teams spanning recruiting, learning, training, and organizational development, compensation and benefits, leadership development, M&A integration, employee relations, HR compliance, HR information technology, and generalist HR activities and business partners.

A key strategy of the Company is effectively recruiting, attracting, onboarding, and retaining well-qualified and motivated employees. We use a comprehensive mix of initiatives and tactics to accomplish this, including traditional recruiting resources, traditional media, community events, open houses, job fairs, mailings, digital media candidate lead generation, targeted outreach, and partnerships with job boards, colleges, and non-profits. We continue to focus on the hiring, onboarding, and training process to make it as streamlined and meaningful as possible, while also evaluating and implementing the most up-to-date technology assisted solutions, including those driven by AI. Our LEGACY culture and core behaviors focus on fostering good environments for our employees, healthy communication through real time feedback and collaboration, and positive attitudes and actions that are routinely recognized and rewarded by peers and leaders. As a result, our retention rates across our Company have continued to improve year-over-year. For example, we have had approximately 80% retention of clinical positions in home health care, hospice care, and community and rehab care from December 31, 2021 to December 31, 2022.

Recognizing the importance of our employee base, we have consistently increased investments in compensation and benefits in support of our multi-faceted efforts to attract and retain people, as demonstrated by our compensation up 50% in the last three years, and we offer innovative technology solutions to our employees that allow them the option to access their pay daily. We are continuing to broaden existing relationships that we have with nursing and other professional schools and build out more internal career pathways and talent pipeline programs (e.g., internships, high potential, and international programs) to each of our service lines to grow the pool of available, qualified candidates for rewarding professions and create higher-paying jobs for people through career paths. These career paths are designed to address many different roles in the Company, providing new skills, on-the-job training for employees to elevate their position and with opportunities for enhanced tuition programs to support our employees. We have developed active affinity program for Veterans and families of Veterans, which connects with targeted individuals and provides employment opportunities and support during and after their service time. Also, we are an active sponsor of Soldier's Angels and their Women of Valor program supporting active-duty females. We also invest in our employees through the Company's SHARE (Support Help Assistance Relief Effort) program, which is a non-profit 501(c)(3) charity helping employees during times of significant need. Since its inception in 1993, SHARE has contributed approximately $2 million and helped thousands of people when they needed it most and when faced with unexpected hardships. In short, the SHARE program exemplifies what our culture is all about.

As of September 30, 2023, we had over 35,000 full-time equivalent employees at the Company. Approximately 6,500 full-time equivalent employees are represented by labor unions. We maintain strong working relationships with these organizations, and we have numerous collective bargaining agreements in place, which are renegotiated from time to time. See "Risk Factors—Risks Related to Our Business—Our business may be harmed by labor relation matters."

Overall, we believe that we have a strong employee relations culture and an inclusive work environment with policies and procedures to maintain safe working conditions for all of our employees. Our Company has received numerous human resources and many people-related awards from external companies over the years, and we remain committed to executing on our vision to be the leading provider of health services in the United States and doing so through an engaged and stable workforce.

Properties

Our principal executive offices are located in Louisville, Kentucky, where we lease approximately 100,000 square feet. We also own 68 properties and lease 2,100 properties, with an additional 200 service sites, in the United States and lease one property in Canada. Of the leased properties, approximately 90% are provider service properties and 10% are pharmacy locations.

Regulation

Our operations are subject to extensive federal, state, and local governmental laws and regulations. These laws and regulations require us to meet various standards relating to, among other things, arrangement and provision of covered healthcare services to our patients and customers, operation and management of provider and pharmacy solutions, dispensing of pharmaceuticals, the manner in which we provide and bill for services and collect reimbursement from governmental programs and private payors, arrangements with physicians and other licensed healthcare professionals, manufacturers and referral sources, facility licensure, personnel qualifications, and maintenance of proper records and quality assurance programs. If any of our operations are found to violate applicable laws or regulations, we could suffer severe consequences that would have a material adverse effect on our business, financial condition, results of operations, cash flows, reputation, and stock price, including:

- suspension, termination or exclusion of our participation in government payor programs;
- loss of our licenses required to operate provider and pharmacy solutions in the states in which we operate;
- criminal or civil liability, fines, damages or monetary penalties relating to healthcare fraud and abuse, including the Stark Law, the Anti-Kickback Statute, the Civil Monetary Penalties Statute, the False Claims Act and/or state analogs to these federal enforcement authorities, or violations of other regulatory requirements, including state corporate practice of medicine and fee splitting laws;
- mandated changes to our practices or procedures that significantly increase selling, general, and administrative expenses or decrease our revenue;
- imposition of and compliance with corporate integrity agreements or other agreements that could subject us to ongoing audits, corrective actions, and reporting requirements as well as increased scrutiny of our business practices which could lead to potential fines, among other things;
- termination or restructuring of various relationships and/or contracts related to our business, including joint venture arrangements, contracts with government payors, and real estate leases;
- changes in and reinterpretation of rules and laws by a regulatory agency, legislature or court, such as state corporate practice of medicine laws, that could affect the structure and management of our business;
- negative adjustments to government payment models including, but not limited to, Medicare Parts B, C, and D and Medicaid;
- admissions bans, admissions holds, application denial periods, or reductions in census; and
- harm to our reputation, which could negatively impact our business relationships, the terms of government payor contracts, our ability to attract and retain patients, customers and referral sources, our ability to obtain financing, and our access to new business opportunities, among other things.

We expect that our industries will continue to be subject to substantial regulation, the scope and effect of which are difficult to predict. Our activities could be subject to investigations, audits, and inquiries by various government and regulatory agencies with whom we contract at any time in the future, including as a result of self-disclosures or self-reported non-compliance. In the past, government and regulatory agencies have taken measures against us and our facilities as a result of non-compliance with applicable laws and regulations. See “Risk Factors—Risks Related to Our Regulatory Framework.”

Anti-Kickback Statute

The Anti-Kickback Statute prohibits, among other things, knowingly and willfully offering, paying, soliciting or receiving remuneration, directly or indirectly, in cash or kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under federal and state healthcare programs such as Medicare and Medicaid. A person does not need to have actual knowledge of the Anti-Kickback Statute or have the specific intent to violate it.

Federal criminal penalties for the violation of the Anti-Kickback Statute include imprisonment, fines, and exclusion of the provider from future participation in federal healthcare programs, including Medicare and Medicaid. Violations of the Anti-Kickback Statute are punishable by imprisonment for up to ten years, fines of up to $100,000 per kickback or both. Larger fines can be imposed upon corporations under the provisions of the U.S. Sentencing Guidelines and the Alternate Fines Statute. Individuals and entities convicted of violating the Anti-Kickback Statute are subject to mandatory exclusion from participation in Medicare, Medicaid, and other federal healthcare programs for a minimum of five years in the case of criminal conviction. Civil penalties for violation of the Anti-Kickback Statute include up to $112,131 in monetary penalties per violation, repayments of up to three times the total payments between the parties to the arrangement and potential exclusion from participation in Medicare and Medicaid. Court decisions have held that the statute may be violated even if only one purpose of remuneration is to induce referrals.

The Anti-Kickback Statute includes statutory exceptions and regulatory safe harbors that protect certain arrangements. These exceptions and safe harbors are voluntary. Business transactions and arrangements that are structured to comply fully with an applicable safe harbor do not violate the Anti-Kickback Statute. However, transactions and arrangements that do not satisfy all elements of a relevant safe harbor do not necessarily violate the law. When an arrangement does not satisfy a safe harbor, the arrangement must be evaluated on a case-by-case basis in light of the parties' intent and the arrangement's potential for abuse. Arrangements that do not satisfy a safe harbor may be subject to greater scrutiny by enforcement agencies. For example, we have a dedicated recruiting team whose job functions include recruiting licensed professionals to provide quality care to our patients. From time to time, this team may award sign-on, retention, and other discretionary bonuses to attract, reward, or retain talent. We believe such bonuses and employment agreements are consistent with a safe harbor provision designed to protect payments made to employees, but a governmental or regulatory authority or private party may take a contrary position.

CMS and the HHS OIG published final regulations in 2020 that addressed concerns regarding compensation arrangements between parties that participate in alternative payment models and novel financial arrangements that potentially implicated the Anti-Kickback Statute and the Stark Law. These regulations modified existing Anti-Kickback Statute safe harbors and created new safe harbors and exceptions that may impact our business, results of operations, and financial condition.

Stark Law

The Stark Law generally prohibits a physician who has (or whose immediate family member has) a financial relationship with a provider from making referrals to that entity for "designated health services" if payment for the services may be made under Medicare or Medicaid. If such a financial relationship exists, referrals are prohibited unless a statutory or regulatory exception is available. "Designated health services" include clinical laboratory services, inpatient and outpatient hospital services, physical and occupational therapy services, outpatient speech-language pathology services, certain radiology services, radiation therapy services and supplies, durable medical equipment and supplies, parenteral and enteral nutrients equipment and supplies, prosthetics, orthotics and prosthetic devices and supplies, home health services, and outpatient prescription drugs. The types of financial arrangements between a physician and an entity providing designated health services that trigger the self-referral prohibitions of the Stark Law are broad and include direct and indirect ownership and investment interests and compensation arrangements. The Stark Law prohibits any entity providing designated health services that has received a prohibited referral from presenting, or causing to be presented, a claim or billing for the services arising

out of the prohibited referral. Similarly, the Stark Law prohibits an entity from "furnishing" a designated health service to another entity in which it has a financial relationship when that entity bills for the service. The prohibition applies regardless of the reasons for the financial relationship and the referral. Unlike the Anti-Kickback Statute, the Stark Law is a strict liability statute where unlawful intent need not be demonstrated.

If the Stark Law is implicated, the financial relationship must fully satisfy a Stark Law exception. If an exception is not satisfied, then the parties to the arrangement could be subject to sanctions. Sanctions for violation of the Stark Law include denial of payment for claims for services provided in violation of the prohibition, refunds of amounts collected in violation of the prohibition, a civil penalty of up to $27,750 for each service arising out of the prohibited referral, a civil penalty of up to $185,009 against parties that enter into a scheme to circumvent the Stark Law prohibition, civil assessment of up to three times the amount claimed and potential exclusion from the federal healthcare programs, including Medicare and Medicaid. Amounts collected on claims related to prohibited referrals must be reported and refunded generally within 60 days after the date on which the overpayment was identified. Furthermore, Stark Law violations and failure to return overpayments in a timely manner can form the basis for liability under the False Claims Act, as discussed below. If CMS or other regulatory or enforcement authorities determine that claims have been submitted for referrals by us that violate the Stark Law, we would be subject to the penalties described above.

CMS and the HHS OIG published final regulations that established exceptions to the Stark Law for certain value-based compensation arrangements between or among physicians, providers, and suppliers. The regulations also created a new exception for arrangements under which a physician receives limited remuneration for items or services actually provided by the physician, established a new exception for donations of cybersecurity technology and related services, and amended an exception for electronic health records items and services. These regulations may impact our business, results of operations and financial condition.

Fraud and Abuse under State Law

Some states have laws prohibiting physicians from having financial interests in or with healthcare facilities to which they refer patients. States also have laws similar to or stricter than the Anti-Kickback Statute that may affect our ability to enter into financial relationships with certain entities or individuals. Some state anti-kickback laws also include civil and criminal penalties. Some of these laws include exemptions that may be applicable to our physician relationships or for financial interests limited to shares of publicly traded stock. Some, however, may include no explicit exemption for certain types of agreements and/or relationships entered into with physicians. If these laws are interpreted to apply to physicians who hold equity interests in our pharmacies and/or centers or to physicians who hold our publicly traded stock, and for which no applicable exception exists, we may be required to terminate or restructure our relationships with these physicians and could be subject to criminal, civil, and administrative sanctions, refund requirements, and exclusions from government healthcare programs, including Medicare and Medicaid, which could have a material adverse effect on our business, results of operations, financial condition, cash flows, reputation, and stock price.

Similarly, states have beneficiary inducement prohibitions and consumer protection laws that may be triggered by the offering of inducements, incentives, and other forms of remuneration to patients and prospective patients. Violations range from civil to criminal and could have a material adverse effect on our business, results of operations, and financial condition.

False Claims Act

The False Claims Act is a means of policing false bills or false requests for payment in the healthcare delivery system. Among other things, the False Claims Act authorizes the imposition of up to three times the government's damages and significant per claim civil penalties on any "person" (including an individual, organization, or company) who, among other acts:

- knowingly presents or causes to be presented to the federal government a false or fraudulent claim for payment or approval;

- knowingly makes, uses, or causes to be made or used a false record or statement material to a false or fraudulent claim;
- knowingly makes, uses, or causes to be made or used a false record, report or statement material to an obligation to pay the government, or knowingly conceals, or knowingly and improperly avoids or decreases an obligation to pay or transmit money or property to the federal government; or
- conspires to commit the above acts.
- Under the False Claims Act, private parties can also bring *qui tam*, or "whistleblower," suits against healthcare facilities that submit false claims for payments to, or improperly retain overpayments from, governmental payors. In addition, the government may assert that a claim including items or services resulting from a violation of the Anti-Kickback the Statute or Stark Law constitutes a false or fraudulent claim for purposes of the False Claims Act.

The federal government has used the False Claims Act to prosecute a wide variety of alleged false claims and fraud allegedly perpetrated against Medicare and state healthcare programs, including but not limited to coding errors, billing for services not rendered, the submission of false cost or other reports, billing for services at a higher payment rate than appropriate, billing under a comprehensive code as well as under one or more component codes included in the comprehensive code, billing for care that is not considered medically necessary and false reporting of risk-adjusted diagnostic codes. The ACA provides that claims for payment that are tainted by a violation of the Anti-Kickback Statute (which could include, for example, illegal incentives or remuneration in exchange for enrollment or referrals) are false for purposes of the False Claims Act. In addition, amendments to the False Claims Act and Social Security Act impose severe penalties for the knowing and improper retention of overpayments from government payors. Under these provisions, within 60 days of identifying and quantifying an overpayment, a healthcare provider is required to notify CMS or the Medicare Administrative Contractor of the overpayment and the reason for it and return the overpayment. An overpayment impermissibly retained could subject us to liability under the False Claims Act, exclusion from government healthcare programs and penalties under the Civil Monetary Penalties Statute. As a result of these provisions, our procedures for identifying and processing overpayments may be subject to greater scrutiny.

The penalties for a violation of the False Claims Act range from $5,500 to $11,000 (periodically adjusted for inflation) for each false claim, plus up to three times the amount of damages caused by each false claim, which can be as much as the amounts received directly or indirectly from the government for each such false claim. The Department of Justice has adjusted the per claim penalty range from $13,508 to $27,081 for penalties assessed after January 1, 2023, so long as the underlying conduct occurred after November 2, 2015. Healthcare providers often resolve allegations without admissions of liability for significant amounts to avoid the uncertainty of treble damages that may be awarded in litigation proceedings. Such settlements often contain additional compliance and reporting requirements as part of a consent decree, settlement agreement, or corporate integrity agreement. Given the significant size of actual and potential settlements for violations under the False Claims Act, it is expected that the government will continue to devote substantial resources to investigating healthcare providers' compliance with healthcare reimbursement rules and fraud and abuse laws.

In addition to civil enforcement under the False Claims Act, the federal government can use several criminal statutes to prosecute persons who are alleged to have submitted false or fraudulent claims for payment to the federal government. A determination that activities resulted in the submission of false claims could result in monetary liability, prison sentences, and/or exclusion from participation in any healthcare program funded in whole or in part by the U.S. government, including Medicare, Medicaid, TRICARE, and state healthcare programs. Any allegations or findings that we have violated the False Claims Act could have a material adverse impact on our reputation, business, results of operations, and financial condition.

In addition to the False Claims Act, the various states in which we operate have adopted their own analogs of the False Claims Act. States are becoming increasingly active in using their false claims laws to police the same activities listed above, particularly with regard to capitated government-sponsored healthcare programs, such as Medicaid fee-for-service and Managed Medicaid programs.

Civil Monetary Penalties Statute

The Civil Monetary Penalties Statute, 42 U.S.C. § 1320a-7a, authorizes the imposition of civil monetary penalties, assessments, and exclusion against an individual or entity based on a variety of prohibited conduct, including, but not limited to:

- presenting, or causing to be presented, claims, reports or records relating to payment by Medicare, Medicaid or other government payors that the individual or entity knows or should know are for an item or service that was not provided as claimed, is false or fraudulent or was presented for a physician's service by a person who knows or should know that the individual providing the service is not a licensed physician, obtained licensure through misrepresentation or represented certification in a medical specialty without in fact possessing such certification;
- offering remuneration to a federal healthcare program beneficiary that the individual or entity knows or should know is likely to influence the beneficiary to order or receive healthcare items or services from a particular provider;
- arranging contracts with or making payments to an entity or individual excluded from participation in the federal healthcare programs or included on CMS's preclusion list;
- violating the Anti-Kickback Statute;
- making, using, or causing to be made or used a false record or statement material to a false or fraudulent claim for payment for items and services furnished under a federal healthcare program;
- making, using, or causing to be made any false statement, omission, or misrepresentation of a material fact in any application, bid, or contract to participate or enroll as a provider of services or a supplier under a federal healthcare program; and
- failing to report and return an overpayment owed to the federal government.

We could be exposed to a wide range of allegations to which the Civil Monetary Penalties Statute would apply. Substantial civil monetary penalties may be imposed under the Civil Monetary Penalties Statute and may vary depending on the underlying violation. In addition, an assessment of not more than three times the total amount claimed for each item or service may also apply and a violator may be subject to exclusion from federal and state healthcare programs.

We perform checks on our providers and certain affiliates and vendors using government databases to confirm that these individuals have not been excluded from federal programs. However, should an individual become excluded and we fail to detect it, a federal agency could require us to refund amounts attributable to all claims or services performed or sufficiently linked to an excluded individual. Thus, we cannot foreclose the possibility that we will face allegations subject to the Civil Monetary Penalties Statute with the potential for a material adverse impact on our business, results of operations, and financial condition.

Corporate Practice of Medicine and Fee-Splitting Laws

Some of the states in which we currently operate have laws that prohibit business entities, such as us, from practicing medicine, employing physicians to practice medicine, exercising control over medical decisions by physicians or engaging in certain arrangements, such as fee-splitting, with physicians (such activities generally referred to as the corporate practice of medicine). These prohibitions on the corporate practice of medicine are intended to prevent unlicensed persons from interfering with the practice of medicine by licensed physicians or interfering with the independent professional judgment of physicians as it pertains to treatment and related clinical matters. Some states have similar doctrines with respect to other professional licensure categories, including behavioral health services. Fee-splitting, which describes the practice of professionals splitting their professional fees with a non-professional or other unlicensed person or an entity owned by an unlicensed person, is also prohibited in some jurisdictions. In some states, these prohibitions are expressly stated in a statute or

regulation, while in other states the prohibitions are a matter of judicial or regulatory interpretation. Some of the relevant laws, regulations and agency guidance in states with corporate practice of medicine restrictions have been subject to limited judicial and regulatory interpretations, which are often sparse and not fully developed, complicating compliance efforts. While we endeavor to comply with state corporate practice of medicine laws and frequently engage outside counsel to conduct state analyses in each state in which we operate, the laws and regulations in these areas are complex, changing, and often subject to varying interpretations. For example, in states where the corporate practice of medicine is prohibited, we endeavor to comply with applicable state laws by entering into certain contractual relationships, such as management services agreements, whereby licensed medical practices employ licensed professionals to provide licensed services to our patients and residents.

The enforcement of these laws varies significantly from state to state, and state courts and regulatory authorities have broad discretion to enforce such laws. Penalties for violations of the corporate practice of medicine also vary by state and may result in physicians and licensed professionals being subject to disciplinary action, as well as to forfeiture of revenues from payors for services rendered. For business entities, such as us, violations may also bring both civil and, in more extreme cases, criminal liability for engaging in medical practice without a license.

State laws or regulations prohibiting the corporate practice of medicine may contemplate the employment of physicians and other licensed professionals by certain types of entities, but may not provide a specific exemption for the services we provide. Regulatory authorities and other parties may assert that our employment of licensed professionals in some states means that we are engaged in the prohibited corporate practice of medicine or that how such professionals are paid implicates fee-splitting prohibitions. If this were to occur, we could be subject to civil and/or criminal penalties, our agreements with physicians could be found legally invalid and unenforceable (in whole or in part) or we could be required to restructure our arrangements with licensed professionals, in each case in one or more of the jurisdictions in which we operate. Any of these outcomes may have a material adverse effect on our business, results of operations, financial condition, and reputation.

Licensing Laws and State Directives

Our facilities, healthcare professionals, and pharmacy and provider solutions are subject to various federal, state, and local licensure and certification requirements in connection with our provision of healthcare and other services. Certain states in which we operate have certificate of need or similar programs regulating the establishment or expansion of healthcare facilities, including our pharmacy and provider solutions. The initial and continued licensure of our facilities and certification to participate in government healthcare programs depends upon many factors including various state licensure regulations relating to quality of care, environment of care, equipment, services, staff training, personnel, and the existence of adequate policies, procedures, and controls. Federal, state, and local agencies survey our facilities on a regular basis to determine whether the facilities are in compliance with regulatory operating and health standards and conditions for participating in government healthcare programs. In addition, physicians and other clinicians also must be licensed or certified, as applicable, in the states in which they are providing services.

Our healthcare facilities are also subject to federal, state, and commercial payor audits to validate the accuracy of claims submitted to government healthcare programs and commercial payors. If these audits identify overpayments, we could be required to make substantial repayments, subject to various appeal rights. Several of our facilities have undergone claims audits related to their receipt of payments during the last several years. Liability from audits could potentially exceed established reserves, and any excess could potentially be substantial. Further, Medicare and Medicaid regulations, as well as commercial payor contracts, also provide for withholding or suspending payments in certain circumstances, which could adversely affect our cash flow.

Any failure by us or our service providers to comply with federal, state, and local licensing and certification laws, regulations, and standards could result in a variety of consequences, including cessation of our services, loss of our contracts, prior payments by government payors being subject to recoupment, requirements to make

significant changes to our operations, civil or criminal penalties, admissions bans, admissions holds, application denial periods, reductions in census, loss or revocation of licenses, loss of accreditation, administrative or other orders, adverse regulatory actions, settlements or other requirements to take corrective actions, harm to our reputation, or requirements to transfer our service users, to provide reports or other documentation, to demonstrate compliance with licensure or other requirements or to undergo revisit surveys or inspections. See "Risk Factors—Risks Related to Our Business—If we are unable to provide consistently high quality of care, our business will be adversely impacted."

Our operators, along with our compliance, quality, legal, and government affairs support teams, routinely interact with regulatory agencies and their representatives. In relation to such interactions, our quality and compliance rules require immediate reporting to regulatory bodies when we learn of a reportable event that may put the health and safety of our patients at risk. For example, in June 2020, we self-reported an employee in West Virginia who failed to meet our standards of care, and we communicated with regulators as part of their investigation and as part of licensure surveys. In July 2020, the West Virginia Department for Health and Human Resources issued a statewide admissions ban for all ResCare facilities that applied to new admissions and readmissions, and the state later issued separate admissions ban orders for other state operations. The ban was a result of the West Virginia Department of Health and Human Resources determination that certain of our entities in West Virginia were then operating in a manner that posed risks to the health, safety, welfare, and clinical treatment of consumers, in part as a result of our self-report. These admissions ban orders were subsequently cleared pursuant to a Settlement Agreement, entered into in June 2021, with the West Virginia Department of Health and Human Resources; that Settlement Agreement provided that certain facilities would have admissions bans, some of which stayed in effect until 2022, and the admission bans for some of such facilities were lifted earlier than the timing provided for in the Settlement Agreement when a West Virginia Office of Health Facility Licensure and Certification survey resulted in no citations related to consumer health, safety, welfare, or clinical treatment.

Further, failure to obtain CON approval of certain activities can result in our inability to complete an acquisition, expansion or replacement, the imposition of civil penalties, the inability to receive Medicare or Medicaid reimbursement, or the revocation of a facility's license, any of which could harm our business. We routinely take the steps we believe are necessary to retain or obtain all requisite licensure and operating authorities. While we endeavor to comply with federal, state, and local licensing and certification laws, regulations, and standards as we interpret them, the laws and regulations in these areas are complex, changing and often subject to varying interpretations.

Data Privacy and Security

Numerous state, federal, and foreign laws, including consumer protection laws and regulations, govern the Processing, access to, confidentiality, and security of personal information, including health-related information. For example, HIPAA requires us to provide certain rights to individuals with respect to their health information. HIPAA extensively regulates the use and disclosure of PHI and requires covered entities, which include healthcare providers and their business associates, to implement and maintain administrative, physical, and technical safeguards to protect the security of such information. Additional security requirements apply to electronic PHI. HIPAA also provides individuals with substantive rights with respect to their health information.

HIPAA also requires us to enter into written agreements with certain contractors, known as business associates, to whom we disclose PHI. Covered entities may be subject to penalties for, among other activities, failing to enter into a business associate agreement where required by law or as a result of a business associate violating HIPAA, if the business associate is found to be an agent of the covered entity and acting within the scope of the agency. Business associates are also directly subject to liability under HIPAA. In instances where we act as a business associate to a covered entity, there is the potential for additional liability beyond our status as a covered entity. triggered settlement payments or civil monetary penalties. HIPAA violations may result in

Covered entities must notify affected individuals of breaches of unsecured PHI without unreasonable delay but no later than 60 days after discovery of the breach by a covered entity or its agents. Reporting must also be

made to the HHS Office for Civil Rights and, for breaches of unsecured PHI involving more than 500 residents of a state or jurisdiction, to the media. All impermissible uses or disclosures of unsecured PHI are presumed to be breaches unless an exception to the definition of breach applies or the covered entity or business associate establishes that there is a low probability the PHI has been compromised. Various state laws and regulations may also require us to notify affected individuals in the event of a data breach involving personal information without regard to the probability of the information being compromised.

Violations of HIPAA by providers like us, including, but not limited to, failing to implement appropriate administrative, physical and technical safeguards, have resulted in enforcement actions and in some cases significant civil or criminal penalties. Further, state attorneys general may bring civil actions seeking either injunction or damages in response to violations of the HIPAA privacy and security regulations that threaten the privacy of state residents. There can be no assurance that we will not be the subject of an investigation (arising out of a reportable breach incident, audit or otherwise) alleging non-compliance with HIPAA in our maintenance of PHI. States attorneys general may also negotiate settlements for related cases and on behalf of their respective residents.

HHS proposed revisions to HIPAA regulations in December 2020 that, if finalized as proposed, would modify existing provisions regarding individuals' rights to access health information, increase information sharing between healthcare organizations, including through direct sharing of electronic health records, and restrict certain fees that we may charge for medical record retrieval services. If certain of these proposed amendments are finalized as proposed, we will be required to establish and implement new policies and procedures to ensure compliance with such amendments. Additionally, HHS proposed revisions to HIPAA regulations in April 2023 that, if adopted as proposed, would modify privacy protections for reproductive health information, limit uses and disclosures of PHI for certain purposes, and establish new attestation requirements to protect sensitive PHI. If certain of these proposed amendments are adopted as proposed, we will be required to establish and implement new policies and procedures to ensure compliance with such amendments.

Any creation, use, or deployment of artificial intelligence, or AI, may also subject us to additional risks under HIPAA and other health privacy laws and regulations. To the extent we use PHI to train AI, we are required to follow laws, regulations, and contractual requirements on uses and disclosures of PHI, which may require us to obtain patient authorizations, or to de-identify PHI. In addition, the FTC has announced that they are taking a closer look at how AI is developed and used, including evaluating claims by companies regarding AI that could be false or misleading to take appropriate steps to reduce biases.

In addition to HIPAA, numerous state, federal, and foreign laws and regulations govern the Processing of PHI and personal information, some of which are more stringent than HIPAA and many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts. Data privacy and security laws, regulations, and other obligations are constantly evolving, may conflict with each other to complicate compliance efforts, and can result in investigations, proceedings, or actions that lead to significant civil and/or criminal penalties and restrictions on data processing. For example, on July 15, 2020, the Substance Abuse and Mental Health Services Administration, or SAMHSA, issued a final rule on the protection of substance use disorder, or SUD, treatment records under 42 C.F.R. Part 2, or the Part 2 Rule. The Part 2 final rule aims to reduce delays and burdens in care coordination by more closely aligning Part 2 with the HIPAA privacy rule, while maintaining certain privacy protections specific to Part 2. This final rule became effective August 14, 2020. Under the CARES Act, Congress also made significant modifications to the authorizing statute for the Part 2 regulations and required greater alignment of the Part 2 laws with HIPAA. The law directs the Secretary of HHS to revise the Part 2 regulations such that the amendments would apply to uses and disclosures of SUD records on or after the date that is 12 months after the date of enactment of the CARES Act, which was enacted on March 27, 2020. On December 2, 2022, HHS issued a notice of proposed rulemaking on the Part 2 regulations.

Further, the CCPA went into effect on January 1, 2020, and limits how we may Process personal information about California residents and may require us to modify our data Processing practices and policies

and incur substantial compliance-related costs and expenses. The CCPA imposes severe statutory damages and provides consumers with a private right of action for certain data breaches. Further, the CPRA, which went into effect on January 1, 2023, expands the CCPA with additional data privacy compliance requirements that may impact our business, and establishes a regulatory agency dedicated to enforcing those requirements. The requirements and effects of the CCPA and the CPRA are potentially far-reaching and may require us to modify certain policies and practices regarding the Processing of certain personal information. Similar laws have been passed in other states, and are continuing to be proposed at the state and federal level, reflecting a trend toward more stringent privacy legislation in the United States.

Additionally, in Canada, PIPEDA and similar provincial laws may impose obligations with respect to processing personal information. PIPEDA requires companies to obtain an individual's consent when collecting, using, or disclosing that individual's personal information. Individuals have the right to access and challenge the accuracy of their personal information held by an organization, and personal information may only be used for the purposes for which it was collected. If an organization intends to use personal information for another purpose, it must again obtain that individual's consent. Failure to comply with PIPEDA could result in significant fines and penalties.

Data privacy and security laws and regulations are often contradictory and subject to change or differing and evolving interpretations. The complex, dynamic legal landscape regarding privacy, data protection, and information security creates significant compliance challenges for us, potentially restricts our ability to Process data (including personal information), and exposes us to additional expense, and, if we cannot comply with applicable laws in a timely manner or at all, adverse publicity, harm to our reputation and liability. Although we make reasonable efforts to comply with all applicable laws and regulations and have invested and continue to invest in data privacy compliance efforts, there can be no assurance that we will not be subject to regulatory action, including fines, in the event of an incident or other claim. We or our third-party service providers could be adversely affected if legislation or regulations are expanded to require changes in our or our third-party service providers' business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our or our third-party service providers' business, results of operations or financial condition.

Healthcare Reform Efforts

The U.S. federal and state governments continue to enact and seriously consider many broad-based legislative and regulatory proposals that have had a material impact on or could materially impact various aspects of the healthcare system and our business, operating results, and/or cash flows. In addition, state and federal budgetary shortfalls and constraints pose potential risks for our revenue streams. We cannot predict how government payors or healthcare consumers might react to federal and state healthcare legislation and regulation, whether already enacted or enacted in the future, nor can we predict what form many of these regulations will take before implementation. Some examples of legislative and regulatory changes impacting our business include:

In March 2010, broad healthcare reform legislation was enacted in the United States through the ACA. There have since been numerous political and legal efforts to expand, repeal, replace, or modify the ACA, and there may be additional political, legislative, or other efforts to repeal, replace, or change the ACA. On June 17, 2021, the U.S. Supreme Court dismissed the most recent judicial challenge to the ACA brought by several states without specifically ruling on the constitutionality of the ACA. We anticipate continued changes with respect to the ACA, which may occur as a result of legislation, court challenges, or executive, administrative or other actions, which may significantly impact our business operations and results of operations.

In February 2018, Congress passed the Bipartisan Budget Act of 2018, which, among other things, adopted policies further integrating Medicare and Medicaid benefits for dual-eligible beneficiaries, repealed the Independent Payment Advisory Board that was established by the ACA and intended to reduce the rate of growth in Medicare spending, and extended sequestration cuts to Medicare payments through 2027. As a result of the

CARES Act and subsequent legislation, the 2% aggregated reductions to Medicare payments will remain in effect through 2032.

In March 2020, ONC and CMS issued complementary new rules that are intended to clarify provisions of the Cures Act regarding interoperability and information blocking and create significant new requirements for healthcare industry participants. It is unclear at this time what the costs of compliance with the new rules will be, and what additional risks there may be to our business.

While there may be significant changes to the healthcare environment in the future, the specific changes and their timing are not yet apparent. Specifically, changes in Medicare and Medicaid could lower pharmacy and provider solutions rates or increase our expenses. Any failure to successfully implement strategic initiatives that respond to future legislative, regulatory, and executive changes could have a material adverse effect on our business, results of operations, and financial condition.

In December 2020, CMS and the HHS OIG final regulations established exceptions to the physician self-referral or the Stark Law for certain value-based compensation arrangements between or among physicians, providers, and suppliers. The regulations created a new exception for arrangements under which a physician receives limited remuneration for items or services actually provided by the physician, established a new exception for donations of cybersecurity technology and related services, and amended an exception for electronic health records items and services. These changes in federal regulations are anticipated to have a significant impact on healthcare providers and other stakeholders. In addition, we anticipate that additional changes will continue to be proposed in the future.

Other Regulations

Our operations are subject to various state hazardous waste and non-hazardous medical waste disposal laws. These laws do not classify as hazardous most of the waste produced from medical services. Occupational Safety and Health Administration regulations require employers to provide workers who are occupationally subject to blood or other potentially infectious materials with prescribed protections. These regulatory requirements apply to all healthcare facilities, including our pharmacy and provider solutions, and require employers to make a determination as to which employees may be exposed to blood or other potentially infectious materials and to have in effect a written exposure control plan. In addition, employers are required to provide or employ hepatitis B vaccinations, personal protective equipment and other safety devices, infection control training, post-exposure evaluation and follow-up, waste disposal techniques and procedures, and work practice controls. Employers are also required to comply with various record-keeping requirements.

Federal and state law also governs the dispensing of controlled substances by pharmacists and physicians. For example, the Prescription Drug Marketing Act governs the distribution of drug samples. Any allegations or findings that we or our providers have violated any of these laws or regulations could have a material adverse impact on our reputation, business, results of operations, and financial condition.

Legal Proceedings

From time to time, we are involved in various legal and/or administrative proceedings and subject to claims that arise in the ordinary course of business. We do not believe the ultimate liability, if any, for outstanding proceedings or claims, individually or in the aggregate, in excess of amounts already provided in our consolidated financial statements, will have a material adverse effect on our business, financial condition or results of operations. It is reasonably possible that an adverse determination might have an impact on a particular period. Regardless of the outcome, litigation has the potential to have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors. See “Risk Factors – Risks Related to Our Business – We may be subject to substantial malpractice or other similar claims”; “Risk Factors – Risks Related to Our Business – We are exposed to various risks related to governmental inquiries, regulatory actions,

and whistleblower lawsuits that could adversely affect our operating results. Our insurance may not cover all claims against us"; and "Risk Factors – Risks Related to Our Business – We face and are currently subject to reviews, audits, and investigations under our licenses and/or contracts with federal and state government agencies and other payors, and these reviews, audits, and investigations could have adverse findings that may negatively impact our business."

On March 4, 2011, Relator Marc Silver, on behalf of the U.S. Government and various state governments, filed a complaint in the United States District Court for the District of New Jersey, or the District Court, against PharMerica, seeking relief, with respect to alleged violations of the federal False Claims Act and state false claims acts, including three times the amount of damages to the federal government plus civil penalties and no less than a certain amount for each alleged false claim, as well as any other recoveries or relief provided for by the federal False Claims Act; damages, fines, penalties, and other recoveries or relief permitted under state false claims acts; and other forms of relief, including attorneys' fees. The complaint alleged that, in violation of the Anti-Kickback Statute and the False Claims Act, PharMerica offered below-cost or below-fair-market-value prices on drugs in exchange for so-called preferred or exclusive provider status that would allow PharMerica to dispense drugs to patients for which PharMerica could bill federal healthcare program payers. The U.S. Government and state governments declined to intervene in the case.

The District Court issued an order dismissing the case in full in 2016. In 2018, however, the Third Circuit Court of Appeals issued an order reinstating the case. In April 2023, the District Court issued an order denying Relator's motion seeking to strike portions of the opinions of PharMerica's experts and granted in part PharMerica's motions to exclude Relator's experts. On June 28, 2023, the District Court issued an order setting a trial date of December 4, 2023. On November 6, 2023, the District Court denied our motion for summary judgment. On November 18, 2023, we agreed to settle the matter without admitting liability. The settlement agreement is subject to the approval of the United States Department of Justice and the District Court, which we anticipate will occur during fiscal 2024. The estimated financial impact of the settlement is $115.0 million, which we accrued in the nine months ended September 30, 2023. We expect the principal portion of the settlement to be paid during fiscal 2024 and the remainder in fiscal 2025, in each case using available borrowing capacity under our Revolving Credit Facility, which will have the effect of reducing amounts otherwise available to be drawn thereunder and increasing our net debt. Although we expect the settlement agreement to be approved, until such approval is received and the amount of the Relator's attorney fees is determined, the financial impact of this litigation is an estimate only and not final.

MANAGEMENT

Executive Officers and Directors

Below is a list of our executive officers and directors, their respective ages as of December 31, 2023 and a brief account of the business experience of each of them.

Name	Age	Position
Jon Rousseau	50	Chairman, President, and Chief Executive Officer
Jim Mattingly	44	Executive Vice President and Chief Financial Officer
Jennifer Yowler	47	President, PharMerica
Bob Barnes	52	President, Community Living
Mike McMaude	55	President, Home Health and Hospice Services
Steven Reed	62	Chief Legal Officer and Corporate Secretary
Lisa Nalley	50	Chief of Staff and Senior Vice President, Human Resources
Hunter Craig	40	Director
Matthew D'Ambrosio	54	Director
Johnny Kim	32	Director
Olivia Kirtley	73	Director Nominee*
Max Lin	42	Director

* To be elected to our board of directors upon or before the consummation of the Concurrent Offering.

Executive Officers

Jon Rousseau has served as our President and Chief Executive Officer since September 2016, and the Chairman of our board of directors since January 2024. Prior to joining the Company, Mr. Rousseau was an executive vice president at Kindred Healthcare, Inc. with multiple leadership roles from June 2013 – July 2016, including president of Kindred Rehabilitation Services and prior to that president of the Care Management Division and Kindred at Home, Kindred's home health, hospice, home care and home-based primary care businesses. Before Kindred, Mr. Rousseau held a number of senior leadership positions at other market-leading healthcare product and technology companies, including vice president of global marketing, strategy, and commercial development at Mylan, Inc. and global senior director of the continuous glucose monitoring franchise with Medtronic PLC (2006 – 2013). For the first part of his career, Mr. Rousseau worked at Friedman Fleischer & Lowe LLC in private equity (1998 – 2005) and at Morgan Stanley in investment banking (1996 – 1998). He received his MBA from Harvard Business School and his A.B. degree from Princeton University. We believe Mr. Rousseau's qualifications to serve on our board of directors include his extensive executive and leadership experience in the healthcare industry and his multi-disciplinary background.

Jim Mattingly has served as our Executive Vice President and Chief Financial Officer since October 2017. Prior to joining the Company in 2017, Mr. Mattingly served as senior vice president and chief financial officer at Kindred Rehabilitation Services from April 2017 to October 2017. Prior to that, he served as vice president and chief financial officer at Kindred Rehabilitation Services from October 2015 to April 2017, and prior to that, Mr. Mattingly served as vice president of finance and controller for Kindred at Home, and he held several senior financial positions at Fortune Brands and Yum!. Mr. Mattingly has a Bachelor of Arts degree in economics and philosophy from Bellarmine University and a Master of Business Administration from Indiana University Bloomington.

Jennifer Yowler has served as our President of PharMerica since March 2022. Previously, Ms. Yowler served as PharMerica's Chief Financial Officer since June 2019. Ms. Yowler brings more than 20 years of experience in finance and operations at multiple Fortune 500 companies in the long-term care and healthcare industry. Prior to joining PharMerica, Ms. Yowler served as Chief Financial Officer at Partners Pharmacy from October 2015 to June 2019 and held several senior level positions at Omnicare from October 2004 to September 2015. Ms. Yowler began her career at PricewaterhouseCoopers in the audit and assurance group, working on various clients in the healthcare and insurance spectrum. Ms. Yowler obtained a Bachelor of Science degree in Business Administration and Accounting from Ohio University.

Bob Barnes has served as our President of Community Living since July 2018. Prior to joining the Company, Mr. Barnes was the Senior Vice President of Operations at Trilogy Health Services, LLC from July 2016 to July 2018 where he directed national healthcare operations in the Midwest. Prior to Trilogy Health Services, Mr. Barnes served as the Chief Operating Officer at Affinity Health Services, Inc. and held operational leadership roles at Guardian Elder Care Holdings, Inc. Mr. Barnes holds a Nursing degree from Mount Aloysius College and earned a Nursing Home Administration certification from Slippery Rock University.

Mike McMaude has served as our President of Home Health and Hospice Services since April 2021 and the Chief Executive Officer of Abode since he founded the company in 2012. Prior to Abode, Mr. McMaude was the Chief Executive Officer of Voyager HospiceCare from 2007 to 2010. Prior to Voyager HospiceCare, Mr. McMaude founded and was the Chief Executive Officer of Accumed, a skilled-nursing homecare business. Earlier in his career, Mr. McMaude was the President of the Home Health division of Amedisys and held various positions with Columbia HCA, where his responsibilities included overseeing home health and hospice operations in the Central and Western United States. Mr. McMaude has a B.A. degree in business administration from Hardin-Simmons University, where he is currently a member of the board of Development. Mr. McMaude is also a member of the Advisory Board for Grant Avenue Capital, a member of the board of Overland International, LLC, and a member of the board of Community Health Accreditation Partner.

Steven Reed has served as our Chief Legal Officer and Corporate Secretary since April 2013. His legal experience includes working in private practice, serving as the U.S. Attorney and an Assistant U.S. Attorney for the Western District of Kentucky, being the Deputy General Counsel for Kentucky Governor Brereton C. Jones and clerking for Chief Judge Edward H. Johnstone, U.S. District Court for the Western District of Kentucky. He has also served on numerous boards, including Res-Care, Inc., BrightSpring Health Service's predecessor, the University of Kentucky Board of Trustees (and as chair), the Professional Ethics Executive Committee for the American Institute of CPA's, Baptist Healthcare of Kentucky, Delta Dental of Kentucky, and the Criminal Justice Act Planning Committee for the U.S. District Court in the Western District of Kentucky. He obtained his B.A. (*magna cum laude*) at Western Kentucky University, and his J.D. at the University of Kentucky.

Lisa Nalley has served as our Chief of Staff since February 2017 and Senior Vice President of Human Resources since August 2020, and also serves as the leader of the Executive Project Management Office. Prior to joining the Company, Ms. Nalley was a business consultant at Barrel Consulting, LLC, and before that, Ms. Nalley served as Sr. Director of Strategic Initiatives for Kindred Rehabilitation Services and Kindred at Home, as well as several other business improvement roles from 2003 to 2016 at Kindred Healthcare, Inc. Ms. Nalley has an A.A.S. in Applied Science in paralegal science from Marshall University.

Directors

Hunter Craig has served as a member of our board of directors since May 2020. Mr. Craig joined KKR & Co. in 2020 and is a member of the Health Care industry team within KKR & Co.'s Americas Private Equity platform. He currently serves on the Board of Directors of 123Dentist and Heartland Dental. Prior to joining KKR & Co., Mr. Craig was a vice president at GTCR (2013-2020), where he was involved in investments across the healthcare sector. He began his career as an investment banking analyst in the global industrial & services group at Credit Suisse. Mr. Craig holds a B.B.A., magna cum laude, in Accountancy and Theology from the University of Notre Dame and an M.B.A. from Harvard Business School. We believe Mr. Craig's qualifications to serve on our board of directors include his significant business, financial, and investment experience related to the healthcare industry.

Matthew D'Ambrosio has served as a member of our board of directors since October 2022. Mr. D'Ambrosio is Senior Vice President, Global Chief Compliance and Ethics Officer for Walgreens Boots Alliance, Inc., and has held that position since November 2017. Prior to joining Walgreens, Mr. D'Ambrosio was Senior Vice President, Chief Compliance and Ethics Officer at Sunovion Pharmaceuticals Inc., a division of Sumitomo Dainippon Pharma Co., Ltd. from December 2010 to November 2017. Mr. D'Ambrosio served as

Chief Compliance Officer for Reliant Pharmaceuticals, Inc., which was acquired by GSK in 2007. Prior to that, Mr. D'Ambrosio held legal and compliance positions with a number of life sciences companies including 11 years with Johnson & Johnson where he headed compliance programs in each of Johnson & Johnson's three core sectors: Pharmaceuticals, Medical Device & Diagnostics, and Consumer Products. Mr. D'Ambrosio was previously adjunct faculty at Seton Hall University School of Law in the health law program from January 2007 to December 2010. Mr. D'Ambrosio holds a J.D. in Health Law from Seton Hall University School of Law, an M.B.A. in International Business from Rutgers University, and a B.S. in Commerce from Rider University. We believe Mr. D'Ambrosio's qualifications to serve on our board of directors include his significant compliance experience related to the healthcare industry.

Johnny Kim has served as a member of our board of directors since 2019. Mr. Kim is a Director and has served as a member of the Health Care industry team within KKR & Co.'s Americas Private Equity platform since 2015. Mr. Kim currently serves on the Board of Directors of Argenta, Brightline, Clarify Health Solutions, Global Medical Response, SkinSpirit, and Therapy Brands. Prior to joining KKR & Co., Mr. Kim was with Goldman Sachs (2013-2015) where he was involved in a number of mergers, acquisitions, and financing transactions. He holds an Honors B.A. with distinction from the Ivey Business School, Western University and was an Ivey Scholar. We believe Mr. Kim's qualifications to serve on our board of directors include his significant business, financial, and investment experience related to the healthcare industry.

Olivia Kirtley has been nominated to serve on our board of directors. Ms. Kirtley, a Certified Public Accountant and Chartered Global Management Accountant, has worked as a business consultant focused on strategic, risk and corporate governance issues since 2000, and prior to 2000, she served as a senior manager at a predecessor to the accounting firm Ernst & Young LLP and as chief financial officer and treasurer of Vermont American Corporation. Ms. Kirtley served as President and Chairman of the International Federation of Accountants (2014-2016), and also served as Chairman of the American Institute of Certified Public Accountants, or AICPA (1998-1999), and Chairman of the AICPA Board of Examiners. Ms. Kirtley has served on the board of Vista Credit Strategic Lending Corp. since 2023, and previously served on the board of Papa John's International (2003-2023), on the board of U.S. Bancorp (2006-2023), on the board of Rangold Resources Ltd (2017-2019) and on the board of a predecessor of the Company, ResCare, Inc. (1998-2019). She holds a B.S. in Accounting from Florida Southern College, and a Master's Degree in Taxation from Georgia State University. We believe Ms. Kirtley's qualifications to serve on our board of directors include her extensive audit, financial reporting, and risk management experience and experience serving on public company boards.

Max Lin has served as a member of our board of directors since 2017. Mr. Lin is a Partner at KKR & Co. where he leads the Health Care industry team within its Americas Private Equity platform and serves as a member of the Investment Committee and Portfolio Management Committee for Americas Private Equity, the Health Care Strategic Growth Investment Committee, and the Global Conflicts and Compliance Committee. Mr. Lin was involved in KKR & Co.'s investments in 123 Dentist, Coherus BioSciences, Covenant Physician Partners, Envision Healthcare, Global Medical Response, HCA, Heartland Dental, PetVet Care Centers, PRA Health Sciences, Therapy Brands, and Zimmer Biomet, among others. Prior to joining KKR & Co., Mr. Lin was with Morgan Stanley where he was involved in a number of mergers, acquisitions, and financing transactions. He holds a B.S. and B.A.S., summa cum laude, from the University of Pennsylvania and an M.B.A. from Harvard Business School. We believe Mr. Lin's qualifications to serve on our board of directors include his significant business, financial, and investment experience related to the healthcare industry and prior involvement with KKR Stockholder's investment in the Company.

There are no family relationships among our directors and executive officers.

Composition of Our Board of Directors after the Concurrent Offering

Our business and affairs are managed under the direction of our board of directors. Our second amended and restated certificate of incorporation will provide for a classified board of directors, with two directors in Class I

(expected to be Matt D'Ambrosio and Johnny Kim), two directors in Class II (expected to be Olivia Kirtley and Max Lin), and two directors in Class III (expected to be Jon Rousseau and Hunter Craig). See "Description of Capital Stock."

In addition, pursuant to the existing stockholders agreement, each of KKR Stockholder and Walgreen Stockholder has the right to designate nominees to our board of directors. See "Certain Relationships and Related Party Transactions – Stockholders Agreement."

Controlled Company Exemption

After the completion of the Concurrent Offering, KKR Stockholder and Walgreen Stockholder will continue to collectively beneficially own shares representing more than 50% of the voting power of our shares eligible to vote in the election of directors. As a result, we will be a "controlled company" within the meaning of the corporate governance standards of Nasdaq. Under these corporate governance standards, a company of which more than 50% of the voting power is held by an individual, group, or another company is a "controlled company" and may elect not to comply with certain corporate governance standards, including the requirements (1) that a majority of our board of directors consist of independent directors, (2) that our board of directors have a compensation committee that is comprised entirely of independent directors with a written charter addressing the committee's purpose and responsibilities, and (3) that director nominations be made, or recommended to the full board of directors, by our independent directors or by a nominating and governance committee that is comprised entirely of independent directors with a written charter or board resolution, addressing the nominations process and such related matters. For at least some period following the Concurrent Offering, we may utilize one or more of these exemptions since our board of directors has not yet made a determination with respect to the independence of any directors.

In the future, we expect that our board of directors will make a determination as to whether other directors, including directors associated with KKR Stockholder or Walgreen Stockholder, are independent for purposes of the corporate governance standards described above. Pending such determination, you may not have the same protections afforded to stockholders of companies that are subject to all of these corporate governance requirements. In the event that we cease to be a "controlled company" and our shares continue to be listed on Nasdaq, we will be required to comply with these standards and, depending on our board of directors' independence determination with respect to our then-current directors, we may be required to add additional directors to our board of directors in order to achieve such compliance within the applicable transition periods.

Board Leadership Structure and Our Board of Director's Role in Risk Oversight

Committees of Our Board of Directors

After the completion of the Concurrent Offering, the standing committees of our board of directors will consist of an Audit Committee, a Compensation Committee and a Quality & Compliance and Governance Committee. Our board of directors may also establish from time to time any other committees that it deems necessary or desirable.

Our chief executive officer and other executive officers will regularly report to the non-executive directors and the Audit Committee, the Compensation Committee and the Quality & Compliance and Governance Committee to ensure effective and efficient oversight of our activities and to assist in proper risk management and the ongoing evaluation of management controls. We believe that the leadership structure of our board of directors provides appropriate risk oversight of our activities given the controlling interests held by KKR Stockholder and Walgreen Stockholder.

Audit Committee

Upon the completion of the Concurrent Offering, we expect to have an Audit Committee, consisting of Olivia Kirtley, who will be serving as the Chair, Hunter Craig, and Johnny Kim. We believe that Olivia Kirtley

will qualify as an independent director under the corporate governance standards of and the independence requirements of Rule 10A-3 of the Exchange Act. We also believe that each of Hunter Craig, Johnny Kim, and Olivia Kirtley will qualify as an "audit committee financial expert" as such term is defined in Item 407(d)(5) of Regulation S-K.

The purpose of the Audit Committee will be to prepare the audit committee report required by the SEC to be included in our proxy statement and to assist our board of directors in overseeing:

- selecting and hiring our independent registered public accounting firm and approving the audit and non-audit services to be performed by our independent registered public accounting firm;
- assisting the board of directors in evaluating the qualifications, performance, and independence of our independent registered public accounting firm;
- assisting the board of directors in monitoring the quality and integrity of our consolidated financial statements and our accounting and financial reporting;
- assisting the board of directors in monitoring our compliance with legal and regulatory requirements;
- reviewing the adequacy and effectiveness of our internal control over financial reporting processes;
- assisting the board of directors in monitoring the performance of our internal audit function;
- reviewing with management and our independent registered public accounting firm our annual and quarterly consolidated financial statements;
- establishing procedures for the receipt, retention, and treatment of complaints received by us regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters; and
- preparing the audit committee report that the rules and regulations of the SEC require to be included in our annual proxy statement.

The SEC rules and the Nasdaq rules require us to have one independent audit committee member upon the listing of our common stock on Nasdaq, a majority of independent directors on the audit committee within 90 days of the effective date of the registration statement, and all independent audit committee members within one year of the effective date of the registration statement. We expect to have one independent director upon the listing of our common stock on Nasdaq who will qualify as independent for audit committee purposes. We believe Olivia Kirtley qualifies as an independent director under Nasdaq listing standards and the independence standards of Rule 10A-3 of the Exchange Act. We intend to comply with the independence requirements of Nasdaq regarding the composition of our audit committee within the transition period specified above for newly public companies.

Our board of directors will adopt a written charter for the Audit Committee, which will be available on our website upon the completion of the Concurrent Offering.

Compensation Committee

Upon the completion of the Concurrent Offering, we expect to have a Compensation Committee, consisting of Max Lin, who will serve as Chair, Hunter Craig, and Matthew D'Ambrosio.

The purpose of the Compensation Committee is to assist our board of directors in discharging its responsibilities relating to:

- reviewing and approving corporate goals and objectives relevant to the compensation of our CEO, evaluating our CEO's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by the board of directors), determining and approving, or making recommendations to the board of directors with respect to, our CEO's compensation level based on such evaluation;

- reviewing and approving, or making recommendations to the board of directors with respect to, the compensation of our other executive officers, including annual base salary, bonus and equity-based incentives, and other benefits;
- reviewing and recommending the compensation of our directors;
- reviewing and discussing with management our "Compensation Discussion and Analysis" disclosure when such disclosure is required by SEC rules;
- reviewing and approving any stock ownership guidelines for our directors and executive officers and any "clawback" policy and monitoring compliance therewith;
- preparing the compensation committee report to be included in our annual proxy statement when such report is required by SEC rules; and
- reviewing and making recommendations with respect to our equity compensation plan.

Our board of directors will adopt a written charter for the Compensation Committee, which will be available on our website upon the completion of the Concurrent Offering.

Quality & Compliance and Governance Committee

Upon the completion of the Concurrent Offering, we expect to have a Quality & Compliance and Governance Committee, consisting of Hunter Craig, who will serve as the Chair, Matthew D'Ambrosio, Johnny Kim, and Olivia Kirtley.

The purpose of the Quality & Compliance and Governance Committee includes:

- assisting the board of directors in its oversight of general internal control and risk management procedures and regulatory compliance programs (excluding financial and other matters which are subject to the oversight of the Audit Committee); and
- reviewing the process for communicating the Code of Ethics and Business Conduct to Company personnel, and for monitoring compliance therewith.

Our board of directors will adopt a written charter for the Quality & Compliance and Governance Committee, which will be available on our website upon the completion of the Concurrent Offering.

Compensation Committee Interlocks and Insider Participation

None of the members of our Compensation Committee will be a person who is or has been at any time one of our executive officers or team members. None of our executive officers will serve or has served during the last completed year, on the compensation committee or board of directors of any other entity that has one or more executive officers serving as a member of our board of directors or Compensation Committee.

We are parties to certain transactions with KKR Stockholder, Walgreen Stockholder and their respective affiliates described in the section of this prospectus entitled "Certain Relationships and Related Party Transactions."

Code of Ethics and Business Conduct

We will adopt a new Code of Ethics and Business Conduct that applies to all of our directors, officers and employees, including our chief executive officer, chief financial officer, and chief accounting officer. Our Code of Ethics and Business Conduct will be available on our website upon the completion of the Concurrent Offering.

Our Code of Ethics and Business Conduct is a “code of ethics,” as defined in Item 406(b) of Regulation S-K. We will make any legally required disclosures regarding amendments to, or waivers of, provisions of our code of ethics on our website.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This compensation discussion and analysis provides an overview of our executive compensation philosophy and the material elements of compensation awarded to, earned by, or paid to our named executive officers with respect to the year ended December 31, 2023. Our executive compensation plan is designed to attract and retain individuals qualified to manage and lead our Company and to also motivate them to contribute to the achievement of our financial and operational goals and ultimately create and grow our equity value.

Our named executive officers for 2023 were:

Name	Title
Jon Rousseau	President and Chief Executive Officer
Jim Mattingly	Executive Vice President and Chief Financial Officer
Steven Reed	Chief Legal Officer and Corporate Secretary
Bob Barnes	President, Community Living
Jennifer Yowler	President, PharMerica

Compensation Philosophy, Objectives & Process – How We Make Compensation Decisions

Our Compensation Philosophy and Objectives

Our primary executive compensation philosophy and objectives are to:

- attract, reward, and retain the people that drive quality, operations, efficiency, growth, and profitability;
- provide fair and competitive compensation opportunities that appropriately reward executives for their contributions to our success; and
- align senior management's interests with our equity owners' long-term interests through equity participation and ownership.

We seek to maintain a quality and performance-oriented culture and a compensation approach that rewards our named executive officers when we achieve our goals and objectives, while putting at risk an appropriate portion of their compensation if our goals and objectives are not achieved. Consistent with this philosophy, we have sought to create an executive compensation package that balances short-term versus long-term components, cash versus equity elements and fixed versus contingent payments in ways that we believe are most appropriate to motivate them.

Transition of Our Executive Compensation Programs

Our compensation approach is tied to our stage of development. Prior to the Concurrent Offering, we were a privately-held company. As a result, we have not been subject to any stock exchange listing or SEC rules related to Board and compensation committee structure and function. In April 2021, we engaged Meridian Compensation Partners, a compensation consulting firm, to provide executive compensation consulting services to help align executive pay with market practices for executive pay decisions following the Concurrent Offering.

As our executive compensation program evolves as a public company, we expect that it will reflect the belief that the total amount earned by our executives will depend on achieving performance objectives designed to enhance stockholder value. We intend to continue to evaluate and possibly make changes to our executive compensation programs with the goal of aligning our programs with our executive compensation philosophy as a public company. Accordingly, the compensation paid to our named executive officers for 2023, and the form and manner in which it was paid, is not necessarily indicative of how we will compensate our named executive officers after the Concurrent Offering.

Role of Our Board of Directors and Executive Officers

Prior to the Concurrent Offering, we were a privately-held company and, with the exception of equity compensation, the compensation of our executive officers was largely set by our Chief Executive Officer, except with respect to himself. Our compensation committee and our Board of Directors have determined and approved long-term executive compensation for our executive officers after taking into consideration the recommendations of our Chief Executive Officer, except with respect to his own long-term executive compensation. Our compensation committee and our Board of Directors annually review our Chief Executive Officer's performance and approve any changes to his compensation package in light of such review. Our Chief Executive Officer does not participate in deliberations regarding his own compensation. Our Chief Executive Officer periodically reviews each other named executive officer's performance with our Board of Directors and recommends an appropriate base salary, annual incentive payout, relevant discretionary bonuses, if applicable, and grants of long-term equity incentive awards.

Except where the context requires otherwise, the terms "Board" or "Board of Directors" as used in this "Executive Compensation" section refer to the Board of Directors of BrightSpring Health Services, Inc. (formerly known as Phoenix Parent Holdings Inc.).

Role of the Compensation Consultant

In April 2021, we engaged Meridian Compensation Partners, a compensation consulting firm, or the Consultant, to provide executive compensation consulting services to help align executive pay with market practices following the Concurrent Offering.

In connection with the Concurrent Offering, the Consultant performed a variety of work, including but not limited to: assisting in the development of a market-based executive compensation program and conducting a review of the competitiveness of our executive compensation program. To assist our Board of Directors in its review and evaluation of each of these areas in connection with the Concurrent Offering, the Consultant established a peer group for 2023 composed of 19 companies described below. The peer group was selected based on weighted parameters and financial information and is intended to ensure that the Company remains within a reasonable range of the peer median in terms of revenue, headcount, and market value.

Acadia Healthcare Company, Inc.
Amedisys, Inc.
AMN Healthcare Services, Inc.
Aveanna Healthcare Holdings Inc.
Brookdale Senior Living Inc.
Chemed Corporation
Community Health Systems, Inc.
DaVita Inc.
Encompass Health Corporation
Laboratory Corporation of America Holdings
LHC Group, Inc.
Molina Healthcare, Inc.
Option Care Health, Inc.
Pediatrix Medical Group, Inc.
Quest Diagnostics Incorporated
Select Medical Holdings Corporation
Tenet Healthcare Corporation
The Ensign Group, Inc.
Universal Health Services, Inc.

Elements of Compensation – What We Pay and Why

Base Salary

Base salary compensates executives for performing the requirements of their positions and provides executives with a predictable and stable level of cash income with respect to a portion of their total compensation. Base salaries are intended to reward performance and to attract and retain key executives. Base salaries may be adjusted annually and, in certain circumstances, adjusted mid-year to address competitive pressures or changes in job responsibilities.

Base salary rates for 2023 were as follows:

Name	2023 Base Salary Rate
Jon Rousseau	$ 1,000,000
Jim Mattingly	$ 424,598
Steven Reed	$ 362,016
Bob Barnes	$ 419,980
Jennifer Yowler	$ 440,003

Effective May 16, 2023, Mr. Rousseau received a base salary increase of 25%. None of our other named executive officers received increases to their base salaries in 2023.

Annual Cash Incentive Program

During 2023, we provided our continuing named executive officers with the opportunity to share in our success through annual cash incentive awards under the BrightSpring Health Services Short Term Incentive Compensation Plan, or the BHS STIC. The BHS STIC is designed to provide each participant with a "balanced scorecard" for the participant's annual cash incentive award. The "balanced scorecard" establishes specific corporate performance goals balanced by goals from the officer's individual area of responsibility and the officer's expected level of contribution to the Company's achievement of its corporate goals. Payouts under the BHS STIC are based on our achievement of predefined financial and operational performance targets included within the balanced scorecard. For 2023, the BHS STIC focused on our ability to grow total company-wide profitability (EBITDA, calculated as described in the "Summary—Summary Historical Consolidated Financial and Other Data" section of this prospectus) and our ability to improve company-wide or business unit performance in the areas of quality, people, efficiency, and growth. The balanced scorecard approach is designed to encourage a consistent, long-term management approach to enhancing stockholder value.

For 2023, performance objectives were set at levels that we believed would reflect strong performance based on historical performance and the then-prevailing relevant market conditions in our businesses and macroeconomic conditions. We believe the combination of these performance measures and the proportionate weighting assigned to each reflected our overall goals for 2023, which balanced the achievement of our financial performance with the other scorecard categories. The BHS STIC requires that a minimum EBITDA trigger be met as the "gate" into the plan. If this minimum EBITDA trigger is not achieved for the calendar year performance period, then the plan will not be funded and payouts will not be made to the participant. In addition, awards under the BHS STIC, if earned, are generally contingent upon the participant remaining in continuous employment through the payment date.

The following table illustrates the weighting of each of the scorecard objectives under the BHS STIC for each continuing named executive officer:

Name	Financial Company-Wide or Operating Unit EBITDA	Quality and People	Company-Wide or Operating Unit Efficiency[1]	Company-Wide or Operating Unit Revenue Growth
Jon Rousseau	50%	30%	10%	10%
Jim Mattingly	50%	30%	10%	10%
Steven Reed	50%	30%	10%	10%
Bob Barnes	40%	50%	5%	5%
Jennifer Yowler	60%	15%	15%	10%

(1) Free cash flow for Messrs. Rousseau, Mattingly, and Reed. Consolidated community living worked wages plus temporary labor as a percentage of Revenue for Mr. Barnes. Consolidated Pharmacy Inventory Days on Hand, Accounts Receivable DSO, and SG&A as a percentage of Revenue for Ms. Yowler.

Payouts are based on threshold, target, and maximum levels of achievement of the performance objectives applicable to participants. Threshold refers to the minimum acceptable level of performance required for bonus payout consideration, target is the desired level of performance, and maximum is aspirational performance. We focus on matching rewards with results and encourage executive officers to make significant contributions toward our financial results by providing a basic reward for reaching threshold expectations, plus an upside for reaching our aspirational goals. We believe that establishing a maximum payout amount under the BHS STIC deters excessive risk-taking, while having an equitable payout amount that can be earned at a defined performance threshold encourages goal attainment. No payout is made for performance below the minimum threshold. Notwithstanding the forgoing, we have reserved the ability to adjust the actual financial performance results to exclude the effects of extraordinary, unforeseen, unusual, or infrequently occurring events.

The following tables also illustrate the EBITDA and revenue trigger percentage for plan funding and payout.

BHS STIC

Messrs. Rousseau, Mattingly, Reed, Barnes, and Ms. Yowler

	EBITDA and Revenue Payout as a Percentage of Target Award			All Other Scorecard Payout as a Percentage of Target Award		
Plan Funding Trigger as Percentage of Executive's EBITDA Target	Threshold (%) 91% Achievement Level	Target (%) 100% Achievement Level	Maximum (%) 120% Achievement Level	Threshold Achievement Level	Target Achievement Level	Maximum Achievement Level
90%	5%	100%	200%	50%	100%	200%

Under the BHS STIC, with respect to EBITDA and Revenue, if achievement falls between the threshold and target payout percentages, or between the target and maximum payout percentages, the achievement factor will be interpolated on a straight-line mathematical basis. However, for all other scorecard objectives there is no interpolation between achievement levels and participants must fully achieve the next level of performance on the scale to achieve a higher payout. If achievement with respect to any performance objective does not reach threshold payout percentage, then that objective will be deemed to have 0% attainment.

For each of the performance objectives, the achievement factor is determined by calculating the payout percentage against the target award opportunity based on the pre-established scale for each plan illustrated in the tables below. The weighted achievement factor for each of the performance objectives is determined by multiplying the weight attributed to each performance objective by the applicable achievement factor for each measure. The following tables outline the estimated calculation of the funding attainment based on the pre-established scale associated with our actual results against the targets and the resulting weighted achievement factors. The actual achievement amounts are not yet reflected because consolidated financial results have not yet been finalized and presented to the Compensation Committee. These amounts are expected to be determined in March 2024.

BHS STIC
Messrs. Rousseau, Mattingly, and Reed

Performance Objective	Weighting	Threshold Achievement	Target Achievement	Actual Achievement	Percent Achievement (% of Target)	Percent Payout
Financial						
Company-Wide EBITDA ($ in millions)(1)	50%	$ 431.05	$ 473.68			
Quality						
Roll-Up of Field Quality Metrics	25%	78.64%	82.81%			
People						
G&A as a % of Revenue						
- Support Center and Provider Admin departments (for Messrs. Rousseau and Mattingly)	5%	2.13%	1.94%			
- Legal department (for Mr. Reed)	5%	0.12%	0.11%			
Efficiency						
Cash flows, as adjusted(2) ($ in millions)	10%	$ 49.50	$ 55.00			
Growth						
Company-wide Revenue ($ in millions)	10%	$ 8,130.14	$ 8,934.22			

(1) EBITDA trigger for plan funding was 90% of target.
(2) Cash flows, as adjusted is defined as cash flow before debt and acquisition-related items.

BHS STIC
Mr. Barnes

Performance Objective	Weighting	Threshold Achievement	Target Achievement	Actual Achievement	Percent Achievement (% of Target)	Percent Payout
Financial						
Consolidated Community Living EBITDA, as adjusted ($ in millions)[1]	40%	$ 146.98	$ 161.51			
Quality						
Roll-Up of Consolidated Community Living Quality Metrics	37.5%	80.06%	82.58%			
People						
Turnover (Consolidated Community Living)[2]	7.5%	64.13%	62.13%			
Stability (Consolidated Community Living)[3]	5%	53.94%	55.94%			
Efficiency						
Consolidated Community Living Worked Wages + Temporary Labor divided by Revenue	5%	50.73%	48.73%			
Growth						
Consolidated Community Living Revenue ($ in millions)	5%	$ 1,105.56	$ 1,214.90			

(1) EBITDA trigger for plan funding was 90% of target.
(2) Turnover – the rolling 12 months of terminations excluding quick quits divided by the total number of employees at the beginning of the measurement period.
(3) Stability – the total number of employees with at least one year of service paid during a rolling 12-month period divided by the total number of employees paid during the same period.

BHS STIC
Ms. Yowler

Performance Objective	Weighting	Threshold Achievement	Target Achievement	Actual Achievement	Percent Achievement (% of Target)	Percent Payout
Financial						
Pharmacy Consolidated EBITDA ($ in millions)(1)	60%	$ 326.91	$ 359.24			
Quality & People						
Roll-Up of Consolidated Pharmacy Quality Metrics	15%	86.72%	90.22%			
Efficiency						
Pharmacy Consolidated Inventory Days on Hand	5%	27.50	26 70			
Pharmacy Consolidated A/R DSO	5%	27.81	27.00			
Pharmacy Consolidated SG&A as a percentage of Revenue	5%	19.33%	18.77%			
Growth						
Pharmacy Consolidated Revenue ($ in millions)	10%	$ 5,977.33	$ 6,568.49			

(1) EBITDA trigger for plan funding was 90% of target.

For 2023, our continuing named executive officers' target annual cash incentive award as a percentage of earned base salary was 125% for Mr. Rousseau, 100% for Messrs. Mattingly and Reed, and 60% each for Mr. Barnes and Ms. Yowler. Actual amounts paid under the BHS STIC were calculated separately for each scorecard performance objective by multiplying each named executive officer's base salary earned in 2023 by (i) the executive's BHS STIC target award opportunity (which is reflected as a percentage of earned base salary) and (ii) the executive's weighted performance objective achievement factor for that objective, and then adding the results together.

The following table illustrates the calculation of the payout earned under the BHS STIC by each of our continuing named executive officers. The calculation is expected to be determined in March 2024, and therefore the payout earned amounts are not reflected in the table below.

Name	Base Salary Earned ($)	Target Award as a percentage of Base Salary	Target Award Opportunity ($)	Payout Earned Under Balanced Scorecard ($)	Payout as a percentage of Target Award
Jon Rousseau(1)	926,027	125%	1,157,534		
Jim Mattingly	424,598	100%	424,598		
Steven Reed	362,016	100%	362,016		
Bob Barnes	419,980	60%	251,988		
Jennifer Yowler	440,003	60%	264,002		

(1) Amounts show for Mr. Rousseau reflect his salary increase from $800,000 to $1,000,000, effective as of May 16, 2023.

Notwithstanding the establishment of the performance components and the formula for determining the BHS STIC award payment amounts as described above, we have the ability to exercise positive or negative discretion and award a greater or lesser amount than determined by the above formula if, in the exercise of our business judgment, we determine that a greater or lesser amount is warranted under the circumstances.

Additional details regarding the dollar value of threshold, target, and maximum bonus payout opportunities for 2023 are provided under "Executive Compensation Tables—Grants of Plan-Based Awards."

Long-Term Incentive Program

In addition to base salary and cash bonus compensation, each of our continuing named executive officers is eligible for long-term equity awards. The LTI program is designed to reward for future Company performance, align with the long-term interests of our stockholders and to retain executives over multi-year vesting periods. LTI compensation provides an opportunity for executive officers to increase their ownership interest in the Company through grants of equity-based awards.

The Board of Directors adopted the 2017 Stock Plan, effective January 24, 2018. To date, the only form of equity award granted to our executive officers have been stock options under the 2017 Stock Plan. The 2017 Stock Plan will be terminated upon the consummation of the Concurrent Offering and, following the Concurrent Offering, it is not expected that any equity awards will be issued under the 2017 Stock Plan.

Since the adoption of the 2017 Plan, equity awards have been granted in connection with an executive's initial employment, and upon a significant performance contribution or increase in responsibility or job scope. Our Board of Directors determines the amount of long-term executive compensation for our executive officers after taking into consideration the recommendations of our Chief Executive Officer (except with respect to his own long-term incentive compensation), the outstanding holdings of each executive officer, organizational significance of their position, and individual performance (both historical and expected future performance). Mr. Rousseau was our only named executive officer who received an equity grant in 2023.

Option Awards Granted in 2021

In May 2021, our Board of Directors granted 137,398 stock options to Mr. McMaude. The stock options are divided into time-vesting options (50% of the stock options granted) and performance-vesting options (50% of the stock options granted, of which 50% are 2.0x performance-vesting stock options and 50% are 2.5x performance-vesting stock options). The grant date fair value, calculated in accordance with *Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation*, or Topic 718, for this award is reported in the Summary Compensation Table. Additional details regarding the equity award described above, including grant date and exercise price, are provided under "Executive Compensation Tables—Outstanding Equity Awards at December 31, 2023."

The stock options have a ten-year term and vest as follows:

- The time-vesting stock options vest ratably over five years, with 20% vesting on each of the first five anniversaries of a specified vesting reference date, subject to continued employment or service through each applicable vesting date.
- The 2.0x performance-vesting stock options vest when and if KKR Stockholder receives cash proceeds with respect to or in exchange for equity securities of the Company equal to a 2.0x multiple on its investment, subject to continued employment or service through each applicable measurement date.
- The 2.5x performance-vesting stock options vest when and if KKR Stockholder receives cash proceeds with respect to or in exchange for equity securities of the Company equal to a 2.5x multiple on its investment, subject to continued employment or service through each applicable measurement date.

Subject to the call rights described below, in connection with a termination of employment for "cause" or in the event of a "restrictive covenant violation" (each as defined in the applicable stock option award agreements), all stock options, whether vested or unvested, will be immediately forfeited.

Option Awards Cancelled and Granted in 2023

In November 2023, our Board of Directors approved the cancellation of 628,108 vested stock options held by Mr. Rousseau (215,912 stock options) and by an irrevocable trust for which Mr. Rousseau's spouse serves as trustee (412,196 stock options) in exchange for a cash payment of $3,437,500 and $6,562,500, respectively, and simultaneously granted 628,108 stock options to Mr. Rousseau. The stock options are time-vesting options and were granted at fair value, provided that, if an initial public offering occurs within six months following the date of grant and the per share price at which the Company's common stock is offered to the public is higher than the exercise price set forth in the stock option agreement, then the exercise price is automatically increased on the pricing date of such initial public offering to the per share price at which the Company's common stock is offered to the public in connection with such initial public offering. The grant date fair value, calculated in accordance with *Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation*, or Topic 718, for this award is reported in the Summary Compensation Table. Additional details regarding the equity award described above, including grant date and exercise price, are provided under "Executive Compensation Tables—Outstanding Equity Awards at December 31, 2023."

The stock options granted to Mr. Rousseau in 2023 have a ten-year term and vest as follows:

- If the Company has not completed an initial public offering within six months of the date of grant, the time-vesting stock options vest 100% on the six month anniversary of the date of grant.
- If the Company has completed an initial public offering within six months of the date of grant, then one third of the time-vesting stock options vest upon the six month anniversary of the date of grant, with the remaining unvested time-vesting stock options vesting ratably and monthly over the next two years, subsequent to the date of grant, subject to continued employment or service through each applicable vesting date.
- If Mr. Rousseau has not undergone a termination (which does not include termination without cause, resignation for good reason, or Mr. Rousseau's death or disability) then all then-unvested time-vesting stock options will fully vest upon a change in control at the time of such event.

If Mr. Rousseau is terminated by us without cause, resigns for good reason, or due to Mr. Rousseau's death or disability, all then unvested stock options granted in 2023 shall become fully vested upon such termination.

Subject to the call rights described below, in connection with a termination of employment for "cause" or in the event of a "restrictive covenant violation" (each as defined in the applicable stock option award agreements), all stock options, whether vested or unvested, will be immediately forfeited.

Call Rights

The stock options held by our named executive officers are subject to call rights as set forth in the stockholders agreement described under "Certain Relationships and Related Party Transactions," as follows:

- If the named executive officer's employment with us is terminated by us for cause, or if a restrictive covenant violation occurs, we have the right, but not the obligation, for a 12-month period following such termination of employment or restrictive covenant violation, as applicable, to purchase the shares issued upon the exercise of a stock option held by such named executive officer at a price per share equal to the lesser of fair market value and cost, which means that such shares will be effectively forfeited; and

- If the named executive officer's employment with us is terminated for any reason other than as set forth above, we have the right, but not the obligation, for a 12-month period following such termination of employment, to purchase the shares issued upon the exercise of a stock option held by such named executive officer at a price per share equal to fair market value and, if a change in control or an initial public offering occurs during the three-month period following our exercise of the call right, the named executive officer will be entitled to receive an amount equal to the excess, if any, of the fair market value per share on the date of the change in control or initial public offering, as applicable, over the fair market value per share paid by us when we exercised the call right.

For more information on vesting and other treatment of these stock options upon specified termination events or a change in control, see "Termination and Change in Control Arrangements" and "Potential Payments Upon Termination or Change of Control."

Executive and Broad-Based Employee Benefits

Our continuing named executive officers are eligible to receive the same medical, dental, vision, and voluntary benefits offered to all other full-time employees. Additionally, our continuing named executive officers are eligible to receive enhanced life and disability benefits, including group term life and accidental death & dismemberment insurance (2.0x their annual base salary up to $1.5 million), full income replacement as a result of a short term disability for up to 26 weeks, and a long term disability benefit of 70% of monthly earnings up to a maximum of $20,000 per month. The enhanced short-term disability benefit program is self-funded (i.e., no premiums are paid to a third-party insurer) and thus there is no incremental cost to the Company to provide this benefit, as no specific allocation of cost is made to any named executive officer prior to the occurrence of a disability.

During 2023, we sponsored and maintained a plan qualified under Section 401(k) of the Internal Revenue Code for all eligible employees, including our named executive officers, which we refer to as our 401(k) Plan. Under the 401(k) Plan, eligible employees may elect to defer a portion of their compensation, up to the limit
prescribed by the Internal Revenue Service. Ms. Yowler is our only named executive officer eligible to receive any discretionary employer matching contributions under our 401(k) Plan with respect to 2023. The discretionary employer matching contribution amount Ms. Yowler will receive with respect to 2023 is expected to be determined in March 2024.

In addition, in 2023, under our BrightSpring Health Services Nonqualified Deferred Compensation Plan, management and other highly compensated employees were permitted to defer up to 50% of their annual salary. Ms. Yowler is our only named executive officer to elect to defer any compensation with respect to 2023. Ms. Yowler deferred $9,299 of her annual salary with respect to 2023.

Severance Arrangements

Our employment arrangements with each of our named executive officers provide for payments and other benefits in connection with certain qualifying terminations of employment. Our Board of Directors believes that these severance benefits: (1) help secure the continued employment and dedication of our named executive officers; (2) enhance our value to a potential acquirer because our named executive officers have non-competition, non-solicitation, and confidentiality provisions that apply after any termination of employment, including after a change in control; and (3) are important as a recruitment and retention device, as many of the companies with which we compete for executive talent have similar agreements in place for their senior management.

Additional information regarding the severance arrangements with each of our named executive officers, including a quantification of benefits that would have been received by each named executive officer who are currently employed by the Company had his employment terminated on December 30, 2023, is provided under "Termination and Change in Control Arrangements."

Actions Taken in Connection with the Concurrent Offering

Post-IPO Long-Term Incentive Plan

In connection with the Concurrent Offering, our Board of Directors adopted, and our stockholders have approved, our 2024 Incentive Plan, which will allow us to implement a new market-based long-term incentive program to align our executive compensation package with similarly situated public companies. See "Equity Incentive Plans—2024 Incentive Plan" below for additional details.

New Equity Awards

In connection with the Concurrent Offering, our Board of Directors approved the New Equity Awards. See "Equity Incentive Plans—2024 Incentive Plan—New Equity Awards" below for additional details.

Acceleration of Certain Options under 2017 Stock Plan

In connection with the Concurrent Offering, our Board of Directors approved the acceleration of all 2.0x performance-vesting stock options outstanding under the 2017 Stock Plan, effective as of the pricing of the Concurrent Offering. The vesting terms of these performance-vesting stock options are described under "Elements of Compensation—What We Pay and Why—Long-Term Incentive Program."

Clawback Policy

A Clawback policy complying with the SEC and Nasdaq requirements will be adopted.

Executive Compensation Tables

Summary Compensation Table

The table below summarizes the total compensation paid to or earned by each of our named executive officers for the years indicated. The non-equity incentive plan compensation for 2023 is expected to be determined in March 2024, and therefore, such award amounts are not reflected in the table below.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	All Other Compensation ($)(5)	Total ($)
Jon Rousseau							
President and Chief Executive Officer	2023	926,027	—	5,949,200	—	10,054,073	16,929,300
	2022	800,000	132,680	—	627,320	2,551	1,562,551
	2021	800,000	—	—	964,069	2,551	1,766,620
Jim Mattingly							
Executive Vice President and Chief Financial Officer	2023	424,598	—	—	—	2,176	426,774
	2022	418,686	69,439	—	328,313	2,170	818,608
	2021	413,154	89,996	—	468,965	2,163	974,278
Steven Reed							
Chief Legal Officer and Corporate Secretary	2023	362,016	—	—	—	2,104	364,120
	2022	357,560	80,755	—	258,927	2,099	699,341
Bob Barnes							
President, Community Living	2023	419,980	—	—	—	2,171	422,151
	2022	415,832	—	—	276,944	2,166	694,942
	2021	410,862	300,000	—	236,287	2,161	949,310
Jennifer Yowler							
President, PharMerica	2023	440,003	24,952	—	—	2,194	467,149

(1) Amounts reflect the named executive officer's annual base salary earned during the applicable year taking into account increases, if any, in base salary during the course of the year.

(2) For Ms. Yowler, amount reflects a discretionary transaction bonus of $24,952 in recognition of significant efforts.

(3) Amount reflects the aggregate grant date fair value of time-vesting stock options granted to Mr. Rousseau by us in 2023, computed in accordance with Topic 718, disregarding the effect of estimated forfeitures. With respect to Mr. Rousseau, the time-vesting stock options were granted at fair value, provided that, if an initial public offering occurs within six months following the date of grant and the per share price at which the Company's common stock is offered to the public is higher than the exercise price set forth in the stock option agreement, then the exercise price is automatically increased on the pricing date of such initial public offering to the per share price at which the Company's common stock is offered to the public in connection with such initial public offering. The assumptions made in the valuation of our equity awards are found in Note 10 to our audited consolidated financial statements included elsewhere in this prospectus.

(4) The short-term cash incentive plan payouts for the named executive officers earned in 2023 are not yet reflected because consolidated financial results have not yet been finalized and presented to the Compensation Committee. These amounts are expected to be determined in March 2024. See under "Elements of Compensation—What We Pay and Why—Annual Cash Incentive Program."

(5) "All Other Compensation" for 2023 consists of the following:

				Other Perks		
Name	Enhanced LTD Insurance Premium ($)	GTL Insurance Premium ($)	AD&D Insurance Premium ($)	Stock Option Cancellation ($)(1)	Use of Company Plane ($)(2)	Total ($)
Jon Rousseau	1,687	684	180	10,000,000	51,522	10,054,073
Jim Mattingly	1,687	388	102	—	—	2,176
Steven Reed	1,687	331	87	—	—	2,104
Bob Barnes	1,687	383	101	—	—	2,171
Jennifer Yowler	1,687	402	106	—	—	2,194

(1) Additional details regarding the stock option cancellation are provided under "Option Awards Cancelled and Granted in 2023."

(2) Amounts reflect Mr. Rousseau's use of a private plane.

Grants of Plan-Based Awards

The following table provides information on bonus opportunity ranges under the BHS STIC for each of our continuing named executive officers.

			Estimated Possible Payouts Under Non-Equity Incentive Plan Awards		
Name	Award Type	Grant Date	Threshold ($)(1)	Target ($)	Maximum ($)
Jon Rousseau	BHS STIC	5/11/2023	28,938	1,157,534	2,315,069
Jim Mattingly	BHS STIC	5/11/2023	10,615	424,598	849,195
Steven Reed	BHS STIC	5/11/2023	9,050	362,016	724,032
Bob Barnes	BHS STIC	5/11/2023	5,040	251,988	503,976
Jennifer Yowler	BHS STIC	5/11/2023	7,920	264,002	528,004

(1) Amounts reflect, with respect to each of our named executive officers, the possible payouts of cash incentive compensation under the BHS STIC. Under the BHS STIC, the threshold amount is calculated as the minimum amount that could be payable under the applicable plan to the participating executive assuming satisfaction of the initial EBITDA trigger required to fund the particular plan (disregarding, for purposes of this calculation, potential adjustments of an executive's bonus payout based on that executive's achievement of other balanced scorecard objectives). If the Company had achieved exactly the threshold level of EBITDA required to fund the BHS STIC (and no higher), the payout percentage would be the amount reflected in this column. The actual amounts paid, with respect to the BHS STIC, are described in the "Non-Equity Incentive Plan Compensation" column of the "Summary Compensation Table" above.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards in 2023

Employment Arrangements

We have entered into written arrangements with each of our continuing named executive officers governing the terms of their respective employment with us.

Rousseau Employment Agreement

We entered into an employment agreement with Mr. Rousseau, effective as of March 5, 2019, which we refer to as the Rousseau employment agreement. The Rousseau employment agreement provides that Mr. Rousseau will serve as our President and Chief Executive Officer. The Rousseau employment agreement has an initial term that ends on December 31, 2023 that automatically renews on an annual basis unless terminated in accordance with the Rousseau employment agreement. The Rousseau employment agreement also provides for (i) an initial salary of $800,000, subject to review for increase at least annually and (ii) eligibility to receive an annual bonus, with a target bonus equal to 100% of base salary. Mr. Rousseau is also entitled to participate in our employee benefit arrangements and to receive reimbursement for certain membership fees.

The Rousseau employment agreement contains restrictive covenants, including confidentiality of information, assignment of intellectual property, non-competition, employee no-hire, employee non-solicitation, client and customer non-solicitation, and mutual non-disparagement covenants. The confidentiality covenant and Mr. Rousseau's covenant not to disparage us have an indefinite term (whereas our directors' and executive officers' obligation not to disparage Mr. Rousseau applies during employment and for three years following Mr. Rousseau's termination of employment). The non-competition and non-solicitation covenants are effective both during Mr. Rousseau's employment with us and until the 24-month anniversary of termination of employment for any reason.

The Rousseau employment agreement further provides for severance benefits, as described below under "Termination and Change in Control Arrangements" and "Potential Payments Upon Termination or Change of Control."

Following completion of the Concurrent Offering, it is anticipated that we will enter into an amendment to the Rousseau employment agreement that would, among other things, reflect an increase in his base salary to $1,000,000 (equal to his base salary as of May 16, 2023), subject to review for increase at least annually, an increase in his target bonus to 125% of his base salary (equal to his established target for 2023), an extension of the exercise period for his existing options, and the new equity awards being granted to Mr. Rousseau in connection with the Concurrent Offering.

Mattingly Employment Agreement

We entered into an employment agreement with Mr. Mattingly, dated December 14, 2017, which we refer to as the Mattingly employment agreement. The Mattingly employment agreement provides that Mr. Mattingly will serve as the Chief Financial Officer for Res-Care, Inc. The Mattingly employment agreement has an initial term ending on December 31, 2018 that automatically renews on an annual basis unless terminated in accordance with the Mattingly employment agreement. The Mattingly employment agreement also provides for an initial annual base salary of $325,000, subject to adjustment from time to time. Mr. Mattingly is also entitled to participate in our employee benefit arrangements.

The Mattingly employment agreement contains restrictive covenants, including confidentiality of information, assignment of intellectual property, non-competition, employee non-solicitation, employee no-hire, client and customer non-solicitation, and mutual non-disparagement covenants. The confidentiality and mutual non-disparagement covenants have an indefinite term, and the non-competition, non-solicitation, and no-hire covenants are effective both during the executive's employment and until the first anniversary of termination of employment for any reason.

The Mattingly employment agreement further provides for severance benefits, as described below under "Termination and Change in Control Arrangements" and "Potential Payments Upon Termination or Change of Control."

Reed Employment Agreement

We entered into an employment agreement with Mr. Reed, effective as of May 1, 2014, which we refer to as the Reed employment agreement. The Reed employment agreement provides that Mr. Reed will serve as Chief Legal Officer and Corporate Secretary. The Reed employment agreement has an initial term of five years, unless earlier terminated in accordance with the Reed employment agreement. The Reed agreement also provides for (i) an annual base salary of $295,000, subject to annual review by the Chief Executive Officer or the Compensation Committee and (ii) eligibility to receive an annual bonus, with a target bonus equal to 100% of base salary. Mr. Reed is also entitled to participate in our employee benefit arrangements.

The Reed employment agreement contains restrictive covenants, including confidentiality of information, assignment of intellectual property, non-competition, employee non-solicitation, employee no-hire, client and customer non-solicitation, and non-disparagement covenants. The confidentiality and non-disparagement covenants have an indefinite term, and the non-competition, non-solicitation, and no-hire covenants are effective both during the executive's employment and until the first anniversary of termination of employment for any reason.

The Reed employment agreement further provides for severance benefits, as described below under "Termination and Change in Control Arrangements" and "Potential Payments Upon Termination or Change of Control."

Barnes Employment Agreement

We entered into an employment agreement with Mr. Barnes, effective as of July 9, 2018, which we refer to as the Barnes employment agreement, pursuant to which Mr. Barnes serves as our President, Community Health Services. The Barnes employment agreement provides for (i) an initial annual base salary of $400,000, subject to adjustment from time to time and (ii) eligibility to receive an annual bonus, with a target bonus equal to 60% of base salary. Mr. Barnes is also entitled to participate in our employee benefit arrangements.

The Barnes employment agreement contains restrictive covenants, including confidentiality of information, assignment of intellectual property, noncompetition, employee non-solicitation, employee no-hire, client and customer non-solicitation, and non-disparagement covenants. The confidentiality and non-disparagement covenants have an indefinite term, and the non-competition, non-solicitation, and no-hire covenants are effective both during the executive's employment and until the 12-month anniversary of termination of employment for any reason.

The Barnes employment agreement further provides for severance benefits, as described below under "Termination and Change in Control Arrangements" and "Potential Payments Upon Termination or Change of Control."

Yowler Employment Agreement

We entered into an employment agreement with Ms. Yowler, effective as of May 4, 2019, which we refer to as the Yowler employment agreement, pursuant to which Ms. Yowler serves as our President, PharMerica. The Yowler employment agreement provides for (i) an initial salary of $360,000, subject to adjustment from time to time and (ii) eligibility to receive an annual bonus, with a target bonus equal to 60% of base salary. Ms. Yowler is also entitled to participate in our employee benefit arrangements.

The Yowler employment agreement contains restrictive covenants, including confidentiality of information, assignment of intellectual property, non-competition, employee no-hire, employee non-solicitation, client, patient, and customer non-solicitation, and non-disparagement covenants. The confidentiality and non-disparagement covenants have an indefinite term, and the non-competition, non-solicitation, and no-hire covenants are effective both during the executive's employment and until the 12-month anniversary of termination of employment for any reason.

The Yowler employment agreement further provides for severance benefits, as described below under "Termination and Change in Control Arrangements" and "Potential Payments Upon Termination or Change of Control."

Outstanding Equity Awards at December 31, 2023

The following table provides information as of December 31, 2023, regarding the outstanding stock options held by our named executive officers. See "Long-Term Incentive Program" for more information.

		Option Awards				
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable(1)	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)(2)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options(3)	Option Exercise Price	Option Expiration Date
Jon Rousseau	10/16/2019	1,187,956(4)	95,582(4)	1,283,538	$ 6.37	10/16/2029
	11/22/2023	—(5)	628,108(5)	628,108	$ 22.29	11/22/2023
Jim Mattingly	9/24/2019	295,210	73,802	369,013	$ 6.37	9/24/2029
Steven Reed	9/24/2019	97,356	24,339	121,695	$ 6.37	9/24/2029
Bob Barnes	9/24/2019	56,529	14,132	70,662	$ 6.37	9/24/2029
	5/12/2020	3,533	2,355	5,888	$ 7.01	5/12/2030
Jennifer Yowler	9/24/2019	28,264	7,066	35,331	$ 6.37	9/24/2029
	5/12/2020	28,264	7,066	35,331	$ 7.01	5/12/2030

(1) With respect to Messrs. Mattingly, Reed, Barnes, and Ms. Yowler, reflects time-vesting stock options that vest as to 20% of such options on each of the first five anniversaries of March 5, 2019, with respect to grants made in 2019, and May 12, 2020, with respect to Mr. Barnes' and Ms. Yowler's 2020 grant.

(2) For information on vesting upon specified termination events or change in control, see "Termination and Change in Control Arrangements" and "Potential Payments Upon Termination or Change of Control."

(3) Reflects performance-vesting stock options (of which half are 2.0x performance-vesting stock options and half are 2.5x performance-vesting stock options). The vesting terms of these performance-vesting stock options are described under "Elements of Compensation—What We Pay and Why—Long-Term Incentive Program."

(4) With respect to Mr. Rousseau, reflects time-vesting stock options that vest over five years, with 20% vesting on March 5, 2020, with an additional 5% vesting on each subsequent quarterly anniversary of that date. In November 2023, our Board of Directors approved the cancellation of 628,108 vested stock options held by Mr. Rousseau (215,912 stock options) and by an irrevocable trust for which Mr. Rousseau's spouse serves as trustee (412,196 stock options) in exchange for a cash payment of $3,437,500 and $6,562,500, respectively.

(5) With respect to Mr. Rousseau, reflects time-vesting stock options that vest 100% on the six month anniversary of grant, provided that the Company has not completed an initial public offering. If the Company has completed an initial public offering within six months of the date of grant, reflects time-vesting stock options that vest 1/3rd on the six month anniversary of the date of grant, with the additional time-vesting stock options vesting ratably and monthly over the next two years subsequent to the date of grant.

Options Exercised and Stock Vested

None of our named executive officers exercised any stock options during 2023. Stock options are the only form of equity award held by our named executive officers as of December 31, 2023.

Pension and Nonqualified Deferred Compensation Benefits

We did not offer pension benefits to our named executive officers during 2023. We offer nonqualified deferred compensation benefits to our named executive officers through our BrightSpring Health Services Nonqualified Deferred Compensation Plan, under which our named executive officers are permitted to defer up to 50% of their annual salary. Ms. Yowler is the only named executive officer who elected to defer compensation with respect to 2023.

Name	Executive Contributions in Last FY ($)	Registrant Contributions in Last FY ($)	Aggregate Earnings in Last FY ($)	Aggregate (Withdrawals) Distributions ($)	Aggregate Balance at Last FYE ($)
Jon Rousseau	—	—	—	—	—
Jim Mattingly	—	—	—	—	—
Steven Reed	—	—	—	—	—
Bob Barnes	—	—	—	—	—
Jennifer Yowler	9,299	—	4,387	—	31,222

Termination and Change in Control Arrangements

Severance Arrangements

Mr. Rousseau. Pursuant to the terms of the Rousseau employment agreement, if Mr. Rousseau's employment is terminated (i) by us without "cause" (as defined in the Rousseau employment agreement) or (ii) for "good reason" (as defined in the Rousseau employment agreement), Mr. Rousseau will be entitled to receive the following severance payments and benefits, in addition to certain accrued obligations:

- An amount equal to 2.0x the sum of Mr. Rousseau's (i) then-current base salary and (ii) target incentive bonus, payable in equal monthly installments over two years;
- Any earned but unpaid prior year annual incentive bonus, payable at the time that annual bonuses are paid to our employees in the ordinary course, which we refer to as the prior year bonus;
- A pro-rated annual incentive bonus for the year of termination, based on actual performance, and payable at the time that annual bonuses are paid to our employees in the ordinary course, which we refer to as the pro-rated bonus; and
- If Mr. Rousseau timely elects continued coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), continued health insurance coverage, at active employee rates, for 18 months following termination of employment or, if earlier, until the date on which Mr. Rousseau becomes eligible for health benefits from a subsequent employer.

Upon a termination of Mr. Rousseau's employment as a result of the non-renewal of the term by us, Mr. Rousseau will be entitled to receive the following severance payments and benefits, in addition to certain accrued obligations:

- An amount equal to 2.0x Mr. Rousseau's then-current base salary, payable in equal monthly installments over two years;
- Any prior year bonus; and
- If Mr. Rousseau timely elects continued coverage under COBRA, continued health insurance coverage, at active employee rates, for 18 months following termination of employment or, if earlier, until the date on which Mr. Rousseau becomes eligible for health benefits from a subsequent employer.

Upon a termination of Mr. Rousseau's employment due to his death or as a result of his disability, Mr. Rousseau will be entitled to any prior year bonus and the pro-rated bonus.

Our obligation to provide the severance benefits described above (other than those payable upon a termination of Mr. Rousseau's employment due to his death or as a result of his disability) are contingent upon Mr. Rousseau's execution and non-revocation of a release of claims in favor of us and our affiliates.

Mr. Mattingly. Pursuant to the terms of the Mattingly employment agreement, if Mr. Mattingly's employment is terminated (i) by us without "cause" (as defined in the Mattingly employment agreement) or (ii) for "good reason" (as defined in the Mattingly employment agreement), Mr. Mattingly will be entitled to receive the following payments and benefits, in addition to certain accrued obligations:

- An amount equal to 1.0x Mr. Mattingly's then-current base salary, payable in equal installments in accordance with our payroll practice;
- A pro-rated annual incentive bonus, based on target performance, and payable at the time that annual bonuses are paid to our employees in the ordinary course; and
- If Mr. Mattingly timely elects continued coverage under COBRA, continued health insurance coverage, at active employee rates, for 12 months.

Our obligation to provide the severance benefits described above are contingent upon Mr. Mattingly's execution of a release of claims in favor of us and our affiliates.

Mr. Reed. Pursuant to the terms of the Reed employment agreement, if Mr. Reed's employment is terminated by us without "cause" (as defined in the Reed employment agreement), Mr. Reed will be entitled to receive the following severance payments and benefits, in addition to certain accrued obligations:

- An amount equal to 2.0x the sum of Mr. Reed's then-current base salary, payable in a lump sum within 74 days of his termination date; and
- Any prior year bonus.

Upon a termination of Mr. Reed's employment as a result of the nonrenewal of the term by us, Mr. Reed will be entitled to receive the following severance payments and benefits:

- An amount equal to 2.0x Mr. Reed's then-current base salary, payable in equal installments; and
- Any prior year bonus.

Upon a termination of Mr. Reed's employment due to his death or as a result of his disability, Mr. Reed will be entitled to any prior year bonus.

Our obligation to provide the severance benefits described above (other than those payable upon a termination of Mr. Reed's employment due to his death or as a result of his disability) are contingent upon Mr. Reed's execution and non-revocation of a release of claims in favor of us and our affiliates.

Mr. Barnes. Pursuant to the terms of the Barnes employment agreement, if Mr. Barnes' employment is terminated (i) by us without "cause" (as defined in the Barnes employment agreement) or (ii) for "good reason" (as defined in the Barnes employment agreement), Mr. Barnes will be entitled to receive the following severance payment and benefits, in addition to certain accrued obligations:

- An amount equal to 1.0x Mr. Barnes' then-current base salary, payable in equal installments in accordance with our payroll practice;
- A pro-rated annual incentive bonus, based on target performance, and payable at the time that annual bonuses are paid to our employees in the ordinary course; and
- If Mr. Barnes timely elects continued coverage under COBRA, continued health insurance coverage, at active employee rates, for 12 months.

Our obligation to provide the severance benefits described above are contingent upon Mr. Barnes' execution and non-revocation of a release of claims in favor of us and our affiliates.

Ms. Yowler. Pursuant to the terms of the Yowler employment agreement, if Ms. Yowler's employment is terminated (i) by us without "cause" (as defined in the Yowler employment agreement) or (ii) for "good reason" (as defined in the Yowler employment agreement), Ms. Yowler will be entitled to receive an amount equal to 1.0x Ms. Yowler's then-current base salary, payable in equal installments in accordance with our payroll practice.

Our obligation to provide the severance benefits described above are contingent upon Ms. Yowler's execution of a release of claims in favor of us and our affiliates.

Equity Awards

Termination without "cause," by the executive for "good reason," or as a result of death or disability

Mr. Rousseau. Pursuant to the 2019 stock option agreement with Mr. Rousseau, in the event of a termination of employment by us without "cause," by Mr. Rousseau for "good reason," or as a result of Mr. Rousseau's death or disability, (i) a pro rata portion of the time-vesting options eligible to vest in the quarter of termination based on the number of days Mr. Rousseau was employed from the immediately preceding vesting date will vest, (ii) the remaining unvested time-vesting options will remain outstanding and eligible to vest upon the occurrence of a change in control within the nine-month period following the termination, and (iii) all performance-vesting options will remain outstanding and eligible to vest to the extent that the applicable performance vesting conditions are satisfied during the nine-month period following the termination. Pursuant to the 2023 stock option agreement with Mr. Rousseau, in the event of a termination of employment by us without "cause," by Mr. Rousseau for "good reason," or as a result of Mr. Rousseau's death or disability, all then-unvested stock options become fully vested upon such termination.

Messrs. Mattingly, Reed, Barnes, and Ms. Yowler. There is no additional vesting (or eligibility to vest) in connection with a termination of employment with respect to the stock options held by Messrs. Mattingly, Reed, Barnes, or Ms. Yowler.

Change in control

Messrs. Rousseau, Mattingly, Reed, and Barnes, and Ms. Yowler. If a change in control (as defined in the stockholders agreement described under "Certain Relationships and Related Party Transactions") occurs during the executive's employment (i) the time-vesting options will become fully vested and exercisable immediately prior to the effective time of such change in control and (ii) all performance-vesting options that have not vested before the change in control and that will not vest in connection with the change in control shall be automatically forfeited in connection with the change in control (except in the case of a change in control that results in KKR Stockholder and its affiliates receiving any non-cash or cash equivalent proceeds as consideration, in which case a portion of the proceeds received by KKR Stockholder and its affiliates will be placed in escrow, subject to the original vesting terms of the performance-vesting options). Pursuant to the 2023 stock option agreement with Mr. Rousseau, in the event a change in control occurs during Mr. Rousseau's employment, all then-unvested stock options become fully vested upon such change in control.

Termination of employment in connection with a change in control

Mr. Rousseau. In the event that Mr. Rousseau's termination of employment is either at the request or suggestion of a potential acquirer or occurs on or after the date of entry into a binding letter of intent that (x) grants a buyer exclusivity for a period of time and (y) is for a transaction that would, if consummated, constitute a change in control, or a pre-CIC termination, (i) a pro rata portion of the time-vesting options eligible to vest in the quarter of termination based on the number of days Mr. Rousseau was employed from the immediately preceding vesting date will vest and the remaining unvested time-vesting options will remain outstanding and eligible to vest upon the consummation of the change in control to which such termination relates, even if the consummation occurs more than nine months following termination of Mr. Rousseau's employment and (ii) all performance-vesting options will remain outstanding and eligible to vest to the extent that the applicable performance vesting conditions are satisfied in connection with the change in control to which such termination relates.

Messrs. Mattingly, Reed, Barnes, and Ms. Yowler. There is no additional vesting (or eligibility to vest) in connection with a pre-CIC termination of employment with respect to the stock options held by Messrs. Mattingly, Reed, Barnes, or Ms. Yowler.

Potential Payments Upon Termination or Change of Control

The following table describes the potential payments and benefits that would have been payable to our named executive officers assuming an eligible termination (as described above under "Termination and Change in Control Arrangements") of their employment on December 30, 2023 and a change in control also occurring on such date.

The amounts shown in the table below do not include:

- distributions of previously vested plan balances under our 401(k) Plan;
- amounts that may have been payable to a named executive officer upon the sale or purchase of his vested equity pursuant to the exercise of call rights, which rights expire in connection with the Concurrent Offering; and
- payments and benefits to the extent they are provided generally to all salaried employees upon termination of employment and do not discriminate in scope, terms or operation in favor of the named executive officers.

				Change of Control	
Name	Involuntary Termination without Cause or Resignation for Good Reason ($)	Termination Due to Non-Renewal of the Term by the Company ($)	Termination Due to Death or Disability ($)	Without Termination ($)	Involuntary Termination Without Cause or Resignation for Good Reason ($)
Jon Rousseau					
Cash Severance(1)(2)(3)	4,000,000	2,000,000	1,000,000	—	4,000,000
Acceleration of Equity Awards(4)	507,250	—	507,250	1,521,750	1,521,750
Health & Welfare Benefits(5)	22,538	22,538	—	—	22,538
Total	**4,529,788**	**2,022,538**	**1,507,250**	**1,521,750**	**5,544,288**
Jim Mattingly					
Cash Severance(1)	849,195	—	—	—	849,195
Acceleration of Equity Awards(4)	—	—	—	1,175,000	1,175,000
Health & Welfare Benefits(5)	15,025	—	—	—	15,025
Total	**864,221**	**—**	**—**	**1,175,000**	**2,039,221**
Steven Reed					
Cash Severance(1)(2)(3)	724,032	724,032	—	—	724,032
Acceleration of Equity Awards(4)	—	—	—	387,500	387,500
Health & Welfare Benefits(5)	—	—	—	—	—
Total	**724,032**	**724,032**	**—**	**387,500**	**1,111,532**
Bob Barnes					
Cash Severance(1)	839,960	—	—	—	839,960
Acceleration of Equity Awards(4)	—	—	—	261,000	261,000
Health & Welfare Benefits(5)	3,088	—	—	—	3,088
Total	**843,049**	**—**	**—**	**261,000**	**1,104,049**
Jennifer Yowler					
Cash Severance(1)(3)	440,003	—	—	—	—
Acceleration of Equity Awards(4)	—	—	220,500	—	220,500
Health & Welfare Benefits(5)	—	—	—	—	—
Total	**440,003**	**—**	**220,500**	**—**	**220,500**

(1) For purposes of the cash severance amounts in the table above, upon a termination of the named executive officer's employment by us without "cause" or by the named executive officer for "good reason," cash severance includes the following:

- Mr. Rousseau—2.0x the sum of his (x) then-current base salary ($1,000,000) and (y) target incentive bonus $1,000,000, as well as (i) any earned but unpaid prior year bonus and (ii) a pro-rated annual incentive bonus, based on actual performance for the year of termination. With respect to Mr. Rousseau's pro-rated annual incentive bonus, achievement of target performance has been assumed.
- Mr. Mattingly—1.0x the sum of his then-current base salary ($424,598), as well as a pro-rated annual incentive bonus, based on target performance.
- Mr. Reed—2.0x the sum of his then-current base salary ($724,032), as well as any earned but unpaid prior year bonus.
- Mr. Barnes—1.0x the sum of his then-current base salary ($419,980), as well as a pro-rated annual incentive bonus, based on target performance.
- Ms. Yowler—1.0x the sum of her then-current base salary ($440,003).

For purposes of this column, we assume that there is no earned but unpaid prior year bonus outstanding.

(2) Upon a termination of employment as a result of our non-renewal of the term of the applicable employment agreement, Messrs. Rousseau and Reed are entitled to (i) cash severance equal to 2.0x then-current base salary ($2,000,000 and $724,032, respectively) and (ii) any earned but unpaid prior year bonus. For purposes of this column, we assume that there is no earned but unpaid prior year bonus outstanding.

(3) In the event of death or disability, Messrs. Rousseau and Reed are entitled to any earned but unpaid prior year bonus, and, in the case of Mr. Rousseau only, a pro-rated annual incentive bonus, based on actual performance for the year of termination. For purposes of this column, we assume that there is no earned but unpaid prior year bonus outstanding, and with respect to Mr. Rousseau's pro-rated annual incentive bonus, achievement of target performance has been assumed.

(4) Upon a change of control, unvested time-vesting stock options would become immediately vested. Amounts are based on the most recent valuation of the "fair market value" of a share of the Company's common stock of $22.29 as determined as of December 31, 2023. With respect to the performance-vesting awards, no amounts have been reported in connection with a change in control as we have assumed that the performance-vesting options would not have vested because the performance condition would not have been satisfied. With respect to Mr. Rousseau only, upon a termination of his employment (i) by us without "cause," (ii) by him for "good reason," (iii) as a result of his death or disability, or (iv) as a result of a buyer's request that his employment be terminated in connection with a change in control, in each case, a pro rata portion of his 2019 time-vesting options eligible to vest in the quarter of termination based on the number of days Mr. Rousseau was employed from the immediately preceding vesting date will vest. With respect to Mr. Rousseau only, upon a termination of his employment (i) by us without "cause," (ii) by him for "good reason," all of his then-unvested 2023 stock options vest upon his termination.

(5) Amounts shown represent the estimated cost of providing the executive officer with continued medical insurance under COBRA for a period of 18 months, for Mr. Rousseau, and a period of 12 months, for Messrs. Mattingly and Barnes, in each case, assuming 2023 rates.

Equity Incentive Plans

2017 Stock Plan

The Board of Directors adopted the 2017 Stock Plan, effective January 24, 2018. Under the 2017 Stock Plan, we granted options to purchase shares of our common stock to eligible individuals. The 2017 Stock Plan will be terminated effective as of the consummation of the Concurrent Offering and, following the Concurrent Offering, it is not expected that any equity awards will be issued under the 2017 Stock Plan.

The principal purpose of the 2017 Stock Plan was to provide a means through which to attract, motivate, and retain key personnel. Awards under the 2017 Stock Plan were permitted to be granted to any (i) individual employed by us or our subsidiaries; (ii) director or officer of us or our subsidiaries (other than U.S. employees covered by a collective bargaining agreement unless and to the extent that such eligibility was set forth in such collective bargaining agreement or similar agreement); or (iii) consultant or advisor to us or our subsidiaries who was able to be offered securities registrable under Rule 701 of the Securities Act.

Our Board of Directors administered the 2017 Stock Plan and had the authority to, among other powers, designate participants, determine the terms and conditions of any award and to make all decisions and determinations and to take any other action that the Board of Directors deemed necessary for the administration of the 2017 Stock Plan.

The 2017 Stock Plan provided for awards granted of non-qualified stock options and other equity-based awards tied to the value of our shares. In connection with an award of stock options under the 2017 Stock Plan, each participant entered into an award agreement, which provided the number of shares subject to the stock option and the terms of such grant, as determined by our Board of Directors. The 2017 Stock Plan reserved 17,788,317 shares for issuance.

Awards are generally subject to adjustment in the event of any (i) dividend (other than regular cash dividends) or other distribution, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, split-off, spin-off, combination, extraordinary sale, repurchase or exchange of shares of common stock or other securities, or other similar transactions or events or (ii) unusual or nonrecurring events affecting us, including changes in applicable laws, rules or regulations, or the dissolution or liquidation of the company. In addition, in connection with any change in control, the Board of Directors may, in its sole discretion, provide for the (a) substitution or assumption of awards, or acceleration of the vesting of, exercisability of, or lapse of restrictions on, awards; (b) cancellation of any outstanding awards for payment to the holders thereof of the value of such awards, if any, as determined by the Board of Directors, including with respect to stock options, by payment in an amount equal to the excess, if any, of the fair market value of the shares of common stock subject to the stock option over the aggregate exercise price of the option (and, any stock option having a per share exercise price equal to, or greater than, the fair market value per share subject to the stock option may be canceled and terminated without any payment or consideration therefor); and/or (c) conversion or replacement of any award that is unvested as of the change in control event into, or with the right to receive a payment, based on the value of the award at the time of such conversion or replacement, as determined by our Board of Directors, that is subject to continued vesting on the same basis as the vesting requirements applicable to the corresponding award.

Pursuant to the terms of the 2017 Stock Plan, unless permitted by our Board of Directors, equity awards may be transferred except by will or the laws of descent and distribution.

Our Board of Directors may amend, alter, suspend, discontinue, or terminate the 2017 Stock Plan or any portion thereof at any time, but no such amendment, alteration, suspension, discontinuance, or expiration that would materially and adversely affect the rights of any participant (or holder or beneficiary) of an award will not be effective without the consent of the participants, holders, or beneficiaries holding more than 50% of the number of shares of our common stock underlying the awards of all adversely affected participants, holders, and beneficiaries.

All awards under the 2017 Stock Plan are subject to reduction, cancellation, forfeiture, or recoupment to the extent necessary to comply with (i) any clawback, forfeiture, or other similar policy adopted by our Board of Directors or Compensation Committee and as in effect from time to time and (ii) applicable law.

Acceleration of Certain Options under 2017 Stock Plan

In connection with the Concurrent Offering, our Board of Directors approved the acceleration of all 2.0x performance-vesting stock options outstanding under the 2017 Stock Plan, effective as of the pricing of the Concurrent Offering. The vesting terms of these performance-vesting stock options are described under "Elements of Compensation—What We Pay and Why—Long-Term Incentive Program."

2024 Incentive Plan

Our Board of Directors adopted, and our stockholders have approved, the 2024 Incentive Plan in order to provide a means through which to attract, motivate, and retain key personnel. Awards under the 2024 Incentive Plan may be granted to any (i) individual employed by us or our subsidiaries (other than those U.S. employees covered by a collective bargaining agreement unless and to the extent that such eligibility is set forth in such collective bargaining agreement or similar agreement); (ii) director or officer of us or our subsidiaries; or (iii) consultant or advisor to us or our subsidiaries who may be offered securities registrable pursuant to a registration statement on Form S-8 under the Securities Act. The 2024 Incentive Plan will be administered by the Compensation Committee or such other committee of our Board of Directors to which it has properly delegated power, or if no such committee or subcommittee exists, our Board of Directors.

The 2024 Incentive Plan initially reserves 17,119,039 shares for issuance, which is subject to increase on the first day of each year beginning with 2024 in an amount equal to the lesser of (i) the positive difference, if any, between (x) 10% of the outstanding common stock on the last day of the immediately preceding year and (y) the available plan reserve on the last day of the immediately preceding year and (ii) a lower number of shares of our common stock as determined by our Board; provided, however, that this automatic share reserve increase shall not apply following the tenth (10^{th}) anniversary of the effective date of the plan.

All awards granted under the 2024 Incentive Plan will vest and/or become exercisable in such manner and on such date or dates or upon such event or events as determined by the Compensation Committee. Awards available for grant under the 2024 Incentive Plan include, non-qualified stock options and incentive stock options, restricted shares of our common stock, restricted stock units, other equity-based awards tied to the value of our shares, and cash-based awards.

Awards other than cash-based awards are generally subject to adjustment in the event of (i) any dividend (other than regular cash dividends) or other distribution, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of shares of common stock or other securities, or other similar transactions or events, or (ii) unusual or nonrecurring events affecting the company, including changes in applicable rules, rulings, regulations or other requirement. In addition, in connection with any change in control, the Compensation Committee may, in its sole discretion, provide for any one or more of the following: (i) a substitution or assumption of, acceleration of the vesting of, the exercisability of, or lapse of restrictions on, any one or more outstanding awards and (ii) cancellation of any one or more outstanding awards and payment to the holders of such awards that are vested as of such cancellation (including any awards that would vest as a result of the occurrence of such event but for such cancellation) the value of such awards, if any, as determined by the Compensation Committee.

Our Board of Directors may amend, alter, suspend, discontinue, or terminate the 2024 Incentive Plan or any portion thereof at any time, but no such amendment, alteration, suspension, discontinuance or termination may be made without stockholder approval if (i) such approval is required under applicable law; (ii) it would materially increase the number of securities which may be issued under the 2024 Incentive Plan (except for adjustments in

connection with certain corporate events); or (iii) it would materially modify the requirements for participation in the 2024 Incentive Plan. Any such amendment, alteration, suspension, discontinuance, or termination that would materially and adversely affect the rights of any participant or any holder or beneficiary of any award will not to that extent be effective without such individual's consent.

All awards granted under the 2024 Incentive Plan are subject to reduction, cancellation, forfeiture, or recoupment to the extent necessary to comply with (i) any clawback, forfeiture, or other similar policy adopted by our Board of Directors or the Compensation Committee and as in effect from time to time and (ii) applicable law.

New Equity Awards

Our Board of Directors has approved both (i) grants of restricted stock units and stock options to certain members of management, including our named executive officers, expected to be issued upon the consummation of the Concurrent Offering, and (ii) grants of restricted stock units to a broad group of eligible employees, other than the members of management who receive awards pursuant to clause (i), expected to be issued during the first quarter of fiscal 2024, each under the 2024 Incentive Plan.

The grants to members of our management are expected to consist of (i) approximately $53.1 million of restricted stock units, and (ii) approximately $10.2 million of options, in each case, with a per-share price or a per-share exercise price equal to the initial public offering price, respectively. The aggregate number of the awards expected to be granted to members of management relate to an aggregate of 5,537,500 shares of our common stock, including 967,884, 77,164, 54,658, 46,620, and 57,873 restricted stock units and options to purchase 320,086, 28,005, 19,837, 16,919, and 21,004, shares of our common stock to be granted to each of Messrs. Rousseau, Mattingly, Reed, and Barnes and Ms. Yowler, respectively. Each of the restricted stock units and stock options to be granted to members of management are expected to ratably vest on the first anniversary, second anniversary, and third anniversary of the completion of the Concurrent Offering (except in the case of Mr. Rousseau, whose restricted stock units and options are expected to ratably vest on a quarterly basis, as opposed to on an annual basis, from the completion of the Concurrent Offering), subject to such employee's continued employment through such date.

The other grants are expected to consist of approximately $100 million of restricted stock units to be issued broadly to all eligible employees in a manner determined by our Board of Directors starting in the first quarter of fiscal 2024, including the inclusion of time-based vesting conditions requiring the recipient's continued employment through the applicable vesting date. The details of any such grant of restricted stock units, including to whom the grant is made, the timing of the grant and the actual number of restricted stock units to be awarded, will be determined by the Board of Directors in its sole discretion.

Director Compensation

We do not currently pay our directors any compensation, including any stock awards or option awards, for their service as directors. The compensation paid to Jon Rousseau, in his capacity as our President and Chief Executive Officer, is presented in the Summary Compensation Table and the related explanatory tables. All of our directors are reimbursed for their reasonable out-of-pocket expenses related to their service as directors.

We anticipate that we will review our director compensation program following the consummation of the Concurrent Offering and make such changes, including the establishment of a compensation program for non-employee directors as we determine are necessary or appropriate for our status as a public company.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Stockholders Agreement

In connection with the BHS Acquisition, we entered into the Amended and Restated Stockholders' Agreement, dated as of March 5, 2019, with KKR Stockholder, Walgreen Stockholder and the other parties party thereto, or the Stockholders Agreement. The Stockholders Agreement grants each of KKR Stockholder and Walgreen Stockholder the right to nominate to our board of directors a number of designees equal to the product (rounded up or down to the nearest whole number) of (x) the total number of directors constituting the entire board of directors (in the case of Walgreen Stockholder, without taking into account the director that is also our Chief Executive Officer), *multiplied by* (y) the percentage of the issued and outstanding shares of our capital stock beneficially owned by KKR Stockholder or Walgreen Stockholder, as the case may be.

Registration Rights Agreement

On December 7, 2017, we entered into a registration rights agreement with KKR Stockholder and Walgreen Stockholder, or the registration rights agreement. Subject to certain conditions, the registration rights agreement provides KKR Stockholder with an unlimited number of "demand" registrations, and provides Walgreen Stockholder with five "demand" registrations following an initial public offering. Under the registration rights agreement, all holders of registrable securities party thereto are provided with customary "piggyback" registration rights, with certain exceptions. The registration rights agreement also provides that we will pay certain expenses of these holders relating to such registrations and indemnify them against certain liabilities which may arise under the Securities Act.

Monitoring Agreement

On March 5, 2019, in connection with the BHS Acquisition, our subsidiary, Phoenix Guarantor, Inc., entered into the Monitoring Agreement with the Managers pursuant to which the Managers provide consulting services to us. In accordance with the terms of the Monitoring Agreement, we pay an aggregate annual advisory fee equal to 1% of the Consolidated EBITDA (as defined under the First Lien Credit Agreement) for the preceding year, which fee is split between the Managers on a pro rata basis based on KKR Stockholder's and Walgreen Stockholder's respective ownership of our common stock. The Managers may also charge us a customary fee for services rendered in connection with acquisitions, divestitures, or other transaction, including securing, structuring, and negotiating equity and debt financings by us. Additionally, we are required to reimburse the Managers for any out-of-pocket expenses in connection with these services. The Monitoring Agreement continues in effect from year-to-year, unless amended or terminated by the Managers and us. We recognized advisory fees related to the Monitoring Agreement of approximately $4.9 million, $4.1 million, and $4.2 million for the years ended December 31, 2022, 2021, and 2020, respectively, and approximately $4.2 million and $3.5 million in the nine months ended September 30, 2023 and 2022, respectively. These expenses are included in selling, general, and administrative expenses in the consolidated statements of operations.

The Monitoring Agreement terminates automatically upon the consummation of an initial public offering, including the Concurrent Offering, unless we elect otherwise. In the event of such a termination, if KKR Stockholder or its affiliates continue to collectively own or control at least 10% or more of the common stock or other equity interests of us and a designee of KKR Stockholder or its affiliates serves or is expected to serve as, or has a right to nominate, a member or observer on our board of directors, in addition to all unpaid monitoring fees and expenses, each Manager is entitled to the net present value of the advisory fees that would have been paid from the termination date through the earlier of (x) the date three years and 182 days from the termination date and (y) December 31, 2028. In connection with the Concurrent Offering, the Monitoring Agreement will terminate automatically in accordance with its terms, and we expect to pay termination fees of approximately $22.7 million to the Managers.

Relationship with KKR Capital Markets

KKR Capital Markets LLC, an affiliate of KKR Stockholder and an underwriter in this offering, acted as an arranger and bookrunner for various financing transactions under the First Lien Facilities and the Second Lien Facility, and received underwriter and transaction fees totaling approximately $5.8 million and $2.5 million for the year ended December 31, 2021 and 2020, respectively, and $0 for each of the year ended December 31, 2022 and the nine months ended September 30, 2023.

KKR Capital Markets LLC will receive $1.9 million in underwriting discounts and commissions from this offering. In addition, KKR Capital Markets LLC will receive $5.5 million in underwriting discounts and commissions from the Concurrent Offering.

Transactions involving affiliates of Walgreen Stockholder

Pharmaceutical Purchase and Distribution Agreement

On December 7, 2017, PharMerica entered into the Joinder Agreement and Eighth Amendment, or the Eighth Amendment, to the Pharmaceutical Purchase and Distribution Agreement between Walgreens Boots Alliance, Inc., or WBA, and certain of its affiliates, including Walgreen Stockholder, or collectively, Walgreens, and ABDC. ABDC is a global pharmaceutical distributor of pharmaceutical products and services. PharMerica, pursuant to the Eighth Amendment as a third-party beneficiary to the Pharmaceutical Purchase and Distribution Agreement, has the right to participate in certain pricing and payment related terms, subject to the terms thereof. PharMerica has such right to participate until the earliest of (i) September 30, 2029, (ii) the termination of the Eighth Amendment and (iii) the termination of the Pharmaceutical Purchase and Distribution Agreement. Walgreens or ABDC may terminate the Eighth Amendment if a third party acquires PharMerica or acquires an investment interest in PharMerica large enough to have the ability to "exercise significant influence" over PharMerica, as such phrase is interpreted under GAAP, and where such third party competes with WBA in the retail pharmaceutical dispensing business or is in the pharmacy benefit management business or the managed care business; provided, that ABDC shall not have the ability to terminate if the acquiring party is an affiliate of ABDC. For the years ended December 31, 2022, 2021, and 2020 and for the nine months ended September 30, 2023 and 2022, PharMerica purchased approximately $1.3 billion, $1.1 billion, $1.1 billion, $1.1 billion, and $0.9 billion, respectively at invoice cost, subject to certain pricing terms of the Pharmaceutical Purchase and Distribution Agreement.

WBAD—Membership Agreement

On May 30, 2018, PharMerica entered into the WBAD—Membership Agreement with Walgreens Boots Alliance Development GmbH, or WBAD, which is an affiliate of Walgreen Stockholder. Pursuant to the WBAD—Membership Agreement, PharMerica appointed WBAD to negotiate certain commercial and other mutually agreed upon terms for generic pharmaceutical products in accordance with guiding principles that address topics such as improvements in pricing and notification regarding switches in suppliers. The term for the WBAD—Membership Agreement is the earlier of August 21, 2029 or the termination of the Pharmaceutical Purchase and Distribution Agreement. PharMerica or WBAD, as applicable, may terminate the Membership Agreement (i) upon a material breach of the Membership Agreement by the counterparty, if such breach is not cured within 30 days after written notice has been provided, (ii) upon notice in the event of a counterparty's insolvency or other bankruptcy event, (iii) upon the existence of law or issuance or a governmental order that prohibits transactions contemplated under the Membership Agreement, materially frustrates a party's ability to act pursuant to the terms of the Membership Agreement, or materially impairs the economic benefit of the transactions to a party, (iv) upon a third party's acquisition of PharMerica or acquisition of an investment interest in PharMerica large enough to have the ability to "exercise significant influence" over PharMerica, as such phrase is interpreted under GAAP, and where such third party competes with WBA in the retail pharmaceutical dispensing business or is in the pharmacy benefit management business or the managed care business, or (v) if PharMerica and WBAD are unable to make accommodations under the WBAD—Membership Agreement that

would permit compliance under applicable anti-trust laws. For the years ended December 31, 2022, 2021, and 2020 and for the nine months ended September 30, 2023 and 2022, PharMerica purchased approximately $149 million, $117 million, $125 million, $86 million, and $121 million, respectively at invoice cost, subject to certain pricing terms of the WBAD—Membership Agreement.

Transactions with Directors and Officers

Management Stockholders' Agreement

We and KKR Stockholder have entered into a management stockholders' agreement, or Management Stockholders' Agreement, with certain of our senior executive officers and other employees who made an equity investment in us or were granted equity-based awards.

The Management Stockholders' Agreement imposes significant restrictions on transfers of shares of our common stock and equity awards held by management stockholders. Generally, shares will be nontransferable by any means at any time prior to the earlier of (x) a "Change of Control" (as defined in the Management Stockholders' Agreement) or (y) the date on which KKR Stockholder and its affiliates' beneficial ownership in us is less than 10%, or the earlier of (x) or (y), the Lapse Date, except (i) after the Concurrent Offering and prior to the Lapse Date, transfers by management stockholders who are not subject to the reporting requirements of Section 16 of the Exchange Act, or Section 16, in amounts to be determined based on the amount of our common stock, or any warrants, rights, calls, options, or other securities exchangeable or exercisable for, or convertible into, our common stock sold in public, registered offering(s) by KKR Stockholder and its affiliates, (ii) transfers to a "Permitted Transferee" (as defined in the Management Stockholders' Agreement); (iii) following the Initial Public Offering, transfers by management stockholders who are subject to the reporting requirements of Section 16 pursuant to the proper exercise of "piggyback" registration rights under the Management Stockholders' Agreement; (iv) transfers approved by our board of directors in its sole discretion; or (v) transfers to us, or KKR Stockholder or its affiliates.

Additionally, following the Concurrent Offering, management stockholders who are subject to the reporting requirements of Section 16 will have limited "piggyback" registration rights with respect to registered offering(s) to the extent KKR Stockholder and its affiliates participate.

Other Arrangements

We have certain agreements with our directors and officers which are described in the section entitled "Executive Compensation."

We intend to enter into indemnification agreements with our directors and executive officers. These agreements and our amended and restated bylaws will require us to indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. The indemnification provided under the indemnification agreements will not be exclusive of any other indemnity rights. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors and executive officers, we have been informed that in the opinion of the SEC such indemnification is against public policy and is therefore unenforceable.

There is currently no pending material litigation or proceeding involving any of our directors or executive officers for which indemnification is sought.

Statement of Policy Regarding Transactions with Related Persons

Our board of directors recognizes the fact that transactions with related persons present a heightened risk of conflicts of interests and/or improper valuation (or the perception thereof). Prior to the completion of the

Concurrent Offering, our board of directors will adopt a written statement of policy regarding transactions with related persons, which we refer to as our "related person transaction policy," that is in conformity with the requirements applicable to issuers having publicly-held common stock that is listed on Nasdaq.

Our related person transaction policy will require that a "related person" (as defined as in paragraph (a) of Item 404 of Regulation S-K) must promptly disclose to our chief legal officer or chief accounting officer, or such other person designated by the board of directors, any "related person transaction" (defined as any transaction that we anticipate would be reportable by us under Item 404(a) of Regulation S-K in which we were or are to be a participant and the amount involved exceeds $120,000 and in which any related person had or will have a direct or indirect material interest) and all material facts with respect thereto. The chief legal officer or chief accounting officer, or such other person, will then promptly communicate that information to our audit committee. Subject to limited transactions deemed pre-approved, no related person transaction entered into following the Concurrent Offering will be executed without the approval or ratification of our audit committee.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding the beneficial ownership of our common stock by (1) each person known to us to beneficially own more than 5% of our voting securities, (2) each of our directors and director nominee, (3) each of our named executive officers, and (4) all directors, director nominee, and executive officers as a group.

The number of shares of common stock outstanding and percentage of beneficial ownership before the Concurrent Offering are based on the number of shares to be issued and outstanding immediately prior to the consummation of the Concurrent Offering. The number of shares of common stock and percentage of beneficial ownership after the consummation of the Concurrent Offering set forth below are based on the number of shares to be issued and outstanding immediately after the consummation of the Concurrent Offering.

Beneficial ownership is determined in accordance with the rules of the SEC. In accordance with the rules of the SEC, beneficial ownership includes voting or investment power with respect to securities and includes shares issuable pursuant to exchange or conversion rights that are exercisable within 60 days of the date of this prospectus.

To our knowledge, except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock.

	Common Stock Beneficially Owned		Common Stock Beneficially Owned After the Concurrent Offering	
		Common Stock Beneficially Owned Prior to the Concurrent Offering	Assuming Underwriters' Option is Not Exercised	Assuming Underwriters' Option is Exercised in Full
Name of Beneficial Owner[1]	Number	%	%	%
Greater than 5% Stockholders	81,339,986	69.0	47.5	45.4
KKR Stockholder[2]	34,859,994	29.6	20.4	19.5
Walgreen Stockholder[3]				
Named Executive Officers[4]:				
Jon Rousseau	2,592,673	2.2	1.5	1.4
Jim Mattingly	592,777	*	*	*
Bob Barnes	115,595	*	*	*
Jennifer Yowler	91,861	*	*	*
Steven Reed	221,801	*	*	*
Directors and Director Nominee[4]:				
Hunter Craig	—	*	*	*
Matthew D'Ambrosio	—	*	*	*
Johnny Kim	—	*	*	*
Olivia Kirtley[5]	—	*	*	*
Max Lin	—	*	*	*
Directors, Director Nominee, and Executive Officers as a group[4] (12 persons)	4,265,387	3.5	2.4	2.3

* Less than 1 percent of common stock outstanding.

(1) Unless otherwise indicated in the below, the address of each of the individuals named above is: c/o BrightSpring Health Services, Inc., Attention: Chief Legal Officer, 805 N. Whittington Parkway, Louisville, Kentucky 40222.

(2) Represents 81,339,986 shares held by KKR Phoenix Aggregator L.P. KKR Phoenix Aggregator GP LLC, as the general partner of KKR Phoenix Aggregator L.P., KKR Americas Fund XII L.P., as the sole member of

KKR Phoenix Aggregator GP LLC, KKR Associates Americas XII L.P., as the general partner of KKR Americas Fund XII L.P., KKR Americas XII Limited, as the general partner of KKR Associates Americas XII L.P., KKR Group Partnership L.P., as the sole shareholder of KKR Americas XII Limited, KKR Group Holdings Corp., as the general partner of KKR Group Partnership L.P., KKR Group Co. Inc., as the sole shareholder of KKR Group Holdings Corp., KKR & Co. Inc., as the sole shareholder of KKR Group Co. Inc., KKR Management LLP, as the Series I preferred stockholder of KKR & Co. Inc., and Messrs. Henry R. Kravis and George R. Roberts, as the founding partners of KKR Management LLP, may also be deemed to be the beneficial owners having shared voting power and shared investment power over the securities described in this footnote. The principal business address of each of the entities identified in this footnote is 30 Hudson Yards, Suite 7500, New York, NY 10001. The principal business address for Mr. Kravis is c/o Kohlberg Kravis Roberts & Co. L.P., is 30 Hudson Yards, Suite 7500, New York, NY 10001. The principal business address of Mr. Roberts is c/o Kohlberg Kravis Roberts & Co. L.P., 2800 Sand Hill Road, Suite 200, Menlo Park, CA 94025.

(3) Walgreen Co. is a direct wholly-owned subsidiary of Walgreens Boots Alliance, Inc., a public company with its common stock listed on The Nasdaq Stock Market LLC. The principal business address of each of the entities identified in this footnote is 108 Wilmot Road, Deerfield, IL 60015.

(4) Does not reflect expected issuance of the New Equity Awards to certain named executive officers as follows: 320,086, 28,005, 19,837, 16,919, and 21,004 shares of our common stock to Messrs. Rousseau, Mattingly, Reed, and Barnes and Ms. Yowler, respectively. The number of shares reported includes shares covered by options that are or will become exercisable within 60 days as follows: 2,239,362, 553,520, 182,544, 112,471, and 91,861 shares of our common stock to Messrs. Rousseau, Mattingly, Reed, and Barnes and Ms. Yowler, respectively.

(5) To be elected to the board upon or before the consummation of the Concurrent Offering.

DESCRIPTION OF THE UNITS

We are offering 8,000,000 Units (or 9,200,000 Units if the underwriters exercise their option to purchase additional Units in full), each with a stated amount of $50.00. Each Unit is comprised of a prepaid stock purchase contract, or a purchase contract, issued by us and a senior amortizing note, or an amortizing note, issued by us. The following summary of the terms of the Units, the summary of the terms of the purchase contracts set forth under the caption "Description of the Purchase Contracts" and the summary of the terms of the amortizing notes set forth under the caption "Description of the Amortizing Notes" in this prospectus contain a description of certain terms of the Units and their components but are not complete and are subject to, and qualified in their entirety by reference to, the related contracts. We refer you to:

- the purchase contract agreement, or the purchase contract agreement, to be dated the date of first issuance of the Units, to be entered into among us, U.S. Bank Trust Company, National Association, as purchase contract agent, or the purchase contract agent, and attorney-in-fact for the holders of purchase contracts from time to time, and U.S. Bank Trust Company, National Association, as trustee, or the trustee, under the indenture described below, pursuant to which the purchase contracts and Units will be issued; and
- the indenture between us, as issuer, and U.S. Bank Trust Company, National Association, as the trustee, and a related supplemental indenture, between us, as issuer, and U.S. Bank Trust Company National Association, as the trustee, the paying agent and security registrar, each to be dated the date of first issuance of the Units, under which the amortizing notes will be issued.

The form of indenture and the form of purchase contract agreement have each been filed as an exhibit to the registration statement of which this prospectus forms a part.

As used in this section, unless the context otherwise requires, the terms "BrightSpring," the "Company," "us," "we," or "our" refer to BrightSpring Health Services, Inc. and not any of its subsidiaries or affiliates.

Components of the Units

Each Unit offered is comprised of:

- a prepaid stock purchase contract issued by us pursuant to which we will deliver to the holder, not later than 5:00 p.m., New York City time, on February 1, 2027 (subject to postponement in certain limited circumstances, the "mandatory settlement date"), unless earlier settled, a number of shares of our common stock, par value $0.01 per share (the "common stock"), per purchase contract equal to the settlement rate described below under "Description of the Purchase Contracts—Delivery of Common Stock"; and
- a senior amortizing note issued by us with an initial principal amount of $8.6618 that pays equal quarterly installments of $0.8438 per amortizing note (except for the May 1, 2024 installment payment, which will be $0.8531 per amortizing note), which cash payment in the aggregate will be equivalent to 6.75% per year with respect to the $50.00 stated amount per Unit.

Unless previously settled at your option as described in "Description of the Purchase Contracts—Early Settlement" or "Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change" or settled at our option as described in "Description of the Purchase Contracts—Early Mandatory Settlement at Our Election" we will deliver to you not more than 3.8461 shares and not less than 3.2733 shares of our common stock on the mandatory settlement date, based upon the applicable "settlement rate" (as defined under "Description of the Purchase Contracts—Delivery of Common Stock"), which is subject to adjustment as described herein, and the "applicable market value" (as defined under "Description of the Purchase Contracts— Delivery of Common Stock") of our common stock, as described below under "Description of the Purchase Contracts—Delivery of Common Stock."

Each amortizing note will have an initial principal amount of $8.6618. On each February 1, May 1, August 1 and November 1, commencing on May 1, 2024, we will pay equal cash installments of $0.8438 on each amortizing note (except for the May 1, 2024 installment payment, which will be $0.8531 per amortizing note). Each installment payment will constitute a payment of interest (at a rate of 10.00% per annum) and a partial repayment of principal on the amortizing note, allocated as set forth on the amortization schedule set forth under "Description of the Amortizing Notes—Amortization Schedule."

The stated amount of each Unit must be allocated between the amortizing note and the purchase contract based upon their relative fair market values. We have determined that the fair market value of each amortizing note is $8.6618 and the fair market value of each purchase contract is $41.3382, as set forth in the purchase contract agreement. Each holder agrees to such allocation and this position will be binding upon each holder (but not on the Internal Revenue Service).

Separating and Recreating Units

Upon the conditions and under the circumstances described below, a holder of a Unit will have the right to separate a Unit into its component parts, and a holder of a separate purchase contract and a separate amortizing note will have the right to combine the two components to recreate a Unit.

Separating Units

At initial issuance, the purchase contracts and amortizing notes may be purchased and transferred only as Units and will trade under the CUSIP number for the Units.

On any business day (subject to the operations of DTC, as defined below) during the period beginning on, and including, the business day immediately following the date of initial issuance of the Units to, but excluding, the second scheduled trading day immediately preceding February 1, 2027 or, if earlier, the second scheduled trading day immediately preceding any "early mandatory settlement date" (as defined under "Description of the Purchase Contracts") and also excluding the business day immediately preceding any installment payment date (*provided* that the right to separate the Units shall resume after such business day), you will have the right to separate your Unit into its constituent purchase contract and amortizing note (which we refer to as a "separate purchase contract" and a "separate amortizing note," respectively, and which will thereafter trade under their respective CUSIP numbers), in which case that Unit will cease to exist. If you beneficially own a Unit, you may separate it into its component purchase contract and component amortizing note by delivering written instructions to the broker or other direct or indirect participant through which you hold an interest in your Unit (your "participant") to notify The Depository Trust Company, or DTC, through DTC's Deposit/Withdrawal at Custodian, or DWAC, system of your desire to separate the Unit. Holders who elect to separate a Unit into its constituent purchase contract and amortizing note shall be responsible for any fees or expenses payable in connection with such separation, and neither we nor the purchase contract agent will have any liability therefor.

"Business day" means any day other than a Saturday, Sunday, or any day on which banking institutions in New York, New York are authorized or obligated by applicable law or executive order to close or be closed.

Separate purchase contracts and separate amortizing notes will be transferable independently from each other.

Recreating Units

On any business day during the period beginning on, and including, the business day immediately following the date of initial issuance of the Units to, but excluding, the second scheduled trading day immediately preceding February 1, 2027 or, if earlier, the second scheduled trading day immediately preceding any early mandatory settlement date and also excluding the business day immediately preceding any installment payment

date (*provided* that the right to recreate the Units shall resume after such business day), you may recreate a Unit from your separate purchase contract and separate amortizing note. If you beneficially own a separate purchase contract and a separate amortizing note, you may recreate a Unit by delivering written instruction to your participant to notify DTC through DTC's DWAC system of your desire to recreate the Unit. Holders who elect to recreate Units shall be responsible for any fees or expenses payable in connection with such recreations, and neither we nor the purchase contract agent will have any liability therefor.

Global Securities

Your Unit, purchase contract and amortizing note will be represented by global securities registered in the name of a nominee of DTC. You will not be entitled to receive definitive physical certificates for your Units, purchase contracts, or amortizing notes, except under the limited circumstances described under "Book-Entry Procedures and Settlement." Beneficial interests in a Unit and, after separation, the separate purchase contract and separate amortizing note will be represented through book-entry accounts of, and transfers will be effected through, direct or indirect participants in DTC.

Deemed Actions by Holders by Acceptance

Each holder of Units or separate purchase contracts, by acceptance of such securities, will be deemed to have:

- irrevocably authorized and directed the purchase contract agent to execute, deliver, and perform on its behalf the purchase contract agreement, and appointed the purchase contract agent as its attorney-in-fact for any and all such purposes;
- in the case of a purchase contract that is a component of a Unit, or that is evidenced by a separate purchase contract, irrevocably authorized and directed the purchase contract agent to execute, deliver, and hold on its behalf the separate purchase contract or the component purchase contract evidencing such purchase contract and to execute and deliver Units, and appointed the purchase contract agent as its attorney-in-fact for any and all such purposes;
- consented to, and agreed to be bound by, the terms and provisions of the purchase contract agreement; and
- represented that either (i) no portion of the assets used to acquire or hold the Units, common stock issuable on upon settlement of the purchase contracts or amortizing notes constitutes assets of any (a) employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended, or ERISA, (b) plan, individual retirement account or other arrangement that is subject to Section 4975 of the Code or provisions under any other U.S. or non-U.S. federal, state, local or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "Similar Laws"), or (c) entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements described in clauses (a) and (b) (each of the foregoing described in clause (a), (b) and (c) referred to as a "Plan") or (ii) (1) the acquisition and holding of the Units, common stock issuable upon settlement of the purchase contracts or amortizing notes and any of its constituent parts will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws and (2) neither BrightSpring, the underwriters nor any of their respective affiliates is, or is undertaking to be, a fiduciary with respect to the Plan in connection with the Plan's acquisition, holding or disposition of the Units, common stock issuable upon settlement of the purchase contracts or amortizing notes, as applicable;
- acknowledged and agreed that such holder has the exclusive responsibility for ensuring that their acquisition and holdings of the Units complies with the fiduciary responsibility rules of ERISA and does not violate the prohibited transaction rules of ERISA, the Code or applicable Similar Laws; and

- in the case of a holder of a Unit, agreed, for all purposes, including U.S. federal income tax purposes, to treat:
  - a Unit as an investment unit composed of two separate instruments, in accordance with its form;
  - the amortizing notes as indebtedness of ours; and
  - the allocation of the $50.00 stated amount per Unit between the purchase contract and the amortizing note so that such holder's initial tax basis in each purchase contract will be $41.3382 and such holder's initial tax basis in each amortizing note will be $8.6618.

Listing of Securities

Prior to this offering and the Concurrent Offering, there has been no public market for the Units or our common stock. Our common stock and the Units have been approved for listing on the Nasdaq Global Select Market, or Nasdaq, under the symbols "BTSG" and "BTSGU," respectively. However, we can give no assurance that the Units will be so listed. The shares of common stock deliverable upon settlement of all purchase contracts are also expected to be listed on Nasdaq. In addition, the underwriters have advised us that they intend to make a market in the Units, but the underwriters are not obligated to do so. However, listing on Nasdaq does not guarantee that a trading market will develop, and the underwriters may discontinue market making at any time in their sole discretion without notice. Accordingly, we cannot assure you that a liquid trading market will develop for the Units (or, if developed, that a liquid trading market will be maintained), that you will be able to sell Units at a particular time or that the prices you receive when you sell will be favorable.

We will not initially apply to list the separate purchase contracts or the separate amortizing notes on any securities exchange or automated inter-dealer quotation system. If (i) a sufficient number of Units are separated into separate purchase contracts and separate amortizing notes and traded separately such that applicable listing requirements are met and (ii) a sufficient number of holders of such separate purchase contracts and separate amortizing notes request that we list such separate purchase contracts and separate amortizing notes, we may endeavor to list such separate purchase contracts and separate amortizing notes on an exchange of our choosing (which may or may not be Nasdaq) subject to applicable listing requirements.

Title

We, the purchase contract agent and the trustee will treat the registered owner, which we expect at initial issuance to be a nominee of DTC, of any Unit or separate purchase contract or separate amortizing note as the absolute owner of the Unit or separate purchase contract or separate amortizing note for the purpose of settling the related purchase contract or making payments on the separate amortizing note and for all other purposes.

Accounting for the Units

Based on the expected structure of the Units, we expect the purchase contracts to meet equity classification. The classification of the Units will be subject to detailed assessment once finalized.

We expect to record the issuance of the purchase contract portion of the Units as additional paid-in-capital, net of issuance costs of the purchase contracts, in our financial statements. We also expect to record the amortizing notes portion of the Units as long-term debt and to record the issuance costs of the amortizing notes as an adjustment to the carrying amount of the amortizing notes. The amortization of the amortizing notes will be calculated by us using the effective interest method over the life of the amortizing notes. We will allocate the proceeds from the issuance of the Units to the purchase contracts and amortizing notes based on the relative fair values of the respective components, determined as of the date of issuance of the Units. We have determined that the allocation of the purchase price of each Unit as between the amortizing note and the purchase contract will be $8.6618 for the amortizing note and $41.3382 for the purchase contract, as set forth in the purchase contract agreement.

Based on U.S. GAAP, we do not expect the purchase contract component of the Units to be revalued under fair value accounting principles given the amounts are expected to be recorded within equity.

Our earnings per share calculations will reflect the shares issuable upon settlement of the purchase contracts portion of the Units. Our basic earnings per share will include the minimum shares issuable under the purchase contract for each period and our diluted earnings per share will include any incremental shares that would be issuable assuming a settlement of the purchase contract at the end of each accounting period, if dilutive.

Replacement of Unit Certificates

In the event that physical certificates evidencing the Units have been issued, any mutilated Unit certificate will be replaced by us at the expense of the holder upon surrender of the certificate to the purchase contract agent. Unit certificates that become destroyed, lost, or stolen will be replaced by us at the expense of the holder upon delivery to us and the purchase contract agent of evidence of their destruction, loss, or theft satisfactory to us and the purchase contract agent. In the case of a destroyed, lost, or stolen Unit certificate, an indemnity and/or security satisfactory to us and the purchase contract agent may be required at the expense of the holder of the Units before a replacement will be issued.

Notwithstanding the foregoing, we will not be obligated to replace any Unit certificates on or after the second scheduled trading day immediately preceding February 1, 2027 or the second scheduled trading day immediately preceding any early mandatory settlement date. In those circumstances, the purchase contract agreement will provide that, in lieu of the delivery of a replacement Unit certificate, the purchase contract agent, upon delivery of the evidence and indemnity and/or security described above, will deliver or arrange for delivery of the shares of common stock issuable pursuant to the purchase contracts included in the Units evidenced by the Unit certificate.

Miscellaneous

The purchase contract agreement will provide that we will pay all fees and expenses that you incur related to the offering of the Units and the enforcement by the purchase contract agent of the rights of the holders of the Units or the separate purchase contracts or separate amortizing notes, other than expenses (including legal fees) of the underwriters.

Should you elect to separate or recreate Units, you will be responsible for any fees or expenses that you incur that are payable in connection with that separation or recreation, and neither we nor the purchase contract agent will have any liability therefor.

DESCRIPTION OF THE PURCHASE CONTRACTS

The purchase contracts will be issued pursuant to the terms and provisions of the purchase contract agreement. The following summary of the terms of the purchase contracts contains a description of certain terms of the purchase contracts, but is not complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the purchase contract agreement, including the definitions of specified terms in the purchase contract agreement. We refer you to the purchase contract agreement which is filed as an exhibit to the registration statement of which this prospectus forms a part. See "Where You Can Find More Information."

Subject to the more detailed descriptions of the terms and conditions of the Units and the purchase contracts herein, the purchase contract component of the Units provides investors with economic exposure to our common stock (through the entitlement to such number of our common stock based on the "applicable market value" of our common stock on the date of settlement).

Each purchase contract will initially form a part of a Unit. Each Unit may be separated by a holder into its constituent purchase contract and amortizing note on any business day during the period beginning on, and including, the business day immediately following the date of initial issuance of the Units to, but excluding, the second scheduled trading day immediately preceding February 1, 2027 or, if earlier, the second scheduled trading day immediately preceding any "early mandatory settlement date," and also excluding the business day immediately preceding any installment payment date (*provided*, the right to separate the Units shall resume after such business day). Following such separation, purchase contracts may be transferred separately from amortizing notes.

As used in this section, unless the context otherwise requires, references to:

- "BrightSpring," the "Company," "we," "us," or "our" refer to BrightSpring Health Services, Inc. and do not include any of its subsidiaries or affiliates;
- "close of business" refer to 5:00 p.m., New York City time; and
- "open of business" refer to 9:00 a.m., New York City time.

Delivery of Common Stock

Unless settled early at your or our option, for each purchase contract we will deliver to you on February 1, 2027 (subject to postponement in certain limited circumstances described below, the "mandatory settlement date") a number of shares of our common stock. The number of shares of our common stock issuable upon settlement of each purchase contract, or the settlement rate, will be determined as follows:

- if the "applicable market value" (as defined below) of our common stock is greater than the "threshold appreciation price" (as defined below), then you will receive 3.2733 shares of common stock for each purchase contract (the "minimum settlement rate");
- if the applicable market value of our common stock is greater than or equal to the reference price but less than or equal to the threshold appreciation price, then you will receive a number of shares of common stock for each purchase contract equal to the Unit stated amount of $50.00, *divided by* the applicable market value; and
- if the applicable market value of our common stock is less than the reference price, then you will receive 3.8461 shares of common stock for each purchase contract (the "maximum settlement rate").

The maximum settlement rate and the minimum settlement rate are each subject to adjustment as described under "—Adjustments to the Fixed Settlement Rates" below. Each of the minimum settlement rate and the maximum settlement rate is referred to as a "fixed settlement rate."

The reference price is equal to $50.00 divided by the then applicable maximum settlement rate and initially is approximately equal to $13.00, which is the per share public offering price of our common stock in the Concurrent Offering.

The threshold appreciation price is equal to $50.00 divided by the then applicable minimum settlement rate.

The threshold appreciation price, which is initially approximately $15.28, represents a premium of approximately 17.50% over the reference price.

"Applicable market value" means the arithmetic average of the daily VWAPs of our common stock over the settlement period.

"Settlement period" means the 20 consecutive trading day period beginning on, and including, the 21st scheduled trading day immediately preceding February 1, 2027.

"Daily VWAP" of our common stock on any trading day means such price per share as displayed under the heading "Bloomberg VWAP" on Bloomberg (or any successor service) page "BTSG <Equity> AQR" (or its equivalent successor if such page is not available) in respect of the period from the scheduled open to the scheduled close of trading of the primary trading session on such trading day; or, if such price is not available, the market value per share of our common stock on such trading day as determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained by us for this purpose. The "daily VWAP" will be determined without regard to after hours trading or any other trading outside of the regular trading session trading hours.

"Trading day" means a day on which:

- there is no "market disruption event" (as defined below); and
- trading in our common stock (or other security for which a daily VWAP must be determined) generally occurs on the relevant stock exchange (as defined below);

provided, that if our common stock (or such other security) is not so listed or traded, "trading day" means a "business day."

"Relevant stock exchange" means Nasdaq or, if our common stock (or other security for which a daily VWAP or closing price must be determined) is not then listed on Nasdaq, on the principal other U.S. national or regional securities exchange on which our common stock (or such other security) is then listed or, if our common stock (or such other security) is not then listed on a U.S. national or regional securities exchange, on the principal other market on which our common stock (or such other security) is then listed or admitted for trading.

"Scheduled trading day" means a day that is scheduled to be a trading day on the relevant stock exchange. If our common stock (or other such security) is not listed or admitted for trading on a relevant stock exchange, "scheduled trading day" means a "business day."

"Market disruption event" means:

- a failure by the relevant stock exchange to open for trading during its regular trading session; or
- the occurrence or existence on the relevant stock exchange prior to 1:00 p.m., New York City time, on any scheduled trading day for our common stock (or such other security) for more than one half-hour period in the aggregate during regular trading hours of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant stock exchange or otherwise) in our common stock (or such other security) or in any options contracts or futures contracts relating to our common stock (or such other security).

On the mandatory settlement date, our common stock will be issued and delivered to you or your designee, upon:

- surrender of certificates representing the purchase contracts, if such purchase contracts are held in certificated form; and
- payment by you of any transfer or similar taxes payable in connection with the issuance of our common stock to any person other than you.

As long as the purchase contracts are evidenced by one or more global purchase contract certificates deposited with DTC, procedures for settlement will be governed by DTC's applicable procedures.

If one or more of the 20 consecutive scheduled trading days in the settlement period is not a trading day, the mandatory settlement date will be postponed until the second scheduled trading day immediately following the last trading day of the settlement period.

Prior to the close of business on the last trading day of the settlement period, the shares of common stock underlying each purchase contract will not be outstanding, and the holder of such purchase contract will not have any voting rights, rights to dividends or other distributions or other rights of a holder of our common stock by virtue of holding such purchase contract. The person in whose name any shares of our common stock shall be issuable upon settlement of the purchase contract on the mandatory settlement date will be treated as the holder of record of such shares as of the close of business on the last trading day of the settlement period.

We will pay any documentary, stamp, or similar issue or transfer tax due on the issue of any shares of our common stock upon settlement of the purchase contracts, unless the tax is due because the holder requests any shares to be issued in a name other than the holder's name, in which case the holder will be obligated to pay that tax.

Hypothetical Settlement Values

For illustrative purposes only, the following table shows the number of shares of common stock issuable upon settlement of a purchase contract at assumed applicable market values. The table assumes that there will be no adjustments to the fixed settlement rates described under "—Adjustments to the Fixed Settlement Rates" below and that the purchase contracts have not been settled early at the option of holders or at our option as described under "—Early Settlement," "—Early Settlement Upon a Fundamental Change" or "—Early Mandatory Settlement at Our Election" below. The actual applicable market value may differ from those set forth in the table below. Based on a reference price of approximately $13.00 and a threshold appreciation price of approximately $15.28, a holder of a Unit or a separate purchase contract, as applicable, would receive on the mandatory settlement date the number of shares of common stock for each Unit or separate purchase contract set forth below:

Assumed Applicable Market Value	Number of Shares of Common Stock to be Received on the Mandatory Settlement Date	Assumed Settlement Value (Calculated as Applicable Market Value multiplied by the Number of Shares of Common Stock to be received on the Mandatory Settlement Date)
$ 8.25	3.8461	$ 31.73
$ 9.25	3.8461	$ 35.58
$ 10.25	3.8461	$ 39.42
$ 11.25	3.8461	$ 43.27
$ 12.25	3.8461	$ 47.11
$ 13.00	3.8461	$ 50.00
$ 13.25	3.7736	$ 50.00
$ 13.50	3.7037	$ 50.00
$ 13.75	3.6364	$ 50.00
$ 14.00	3.5714	$ 50.00
$ 14.25	3.5088	$ 50.00
$ 14.50	3.4483	$ 50.00
$ 15.28	3.2733	$ 50.00
$ 15.50	3.2733	$ 50.74
$ 16.50	3.2733	$ 54.01
$ 17.50	3.2733	$ 57.28
$ 18.50	3.2733	$ 60.56

As the above table illustrates, if, on the mandatory settlement date, the applicable market value is greater than the threshold appreciation price, we would be obligated to deliver 3.2733 shares of common stock for each purchase contract. As a result, if the applicable market value exceeds the threshold appreciation price, you will receive only a portion of the appreciation in the market value of the shares of our common stock you would have received had you purchased $50.00 worth of shares of common stock at the public offering price in the Concurrent Offering.

If, on the mandatory settlement date, the applicable market value is less than or equal to the threshold appreciation price but greater than or equal to the reference price of approximately $13.00, we would be obligated to deliver a number of shares of our common stock on the mandatory settlement date equal to $50.00, *divided by* the applicable market value. As a result, we would retain all appreciation in the market value of our common stock underlying each purchase contract between the reference price and the threshold appreciation price.

If, on the mandatory settlement date, the applicable market value is less than the reference price of approximately $13.00, we would be obligated to deliver upon settlement of the purchase contract shares of common stock for each purchase contract, regardless of the market price of our common stock. As a result, the holder would realize a loss on the decline in market value of the common stock below the reference price.

Because the applicable market value of the common stock is determined over the settlement period, the number of shares of common stock delivered for each purchase contract may be greater than or less than the number that would have been delivered based on the closing price (or daily VWAP) of the common stock on the last trading day in the settlement period. In addition, you will bear the risk of fluctuations in the market price of the shares of common stock deliverable upon settlement of the purchase contracts between the last trading day in the settlement period and the date such shares are delivered.

Early Settlement

Prior to the close of business on the second scheduled trading day immediately preceding February 1, 2027, you, as a holder of Units or a holder of separate purchase contracts, may elect to settle your purchase contracts early, in whole or in part, and receive a number of shares of common stock per purchase contract equal to the "early settlement rate" (and any cash payable for fractional shares). The early settlement rate is equal to the minimum settlement rate on the early settlement date, subject to adjustment as described below under "—Adjustments to the Fixed Settlement Rates," unless you elect to settle your purchase contracts early in connection with a fundamental change, in which case you will receive upon settlement of your purchase contracts a number of shares of our common stock based on the "fundamental change early settlement rate" as described under "—Early Settlement Upon a Fundamental Change."

Your right to receive common stock (and any cash payable for fractional shares) upon early settlement of a purchase contract is subject to:

- delivery of a written and signed notice of election (an "early settlement notice") to the purchase contract agent electing early settlement of such purchase contract;
- if such purchase contract or the Unit that includes such purchase contract is held in certificated form, surrendering the certificates representing the purchase contract, or if held in global form, surrendering in accordance with DTC's applicable procedures; and
- payment by you of any transfer or similar taxes payable in connection with the issuance of our common stock to any person other than you.

As long as the purchase contracts or the Units are evidenced by one or more global certificates deposited with DTC, procedures for early settlement will be governed by DTC's applicable procedures.

Upon surrender of the purchase contract or the related Unit and payment of any applicable transfer or similar taxes due because of any issue of such shares in a name of a person other than the holder, you will receive the applicable number of shares of common stock (and any cash payable for fractional shares) due upon early settlement on the second business day following the "early settlement date" (as defined below).

If you comply with the requirements for effecting early settlement of your purchase contracts earlier than the close of business on any business day, then that day will be considered the "early settlement date." If you comply with such requirements at or after the close of business on any business day or at any time on a day that is not a business day, then the next succeeding business day will be considered the "early settlement date." Prior to the close of business on the early settlement date, the shares of common stock underlying each purchase contract will not be outstanding, and the holder of such purchase contract will not have any voting rights, rights to dividends or other distributions or other rights of a holder of our common stock by virtue of holding such purchase contract. The person in whose name any shares of our common stock shall be issuable upon such early settlement of the purchase contract will be treated as the holder of record of such shares as of the close of business on the relevant early settlement date.

Upon early settlement at the holder's election of the purchase contract component of a Unit, the amortizing note underlying such Unit will remain outstanding and be beneficially owned by or registered in the name of, as the case may be, the holder who elected to settle the related purchase contract early and will no longer constitute a part of the Unit.

Early Settlement Upon a Fundamental Change

If a "fundamental change" occurs and you elect to settle your purchase contracts early in connection with such fundamental change in accordance with the procedures described under "—Early Settlement" above, you will receive per purchase contract a number of shares of our common stock (and any cash payable for fractional shares) (or, if a reorganization event has occurred, cash, securities or other property, as applicable) equal to the "fundamental change early settlement rate," as described below. An early settlement will be deemed for these purposes to be "in connection with" such fundamental change if you deliver your early settlement notice to the purchase contract agent, and otherwise satisfy the requirements for effecting early settlement of your purchase contracts, during the period beginning on, and including, the effective date of the fundamental change and ending at the close of business on the 35th business day thereafter (or, if earlier, the second scheduled trading day immediately preceding February 1, 2027), (the "fundamental change early settlement period"). We refer to this right as the "fundamental change early settlement right."

Upon surrender of the Unit or the separate purchase contract and payment of any applicable transfer or similar taxes due because of any issue of such shares in a name of a person other than the holder, you will receive the applicable number of shares of common stock (and any cash payable for fractional shares) (or, if a reorganization event has occurred, cash, securities or other property, as applicable) issuable as a result of your exercise of the fundamental change early settlement right on the second business day following the "fundamental change early settlement date" (as defined below).

If you comply with the requirements for effecting early settlement of your purchase contracts in connection with a fundamental change prior to the close of business on any business day during the fundamental change early settlement period, then that day will be considered the "fundamental change early settlement date." If you comply with such requirements at or after the close of business on any business day during the fundamental change early settlement period or at any time on a day during the fundamental change early settlement period that is not a business day, then the next succeeding business day will be considered the "fundamental change early settlement date."

We will provide the purchase contract agent, the trustee, and the holders of Units and separate purchase contracts with a notice of a fundamental change within five business days after its effective date and issue a press release announcing such effective date. The notice will also set forth, among other things:

- the applicable fundamental change early settlement rate;
- if not common stock, the kind and amount of cash, securities, and other property receivable by the holder upon settlement; and
- the deadline by which each holder's fundamental change early settlement right must be exercised.

A "fundamental change" will be deemed to have occurred upon the occurrence of any of the following:

(1) any "person" or "group" within the meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than us, any of our subsidiaries, any of our and their employee benefit plans, or any "permitted holder" (as defined herein) files a Schedule TO or any other schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of our common stock representing more than 50% of the voting power of our common stock;

(2) the consummation of (A) any recapitalization, reclassification or change of our common stock (other than changes resulting from a subdivision or combination) as a result of which our common stock would be converted into, or exchanged for, stock, other securities, other property or assets; (B) any share exchange, consolidation or merger of us pursuant to which our common stock will be converted into cash, securities or other property or assets; or (C) any sale, lease, or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of us and our subsidiaries, taken as a whole, to any person or persons other than one of our wholly owned subsidiaries;

(3) our stockholders approve any plan or proposal for the liquidation or dissolution of us; or

(4) our common stock (or other common stock receivable upon settlement of your purchase contracts, if applicable) ceases to be listed or quoted on any of the NYSE, the Nasdaq Global Select Market or the Nasdaq Global Market (or any of their respective successors).

"KKR Stockholder" means KKR Phoenix Aggregator L.P., an investment entity owned by investment funds and other entities affiliated with Kohlberg Kravis Roberts & Co. L.P.

"Permitted holder" means, any of KKR Stockholder, Walgreen Stockholder, or their respective affiliates (including any funds, partnerships or other co-investment vehicles managed, advised or controlled by KKR Stockholder or Walgreen Stockholder but other than, in each case, any portfolio company of KKR Stockholder or Walgreen Stockholder).

"Walgreen Stockholder" means Walgreen Co., an affiliate of Walgreens Boots Alliance, Inc.

A transaction or transactions described in clauses (1) or (2) above will not constitute a fundamental change, however, if (a) at least 90% of the consideration received or to be received by our common stockholders (excluding cash payments for fractional shares and cash payments made in respect of dissenters' appraisal rights) in connection with such transaction or transactions consists of shares of common stock that are listed or quoted on any of the NYSE, the Nasdaq Global Select Market or the Nasdaq Global Market (or any of their respective successors), or will be so listed or quoted when issued or exchanged in connection with such transaction or transactions, and (b) as a result of such transaction or transactions such consideration becomes the consideration receivable upon settlement of your purchase contracts, if applicable, excluding cash payments for fractional shares.

For purposes of the immediately preceding paragraph, any transaction that constitutes a fundamental change pursuant to both (1) and (2) of the definition thereof (prior to giving effect to the exception set forth in the immediately preceding paragraph) shall be deemed to be a transaction solely under (2) of such definition (and, for the avoidance of doubt, will be subject to the exception set forth in the immediately preceding paragraph).

If any transaction in which our common stock is replaced by the securities of another entity occurs, following completion of any related fundamental change early settlement period (or, in the case of a transaction that would have been a fundamental change but for the second immediately preceding paragraph, following the effective date of such transaction), references to us in the definition of "fundamental change" above shall instead be references to such other entity.

The "fundamental change early settlement rate" will be determined by us by reference to the table below, based on the date on which the fundamental change occurs or becomes effective (the "effective date") and the "stock price" in the fundamental change, which will be:

- in the case of a fundamental change described in clause (2) of the definition of "fundamental change" in which all holders of shares of our common stock receive only cash in the fundamental change, the stock price will be the cash amount paid per share of our common stock; and

- in all other cases, the stock price will be the arithmetic average of the daily VWAPs of our common stock over the five consecutive trading day period ending on, and including, the trading day immediately preceding the effective date.

The stock prices set forth in the column headings of the table below will be adjusted as of any date on which the fixed settlement rates are adjusted. The adjusted stock prices will equal the stock prices applicable immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the maximum settlement rate immediately prior to the adjustment giving rise to the stock price adjustment and the denominator of which is the maximum settlement rate as so adjusted. The fundamental change early settlement rates per purchase contract in the table below will be adjusted in the same manner and at the same time as the fixed settlement rates as set forth under "—Adjustments to the Fixed Settlement Rates."

The following table sets forth the fundamental change early settlement rate per purchase contract for each stock price and effective date set forth below:

	Stock Price										
Effective Date	**$1.00**	**$3.00**	**$5.00**	**$8.00**	**$10.00**	**$13.00**	**$15.28**	**$20.00**	**$30.00**	**$50.00**	**$75.00**
January 30, 2024	3.7884	3.7549	3.6648	3.5167	3.4391	3.3575	3.3170	3.2687	3.2346	3.2250	3.2244
February 1, 2025	3.8079	3.8001	3.7496	3.6102	3.5175	3.4104	3.3552	3.2906	3.2497	3.2411	3.2407
February 1, 2026	3.8270	3.8268	3.8193	3.7369	3.6354	3.4830	3.3972	3.3031	3.2607	3.2570	3.2570
February 1, 2027	3.8461	3.8461	3.8461	3.8461	3.8461	3.8461	3.2733	3.2733	3.2733	3.2733	3.2733

The exact stock price and effective date may not be set forth in the table above, in which case:

- if the applicable stock price is between two stock prices in the table or the applicable effective date is between two effective dates in the table, the fundamental change early settlement rate will be determined by straight line interpolation between the fundamental change early settlement rates set forth for the higher and lower stock prices and the earlier and later effective dates, as applicable, based on a 365-or 366-day year, as applicable;
- if the applicable stock price is greater than $75.00 per share (subject to adjustment in the same manner and at the same time as the stock prices set forth in the column headings of the table above), then the fundamental change early settlement rate will be the minimum settlement rate; or
- if the applicable stock price is less than $1.00 per share (subject to adjustment in the same manner and at the same time as the stock prices set forth in the column headings of the table above, the "minimum stock price"), the fundamental change early settlement rate will be determined as if the stock price equaled the minimum stock price, and using straight line interpolation, as described in the first bullet of this paragraph, if the effective date is between two effective dates in the table.

The maximum number of shares of our common stock deliverable under a purchase contract is 3.8461, subject to adjustment in the same manner and at the same time as the fixed settlement rates as set forth under "—Adjustments to the Fixed Settlement Rates."

Our obligation to settle the purchase contracts at the fundamental change early settlement rate could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

We will deliver the shares of our common stock (and any cash payable for fractional shares) (or, if a reorganization event has occurred, cash, securities, or other property, as applicable) payable as a result of your exercise of the fundamental change early settlement right on the second business day following the fundamental change early settlement date.

Prior to the close of business on the fundamental change early settlement date, the shares of common stock or other securities, if applicable, underlying each purchase contract will not be outstanding, and the holder of such purchase contract will not have any voting rights, rights to dividends or other distributions, or other rights of a holder of our common stock or such other securities by virtue of holding such purchase contract. The person in whose name any shares of our common stock or such other securities shall be deliverable following exercise of a holder's fundamental change early settlement right will be treated as the holder of record of such shares or such other securities as of the close of business on the fundamental change early settlement date.

Upon early settlement of the purchase contract component of a Unit at the holder's election upon a fundamental change, the amortizing note underlying such Unit will remain outstanding and will be beneficially owned by or registered in the name of, as the case may be, the holder who elected to settle the related purchase contract early upon the fundamental change and will no longer constitute a part of the Unit.

If you do not elect to exercise your fundamental change early settlement right, your purchase contracts will remain outstanding and will be subject to normal settlement on any subsequent early settlement date, any subsequent fundamental change early settlement date, any subsequent early mandatory settlement date or the mandatory settlement date, as the case may be.

Early Mandatory Settlement at Our Election

We have the right to settle the purchase contracts on or after November 1, 2024, in whole but not in part, on a date fixed by us as described below at the "early mandatory settlement rate" described below. We refer to this right as our "early mandatory settlement right."

The "early mandatory settlement rate" will be the maximum settlement rate as of the date (the "notice date") of the early mandatory settlement notice (as defined below) unless the closing price (as defined below) per share of our common stock for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the notice date in a period of 30 consecutive trading days ending on, and including, the trading day immediately preceding the notice date exceeds 130% of the threshold appreciation price in effect on each such trading day, in which case the "early mandatory settlement rate" will be the minimum settlement rate as of the notice date.

The "closing price" per share of our common stock (or any other security) on any day means:

- the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in composite transactions for the relevant stock exchange;
- if our common stock (or any other security) is not listed for trading on a relevant stock exchange on the relevant date, the last quoted bid price for our common stock (or such other security) in the over-the-counter market on the relevant date as reported by OTC Markets Group Inc. or a similar organization; and
- if our common stock (or any other security) is not so quoted, the average of the mid-point of the last bid and ask prices for our common stock (or such other security) on the relevant date from each of at least three nationally recognized independent investment banking firms selected by us for this purpose.

In the event we elect to settle the purchase contracts early, holders of the amortizing notes (whether as components of Units or separate amortizing notes) will have the right to require us to repurchase some or all of their amortizing notes on the repurchase date and at the repurchase price, as described under "Description of the Amortizing Notes—Repurchase of Amortizing Notes at the Option of the Holder." If we exercise our early mandatory settlement right and the holder of any Unit does not require us to repurchase the amortizing note that is a component of such Unit, such amortizing note will remain outstanding and will be beneficially owned by or

registered in the name of, as the case may be, such holder. If we exercise our early mandatory settlement right and the holder of any Unit requires us to repurchase the amortizing note that is a component of such Unit but the related repurchase date falls after the early mandatory settlement date, such amortizing note will remain outstanding (pending such repurchase date) and will be beneficially owned by or registered in the name of, as the case may be, such holder.

If we elect to exercise our early mandatory settlement right, we will provide the purchase contract agent and the holders of Units, separate purchase contracts, and separate amortizing notes with a notice of our election (the "early mandatory settlement notice") and issue a press release announcing our election. The early mandatory settlement notice will specify, among other things:

- the early mandatory settlement rate;
- the date on which we will deliver shares of our common stock (and any cash payable for fractional shares) following exercise of our early mandatory settlement right (the "early mandatory settlement date"), which will be on or after November 1, 2024 and at least five but not more than 20 business days following the notice date;
- that holders of Units and separate amortizing notes will have the right to require us to repurchase their amortizing notes that are a component of the Units or their separate amortizing notes, as the case may be (subject to certain exceptions described under "Description of the Amortizing Notes—Repurchase of Amortizing Notes at the Option of the Holder");
- if applicable, the "repurchase price" and "repurchase date" (each as defined below under "Description of the Amortizing Notes—Repurchase of Amortizing Notes at the Option of the Holder");
- if applicable, the last date on which holders of amortizing notes may exercise their repurchase right; and
- if applicable, the procedures that holders of amortizing notes must follow to require us to repurchase their amortizing notes.

We will deliver the shares of our common stock (and any cash payable for fractional shares) to you on the early mandatory settlement date.

Prior to the close of business on the notice date, the shares of common stock underlying each purchase contract will not be outstanding, and the holder of such purchase contract will not have any voting rights, rights to dividends or other distributions or other rights of a holder of our common stock by virtue of holding such purchase contract. The person in whose name any shares of our common stock shall be issuable following exercise of our early mandatory settlement right will be treated as the holder of record of such shares as of the close of business on the notice date.

Adjustments to the Fixed Settlement Rates

The fixed settlement rates will be adjusted as described below, except that we will not make any adjustments to the fixed settlement rates if holders of the purchase contracts participate (other than in the case of (x) a share split or share combination or (y) a tender or exchange offer), at the same time and upon the same terms as holders of our common stock and solely as a result of holding the purchase contracts, in any of the transactions described below without having to settle their purchase contracts as if they held a number of shares of our common stock equal to the maximum settlement rate, *multiplied by* the number of purchase contracts held by such holders.

(a) If we issue common stock to all or substantially all of the holders of our common stock as a dividend or other distribution, or if we effect a share split or share combination, then each fixed settlement rate will be adjusted based on the following formula:

$$SR_1 = SR_0 \times \frac{OS_1}{OS_0}$$

where,

SR_0 = the fixed settlement rate in effect immediately prior to the close of business on the record date (as defined below) for such dividend or distribution or immediately prior to the open of business on the effective date (as defined below) for such share split or share combination, as the case may be;

SR_1 = the fixed settlement rate in effect immediately after the close of business on such record date or immediately after the open of business on such effective date, as the case may be;

OS_0 = the number of shares of our common stock outstanding immediately prior to the close of business on such record date or immediately prior to the open of business on such effective date, as the case may be (in either case, prior to giving effect to such event); and

OS_1 = the number of shares of our common stock that would be outstanding immediately after, and solely as a result of, such dividend, distribution, share split or share combination.

Any adjustment made pursuant to this clause (a) will become effective immediately after the close of business on the record date for such dividend or distribution, or immediately after the open of business on the effective date for such share split or share combination, as the case may be. If any dividend or distribution described in this clause (a) is declared but not so paid or made, each fixed settlement rate will be readjusted, effective as of the date our board of directors (or a committee thereof) publicly announces its decision not to make such dividend or distribution, to such fixed settlement rate that would be in effect if such dividend or distribution had not been declared. For the purposes of this clause (a), the number of shares of common stock outstanding immediately prior to the close of business on the record date for such dividend or distribution or the open of business on the effective date for such share split or share combination, as applicable, will not include shares held in treasury but will include any shares issuable in respect of any scrip certificates issued in lieu of fractions of shares of common stock. We will not pay any such dividend or make any such distribution on shares of common stock held in treasury.

“Record date” means, when used with respect to any dividend, distribution or other transaction or event in which the holders of our common stock (or other applicable security) have the right to receive any cash, securities or other property or in which our common stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of our common stock (or other applicable security) entitled to receive such cash, securities or other property (whether such date is fixed by our board of directors or a committee thereof, or by statute, contract or otherwise).

“Effective date” means the first date on which the shares of our common stock trade on the relevant stock exchange, regular way, reflecting the relevant share split or share combination, as applicable.

(b) If we issue to all or substantially all holders of our common stock rights, options or warrants (other than rights, options or warrants issued pursuant to a dividend reinvestment plan, stockholder rights plan, stock purchase plan or similar plans) entitling them, for a period of up to 45 calendar days from the date of issuance of such rights, options or warrants, to subscribe for or purchase our shares of common stock at a price per share less than the average of the closing prices (as defined under “—Early Mandatory Settlement at Our Election) per share of our common stock for the 10 consecutive trading day (as defined below) period ending on, and

including, the trading day immediately preceding the date of announcement of such issuance per share of our common stock, then each fixed settlement rate will be adjusted based on the following formula:

$$SR_1 = SR_0 \times \frac{(OS_0 + X)}{(OS_0 + Y)}$$

where,

SR_0 = the fixed settlement rate in effect immediately prior to the close of business on the record date for such issuance;

SR_1 = the fixed settlement rate in effect immediately after the close of business on such record date;

OS_0 = the number of shares of our common stock outstanding immediately prior to the close of business on such record date;

X = the total number of shares of our common stock issuable pursuant to such rights, options or warrants; and

Y = the total number of shares of our common stock equal to the aggregate price payable to exercise such rights, options or warrants, *divided by* the average of the closing prices per share of our common stock for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such issuance.

Any adjustment made pursuant to this clause (b) will be made successively whenever any such rights, options, or warrants are issued and will become effective immediately after the close of business on the record date for such issuance. In the event that such rights, options or warrants described in this clause (b) are not so issued, each fixed settlement rate will be readjusted, effective as of the date our board of directors (or a committee thereof) publicly announces its decision not to issue such rights, options or warrants, to such fixed settlement rate that would then be in effect if such issuance had not been declared. To the extent that such rights, options or warrants are not exercised prior to their expiration or shares of our common stock are otherwise not delivered pursuant to such rights, options or warrants upon the exercise of such rights, options or warrants, each fixed settlement rate will be readjusted, effective as of the date of such expiration or the date it is determined such shares will not be delivered, as the case may be, to such fixed settlement rate that would then be in effect had the adjustment made upon the issuance of such rights, options or warrants been made on the basis of the delivery of only the number of shares of our common stock actually delivered.

In determining whether any rights, options or warrants entitle the holders thereof to subscribe for or purchase shares of our common stock at less than the average of the closing prices per share of our common stock for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such issuance, and in determining the aggregate price payable to exercise such rights, options, or warrants, there will be taken into account any consideration received by us for such rights, options, or warrants and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined by our board of directors, or a committee thereof.

For the purposes of this clause (b), the number of shares of common stock at the time outstanding will not include shares held in treasury but will include any shares issuable in respect of any scrip certificates issued in lieu of fractions of shares of common stock. We will not issue any such rights, options, or warrants in respect of shares of common stock held in treasury.

(c) (1) If we distribute to all or substantially all holders of our common stock shares of our capital stock (other than our common stock), evidences of our indebtedness, assets or rights, options or warrants to acquire our capital stock, indebtedness, or assets, excluding:

- any dividend or distribution (including share splits or share combinations) as to which an adjustment was effected pursuant to clause (a) above;

- any rights, options, or warrants as to which an adjustment was effected pursuant to clause (b) above;
- except as otherwise described below, rights issued pursuant to any stockholder rights plan of ours then in effect;
- any dividend or distribution described in clause (d) below;
- distributions of exchange property in a transaction described in "—Recapitalizations, Reclassifications and Changes of Our Common Stock"; and
- any spin-off (as defined below) to which the provisions set forth below in clause (c)(2) shall apply; then each fixed settlement rate will be adjusted based on the following formula:

$$SR_1 = SR_0 \times \frac{SP_0}{(SP_0 - FMV)}$$

where,

SR_0 = the fixed settlement rate in effect immediately prior to the close of business on the record date for such dividend or distribution;

SR_1 = the fixed settlement rate in effect immediately after the close of business on such record date;

SP_0 = the average of the closing prices per share of our common stock for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the ex-date for such dividend or distribution; and

FMV = the fair market value (as determined by our board of directors or a committee thereof) on such record date of the shares of our capital stock, evidences of our indebtedness, assets or rights, options or warrants so distributed, expressed as an amount per share of common stock.

Notwithstanding the foregoing, if FMV (as defined above) is equal to or greater than SP_0 (as defined above) or if the difference between SP_0 and FMV is less than $1.00, in lieu of the foregoing adjustment, provision shall be made for each holder of a Unit or separate purchase contract to receive, for each Unit or separate purchase contract, at the same time and upon the same terms as holders of our common stock, the kind and amount of our capital stock, evidences of our indebtedness, assets or rights, options, or warrants that such holder would have received if such holder owned a number of shares of our common stock equal to the maximum settlement rate in effect on the record date for the dividend or distribution.

Any adjustment made pursuant to this clause (c)(1) will become effective immediately after the close of business on the record date for such dividend or distribution. In the event that such dividend or distribution is not so made, each fixed settlement rate will be readjusted, effective as of the date our board of directors (or a committee thereof) publicly announces its decision not to make such dividend or distribution, to such fixed settlement rate that would then be in effect if such dividend or distribution had not been declared. We will not make any such distribution on shares of common stock held in treasury.

"Ex-date," when used with respect to any issuance, dividend or distribution, means the first date on which shares of our common stock (or other applicable security) trade on the applicable exchange or in the applicable market, regular way, without the right to receive such issuance, dividend or distribution in question from us or, if applicable, from the seller of our common stock (or other applicable security) on such exchange or market (in the form of due bills or otherwise) as determined by such exchange or market.

(c)(2) In the event that we make a dividend or distribution to all or substantially all holders of our common stock consisting of capital stock of, or similar equity interests in, or relating to, a subsidiary or other business unit

of ours that, upon issuance, will be traded on a U.S. national securities exchange (herein referred to as a "spin-off"), each fixed settlement rate will be adjusted based on the following formula:

$$SR_1 = SR_0 \times \frac{(FMV_0 + MP_0)}{MP_0}$$

where,

SR_0 = the fixed settlement rate in effect immediately prior to the open of business on the ex-date for the spin-off;

SR_1 = the fixed settlement rate in effect immediately after the open of business on the ex-date for the spin-off;

FMV_0 = the average of the closing prices (as defined above, as if references to "common stock" therein were references to such capital stock or similar equity interest distributed to the holders of our common stock) per share of the capital stock or similar equity interests so distributed applicable to one share of our common stock for the 10 consecutive trading day period commencing on, and including, the ex-date for the spin-off (the "valuation period"); and

MP_0 = the average of the closing prices per share of our common stock for the valuation period.

Any adjustment made pursuant to this clause (c)(2) will be calculated immediately after the close of business on the last trading day of the valuation period but will be given effect as of immediately after the open of business on the ex-date of the spin-off. Because we will make the adjustment to each fixed settlement rate with retroactive effect, we will delay any settlement of a Unit or separate purchase contract where any date for determining the number of shares of our common stock issuable to a holder occurs during the valuation period until the second business day after the last day of the valuation period. In the event that such dividend or distribution described in this clause (c)(2) is not so made, each fixed settlement rate will be readjusted, effective as of the date our board of directors (or a committee thereof) publicly announces its decision not to pay such dividend or distribution, to such fixed settlement rate that would then be in effect if such distribution had not been declared. We will not make any such dividend or distribution on shares of common stock held in treasury.

(d) If we make a dividend or distribution consisting exclusively of cash to all or substantially all holders of our common stock, excluding:

- any cash that is distributed in, and will constitute exchange property as a result of, a reorganization event (as defined below) in exchange for shares of our common stock; and
- any dividend or distribution in connection with our liquidation, dissolution or winding up;

then each fixed settlement rate will be adjusted based on the following formula:

$$SR_1 = SR_0 \times \frac{(SP_0)}{(SP_0 - C)}$$

where,

SR_0 = the fixed settlement rate in effect immediately prior to the close of business on the record date for such dividend or distribution;

SR_1 = the fixed settlement rate in effect immediately after the close of business on the record date for such dividend or distribution;

SP_0 = the average of the closing prices per share of our common stock over the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the ex-date for such dividend or distribution; and

C= the amount in cash per share we distribute to holders of our common stock.

If C (as defined above) is equal to or greater than SP_0 (as defined above) or if the difference between SP_0 and C is less than $1.00, in lieu of the foregoing adjustment, provision shall be made for each holder of a Unit or separate purchase contract to receive, for each Unit or separate purchase contract, at the same time and upon the same terms as holders of our common stock, the amount of cash that such holder would have received if such holder owned a number of shares of our common stock equal to the maximum settlement rate on the record date for such cash dividend or distribution.

Any adjustment made pursuant to this clause (d) will become effective immediately after the close of business on the record date for such dividend or distribution. In the event that any dividend or distribution described in this clause (d) is not so made, each fixed settlement rate will be readjusted, effective as of the date our board of directors (or a committee thereof) publicly announces its decision not to pay such dividend or distribution, to such fixed settlement rate which would then be in effect if such dividend or distribution had not been declared. We will not make any such dividend or distribution on shares of common stock held in treasury.

(e) If we or any of our subsidiaries successfully complete a tender or exchange offer pursuant to a Schedule TO or registration statement on Form S-4 for our common stock (other than an odd-lot tender offer), where the cash and the value of any other consideration included in the payment per share of our common stock validly tendered or exchanged exceeds the average of the closing prices per share of our common stock for the 10 consecutive trading day period (the "averaging period") commencing on, and including, the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "expiration date"), then each fixed settlement rate will be adjusted based on the following formula:

$$SR_1 = SR_0 \times \frac{(AC + (SP \times OS_1))}{(SP \times OS_0)}$$

where,

SR_0 = the fixed settlement rate in effect immediately prior to the close of business on the expiration date;

SR_1 = the fixed settlement rate in effect immediately after the close of business on the expiration date;

AC = the aggregate value of all cash and the fair market value (as determined by our board of directors, or a committee thereof) on the expiration date of any other consideration paid or payable for shares of common stock acquired pursuant to such tender offer or exchange offer;

OS_1 = the number of shares of our common stock outstanding immediately after the expiration date, after giving effect to the purchase of all shares accepted for purchase or exchange in such tender or exchange offer;

OS_0 = the number of shares of our common stock outstanding immediately prior to the expiration date, prior to giving effect to the purchase of any shares accepted for purchase or exchange in such tender or exchange offer; and

SP = the average of the closing prices per share of our common stock over the averaging period.

Any adjustment made pursuant to this clause (e) will be calculated at the close of business on the last trading day of the averaging period, but will be given effect immediately after the close of business on the expiration date. Because we will make the adjustment to each fixed settlement rate with retroactive effect, we will delay any settlement of a Unit or separate purchase contract where any date for determining the number of shares of our common stock issuable to a holder occurs during the averaging period until the second business day after the last day of the averaging period. In the event that we are, or one of our subsidiaries is, obligated to purchase shares of our common stock pursuant to any such tender or exchange offer, but we are, or such subsidiary is, permanently prevented by applicable law from effecting any such purchases, or all such purchases are rescinded, then each fixed settlement rate will be readjusted to be such fixed settlement rate that would then be in effect if such tender or exchange offer had not been made.

To the extent that we have a rights plan in effect with respect to our common stock on any date for determining the number of shares of our common stock issuable to a holder, you will receive, in addition to our common stock, the rights under the rights plan, unless, prior to such determination date, the rights have separated from our common stock, in which case each fixed settlement rate will be adjusted at the time of separation as if we made a distribution to all holders of our common stock as described in clause (c)(1) above, subject to readjustment in the event of the expiration, termination or redemption of such rights.

For purposes of this "—Adjustments to the Fixed Settlement Rates" section, "trading day" means a day on which:

- trading in our common stock (or other security for which a closing sale price must be determined) generally occurs on the relevant stock exchange, or, if our common stock (or such other security) is not then listed on a relevant stock exchange, on the principal other market on which our common stock (or such other security) is then listed or admitted for trading; and
- a closing price per share for our common stock (or closing sale price for such other security) is available on such securities exchange or market.

If our common stock (or such other security) is not so listed or traded, "trading day" means a "business day."

In addition, subject to applicable law and the applicable listing standards of Nasdaq (or any other securities exchange where our common stock is listed) and in accordance with the provisions of the purchase contract agreement, we may make such increases in each fixed settlement rate as we determine to be in our best interests or we deem advisable. We may also (but are not required to) increase each fixed settlement rate in order to avoid or diminish any income tax to holders of our common stock resulting from any dividend or distribution of shares of our common stock (or issuance of rights, options, or warrants to acquire shares of our common stock) or from any event treated as such for income tax purposes or for any other reason. We may only make such a discretionary adjustment if we make the same proportionate adjustment to each fixed settlement rate.

You might be treated as receiving a constructive distribution from us if (i) the fixed settlement rates are adjusted and as a result of such adjustment your proportionate interest in our assets or earnings and profits is increased and (ii) the adjustment is not made pursuant to a bona fide, reasonable anti-dilution formula. An adjustment in the fixed settlement rates would not be considered made pursuant to such a formula if the adjustment were made to compensate you for taxable distributions with respect to our common stock. Certain of the other possible settlement rate adjustments (including, without limitation, adjustments as discussed in "Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change") may not qualify as being pursuant to a bona fide reasonable adjustment formula. Thus, under certain circumstances, an increase in the fixed settlement rates might give rise to a constructive distribution to you even though you would not receive any cash related thereto. In addition, in certain situations, you might be treated as receiving a constructive distribution if we fail to adjust the fixed settlement rates. Any constructive distribution will be taxable as a dividend, return of capital, or capital gain in accordance with the earnings and profits rules described below in "Material U.S. Federal Income Tax Consequences—U.S. Holders—Common Stock Acquired under a Purchase Contract—Distributions" and "Material U.S. Federal Income Tax Consequences—Non-U.S. Holders—United States Federal Income Tax." If you are a "non-U.S. holder" (as defined in "Material U.S. Federal Income Tax Consequences—Non-U.S. Holders"), a deemed dividend may be subject to United States federal withholding tax (currently at a 30% rate, or such lower rate as may be specified by an applicable income tax treaty), which may be withheld from shares of common stock or sales proceeds subsequently paid or credited to you. It is possible that United States federal withholding tax on deemed dividends would be withheld from any interest or other amounts paid to a non-U.S. holder or set off against other assets of the non-U.S. holder. See "Material U.S. Federal Income Tax Consequences—Non-U.S. Holders—United States Federal Withholding Tax."

Adjustments to each fixed settlement rate will be calculated to the nearest 1/10,000th of a share. No adjustment in the fixed settlement rates will be required unless the adjustment would require an increase or decrease of at least one percent. If any adjustment is not required to be made because it would not change the fixed settlement rates by at least one percent, then the adjustment will be carried forward and taken into account in any subsequent adjustment; *provided* that, on any date for determining the number of shares of our common stock issuable to a holder, adjustments to the fixed settlement rates will be made with respect to any such adjustment carried forward and which has not been taken into account before such determination date.

The fixed settlement rates will only be adjusted as set forth above and will not be adjusted:

- upon the issuance of any common stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on our securities and the investment of additional optional amounts in common stock under any plan;
- upon the issuance of any common stock or rights, options, restricted stock units, warrants, or similar securities to purchase those shares pursuant to any present or future employee, director, or consultant benefit or incentive plan or program of or assumed by us or any of our subsidiaries;
- upon the repurchase of any shares of our common stock pursuant to an open market share repurchase program or other buy-back transaction, including structured or derivative transactions, that is not a tender offer or exchange offer of the nature described in clause (e) above;
- for the sale or issuance of shares of our common stock, or securities convertible into or exercisable for shares of our common stock, for cash, including at a price per share less than the fair market value thereof or otherwise or in an acquisition, except as described in one of clauses (a) through (e) above;
- for a third-party tender offer;
- upon the issuance of any common stock pursuant to any option, warrant, right or exercisable, exchangeable, or convertible security outstanding as of the date the Units were first issued;
- solely for a change in, or elimination of, the par value of our common stock; or
- for any other issuance of shares of our common stock or any securities convertible into or exchangeable for shares of our common stock or the right to purchase shares of our common stock or such convertible or exchangeable securities, except as described above.

Whenever the fixed settlement rates are adjusted, we will deliver to the purchase contract agent a certificate setting forth in reasonable detail the method by which the adjustment to each fixed settlement rate was determined and setting forth each adjusted fixed settlement rate. In addition, we will, within five business days of any event requiring such adjustment, provide or cause to be provided written notice of the adjustment to the holders of the Units and separate purchase contracts and describe in reasonable detail the method by which each fixed settlement rate was adjusted.

We will adjust the fundamental change early settlement rates at the time we adjust the fixed settlement rates. For the avoidance of doubt, if we make an adjustment to the fixed settlement rates, it will result in a corresponding adjustment to the early settlement rate and the early mandatory settlement rate. For the further avoidance of doubt, if we make an adjustment to the fixed settlement rates, no separate inversely proportionate adjustment will be made either to (i) the threshold appreciation price because it is equal to $50.00 divided by the minimum settlement rate as adjusted in the manner described herein (rounded to the nearest $0.0001) or (ii) the reference price because it is equal to $50.00 divided by the maximum settlement rate as adjusted in the manner described herein (rounded to the nearest $0.0001).

Whenever the terms of the purchase contracts require us to calculate closing prices, the daily VWAPs or any other prices or amounts over a span of multiple days (including, without limitation, the applicable market value or the “stock price”), we will make appropriate adjustments, if any, to each to account for any adjustment to the fixed settlement rates if the related record date, ex-date, effective date or expiration date occurs during the period in which the closing prices, the daily VWAPs or such other prices or amounts are to be calculated.

Recapitalizations, Reclassifications, and Changes of our Common Stock

In the event of:

- any consolidation or merger of us with or into another person (other than a merger or consolidation in which we are the continuing or surviving corporation and in which the shares of our common stock outstanding immediately prior to the merger or consolidation are not exchanged for cash, securities, or other property of us or another person);
- any direct or indirect sale, lease, assignment, transfer, or conveyance of all or substantially all of our consolidated property or assets;
- any reclassification of our common stock into securities, including securities other than our common stock (other than changes in par value or resulting from a subdivision or combination); or
- any statutory exchange of our securities with another person (other than in connection with a merger or acquisition);

in each case, as a result of which our common stock would be converted into, or exchanged for, securities, cash or other property (each, a "reorganization event"), each purchase contract outstanding immediately prior to such reorganization event will, without the consent of the holders of the purchase contracts, become a contract to purchase the kind of securities, cash and/or other property that a holder of common stock would have been entitled to receive in connection with such reorganization event (such securities, cash and other property, the "exchange property" with each unit of exchange property being the kind and amount of exchange property that a holder of one subordinate voting share would have received in such reorganization event) and, prior to or at the effective time of such reorganization event, we or the successor or purchasing person, as the case may be, shall execute with the purchase contract agent and the trustee a supplemental agreement pursuant to the purchase contract agreement and the purchase contracts to provide for such change in the right to settle the purchase contracts.

For purposes of the foregoing, the type and amount of exchange property in the case of any reorganization event that causes our common stock to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election) will be deemed to be the weighted average of the types and amounts of consideration actually received by the holders of our common stock.

The number of units of exchange property we will deliver for each purchase contract settled following the effective date of such reorganization event will be equal to the number of shares of our common stock we would otherwise be required to deliver as determined by the fixed settlement rates then in effect on the applicable determination date, or such other settlement rates as provided herein (without interest thereon and without any right to dividends or distributions thereon which have a record date prior to the applicable determination date). Each fixed settlement rate will be determined using the applicable market value of a unit of exchange property that a holder of one share of our common stock would have received in such reorganization event, and such value will be determined:

- in the case of any publicly traded securities that comprise all or part of the exchange property, based on the daily VWAP of such securities;
- in the case of any cash that comprises all or part of the exchange property, based on the amount of such cash; and
- in the case of any other property that comprises all or part of the exchange property, based on the value of such property, as determined by a nationally recognized independent investment banking firm retained by us for this purpose.

In addition, if the exchange property in respect of any reorganization event includes, in whole or in part, securities of another entity, we shall amend the terms of the purchase contract agreement and the purchase contracts, without the consent of holders thereof, to: (x) provide for anti-dilution and other adjustments that shall

be as nearly equivalent as practicable, as determined by the officer executing such amendment, to the adjustments described above under the heading "—Adjustments to the Fixed Settlement Rates"; and (y) otherwise modify the terms of the purchase contract agreement and the purchase contracts to reflect the substitution of the applicable exchange property for our common stock (or other exchange property then underlying the purchase contracts). In establishing such anti-dilution and other adjustments referenced in the immediately preceding sentence, such officer shall act in a commercially reasonable manner and in good faith.

Fractional Shares

No fractional shares of our common stock will be issued to holders upon settlement of the purchase contracts. In lieu of fractional shares otherwise issuable, holders will be entitled to receive an amount in cash equal to the fraction of a share of our common stock, calculated on an aggregate basis in respect of the purchase contracts being settled (provided that, so long as the Units are in global form, we may elect to aggregate Units for purposes of these calculations on any basis permitted by the applicable procedures of DTC), *multiplied by* the daily VWAP of our common stock on the trading day immediately preceding the mandatory settlement date, early settlement date, fundamental change early settlement date or early mandatory settlement date, as the case may be.

Legal Holidays

In any case where the mandatory settlement date, early settlement date, fundamental change early settlement date or early mandatory settlement date, as the case may be, shall not be a business day, notwithstanding any term to the contrary in the purchase contract agreement or purchase contract, the settlement of the purchase contracts shall not be effected on such date, but instead shall be effected on the next succeeding business day with the same force and effect as if made on such settlement date, and no interest or other amounts shall accrue or be payable by us or to any holder in respect of such delay.

Consequences of Bankruptcy

Pursuant to the terms of the purchase contract agreement, the mandatory settlement date for each purchase contract, whether held separately or as part of a Unit, will automatically accelerate upon the occurrence of specified events of bankruptcy, insolvency, or reorganization with respect to us. Pursuant to the terms of the purchase contract agreement, upon acceleration, holders will be entitled under the terms of the purchase contracts to receive a number of shares of our common stock per purchase contract based on the applicable settlement rate to be determined as described under "—Delivery of Common Stock," with the effective date of such bankruptcy, insolvency or reorganization event as the mandatory settlement date. If for any reason the accelerated purchase contracts are not settled by the delivery of our common stock (for example, a bankruptcy court may prevent us from delivering our common stock in settlement of the accelerated purchase contracts), a holder may have a damage claim against us for the value of the common stock that we would have otherwise been required to deliver upon settlement of the purchase contracts. We expect that any such damage claim that holders have against us following such acceleration would rank equally with the claims of holders of our common stock in the relevant bankruptcy proceeding. As such, to the extent we fail to deliver common stock to you upon such an acceleration, you will only be able to recover damages to the extent holders of our common stock receive any recovery.

Modification

The purchase contract agreement will contain provisions permitting us, the purchase contract agent and the trustee to modify the purchase contract agreement or the purchase contracts without the consent of the holders of purchase contracts (whether held separately or as a component of Units) for any of the following purposes:

- to evidence the succession of another person to us, and the assumption by any such successor of the covenants and obligations of ours in the purchase contract agreement and the units and separate purchase contracts, if any;

- to add to the covenants for the benefit of holders of purchase contracts or to surrender any of our rights or powers under the agreement;
- to evidence and provide for the acceptance of appointment of a successor purchase contract agent;
- upon the occurrence of a reorganization event, solely: (i) to provide that each purchase contract will become a contract to purchase exchange property; and (ii) to effect the related changes to the terms of the purchase contracts, in each case, as required by the applicable provisions of the purchase contract agreement;
- to conform the provisions of the purchase contract agreement to the "Description of the Purchase Contracts" and "Description of the Units" sections in the preliminary prospectus, as supplemented by the related pricing term sheet;
- to cure any ambiguity or manifest error or to correct or supplement any provisions that may be inconsistent; and
- to make any other provisions with respect to such matters or questions, so long as such action does not adversely affect the interest of the holders.

The purchase contract agreement will contain provisions permitting us, the purchase contract agent and the trustee, with the consent of the holders of not less than a majority of the purchase contracts at the time outstanding, to modify the terms of the purchase contracts or the purchase contract agreement. However, no such modification may, without the consent of the holder of each outstanding purchase contract affected by the modification,

- reduce the number of shares of common stock deliverable upon settlement of the purchase contract (except to the extent expressly provided in the anti-dilution adjustments);
- change the mandatory settlement date, or adversely modify the right to settle purchase contracts early or the fundamental change early settlement right;
- impair the right to institute suit for the enforcement of the purchase contracts; or
- reduce the above-stated percentage of outstanding purchase contracts the consent of the holders of which is required for the modification or amendment of the provisions of the purchase contracts or the purchase contract agreement.

In executing any supplement, modification or amendment to the purchase contract agreement, the purchase contract agent and trustee shall be provided an officer's certificate and an opinion of counsel stating that the execution of such supplemental agreement is authorized or permitted by the purchase contract agreement, and that any and all conditions precedent to the execution and delivery of such supplemental agreement have been satisfied.

Consolidation, Merger, Conveyance, Transfer, or Lease

The purchase contract agreement will provide that we will not consolidate or merge with or into any other entity, or sell, transfer, lease, or otherwise convey its properties and assets as an entirety or substantially as an entirety to any entity, unless:

- (i) it is the continuing entity (in the case of a merger), or (ii) if it is not the continuing entity, the successor entity formed by such consolidation or into which it is merged or which acquires by sale, transfer, lease, or other conveyance of its properties and assets, as an entirety or substantially as an entirety, is a corporation organized and existing under the laws of the United States of America or any State thereof, the District of Columbia or any territory thereof, and expressly assumes, by a supplement to the purchase contract agreement, all our obligations under the purchase contract agreement; and

- immediately after giving effect to the transaction, no event of default, and no event which after notice or lapse of time or both would become an event of default under the purchase contract agreement or the purchase contracts, has or will have occurred and be continuing.

Although there is a limited body of case law interpreting the phrase "substantially as an entirety," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of our properties and assets "substantially as an entirety." As a result, it may be unclear as to whether the foregoing restrictions on mergers, consolidations, sales, conveyances, transfers, leases and other dispositions would apply to a particular transaction as described above absent a decision by a court of competent jurisdiction.

Reservation of Common Stock

We will at all times reserve and keep available out of our authorized and unissued common stock, solely for issuance upon settlement of the purchase contracts, the number of shares of common stock that would be issuable upon the settlement of all purchase contracts then outstanding, assuming settlement at the maximum settlement rate.

Governing Law

The purchase contract agreement, the Units, and the purchase contracts will be governed by, and construed in accordance with, the laws of the State of New York.

Waiver of Jury Trial

The purchase contract agreement will provide that we, the purchase contract agent and the trustee will waive their respective rights to trial by jury in any action or proceeding arising out of or related to the purchase contracts, the purchase contract agreement, or the transactions contemplated thereby, to the maximum extent permitted by law. Such waiver of a jury trial will not serve as a waiver by any parties of any rights for claims made under the U.S. federal securities laws. In addition, investors cannot waive the Company's compliance with the U.S. federal securities laws and the rules and regulations promulgated thereunder.

Information Concerning the Purchase Contract Agent

U.S. Bank Trust Company, National Association will be the purchase contract agent. The purchase contract agent will act as the agent for the holders of Units and separate purchase contracts from time to time but shall have no fiduciary relationship to the holder of the Units or any other party. The purchase contract agreement will not obligate the purchase contract agent to exercise any discretionary actions in connection with a default under the terms of the purchase contracts or the purchase contract agreement.

The purchase contract agreement will contain provisions limiting the liability of the purchase contract agent. The purchase contract agreement will contain provisions under which the purchase contract agent may resign or be replaced. This resignation or replacement would be effective upon the acceptance of appointment by a successor purchase contract agent.

Calculations in Respect of Purchase Contracts

We will be responsible for making all calculations called for under the Units and any separate purchase contracts. The purchase contract agent will have no obligation to make, review, or verify any such calculations. All such calculations made by us will be made in good faith and, absent manifest error, will be final and binding on the purchase contract agent and the holders of the Units and any separate purchase contracts. We will provide a schedule of such calculations to the purchase contract agent and the purchase contract agent will be entitled to conclusively rely upon the accuracy of such calculations without independent verification.

DESCRIPTION OF THE AMORTIZING NOTES

The amortizing notes will be issued by us pursuant to an indenture, between us, as issuer, and U.S. Bank Trust Company, National Association, as trustee, and a related supplemental indenture, between us, as issuer, and U.S. Bank Trust Company, National Association, as trustee, the paying agent and the security registrar, each to be dated the date of first issuance of the Units, under which the amortizing notes will be issued (collectively referred to herein as the "indenture").

The following summary of the terms of the amortizing notes contains a description of certain terms of the amortizing notes but is not complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the indenture, including the definitions in the indenture of certain terms. We refer you to the form of indenture, which has been filed as an exhibit to the registration statement of which this prospectus forms a part. See "Where You Can Find More Information."

As used in this section, the terms "BrightSpring," the "Company," "us," "we," or "our" refer to BrightSpring Health Services, Inc. and not any of its subsidiaries or affiliates.

General

The amortizing notes will be issued as a separate series of senior debt securities under the indenture. The amortizing notes will be issued by us in an aggregate initial principal amount of $69,294,400 (or $79,688,560 if the underwriters exercise their option to purchase additional Units in full). The final installment payment date will be February 1, 2027. We may not redeem the amortizing notes, and no sinking fund is provided for the amortizing notes.

Each amortizing note will initially form a part of a Unit. Each Unit may be separated by a holder into its constituent purchase contract and amortizing note on any business day during the period beginning on, and including, the business day immediately following the date of initial issuance of the Units to, but excluding, the second scheduled trading day immediately preceding February 1, 2027 or, if earlier, the second scheduled trading day immediately preceding any "early mandatory settlement date" and also excluding the business day immediately preceding any installment payment date (*provided* that the right to separate the Units shall resume after such business day). Following such separation, amortizing notes may be transferred separately from purchasing contracts.

Amortizing notes may only be issued in certificated form in exchange for a global security under the circumstances described under "Book-Entry Procedures and Settlement." In the event that amortizing notes are issued in certificated form, such amortizing notes may be transferred or exchanged at the offices described below.

Payments on amortizing notes issued as a global security will be made to DTC, or a successor depositary. In the event amortizing notes are issued in certificated form, installment payments will be made at the corporate trust office of the trustee. Installment payments on certificated amortizing notes may be made at our option by check mailed to the address of the persons entitled thereto. See "Book-Entry Procedures and Settlement."

The amortizing notes will not be guaranteed by any of our subsidiaries.

There are no covenants or provisions in the indenture that would afford the holders of the amortizing notes protection in the event of a highly leveraged transaction, reorganization, restructuring, merger or similar transaction involving us that may adversely affect such holders, except to the extent set forth under "—Consolidation, Merger, Conveyance, Transfer, or Lease."

The indenture does not limit the aggregate principal amount of indebtedness that may be issued thereunder and provides that debt securities may be issued thereunder from time to time in one or more series.

Ranking

The amortizing notes will be our general unsecured senior obligations and will rank equally in right of payment with all of our other existing and future unsecured senior indebtedness. The amortizing notes will rank senior to all of our existing and future indebtedness, if any, that is subordinated to the amortizing notes. The amortizing notes will be effectively subordinated to any of our secured indebtedness to the extent of the collateral securing that indebtedness. The amortizing notes are not guaranteed by any of our subsidiaries and will be structurally subordinated to all existing and future indebtedness and other liabilities of our subsidiaries. As of September 30, 2023, our subsidiaries had approximately $2,916.9 million outstanding under the First Lien Term Loan Facility and approximately $450.0 million outstanding under the Second Lien Facility. As of September 30, 2023, our subsidiaries had $173.1 million outstanding under the Revolving Credit Facility, with an available borrowing capacity under the Revolving Credit Facility of approximately $296.4 (after giving effect to $5.5 million of letters of credit in excess of the letters of credit outstanding under the LC Facility), and $54.3 million of letters of credit outstanding under the LC Facility.

The amortizing notes are our obligations exclusively, and are not the obligations of any of our subsidiaries. Our operations are conducted through our subsidiaries and our ability to pay dividends and meet our debt and other obligations depends on cash flows from our subsidiaries and, in the short term, our ability to raise capital from external sources. In the long term, cash flows from our subsidiaries depend on their ability to generate operating cash flows in excess of their own expenditures, common and preferred stock dividends (if any), and debt or other obligations. Our subsidiaries are separate and distinct legal entities that are not obligated to pay dividends or make loans or distributions to us (whether to enable us to pay dividends on its common stock, to pay principal and interest on our debt, to settle, repurchase, or redeem our debt (including the amortizing notes) or other securities (including the purchase contracts), or to satisfy our other obligations). In addition, certain of our subsidiaries are limited in their ability to pay dividends or make loans or distributions to us, including, without limitation, as a result of legislation, regulation, court order, contractual restrictions and other restrictions or in times of financial distress. As a result, we may not be able to cause our subsidiaries to distribute funds or provide loans sufficient to enable us to pay dividends and meet our debt and other obligations. See “Risk Factors—Risks Related to the Units, the Separate Purchase Contracts, the Separate Amortizing Notes and Our Common Stock— Our ability to meet our debt obligations depends on the performance of our subsidiaries and the ability to utilize the cash flows from our subsidiaries.”

Installment Payments

Each amortizing note will have an initial principal amount of $8.6618. On each February 1, May 1, August 1 and November 1, commencing on May 1, 2024 (each, an “installment payment date”), we will pay, in cash, equal quarterly installments of $0.8438 on each amortizing note (except for the May 1, 2024 installment payment, which will be $0.8531 per amortizing note). Each installment payment will constitute a payment of interest (at a rate of 10.00% per annum) and a partial repayment of principal on the amortizing note, allocated as set forth on the amortization schedule set forth under “— Amortization Schedule.”

Installments will be paid to the person in whose name an amortizing note is registered as of 5:00 p.m., New York City time, on January 15, April 15, July 15, and October 15, as applicable.

Each installment payment for any period will be computed on the basis of a 360-day year of twelve 30-day months. The installment payable for any period shorter or longer than a full installment payment period will be computed on the basis of the actual number of days elapsed per 30-day month. In the event that any date on which an installment is payable is not a business day, then payment of the installment on such date will be made on the next succeeding day that is a business day, and without any interest or other payment in respect of any such delay.

Amortization Schedule

The total installments of principal of and interest on the amortizing notes for each installment payment date are set forth below:

Scheduled Installment Payment Date	Amount of Principal	Amount of Interest
May 1, 2024	$0.6341	$0.2190
August 1, 2024	$0.6431	$0.2007
November 1, 2024	$0.6591	$0.1846
February 1, 2025	$0.6756	$0.1681
May 1, 2025	$0.6925	$0.1512
August 1, 2025	$0.7098	$0.1339
November 1, 2025	$0.7276	$0.1162
February 1, 2026	$0.7458	$0.0980
May 1, 2026	$0.7644	$0.0794
August 1, 2026	$0.7835	$0.0602
November 1, 2026	$0.8031	$0.0407
February 1, 2027	$0.8232	$0.0206

Repurchase of Amortizing Notes at the Option of the Holder

If we elect to exercise our early mandatory settlement right with respect to the purchase contracts, then holders of the amortizing notes (whether as components of Units or separate amortizing notes) will have the right (the "repurchase right") to require us to repurchase some or all of their amortizing notes for cash at the repurchase price per amortizing note to be repurchased on the repurchase date, as described below. Holders may not require us to repurchase a portion of an amortizing note. Holders will not have the right to require us to repurchase any or all of such holder's amortizing notes in connection with any early settlement of such holder's purchase contracts at the holder's option, as described above under "Description of the Purchase Contracts— Early Settlement" and "Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change."

The "repurchase date" will be a date specified by us in the early mandatory settlement notice, which will be at least 20 but not more than 35 business days following the date of our early mandatory settlement notice as described under "Description of the Purchase Contracts—Early Mandatory Settlement at Our Election" (and which may or may not fall on the early mandatory settlement date).

The "repurchase price" per amortizing note to be repurchased will be equal to the principal amount of such amortizing note as of the repurchase date, plus accrued and unpaid interest on such principal amount from, and including, the immediately preceding installment payment date to, but not including, the repurchase date, calculated at an annual rate of 10.00%; *provided* that, if the repurchase date falls after a regular record date for any installment payment and on or prior to the immediately succeeding installment payment date, the installment payment payable on such installment payment date will be paid on such installment payment date to the holder as of such regular record date and will not be included in the repurchase price per amortizing note.

To exercise your repurchase right, you must deliver, on or before 5:00 p.m., New York City time, on the business day immediately preceding the repurchase date, the amortizing notes to be repurchased (or the Units, if the early mandatory settlement date occurs on or after the repurchase date and you have not separated your Units into their constituent components), together with a duly completed written repurchase notice in the form entitled "Form of Repurchase Notice" on the reverse side of the amortizing notes (a "repurchase notice"), in each case, in accordance with appropriate DTC procedures, unless you hold certificated amortizing notes (or Units), in which

case you must deliver the amortizing notes to be repurchased (or Units), duly endorsed for transfer, together with a repurchase notice, to the paying agent. Your repurchase notice must state:

- if certificated amortizing notes (or Units) have been issued, the certificate numbers of the amortizing notes (or Units), or if not certificated, your repurchase notice must comply with appropriate DTC procedures;
- the number of amortizing notes to be repurchased; and
- that the amortizing notes are to be repurchased by us pursuant to the applicable provisions of the amortizing notes and the indenture.

You may withdraw any repurchase notice (in whole or in part) by a written, irrevocable notice of withdrawal delivered (in the case of an amortizing note in global form, in accordance with the appropriate DTC procedures) on or before 5:00 p.m., New York City time, on the business day immediately preceding the repurchase date. The notice of withdrawal must state:

- if certificated amortizing notes (or Units) have been issued, the certificate numbers of the withdrawn amortizing notes (or Units), or if not certificated, your notice must comply with appropriate DTC procedures;
- the number of the withdrawn amortizing notes; and
- the number of amortizing notes, if any, that remain subject to the repurchase notice.

We will be required to repurchase the amortizing notes on the repurchase date. You will receive payment of the repurchase price on the later of (i) the repurchase date and (ii) the time of book-entry transfer or the delivery of the amortizing notes. If the trustee holds money sufficient to pay the repurchase price of the amortizing notes to be purchased on the repurchase date, then:

- such amortizing notes will cease to be outstanding and interest will cease to accrue (whether or not book-entry transfer of the amortizing notes is made or whether or not the amortizing notes are delivered to the trustee); and
- all other rights of the holder will terminate (other than the right to receive the repurchase price and, if the repurchase date falls between a regular record date and the corresponding installment payment date, the related installment payment).

In connection with any repurchase offer pursuant to an early mandatory settlement notice, we will, if required, comply with the provisions of the tender offer rules under the Exchange Act that may then be applicable.

No amortizing notes may be repurchased at the option of holders if the principal amount thereof has been accelerated, and such acceleration has not been rescinded, on or prior to the repurchase date (except in the case of an acceleration resulting from a default by us of the payment of the repurchase price with respect to such amortizing notes).

Events of Default

Each of the following will be an “event of default” under the indenture with respect to the amortizing notes:

(1) default in the payment of any installment payment on any amortizing notes as and when the same shall become due and payable and continuance of such failure for a period of 30 days;

(2) default in the payment of the repurchase price of any amortizing notes when the same shall become due and payable;

(3) our failure to give notice of a fundamental change as described under "Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change" when due and continuance of such failure for a period of five business days;

(4) our failure to comply with any of our other agreements or covenants in, or provisions of, the amortizing notes or the indenture and such failure continues for the period and after the notice specified below, subject to extension relating to any failure to comply with the covenant described under "—Reports" as described below; and

(5) certain events of bankruptcy or insolvency of BrightSpring, whether voluntary or not.

A default as described in clause (4) above will not be deemed an event of default until the trustee notifies us, or the holders of at least 25% in principal amount of the then outstanding amortizing notes notify us and the trustee in writing, of the default and we do not cure the default within 90 calendar days after receipt of the notice.

The notice must reference us, as issuer, the Units and the indenture and specify the default, demand that it be remedied and state that the notice is a "Notice of Default." If such a default is cured within such time period, it ceases.

If an event of default (other than an event of default described in clause (5) above) occurs and is continuing, either the trustee or the holders of not less than 25% in the principal amount of outstanding amortizing notes may, by written notice to us (and to the trustee if given by the holders), declare all amortizing notes to be due and payable immediately. Upon such declaration of acceleration, all future, scheduled installment payments on the amortizing notes will be due and payable immediately. In the case of an event of default described in clause (5) above, such amount will automatically become due and payable without any declaration, notice or other act on the part of the trustee or any holder.

At any time after a declaration of acceleration with respect to the amortizing notes has been made, but before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of a majority in principal amount of the outstanding amortizing notes, by written notice to us and the trustee, may rescind and annul such declaration and its consequences if (1) we have paid or deposited with the trustee a sum sufficient to pay (i) all overdue installments of interest on such amortizing notes, (ii) all principal of the amortizing notes which has become due otherwise than by such declaration of acceleration and any interest thereon, (iii) to the extent enforceable under applicable law, interest upon overdue installments of interest and principal, and (iv) amounts payable to the trustee and (2) all events of default, other than the non-payment of the principal with respect to the amortizing notes which have become due solely by such declaration of acceleration, have been cured or waived as provided in the indenture.

The indenture will provide that the trustee will be under no obligation to exercise any of its rights or powers under the indenture unless the trustee receives security or indemnity reasonably satisfactory to it against any loss, liability or expense. Subject to certain rights of the trustee, the holders of a majority in principal amount of the amortizing notes will have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the amortizing notes.

No holder of any amortizing notes will have any right to institute any proceeding, judicial or otherwise, with respect to the indenture or for the appointment of a receiver or trustee, or for any remedy under the indenture, unless:

- that holder has previously given to the trustee written notice of a continuing event of default with respect to the amortizing notes; and
- the holders of not less than 25% in principal amount of the outstanding amortizing notes have made written request, and offered reasonable indemnity, to the trustee to institute the proceeding as trustee,

and after receipt of such request the trustee has not received from the holders of a majority in principal amount of the amortizing notes a direction inconsistent with that request and has failed to institute the proceeding within 60 days.

Notwithstanding the foregoing, the holder of any amortizing note will have an absolute and unconditional right to receive payment of the principal of and any interest on that amortizing note on or after the due dates expressed in that amortizing note and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such holder.

The indenture will require us to furnish to the trustee upon request a statement as to compliance with the indenture. The indenture will provide that the trustee may withhold notice to the holders of the amortizing notes of any default or event of default (except in payment on any amortizing notes) with respect to the amortizing notes if it in good faith determines that withholding notice is in the interest of the holders of those amortizing notes.

Notwithstanding the foregoing, the indenture will provide that, to the extent elected by us, the sole remedy for an event of default relating to the failure to file any documents or reports that we are required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act and for any failure to comply with the requirements of Section 314(a)(1) of the Trust Indenture Act or of the covenant described below in "—Reports," will for the first 180 days after the occurrence of such an event of default consist exclusively of the right to receive additional interest, at an annual rate of 0.25% of the principal amount of the notes during the first 90 days of the occurrence of such event of default on the notes and 0.50% of the principal amount of the notes from the 91st day until the 180th day following the occurrence of such event of default on the notes. If we so elect, such additional interest will be payable on all outstanding notes commencing on the date on which an event of default relating to a failure to comply with the reporting obligations in the indenture first occurs, which will be the 90th day after notice to us of our failure to so comply. On the 180th day after such event of default (if the event of default relating to the reporting obligations is not cured or waived prior to such 180th day), the notes will be subject to acceleration as provided above. The provisions of the indenture described in this paragraph will not affect the rights of holders of notes in the event of the occurrence of any other event of default. In the event we do not elect to pay the additional interest upon an event of default in accordance with this paragraph, the notes will be subject to acceleration as provided above.

Reports

We will send to the trustee copies of all reports that we are required to file with the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act within 15 calendar days after the date that we are required to so file the same (after giving effect to any grace period provided by Rule 12b-25 under the Exchange Act). For purposes of this section, documents filed by us with the SEC via EDGAR system will be deemed to be filed with the trustee as of the time such documents are filed via EDGAR, provided, however, that the trustee shall have no obligation whatsoever to determine if such filing has occurred.

Delivery of such reports, information and documents to the trustee is for informational purposes only and the trustee's receipt of such reports, information, or documents shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including our compliance with any of our covenants under the indenture (as to which the trustee is entitled to conclusively rely exclusively on an officer's certificate).

Discharge and Defeasance of Indenture

After we have deposited with the trustee cash in trust for the benefit of the holders of the amortizing notes, sufficient to pay the portion of all future scheduled installment payments constituting the payment of principal in respect of the amortizing notes and the portion of the repurchase price constituting the principal amount of the

amortizing notes, and the portion of all future scheduled installment payments constituting the payment of interest in respect of the amortizing notes and the portion of the repurchase price constituting the accrued but unpaid interest on the amortizing notes, and satisfied certain other conditions, including (in the case of defeasance only) receipt of an opinion of counsel that holders of the amortizing notes will not recognize taxable gain or loss for United States federal income tax purposes, then:

- we will be deemed to have paid and satisfied our obligations on all outstanding amortizing notes, which is known as defeasance and discharge; or
- we will cease to be under any obligation, other than to pay when due the principal of, premium, if any, and interest on amortizing notes, which is known as covenant defeasance.

When there is a defeasance and discharge, the indenture will no longer govern the amortizing notes, we will no longer be liable for payments required by the terms of the amortizing notes, and the holders thereof will be entitled only to the deposited funds. When there is a covenant defeasance, however, we will continue to be obligated to make payments when due if the deposited funds are not sufficient.

Consolidation, Merger, Conveyance, Transfer, or Lease

The indenture will provide that BrightSpring will not consolidate or merge with or into any other entity, or sell, transfer, lease, or otherwise convey its properties and assets as an entirety or substantially as an entirety to any entity, unless:

- (i) it is the continuing entity (in the case of a merger), or (ii) if it is not the continuing entity, the successor entity formed by such consolidation or into which it is merged or which acquires by sale, transfer, lease, or other conveyance of its properties and assets, as an entirety or substantially as an entirety, is a corporation organized and existing under the laws of the United States of America or any State thereof, the District of Columbia or any territory thereof, and expressly assumes, by supplemental indenture, the due and punctual payment of the installment payments on all amortizing notes and the performance of all of the covenants under the indenture; and
- immediately after giving effect to the transaction, no event of default, and no event which after notice or lapse of time or both would become an event of default under the indenture, has or will have occurred and be continuing.

Although there is a limited body of case law interpreting the phrase "substantially as an entirety," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of our properties and assets "substantially as an entirety." As a result, it may be unclear as to whether the foregoing restrictions on mergers, consolidations, sales, conveyances, transfers, leases, and other dispositions would apply to a particular transaction as described above absent a decision by a court of competent jurisdiction.

Subject to certain limitations, the successor company will succeed to, and be substituted for, us under the indenture and the amortizing notes.

We will be released from our obligations under the indenture and the successor company will succeed to, and be substituted for, and may exercise every right and power of, us under the indenture and the amortizing notes; *provided* that, in the case of a lease of all or substantially all its assets, we will not be released from the obligation to pay the installment payments on the amortizing notes.

Modifications and Amendments

We and the trustee may amend or supplement the indenture or the amortizing notes without notice to or the consent of any holder to:

- cure any ambiguity, omission, defect, or inconsistency in the indenture;

- provide for the assumption by a successor corporation as set forth in "—Consolidation, Merger, Conveyance, Transfer, or Lease";
- comply with any requirements of the SEC in connection with the qualification of the indenture under the Trust Indenture Act;
- evidence and provide for the acceptance of appointment with respect to the amortizing notes by a successor trustee in accordance with the indenture, and add or change any of the provisions of the indenture as shall be necessary to provide for or facilitate the administration of the trusts under the indenture by more than one trustee;
- secure the amortizing notes;
- add guarantees with respect to the amortizing notes;
- add covenants or events of default for the benefit of the holders or surrender any right or power conferred upon us;
- make any change that does not adversely affect the rights of any holder in any material respect; and
- conform the provisions of the indenture or the amortizing notes to any provision of the "Description of the Amortizing Notes" section in the preliminary prospectus for this Units offering, as supplemented and/or amended by the related pricing term sheet.

In addition, without prior notice to any holders, we and the trustee may modify and amend the indenture or the amortizing notes with the consent of the holders of at least a majority in principal amount of the outstanding amortizing notes, and the holders of a majority in principal amount of the outstanding amortizing notes by notice to the trustee may waive future compliance by us with any provision of the indenture or the amortizing notes. However without the consent of each holder affected thereby, an amendment or waiver may not:

- change any installment payment date or reduce the amount owed on any installment payment date;
- reduce the repurchase price or amend or modify in any manner adverse to the holders of the amortizing notes our obligation to make such payment;
- reduce the percentage in principal amount of amortizing notes whose holders must consent to an amendment of the indenture;
- make any change in the amendment provisions that require each holder's consent or in the waiver provisions of the indenture; or
- impair the right of any holder to receive payment of principal and interest on such holder's amortizing notes on or after the due dates therefor or the right to institute suit for the enforcement of any such payment on or after the due dates therefor.

Information Concerning the Trustee

U.S. Bank Trust Company, National Association will be the trustee. Initially, U.S. Bank Trust Company, National Association will also act as the paying agent, custodian, and the registrar for the notes.

Governing Law

The indenture and the amortizing notes will be governed by, and construed in accordance with, the laws of the State of New York.

Waiver of Jury Trial

The indenture will provide that we and the trustee will waive our respective rights to trial by jury in any action or proceeding arising out of or related to the amortizing notes, the indenture, or the transactions

contemplated thereby, to the maximum extent permitted by law. Such waiver of a jury trial will not serve as a waiver by any parties of any rights for claims made under the U.S. federal securities laws. In addition, investors cannot waive the Company's compliance with the U.S. federal securities laws and the rules and regulations promulgated thereunder.

DESCRIPTION OF CAPITAL STOCK

The following is a description of the material terms of, and is qualified in its entirety by, our second amended and restated certificate of incorporation and amended and restated bylaws, each of which will be in effect upon the consummation of the Concurrent Offering, the forms of which are filed as exhibits to the registration statement of which this prospectus is a part.

Our purpose is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the DGCL. Upon consummation of the Concurrent Offering, our authorized capital stock will consist of 1,500,000,000 shares of common stock, par value $0.01 per share, and 250,000,000 shares of preferred stock. Immediately following the completion of the Concurrent Offering, there are expected to be outstanding 171,190,389 shares of common stock (or 179,190,389 shares if the underwriters exercise in full their over-allotment option).

Common Stock

Holders of shares of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. The holders of our common stock vote to elect our directors by a plurality of the votes cast. On all other matters other than those specified in our second amended and restated certificate of incorporation and amended and restated by-laws, where a $66^{2}/_{3}\%$ vote of the then outstanding shares of our common stock is required, the affirmative vote of a majority in voting power of shares present at a meeting of the holders of our common stock is required.

Holders of shares of our common stock are entitled to receive dividends when and if declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Upon our dissolution or liquidation or the sale of all or substantially all of our assets, after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of our common stock will be entitled to receive our remaining assets available for distribution.

Holders of shares of our common stock do not have preemptive, subscription or conversion rights. There are no redemption or sinking fund provisions applicable to our common stock.

Preferred Stock

We do not currently have any preferred stock outstanding. However, our second amended and restated certificate of incorporation will authorize our board of directors to establish one or more series of preferred stock (including convertible preferred stock). Unless required by law or by Nasdaq, the authorized shares of preferred stock will be available for issuance without further action by our stockholders. Our board of directors will be able to determine, with respect to any series of preferred stock, the terms and rights of that series, including, without limitation:

1) the designation of the series;

2) the number of shares of the series, which our board of directors may, except where otherwise provided in the preferred stock designation, increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of such series then outstanding);

3) the amounts payable on shares of the series in the event of any dissolution, liquidation or winding up of the affairs of the Company; and

4) the voting rights, if any, of the holders of the series.

We will be able to issue a series of preferred stock that could, depending on the terms of the series, impede or discourage an acquisition attempt or other transaction that some, or a majority, of the holders of our common stock might believe to be in their best interests or in which the holders of our common stock might receive a premium for their common stock over the market price of the common stock. In addition, the issuance of preferred stock may adversely affect the holders of our common stock by restricting the payment of dividends on the common stock, diluting the voting power of the common stock or subordinating the rights of the common stock to any payment upon a liquidation, dissolution or winding up of the Company or other event. The issuance of preferred stock could have the effect of delaying, deferring, impeding, or preventing a change of control, or other corporate action. As a result of these or other factors, the issuance of shares of one or more series of our preferred stock may have an adverse impact on the market price of our common stock.

Dividends

The DGCL permits a corporation to declare and pay dividends out of "surplus" or, if there is no "surplus," out of its net profits for the year in which the dividend is declared and/or the preceding year. "Surplus" is defined as the excess of the net assets of the corporation over the amount determined to be the capital of the corporation by the board of directors. The capital of the corporation is typically calculated to be (and cannot be less than) the aggregate par value of all issued shares of capital stock having a par value. Net assets equal the fair value of the total assets minus total liabilities. The DGCL also provides that dividends may not be paid out of net profits if, after the payment of the dividend, the capital of the corporation is less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets.

Declaration and payment of any dividend will be subject to the discretion of our board of directors. The time and amount of dividends will be dependent upon our financial condition, operations, cash requirements and availability, debt repayment obligations, capital expenditure needs and restrictions in our debt instruments, industry trends, the provisions of Delaware law affecting the payment of dividends to stockholders, and any other factors our board of directors may consider relevant.

Anti-Takeover Effects of Our Second Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws and Certain Provisions of Delaware Law

Our second amended and restated certificate of incorporation, amended and restated bylaws, and the DGCL, which are summarized in the following paragraphs, contain provisions that are intended to enhance the likelihood of continuity and stability in the composition of our board of directors. These provisions are intended to avoid costly takeover battles, reduce our vulnerability to a hostile change of control, and enhance the ability of our board of directors to maximize stockholder value in connection with any unsolicited offer to acquire us. However, these provisions may have an anti-takeover effect and may delay, deter or prevent a merger or acquisition of the Company by means of a tender offer, a proxy contest or other takeover attempt that a stockholder might consider is in its best interest, including those attempts that might result in a premium over the prevailing market price for the shares of common stock held by stockholders.

Authorized but Unissued Capital Stock

Delaware law does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of Nasdaq, which would apply if and so long as our common stock remains listed on Nasdaq, require stockholder approval of certain issuances equal to or exceeding 20% of the then-outstanding voting power or then-outstanding number of shares of common stock. These additional shares may be used for a variety of corporate purposes, including future public offerings to raise additional capital or to facilitate acquisitions.

Our board of directors may issue shares of preferred stock on terms calculated to discourage, delay, or prevent a change of control of the Company or the removal of our management. Moreover, our authorized but

unissued shares of preferred stock will be available for future issuances without stockholder approval and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, acquisitions, or employee benefit plans.

One of the effects of the existence of unissued and unreserved common stock or preferred stock may be to enable our board of directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of the Company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive our stockholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

Classified Board of Directors

Our second amended and restated certificate of incorporation will provide that our board of directors will be divided into three classes of directors, with the classes to be as nearly equal in number as possible, and with the directors serving staggered three-year terms. As a result, approximately one-third of our board of directors will be elected each year. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of our board of directors. Our second amended and restated certificate of incorporation and amended and restated bylaws will provide that, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the total number of directors constituting our board of directors will be fixed from time to time exclusively pursuant to a resolution adopted by the board of directors.

Business Combinations

We have opted out of Section 203 of the DGCL; however, our second amended and restated certificate of incorporation will contain similar provisions providing that we may not engage in certain "business combinations" with any "interested stockholder" for a three-year period following the time that the stockholder became an interested stockholder, unless:

- prior to such time, our board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding certain shares; or
- at or subsequent to that time, the business combination is approved by our board of directors and by the affirmative vote of holders of at least $66^{2}/_{3}\%$ of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a "business combination" includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an "interested stockholder" is a person who, together with that person's affiliates and associates, owns, or within the previous three years owned, 15% or more of our outstanding voting stock. For purposes of this section only, "voting stock" has the meaning given to it in Section 203 of the DGCL.

This provision will make it more difficult for a person who would be an "interested stockholder" to effect various business combinations with the Company for a three-year period after the time at which they became an interested stockholder subject to the restrictions on business combinations. This provision may encourage companies interested in acquiring the Company to negotiate in advance with our board of directors because the restrictions on business combinations would not apply to an interested stockholder if our board of directors, prior to the time a person becomes an interested stockholder, approves either the business combination or the transaction which results in the stockholder becoming an interested stockholder. By discouraging persons from

becoming interested stockholders, these provisions may have the effect of preventing changes in our board of directors and may make it more difficult to accomplish transactions which stockholders may otherwise deem to be in their best interests.

Our second amended and restated certificate of incorporation will provide that any of KKR Stockholder, Walgreen Stockholder, and their respective affiliates and any of their respective direct or indirect transferees and any group as to which such persons are a party do not constitute "interested stockholders" for purposes of this provision.

Removal of Directors; Vacancies

Under the DGCL, unless otherwise provided in our second amended and restated certificate of incorporation, directors serving on a classified board may be removed by the stockholders only for cause. Our second amended and restated certificate of incorporation will provide that directors may be removed with or without cause upon the affirmative vote of a majority in voting power of all outstanding shares of stock entitled to vote generally in the election of directors, voting together as a single class; *provided*, *however*, at any time when KKR Stockholder, Walgreen Stockholder and their respective affiliates beneficially own, in the aggregate, less than 40% of the voting power of all outstanding shares of stock entitled to vote generally in the election of directors, directors may only be removed for cause and only by the affirmative vote of holders of at least $66^{2}/_{3}$% in voting power of all the then-outstanding shares of stock entitled to vote generally in the election of directors, voting together as a single class. In addition, our second amended and restated certificate of incorporation will also provide that, subject to the rights granted to one or more series of preferred stock then outstanding or the rights granted to KKR Stockholder and Walgreen Stockholder under the Stockholders Agreement, any vacancies on our board of directors will be filled only by the affirmative vote of a majority of the remaining directors, even if less than a quorum, by a sole remaining director or by the stockholders; *provided*, *however*, at any time when KKR Stockholder, Walgreen Stockholder and their respective affiliates beneficially own, in the aggregate, less than 40% of the voting power of all outstanding shares of stock entitled to vote generally in the election of directors, any newly created directorship on the board of directors that results from an increase in the number of directors and any vacancy occurring on the board of directors may only be filled by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director (and not by the stockholders).

No Cumulative Voting

Under Delaware law, the right to vote cumulatively does not exist unless the certificate of incorporation specifically authorizes cumulative voting. Our second amended and restated certificate of incorporation will not authorize cumulative voting. Therefore, stockholders holding a majority in voting power of the shares of our stock entitled to vote generally in the election of directors will be able to elect all of our directors who are elected by a vote of our stockholders generally.

Special Stockholder Meetings

Our second amended and restated certificate of incorporation will provide that special meetings of our stockholders may be called at any time only by or at the direction of the board of directors or the chairman of the board of directors; *provided*, *however*, that KKR Stockholder, Walgreen Stockholder, and their respective affiliates are permitted to call special meetings of our stockholders for so long as they hold, in the aggregate, at least 40% of the voting power of all outstanding shares of stock entitled to vote generally in the election of directors. Our amended and restated bylaws will prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting. These provisions may have the effect of deferring, delaying, or discouraging hostile takeovers, or changes in control or management of the Company.

Requirements for Advance Notification of Director Nominations and Stockholder Proposals

Our amended and restated bylaws will establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the

direction of the board of directors or a committee of the board of directors. In order for any matter to be "properly brought" before a meeting, a stockholder will have to comply with advance notice requirements and provide us with certain information. Generally, to be timely, a stockholder's notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the immediately preceding annual meeting of stockholders. Our amended and restated bylaws will also specify requirements as to the form and content of a stockholder's notice. Our amended and restated bylaws will allow the chairman of the meeting at a meeting of the stockholders to adopt rules and regulations for the conduct of meetings which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These notice requirements will not apply to KKR Stockholder, Walgreen Stockholder and their respective affiliates for as long as the Stockholders Agreement remains in effect. These provisions may defer, delay or discourage a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to influence or obtain control of the Company.

Stockholder Action by Written Consent

Pursuant to Section 228 of the DGCL, any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted, unless our second amended and restated certificate of incorporation provides otherwise. Our second amended and restated certificate of incorporation will preclude stockholder action by written consent once KKR Stockholder, Walgreen Stockholder, and their respective affiliates beneficially own, in the aggregate, less than 40% of the voting power of all outstanding shares of stock entitled to vote generally in the election of directors.

Supermajority Provisions

Our second amended and restated certificate of incorporation and amended and restated bylaws will provide that the board of directors is expressly authorized to make, alter, amend, change, add to, rescind, or repeal, in whole or in part, our amended and restated bylaws without a stockholder vote in any matter not inconsistent with the laws of the State of Delaware or our second amended and restated certificate of incorporation. For as long as KKR Stockholder, Walgreen Stockholder, and their respective affiliates beneficially own, in the aggregate, at least 40% of the voting power of all outstanding shares of stock entitled to vote generally in the election of directors, any amendment, alteration, change, addition, rescission, or repeal of our amended and restated bylaws by our stockholders will require the affirmative vote of a majority in voting power of the outstanding shares of our stock present in person or represented by proxy at the meeting of stockholders and entitled to vote on such amendment, alteration, change, addition, rescission, or repeal. At any time when KKR Stockholder, Walgreen Stockholder, and their respective affiliates beneficially own, in the aggregate, less than 40% of the voting power of all outstanding shares of stock entitled to vote generally in the election of directors, any amendment, alteration, change, addition, rescission, or repeal of our amended and restated bylaws by our stockholders will require the affirmative vote of the holders of at least $66^{2}/_{3}$% in voting power of all the then-outstanding shares of stock entitled to vote generally in the election of directors, voting together as a single class.

The DGCL generally provides that the affirmative vote of the holders of a majority in voting power of the outstanding shares entitled to vote thereon, voting together as a single class, is required to amend a corporation's certificate of incorporation, unless the certificate of incorporation requires a greater percentage.

Our second amended and restated certificate of incorporation will provide that once KKR Stockholder, Walgreen Stockholder and their respective affiliates beneficially own, in the aggregate, less than 40% of the voting power of all outstanding shares of stock entitled to vote generally in the election of directors, the following provisions in our second amended and restated certificate of incorporation may be amended, altered,

repealed or rescinded only by the affirmative vote of the holders of at least 66$^2/_3$% in the voting power of all outstanding shares of stock entitled to vote generally in the election of directors, voting together as a single class:

- the provision requiring a 66$^2/_3$% supermajority vote for stockholders to amend our amended and restated bylaws;
- the provisions providing for a classified board of directors (the election and term of our directors);
- the provisions regarding the total number of directors;
- the provisions regarding resignation and removal of directors;
- the provisions regarding competition and corporate opportunities;
- the provisions regarding entering into business combinations with interested stockholders;
- the provisions regarding stockholder action by written consent;
- the provisions regarding calling special meetings of stockholders;
- the provisions regarding filling vacancies on our board of directors and newly created directorships;
- the provisions eliminating monetary damages for breaches of fiduciary duty by a director or officer; and
- the amendment provision requiring that the above provisions be amended only with a 66$^2/_3$% supermajority vote.

The combination of the classification of our board of directors, the lack of cumulative voting, and the supermajority voting requirements will make it more difficult for our existing stockholders to replace our board of directors as well as for another party to obtain control of us by replacing our board of directors. Because our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management.

These supermajority provisions may have the effect of deterring hostile takeovers, delaying or preventing changes in control of our management or the Company, such as a merger, reorganization, or tender offer. These supermajority provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage certain types of transactions that may involve an actual or threatened acquisition of the Company. These supermajority provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. The supermajority provisions are also intended to discourage certain tactics that may be used in proxy fights. However, such supermajority provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our shares that could result from actual or rumored takeover attempts. Such supermajority provisions may also have the effect of preventing changes in management.

Dissenters' Rights of Appraisal and Payment

Under the DGCL, with certain exceptions, our stockholders will have appraisal rights in connection with a merger or consolidation of us. Pursuant to the DGCL, stockholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment in cash of the fair value of their shares as determined by the Delaware Court of Chancery.

Stockholders' Derivative Actions

Under the DGCL, any of our stockholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the stockholder bringing the action is a holder of our shares at the time of the transaction to which the action relates or such stockholder's stock thereafter devolved by operation of law.

Exclusive Forum

Our second amended and restated certificate of incorporation will provide, subject to limited exceptions, that unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or if such court does not have subject matter jurisdiction another state or the federal court (as appropriate) located within the State of Delaware) will, to the fullest extent permitted by law, be the sole and exclusive forum for any (i) derivative action or proceeding brought on behalf of the Company, (ii) action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer or other employee or stockholder of the Company to the Company or our stockholders, creditors, or other constituents, (iii) action asserting a claim against the Company or any current or former director or officer of the Company arising pursuant to any provision of the DGCL or our second amended and restated certificate of incorporation or our amended and restated bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (iv) action asserting a claim governed by the internal affairs doctrine.

Our second amended and restated certificate of incorporation will also provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the U.S. federal district courts will be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the federal securities laws of the United States, including any claims under the Securities Act and the Exchange Act. However, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce a duty or liability created by the Securities Act or the rules and regulations thereunder and accordingly, we cannot be certain that a court would enforce such provision. It is possible that a court could find our forum selection provisions to be inapplicable or unenforceable and, accordingly, we could be required to litigate claims in multiple jurisdictions, incur additional costs, or otherwise not receive the benefits that we expect our forum selection provisions to provide.

Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Company will be deemed to have notice of and consented to the forum provisions in our second amended and restated certificate of incorporation. Our exclusive forum provision shall not relieve the Company of its duties to comply with the federal securities laws and the rules and regulations thereunder, and our stockholders will not be deemed to have waived our compliance with these laws, rules, and regulations.

Conflicts of Interest

Delaware law permits corporations to adopt provisions renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors, or stockholders. Our second amended and restated certificate of incorporation will, to the maximum extent permitted from time to time by Delaware law, renounce any interest or expectancy that we have in, or right to be offered an opportunity to participate in, specified business opportunities that are from time to time presented to our officers, directors, or stockholders or their respective affiliates, other than those officers, directors, stockholders, or affiliates who are our or our subsidiaries' employees. Our second amended and restated certificate of incorporation will provide that, to the fullest extent permitted by law, any of KKR Stockholder, Walgreen Stockholder or any of their respective affiliates or any director who is not employed by us or his or her affiliates will not have any duty to refrain from (1) engaging in a corporate opportunity in the same or similar lines of business in which we or our affiliates now engage or propose to engage or (2) otherwise competing with us or our affiliates. In addition, to the fullest extent permitted by law, in the event that any of KKR Stockholder, Walgreen Stockholder or any of their respective affiliates or any non-employee director acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity for itself or himself or its or his affiliates or for us or our affiliates, such person will have no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and they may take any such opportunity for themselves or offer it to another person or entity. Our second amended and restated certificate of incorporation will not renounce our interest in any business opportunity that is expressly offered to a non-employee director solely in his or her capacity as a director or officer of the Company. To the fullest extent permitted by law, no business opportunity will be

deemed to be a potential corporate opportunity for us unless we would be permitted to undertake the opportunity under our second amended and restated certificate of incorporation, we have sufficient financial resources to undertake the opportunity and the opportunity would be in line with our business.

Limitations on Liability and Indemnification of Officers and Directors

The DGCL authorizes corporations to limit or eliminate the personal liability of directors and certain officers to corporations and their stockholders for monetary damages for breaches of directors' and certain officers' fiduciary duties, subject to certain exceptions. Our second amended and restated certificate of incorporation will include a provision that eliminates the personal liability of directors and officers for monetary damages for any breach of fiduciary duty as a director or officer, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL. The effect of these provisions will be to eliminate the rights of us and our stockholders, through stockholders' derivative suits on our behalf, to recover monetary damages from a director for breach of fiduciary duty as a director, including breaches resulting from grossly negligent behavior. This provision will not limit or eliminate the liability of any officer in any action by or in the right of the Company, including any derivative claims. Further, the exculpation will not apply to any director or officer if the director or officer has breached the duty of loyalty to the corporation and its stockholders, acted in bad faith, knowingly or intentionally violated the law, or derived an improper benefit from his or her actions as a director or officer. In addition, exculpation will not apply to any director in connection with the authorization of illegal dividends, redemptions or stock repurchases.

Our amended and restated bylaws will provide that we must generally indemnify, and advance expenses to, our directors and officers to the fullest extent authorized by the DGCL. We also are expressly authorized to carry directors' and officers' liability insurance providing indemnification for our directors, officers, and certain employees for some liabilities. We also intend to enter into indemnification agreements with our directors and executive officers, which agreements will require us to indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. We believe that these indemnification and advancement provisions and insurance will be useful to attract and retain qualified directors and officers.

The limitation of liability, indemnification, and advancement provisions in our second amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors or officers for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Equiniti Trust Company, LLC.

Listing

Our common stock has been approved for listing on Nasdaq under the symbol "BTSG."

DESCRIPTION OF CERTAIN INDEBTEDNESS

First Lien Facilities

On March 5, 2019, we entered into the First Lien Credit Agreement (as amended by the Technical Amendment, dated May 13, 2019, as supplemented by the Joinder Agreement, dated as of September 30, 2019, as amended by Amendment No. 1, dated as of January 30, 2020, as amended by the Joinder Agreement and Amendment No. 2, dated as of June 30, 2020, as amended by the Joinder Agreement and Amendment No. 3, dated as of October 7, 2020, as amended by Amendment No. 4, dated as of April 8, 2021, as amended by the Joinder Agreement and Amendment No. 5, dated as of April 16, 2021 and as amended by the Joinder Agreement and Amendment No. 6, dated as of June 30, 2023) among Phoenix Intermediate Holdings Inc., as Holdings, Phoenix Guarantor Inc., as the Borrower, the several lenders from time to time parties thereto and Morgan Stanley Senior Funding Inc. as administrative agent and collateral agent.

The First Lien Credit Agreement provides for (i) $1,800.0 million of the Initial Term Loans, $550.0 million of Tranche B-2 Term Loans and $675.0 million of Tranche B-3 Term Loans, (ii) a $475.0 million Revolving Credit Facility, including the LC Sublimit, and (iii) a $55.0 million LC Facility. Upon the satisfaction of certain conditions, including but not limited to, the agreement of lenders to provide such facilities or commitments, we also have the option to add one or more incremental term loan or revolving credit facilities and/or increase commitments or loans in an aggregate amount of up to (a) the greater of (x) $370.0 million and (y) 100% of trailing four-quarter EBITDA (as defined in the First Lien Credit Agreement) (less, in each case, the aggregate outstanding principal amount of any second lien incremental facilities) plus (b) (i) all voluntary prepayments and voluntary permanent commitment reductions of the First Lien Term Loan Facility and incremental term facilities or incremental equivalent debt secured on a pari passu basis and (ii) all voluntary permanent commitment reductions of the Revolving Credit Facility and any incremental revolving facilities or incremental equivalent debt secured on a pari passu basis prior to the date of any such incurrence (in each case to the extent not funded with the proceeds of long term debt), plus (c) an additional amount subject to compliance with certain leverage-based criteria set forth in the First Lien Credit Agreement less (d) amounts already incurred prior to the date hereof.

As of September 30, 2023 we had approximately $2,916.9 million outstanding under the First Lien Term Loan Facility. We expect to use the net proceeds from this offering and the Concurrent Offering to repay $473.7 million outstanding aggregate amount under the First Lien Facility. As of September 30, 2023 we had $173.1 million outstanding under the Revolving Credit Facility, with an available borrowing capacity under the Revolving Credit Facility of approximately $296.4 (after giving effect to $5.5 million of letters of credit in excess of the letters of credit outstanding under the LC Facility). We expect to use the net proceeds from this offering and the Concurrent Offering to repay all indebtedness outstanding under the Revolving Credit Facility. As of September 30, 2023, we had $54.3 million of letters of credit outstanding under the LC Facility.

Amortization and Maturity

The First Lien Term Loan Facility will mature on March 5, 2026 and the Revolving Credit Facility will mature on the earliest of (i) June 30, 2028, (ii) if greater than $500.0 million in aggregate principal amount of term loans under the First Lien Term Loan Facility are outstanding on December 4, 2025, December 4, 2025 and (iii) if any term loans under the Second Lien Facility are outstanding on December 4, 2026, December 4, 2026. Amounts borrowed under the First Lien Term Loan Facility will amortize in equal quarterly installments in aggregate annual amounts equal to 1.00% of the original principal amount, with the balance of the term loans payable on the maturity date for the First Lien Term Loan Facility. Principal amounts outstanding under the Revolving Credit Facility will be due and payable in full on the maturity date for the Revolving Credit Facility.

Interest Rates and Fees

The First Lien Term Loan Facility bear interest on the outstanding unpaid principal amount at a rate equal to, at our option, (x) in the case of the Initial Term Loans, (a) SOFR plus 3.25% or (b) ABR plus 2.25% and

(y) in the case of the Tranche B-2 Term Loans and the Tranche B-3 Term Loans, (a) SOFR plus 3.50% or (b) ABR plus 2.50%. The Revolving Credit Facility bears interest on the outstanding unpaid principal amount at a rate equal to, at our option, (a) SOFR plus 4.25% or (b) ABR plus 3.25%. "ABR" refers to an adjusted base rate that is then highest of (i) the rate of interest publicly announced by the administrative agent as its prime rate in effect at its principal office in New York City, or the Prime Rate, (ii) the federal funds effective rate from time to time (which, if negative, shall be deemed to be 0.00%) plus 0.50% and (iii) SOFR applicable for an interest period of one month plus 1.00%.

From and after our delivery to the administrative agent of financial statements for the period ending at least one full quarter following the closing date (as defined in the First Lien Credit Agreement), (x) the applicable margins under the First Lien Term Loan Facility are subject to a step-down to 3.00% or 2.00%, as applicable based upon achievement of First Lien Leverage Ratio of 4.00x and (y) the applicable margins under the Revolving Credit Facility are subject (i) to a step-down to 4.00% or 3.00%, as applicable, based upon achievement of a First Lien Leverage Ratio of 4.00x and (ii) to a step-down to 3.75% or 2.75%, as applicable, based upon achievement of a First Lien Leverage Ratio of 3.50x "First Lien Leverage Ratio" means the ratio of (a) total first lien net debt (calculated net of unrestricted cash and cash equivalents) for borrowed money secured by first or super senior priority liens to (b) trailing four-quarter EBITDA (as defined in the First Lien Credit Agreement).

In addition to paying interest on outstanding principal under the First Lien Term Loan Facility, we are required to pay a commitment fee of 0.50% per annum on the undrawn portion of the revolving commitments, payable quarterly in arrears after the closing date (as defined in the First Lien Credit Agreement), or the Revolving Commitment Fee. From and after our delivery to administrative agent of financial statements for the period ending at least one full quarter following the closing date (as defined in the First Lien Credit Agreement), the Revolving Commitment Fee are subject to stepdowns to 0.375% and 0.250% based upon achievement of First Lien Leverage Ratios of 4.00x and 3.50x, respectively.

Mandatory and Voluntary Prepayments

Subject to certain exceptions and limitations, the term loans under the First Lien Term Loan Facility are required to be prepaid with: (a) 50% of excess cash flow, with step-downs to 25% and 0% upon achievement of First Lien Leverage Ratios of 0.50x and 1.00x less than the First Lien Leverage Ratio as of the closing date (as defined in the First Lien Credit Agreement), respectively; (b) 100% of net cash proceeds received from the incurrence of indebtedness (other than certain indebtedness permitted under the First Lien Term Loan Facility); and (c) 100% of the net cash proceeds of any non-ordinary course asset sales and other dispositions of collateral in excess of certain individual and aggregate amounts, with step-downs to 50% and 0% upon achievement of a First Lien Leverage Ratios equal to or less than 0.50x and 1.00x less than the First Lien Leverage Ratio as of the closing date (as defined in the First Lien Credit Agreement), unless such net cash proceeds are reinvested within 365 days or committed to be reinvested within 365 days and then reinvested no later than six months thereafter.

Term loans under the First Lien Term Loan Facility may be voluntarily prepaid at any time without premium or penalty. We may voluntarily repay amounts outstanding under, and may voluntarily reduce commitments made under, the Revolving Credit Facility at any time without premium or penalty, other than customary breakage costs.

Security and Guarantees

Our obligations under the First Lien Facilities will be guaranteed by Holdings and by each of our direct and indirect wholly-owned material domestic restricted subsidiaries, subject to certain customary exceptions including, among other things, where providing such guarantees is not permitted by law, regulation or contract or would result in material adverse tax consequences. Such obligations and the related guarantees will be secured by a perfected first priority security interest in substantially all tangible and intangible assets and capital stock owned by us or by any guarantor, in each case subject to permitted liens and certain customary exceptions.

Covenants

The First Lien Facilities contains a number of customary affirmative and negative covenants, including, but not limited to, restrictions on our and our restricted subsidiaries' ability to merge and consolidate with other companies, incur indebtedness, make investments, grant liens or security interests on assets, pay dividends or make other restricted payments, sell or otherwise transfer assets, or enter into transactions with affiliates, subject to certain exceptions.

The Revolving Credit Facility, but not the First Lien Term Loan Facility, contain a financial maintenance covenant with a maximum First Lien Leverage Ratio not to exceed 6.90:1.00, which is tested on a quarterly basis only if the aggregate principal amount of outstanding borrowings under the Revolving Credit Facility exceed 35% of the total facility amount.

Events of Default

Our First Lien Credit Agreement provides that, upon the occurrence of certain events of default, our obligations under the agreement and our obligations under the First Lien Facilities may be accelerated. Such events of default include payment defaults to the lenders, material inaccuracies of representations and warranties, covenant defaults, cross-defaults to other material indebtedness, voluntary and involuntary bankruptcy proceedings, material money judgments, material pension-plan events, certain change of control events, and other customary events of default.

Second Lien Facility

On March 5, 2019, we entered into the Second Lien Credit Agreement (as amended by the Technical Amendment, dated May 13, 2019, as amended by Amendment No. 1, dated as of April 15, 2020 and as amended by Amendment No. 2, dated as of June 30, 2023) among Phoenix Intermediate Holdings Inc., as Holdings, Phoenix Guarantor Inc., as the Borrower, the several lenders from time to time parties thereto and Wilmington Trust, National Association, as administrative agent and collateral agent.

The Second Lien Facility provides for term loans in an aggregate principal amount of $450.0 million. Upon the satisfaction of certain conditions, including but not limited to, the agreement of lenders to provide such facilities or commitments, we also have the option to add one or more incremental term loan or revolving credit facilities and/or increase commitments or loans in an aggregate amount of up to (a) the greater of (x) $370.0 million and (y) 100% of trailing four-quarter EBITDA (as defined in the Second Lien Credit Agreement) (less, in each case, the aggregate outstanding principal amount of any second lien incremental facilities) plus (b) (i) all voluntary prepayments and voluntary permanent commitment reductions of the Second Lien Facility and incremental term facilities or incremental equivalent debt secured on a pari passu basis, plus (c) an additional amount subject to compliance with certain leverage-based criteria set forth in the Second Lien Facility less (d) amounts already incurred prior to the date hereof.

As of September 30, 2023, we had $450.0 million outstanding under the Second Lien Facility. We expect to use the net proceeds from this offering and the Concurrent Offering to repay all indebtedness outstanding under the Second Lien Facility.

Amortization and Maturity

The Second Lien Facility will mature on March 5, 2027. Amounts borrowed under the Second Lien Facility have no amortization.

Interest Rates and Fees

The loans under the Second Lien Facility bears interest on the outstanding unpaid principal amount at a rate equal to, at our option, (a) SOFR plus 8.50% or (b) ABR plus 7.50%. "ABR" refers to an adjusted base rate that

is then highest of (i) the Prime Rate, (ii) the federal funds effective rate from time to time (which, if negative, shall be deemed to be 0.00%) plus 0.50%, and (iii) SOFR applicable for an interest period of one month plus 1.00%.

From and after our delivery to the administrative agent of financial statements for the period ending at least one full quarter following the closing date (as defined in the Second Lien Credit Agreement), (x) the applicable margins under the Second Lien Facility are subject to a step-down to 7.25% or 8.25%, as applicable based upon achievement of a Total Secured Leverage Ratio of 5.15x. "Total Secured Leverage Ratio" means the ratio of (a) total secured net debt (calculated net of unrestricted cash and cash equivalents) for borrowed money secured by liens to (b) trailing four-quarter EBITDA (as defined in the Second Lien Credit Agreement).

Mandatory and Voluntary Prepayments

Subject to certain exceptions and limitations, the term loans under the Second Lien Facility are required to be prepaid with: (a) 50% of excess cash flow, with step-downs to 25% and 0% upon achievement of Second Lien Leverage Ratios of 0.50x and 1.00x less than the Second Lien Leverage Ratio as of the closing date (as defined in the Second Lien Credit Agreement), respectively; (b) 100% of net cash proceeds received from the incurrence of indebtedness (other than certain indebtedness permitted under the Second Lien Facility); and (c) 100% of the net cash proceeds of any non-ordinary course asset sales and other dispositions of collateral in excess of certain individual and aggregate amounts, with step-downs to 50% and 0% upon achievement of a Second Lien Leverage Ratios equal to or less than 0.50x and 1.00x less than the Second Lien Leverage Ratio as of the closing date (as defined in the Second Lien Credit Agreement), unless such net cash proceeds are reinvested within 365 days or committed to be reinvested within 365 days and then reinvested no later than six months thereafter.

Term loans under the Second Lien Facility may be voluntarily prepaid at any time without premium or penalty.

Security and Guarantees

Our obligations under the Second Lien Facility are guaranteed by Holdings and by each of our direct and indirect wholly-owned material domestic restricted subsidiaries, subject to certain customary exceptions including, among other things, where providing such guarantees is not permitted by law, regulation, or contract or would result in material adverse tax consequences. Such obligations and the related guarantees will be secured by a perfected second priority security interest in substantially all tangible and intangible assets and capital stock owned by us or by any guarantor, in each case subject to permitted liens and certain customary exceptions.

Covenants

The Second Lien Facility contains a number of customary affirmative and negative covenants, including, but not limited to, restrictions on our and our restricted subsidiaries' ability to merge and consolidate with other companies, incur indebtedness, make investments, grant liens or security interests on assets, pay dividends or make other restricted payments, sell or otherwise transfer assets, or enter into transactions with affiliates, subject to certain exceptions.

Events of Default

Our Second Lien Credit Agreement provides that, upon the occurrence of certain events of default, our obligations under the agreement and our obligations under the Second Lien Facility may be accelerated. Such events of default include payment defaults to the lenders, material inaccuracies of representations and warranties, covenant defaults, cross-defaults to other material indebtedness, voluntary and involuntary bankruptcy proceedings, material money judgments, material pension-plan events, certain change of control events, and other customary events of default.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to the Concurrent Offering, there has been no public market for shares of our common stock. We cannot predict the effect, if any, future sales of shares of common stock, or the availability for future sale of shares of common stock, will have on the market price of shares of our common stock prevailing from time to time. Future sales of substantial amounts of our common stock in the public market or the perception that such sales might occur may adversely affect market prices of our common stock prevailing from time to time and could impair our future ability to raise capital through the sale of our equity or equity-related securities at a time and price that we deem appropriate. Furthermore, there may be sales of substantial amounts of our common stock in the public market after the existing legal and contractual restrictions lapse. This may adversely affect the prevailing market price and our ability to raise equity capital in the future. See "Risk Factors—General Risk Factors—Future sales or issuances, or the perception of future sales or issuances, by us or our existing stockholders in the public market following the Concurrent Offering, or the settlement of the purchase contracts, could cause the market price for the Units, the purchase contracts, and our common stock to decline."

Upon completion of the Concurrent Offering we will have a total of 171,190,389 shares of our common stock outstanding (or 179,190,389 shares if the underwriters exercise in full their over-allotment option). Of the outstanding shares, the 53,333,334 shares sold in the Concurrent Offering (or 61,333,334 shares if the underwriters exercise in full their over-allotment option) will be freely tradable without restriction or further registration under the Securities Act, except that any shares held by our affiliates, as that term is defined under Rule 144, including our directors, executive officers and other affiliates (including our existing stockholders), may be sold only in compliance with the limitations described below.

We will also have 8,000,000 Units outstanding (or 9,200,000 Units if the underwriters in this offering exercise in full their option to purchase additional Units), which will settle into 30,768,800 shares of our common stock (or 35,384,120 shares if the underwriters in this offering exercise in full their option to purchase additional Units), assuming the maximum number of shares issuable upon automatic settlement of such purchase contracts, subject to certain anti-dilution adjustments.

Lock-up Agreements

In connection with the Concurrent Offering, we, our directors and executive officers, and substantially all of our stockholders will agree, subject to certain exceptions, not to sell, dispose of, or hedge any shares of our common stock or securities convertible into or exchangeable for shares of our common stock, without, in each case, the prior written consent of the representative of the underwriters, for a period of 180 days after the date of the prospectus relating to the Concurrent Offering. See "Underwriting (Conflicts of Interest)."

Rule 144

In general, under Rule 144, as currently in effect, once we have been subject to public company reporting requirements for at least 90 days, a person (or persons whose shares are aggregated) who is not deemed to be or have been one of our affiliates for purposes of the Securities Act at any time during 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than an affiliate, is entitled to sell such shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of a prior owner other than an affiliate, then such person is entitled to sell such shares without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares of our common stock on behalf of our affiliates, who have met the six month holding period for beneficial ownership of

"restricted shares" of our common stock, are entitled to sell upon the expiration of the lock-up agreements described above, within any three-month period beginning 90 days after the date of the prospectus relating to the Concurrent Offering, a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately 1,711,904 shares immediately after the Concurrent Offering (or 1,791,904 shares if the underwriters exercise in full their over-allotment option); or
- the average reported weekly trading volume of our common stock on Nasdaq during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us. The sale of these shares, or the perception that sales will be made, could adversely affect the price of our common stock after the Concurrent Offering because a great supply of shares would be, or would be perceived to be, available for sale in the public market.

We are unable to estimate the number of shares that will be sold under Rule 144 since this will depend on the market price for our common stock, the personal circumstances of the stockholder and other factors.

Rule 701

In general, under Rule 701 as currently in effect, any of our employees, directors, officers, consultants, or advisors who received shares of our common stock from us in connection with a compensatory stock or option plan or other written agreement before the effective date of the Concurrent Offering are entitled to resell such shares 90 days after the effective date of the Concurrent Offering in reliance on Rule 144, in the case of affiliates, without having to comply with the holding period requirements of Rule 144 and, in the case of non-affiliates, without having to comply with the public information, holding period, volume limitation, or notice filing requirements of Rule 144.

Registration Statements on Form S-8

We intend to file one or more registration statements on Form S-8 under the Securities Act to register all shares of our common stock subject to issuance under the existing 2017 Stock Plan and our 2024 Incentive Plan to be adopted in connection with the Concurrent Offering. Any such Form S-8 registration statement will automatically become effective upon filing. Accordingly shares of our common stock registered under such registration statements will be available for sale in the open market. We expect that the initial registration statement on Form S-8 will cover 31,275,903 shares of our common stock.

Registration Rights

For a description of rights some holders of common stock will have to require us to register the shares of our common stock they own, see "Certain Relationships and Related Party Transactions—Registration Rights Agreement." Registration of these shares under the Securities Act would result in these shares becoming freely tradable immediately upon effectiveness of such registration.

Following completion of the Concurrent Offering, the shares of our common stock covered by registration rights would represent approximately 68.0% of our outstanding common stock (or approximately 65.0%, if the underwriters exercise in full their option to purchase additional shares). These shares of common stock also may be sold under Rule 144, depending on their holding period and subject to restrictions in the case of shares held by persons deemed to be our affiliates.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of material U.S. federal income tax consequences of the purchase, ownership, and disposition of Units, amortizing notes, and the purchase contracts that are or may be the components of a Unit and the ownership and disposition of shares of our common stock acquired under a purchase contract. This summary deals only with Units, amortizing notes, purchase contracts, and common stock acquired under a purchase contract that are held as capital assets by a holder who purchases the Units upon original issuance at their initial offering price.

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended, or the Code, the existing and proposed U.S. Treasury regulations promulgated thereunder, administrative pronouncements, and rulings and judicial decisions interpreting the foregoing, in each case as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below. This summary does not address all aspects of United States federal income taxes and does not deal with any alternative minimum tax, the Medicare contribution tax, United States federal estate or gift taxes, United States federal tax laws other than United States federal income tax laws, or any foreign, state, local or other tax considerations that may be relevant holders in light of their particular circumstances or status. In addition, it does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws (including if you are a United States expatriate, foreign pension fund, "controlled foreign corporation," "passive foreign investment company," financial institution, broker-dealer, insurance company, tax-exempt entity, a corporation that accumulates earnings to avoid United States federal income tax, a "U.S. holder" (as defined below) whose "functional currency" is not the U.S. dollar, a person required to accelerate the recognition of any item of gross income with respect to our common shares as a result of such income being recognized on an applicable financial statement, a person in a special situation such as those who have elected to mark securities to market or those who hold the Units, amortizing notes, purchase contracts, or common stock acquired under a purchase contract as part of a straddle, hedge, conversion transaction, or synthetic security, or a partnership or other pass-through entity (or beneficial owner thereof) for United States federal income tax purposes). We cannot assure you that a change in law will not alter significantly the tax considerations that we describe in this summary.

If a partnership (or other entity or arrangement treated as a partnership for United States federal income tax purposes) holds the Units, amortizing notes, purchase contracts, or common stock acquired under a purchase contract, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner of a partnership holding the Units, amortizing notes, purchase contracts, or common stock acquired under a purchase contract, you should consult your tax advisors.

If you are considering the purchase, ownership or disposition of the Units, amortizing notes or purchase contracts, you should consult your tax advisors concerning the particular United States federal income tax consequences to you of the purchase, ownership, and disposition of the Units, amortizing notes, purchase contracts, or common stock acquired under a purchase contract, as well as the consequences to you arising under other United States federal tax laws and the laws of any other taxing jurisdiction, and the application of any tax treaties.

Characterization of Units and Amortizing Notes

There is no authority directly addressing the characterization of the Units or instruments similar to the Units for United States federal income tax purposes and therefore the characterization of the Units for these purposes is not entirely free from doubt. We will take the position that each Unit will be treated as an investment unit composed of two separate instruments for United States federal income tax purposes: (i) a prepaid purchase contract to acquire our common stock and (ii) an amortizing note that is our indebtedness. Under this treatment, a holder of Units will be treated as if it held each component of the Units for United States federal income tax

purposes. By acquiring a Unit, you will agree to treat (i) a Unit as an investment unit composed of two separate instruments in accordance with its form and (ii) the amortizing notes as indebtedness of BrightSpring Health Services, Inc. for United States federal income tax purposes. If, however, the components of a Unit were treated as a single instrument, or the amortizing notes were recharacterized as equity for United States federal income tax purposes (even if the components of a Unit are respected as separate instruments for United States federal income tax purposes), the United States federal income tax consequences could differ from the consequences described below. Specifically, if you are a "U.S. holder" (as defined below under "—U.S. Holders") you could be required to recognize the entire amount of each installment payment on the amortizing notes, rather than merely the portion of such payment denominated as interest, as income. In addition, if you are a "non-U.S. holder" (as defined below under "—Non-U.S. Holders"), payments of principal and interest made to you on the amortizing notes could be subject to United States federal withholding tax. Even if the components of a Unit are respected as separate instruments for United States federal income tax purposes, (i) the amortizing notes could be recharacterized as equity for United States federal income tax purposes, in which case payments of interest to non-U.S. holders on the amortizing notes could potentially be subject to United States federal withholding tax and (ii) the purchase contracts could be treated as our stock on the date of issuance, in which case the tax consequences of the purchase, ownership, and disposition thereof would be substantially the same as the tax consequences of ownership of our stock acquired under a purchase contract described herein, except that a holder's holding period for the common stock received under a purchase contract would include the period during which the U.S. holder held the purchase contract.

The Units are complex financial instruments and no statutory, judicial, or administrative authority directly addresses all aspects of the treatment of the Units or instruments similar to the Units for United States federal income tax purposes, and no assurance can be given that the IRS will agree with the tax consequences described herein. As a result, the United States federal income tax consequences of the purchase, ownership, and disposition of the Units are unclear. We have not sought any rulings concerning the treatment of the Units, and the tax consequences described herein are not binding on the IRS or the courts, either of which could disagree with the explanations or conclusions contained in this summary. Accordingly, you should consult your tax advisor regarding the consequences to you of the possible recharacterization of the components of a Unit as a single instrument. Unless stated otherwise, the remainder of this discussion assumes the characterization of the Units as two separate instruments.

Allocation of Purchase Price

Your acquisition of a Unit will be treated as an acquisition of the amortizing note and the purchase contract constituting the Unit and, by purchasing the Unit, you will be deemed to have agreed to such treatment. In addition, we and you, by your acceptance of a beneficial ownership interest in the amortizing notes, agree to treat the notes as indebtedness of BrightSpring Health Services, Inc. for all United States federal income tax purposes. The remainder of this discussion assumes that a holder of a Unit will be treated as owning the amortizing note and the purchase contract as two separate instruments.

The purchase price of each Unit will be the first price at which a substantial amount of the Units is sold to persons other than bond houses, brokers or similar persons acting in the capacity of underwriters, placement agents, or wholesalers. The purchase price of each Unit will be allocated between the amortizing note and the purchase contract based on their relative fair market values at the time of issuance. Such allocation will establish your initial tax basis in the amortizing note and the purchase contract. We will treat the initial fair market value of each amortizing note as $8.6618 and the initial fair market value of the purchase contract as $41.3382. This allocation is binding on you (but not on the IRS), unless you explicitly disclose a contrary position on a statement attached to your timely filed United States federal income tax return. The remainder of this discussion assumes that this allocation of the purchase price will be respected for United States federal income tax purposes.

U.S. Holders

The following is a summary of material U.S. federal income tax consequences that will apply to a U.S. holder of Units, amortizing notes, purchase contracts, or shares of our common stock acquired under a purchase contract.

As used herein, the term "U.S. holder" means a beneficial owner of Units, amortizing notes, purchase contracts or common stock acquired under a purchase contract that, for United States federal income tax purposes, is:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

Units

Separation and Recreation of the Units

A U.S. holder will not recognize gain or loss by (i) separating a Unit into its components or (ii) recreating a Unit as both procedures are described under "Description of the Units—Separating and Recreating Units."

Sale, Exchange, or Other Taxable Disposition of Units

Upon a sale, exchange, or other taxable disposition of Units, a U.S. holder will be treated as having sold, exchanged, or disposed of both the purchase contracts and the amortizing notes that constitute such Units and will calculate gain or loss on the purchase contracts separately from the gain or loss on the amortizing notes in proportion to their relative fair market values at the time of the disposition as described below under "Amortizing Notes—Sale, Exchange, or Other Taxable Disposition of Amortizing Notes" and "Purchase Contracts—Sale, Exchange, or Other Taxable Disposition of Purchase Contracts." It is thus possible that a U.S. holder could recognize a capital gain on one component of a Unit but a capital loss on the other component of the Unit.

Amortizing Notes

Payments of Interest and Principal on Amortizing Notes

Stated interest on an amortizing note will be includible in a U.S. holder's gross income as ordinary interest income at the time it is paid or at the time it accrues in accordance with such holder's method of tax accounting, and payments on the notes other than stated interest will reduce a U.S. holder's basis with respect to such amortizing note. It is expected, and this discussion assumes, that the amortizing notes will not be issued with more than a *de minimis* amount of original issue discount, or OID. In general, however, if the amortizing notes are issued with more than *de minimis* OID, a U.S. holder will be required to include OID in gross income, as ordinary income, under a "constant-yield method" before the receipt of cash attributable to such income, regardless of the U.S. holder's regular method of accounting for United States federal income tax purposes. Payments on the amortizing notes other than stated interest (including the portion of each installment payment that is not treated as interest) will reduce a U.S. holder's basis with respect to the amortizing notes.

Sale, Exchange, or Other Taxable Disposition of Amortizing Notes

Upon a sale, exchange, repurchase or other taxable disposition of amortizing notes, a U.S. holder will generally have gain or loss equal to the difference between (i) the amount realized and (ii) such holder's adjusted tax basis in the amortizing note. A U.S. holder's tax basis in an amortizing note generally will be the initial portion of the issue price of the Unit allocated to the amortizing note (as discussed above under "Allocation of Purchase Price"), reduced by any cash payments previously received with respect to the amortizing note (other than stated interest). For purposes of determining gain or loss, a U.S. holder's proceeds will not include any amount attributable to accrued and unpaid interest, which amount will be treated as ordinary interest income to the extent not previously included in income. Such gain or loss generally will be capital gain or loss. Capital gains of individuals derived in respect of assets held for more than one year are subject to tax at preferential rates. The deductibility of capital losses is subject to limitations.

Purchase Contracts

Acquisition of Common Stock under a Purchase Contract

The purchase contracts are expected to physically settle. A U.S. holder generally will not recognize gain or loss on the purchase of common stock under a purchase contract except with respect to any cash paid in lieu of a fractional share of common stock, which will result in capital gain or loss measured by the difference between the cash received in lieu of the fractional share and the U.S. holder's tax basis in the fractional share. A U.S. holder's aggregate initial tax basis in the common stock acquired under a purchase contract should equal such holder's tax basis in the purchase contract less any such tax basis allocable to the fractional share, which will be allocated in accordance with the relative fair market values. The holding period for common stock purchased under a purchase contract will commence on the day after the common stock is acquired.

Constructive Distributions and Dividends

A U.S. holder might be treated as receiving a constructive distribution from us if (i) the fixed settlement rates are adjusted and as a result of such adjustment such holder's proportionate interest in our assets or earnings and profits is increased and (ii) the adjustment is not made pursuant to a bona fide, reasonable anti-dilution formula. An adjustment in the fixed settlement rates would not be considered made pursuant to such a formula if the adjustment were made to compensate for taxable distributions with respect to our common stock. Certain of the other possible settlement rate adjustments (including, without limitation, adjustments as discussed in "Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change") may not qualify as being pursuant to a bona fide reasonable adjustment formula. Thus, under certain circumstances, an increase in the fixed settlement rates might give rise to a constructive distribution to U.S. holders even though such holders would not receive any cash related thereto. In addition, in certain situations, a U.S. holder might be treated as receiving a constructive distribution if we fail to adjust the fixed settlement rates. Any constructive distribution will be taxable as a dividend, return of capital, or capital gain in accordance with the earnings and profits rules described below.

Sale, Exchange or Other Taxable Disposition of Purchase Contracts

Except as described above under "—Acquisition of Common Stock under a Purchase Contract," upon a sale, exchange, or other taxable disposition of a purchase contract, a U.S. holder will recognize capital gain or loss in an amount equal to the difference between the amount realized and such holder's adjusted tax basis in the purchase contract. Such gain or loss generally will be capital gain or loss. Capital gains of individuals derived in respect of assets held for more than one year are subject to tax at preferential rates. The deductibility of capital losses is subject to limitations.

Common Stock Acquired under a Purchase Contract

Distributions

We do not currently anticipate paying dividends on shares of our common stock in the foreseeable future. However, in the event that we make a distribution of cash or other property (other than certain pro rata distributions of our stock) in respect of shares of our common stock, the distribution generally will be treated as a dividend for United States federal income tax purposes to the extent it is paid from our current or accumulated earnings and profits, as determined under United States federal income tax principles. Individuals that receive dividends on our common stock are eligible for a reduced rate of taxation if certain requirements are satisfied.

Any such dividend will be eligible for the dividends-received deduction with respect to an otherwise qualifying corporate holder that meets the holding period and other requirements for the dividends-received deduction. Any portion of a distribution that exceeds our current and accumulated earnings and profits generally will be treated first as a tax-free return of capital, causing a reduction in the adjusted tax basis of a U.S. holder's common stock, and to the extent the amount of the distribution exceeds a U.S. holder's adjusted tax basis in our common stock, the excess will be treated as gain from the sale or exchange of our common stock, as described immediately below.

Sale, Exchange, or Other Taxable Disposition of Common Stock

Upon a sale, exchange, or other taxable disposition of our common stock, a U.S. holder will recognize capital gain or loss in an amount equal to the difference between the amount realized and such holder's adjusted tax basis in the common stock. Such gain or loss generally will be capital gain or loss. Long-term capital gains of individuals are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

In general, information reporting requirements may apply to payments on the amortizing notes, the purchase contracts, and common stock and to the proceeds of the sale or other disposition of such instruments, unless a U.S. holder is an exempt recipient. Backup withholding may apply unless the U.S. holder provides proof of an applicable exemption or a correct taxpayer identification number, and otherwise complies with applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax and any amount withheld under the backup withholding rules from a payment to a U.S. holder is allowable as a credit against such holder's United States federal income tax, which may entitle the holder to a refund, provided that the holder timely provides the required information to the IRS.

Non-U.S. Holders

The following discussion applies only to non-U.S. holders. A "non-U.S. holder" means a beneficial owner of Units, amortizing notes, purchase contracts, or common stock acquired under a purchase contract that is neither a U.S. holder nor a partnership or entity treated as a partnership for United States federal income tax purposes. As discussed above under "—Characterization of Units and Amortizing Notes," this discussion assumes that a Unit is treated as two separate instruments and that the amortizing notes are treated as indebtedness of BrightSpring Health Services, Inc. for United States federal income tax purposes. Different tax consequences would apply if the Unit was treated as a single instrument.

United States Federal Withholding Tax

A 30% United States federal withholding tax will not apply to any payment of interest on the amortizing notes, provided that a non-U.S. holder meets the following requirements of the portfolio interest exemption:

- interest paid on the notes is not effectively connected with a non-U.S. holder's conduct of a trade or business in the United States;

- the non-U.S. holder does not actually (or constructively) own 10% or more of the total combined voting power of all classes of our voting stock within the meaning of the Code and the U.S. Treasury regulations;
- the non-U.S. holder is not a controlled foreign corporation that is related to us through stock ownership;
- the non-U.S. holder is not a bank whose receipt of interest on the amortizing notes is described in section 881(c)(3)(A) of the Code; and

(a) the non-U.S. holder provides its name and address on an IRS Form W-8BEN or W-8BEN-E (or other applicable form), and certifies, under penalties of perjury, that such holder is not a United States person, or (b) if the non-U.S. holder holds Units or amortizing notes through certain foreign intermediaries, such holder satisfies the certification requirements of applicable U.S. Treasury regulations. Special certification requirements apply to certain non-U.S. holders that are pass-through entities rather than individuals.

If a non-U.S. holder cannot satisfy the requirements described above, payments of interest made to such non-U.S. holder will be subject to the 30% United States federal withholding tax, unless the non-U.S. holder provides a properly executed:

- IRS Form W-8BEN or W-8BEN-E (or other applicable form) claiming an exemption from, or reduction in the rate of, withholding under the benefit of an applicable tax treaty; or
- IRS Form W-8ECI (or other applicable form) stating that interest paid on the amortizing notes is not subject to withholding tax because it is effectively connected with the conduct of a trade or business by the non-U.S. holder within the United States (and, if required by an applicable income tax treaty, the non-U.S. holder maintains a permanent establishment in the United States to which such interest is attributable).

The 30% United States federal withholding tax generally will not apply to any payment of principal or gain that you realize on the sale, exchange, retirement or other taxable disposition of a note.

Except as described below in "—Foreign Investment in Real Property Tax Act," the 30% United States federal withholding tax will generally not apply to any gain realized on the sale, exchange, or other disposition by a non-U.S. holder of the Units, amortizing notes, purchase contracts or common stock acquired under a purchase contract.

Subject to the discussion below regarding effectively connected income, dividends paid on common stock acquired under a purchase contract and any constructive dividends resulting from certain adjustments, or failure to make adjustments, to the settlement rate of the purchase contracts (see "—U.S. Holders—Settlement of the Purchase Contracts—Constructive Distributions and Dividends") paid to a non-U.S. holder generally will be subject to withholding of United States federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty, as discussed further below. Any applicable withholding taxes imposed in connection with a constructive distribution may be withheld from payments made on the applicable Units or purchase contract. If any withholding taxes are paid on behalf of a non-U.S. holder, those withholding taxes may be set off against subsequent payments on the applicable Units or purchase contracts (including any payments, including common stock, received upon the settlement of the purchase contracts) or set off against other assets of the non-U.S. holder. Dividends that are effectively connected with the conduct of a trade or business by the non-U.S. holder within the United States (and, if required by an applicable income tax treaty, are attributable to a United States permanent establishment of the non-U.S. holder, or, in certain cases involving individual holders, a fixed base) are not subject to the withholding tax, provided certain certification and disclosure requirements are satisfied. Instead, such dividends are subject to United States federal income tax on a net income basis in the same manner as if the non-U.S. holder were a United States person as defined under the Code, as further described under "–United States Federal Income Tax" below. To obtain this exemption, a non-U.S. holder must provide a valid IRS Form W-8ECI properly certifying such exemption.

A non-U.S. holder of a Unit, a purchase contract, or common stock acquired under a purchase contract who wishes to claim the benefit of an applicable treaty rate for dividends or constructive dividends and avoid backup withholding will be required (a) to provide the applicable withholding agent with a properly executed, valid IRS Form W-8BEN or Form W-8BEN-E (or other applicable form) certifying under penalty of perjury that such holder is not a United States person as defined under the Code and is eligible for treaty benefits or (b) if the non-U.S. holder holds Units, a purchase contract, or common stock acquired under a purchase contract through certain foreign intermediaries, to satisfy the relevant certification requirements of applicable U.S. Treasury regulations. Special certification and other requirements apply to certain non-U.S. holders that are pass-through entities rather than corporations or individuals. You are urged to consult your tax advisors regarding your entitlement to benefits under a relevant income tax treaty.

A non-U.S. holder eligible for a reduced rate of United States federal withholding tax pursuant to an income tax treaty may be entitled to a refund of any excess amounts withheld if the non-U.S. holder timely files an appropriate claim for refund with the IRS.

United States Federal Income Tax

If a non-U.S. holder is engaged in a trade or business in the United States and interest on the amortizing notes or dividends on our common stock acquired under a purchase contract (or constructive dividends on the purchase contracts) are effectively connected with the conduct of that trade or business and, if required by an applicable income tax treaty, are attributable to a United States permanent establishment, or, in certain cases involving individual holders, a fixed base, such holder will be subject to United States federal income tax on the interest or dividends on a net income basis (although exempt from the 30% withholding tax), in the same manner as if the U.S. holder were a United States person as defined under the Code. Certain certification and disclosure requirements must be complied with in order for effectively connected income to be exempt from withholding. In addition, a foreign corporation may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with its conduct of a trade or business in the United States. For this purpose, interest on the amortizing notes or dividends on our common stock acquired under a purchase contract and constructive dividends on the purchase contracts will be included in earnings and profits.

Upon a disposition of Units, a non-U.S. holder will be treated as having sold, exchanged, or disposed of both the purchase contracts and the amortizing notes that constitute such Units. Any gain realized on the disposition of an amortizing note, purchase contract or share of common stock acquired under a purchase contract generally will not be subject to United States federal income tax unless:

- that gain or income is effectively connected with the conduct of a trade or business by the non-U.S. holder within the United States (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment of the non-U.S. holder, or, in certain cases involving individual holders, a fixed base); or
- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or
- in the case of a purchase contract or our common stock acquired under a purchase contract, we are or have been a "United States real property holding corporation" for United States federal income tax purposes (see the discussion below under "—Foreign Investment in Real Property Tax Act").

A non-U.S. holder described in the first bullet above will be subject to tax on the gain derived from the sale or other disposition in the same manner as if the non-U.S. holder were a United States person as defined under the Code. In addition, if a non-U.S. holder that is a foreign corporation falls under the first bullet above, the gain realized by such non-U.S. holder may be subject to an additional "branch profits tax" at a 30% rate (or such lower rate as may be specified by an applicable income tax treaty). An individual non-U.S. holder described in

the second bullet point immediately above will be subject to a tax equal to 30% (or such lower rate as may be specified by an applicable income tax treaty) on the gain derived from the sale or other disposition, which gain may be offset by United States source capital losses even though the individual is not considered a resident of the United States, provided that the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

Foreign Investment in Real Property Tax Act

Generally, a corporation is a "United States real property holding corporation" if the fair market value of its United States real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business (all as determined for United States federal income tax purposes). We believe we are not and do not anticipate becoming a "United States real property holding corporation" for United States federal income tax purposes.

Information Reporting and Backup Withholding

Distributions (including deemed dividends) and interest paid to a non-U.S. holder and the amount of any tax withheld with respect to such distributions and interest, regardless of whether withholding was required, generally will be reported to the IRS. Copies of the information returns reporting such distributions and interest and any withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty or agreement for the exchange of information.

A non-U.S. holder will generally not be subject to backup withholding on payments received on the amortizing notes or common stock acquired under a purchase contract if such holder certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such holder is a United States person as defined under the Code), or such holder otherwise establishes an exemption.

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale or other disposition of our common stock acquired under a purchase contract made within the United States or conducted through certain United States-related financial intermediaries, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person as defined under the Code) and the beneficial owner has complied with the certification procedures described above under "—United States Federal Withholding Tax," or such owner otherwise establishes an exemption.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a non-U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the Internal Revenue Service.

Additional Withholding Requirements

Under Sections 1471 through 1474 of the Code (such Sections commonly referred to as "FATCA"), a 30% United States federal withholding tax may apply to any dividends and interest paid on our Units, amortizing notes, purchase contracts or common stock acquired under a purchase contract, as applicable, to (i) a "foreign financial institution" (as specifically defined in the Code and whether such foreign financial institution is the beneficial owner or an intermediary) which does not provide sufficient documentation, typically on IRS Form W-8BEN or W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) its compliance (or deemed compliance) with FATCA (which may alternatively be in the form of compliance with an intergovernmental agreement with the United States) in a manner which avoids withholding, or (ii) a "non-financial foreign entity" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN or W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) adequate information

regarding certain substantial United States beneficial owners of such entity (if any). An intergovernmental agreement between the United States and the entity's jurisdiction may modify these requirements. If a dividend or interest payment, as applicable, is both subject to withholding under FATCA and subject to the withholding tax discussed above under "—United States Federal Withholding Tax," the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax. While withholding under FATCA would also have applied to payments of gross proceeds from the sale or other taxable disposition of our Units, amortizing notes, purchase contracts or common stock acquired under a purchase contract, proposed United States Treasury regulations (upon which taxpayers may rely until final regulations are issued) eliminate FATCA withholding on payments of gross proceeds. You should consult your tax advisors regarding these requirements and whether they may be relevant to your ownership and disposition of our Units, amortizing notes, purchase contracts, and common stock acquired under a purchase contract.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase and holding of the Units, the common stock issuable upon settlement of the purchase contracts and the amortizing notes by (i) "employee benefit plans" within the meaning of Section (3) of the Employee Retirement Income Security Act of 1974, as amended, or ERISA, that are subject to Title I of ERISA (ii) plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "Similar Laws"), and (iii) entities which are deemed to hold the assets of any of the foregoing described in clauses (i) and (ii) (each of the foregoing described in clauses (i), (ii), and (iii) being referred to herein as a "Plan").

General fiduciary matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code, or a Covered Plan, and prohibit certain transactions involving the assets of a Covered Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Covered Plan or the management or disposition of the assets of such a Covered Plan, or who renders investment advice for a fee or other compensation to such a Covered Plan, is generally considered to be a fiduciary of the Covered Plan.

In considering an investment in the Units, the common stock issuable upon settlement of the purchase contracts and/or amortizing notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Prohibited transaction issues

Section 406 of ERISA and Section 4975 of the Code prohibit Covered Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engaged in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the Covered Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code.

The acquisition, holding, and/or disposition of the Units, the common stock issuable upon settlement of the purchase contracts or the amortizing notes by a Covered Plan with respect to which we or an underwriter or any of our or their respective affiliates is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions (each, a "PTCE") that may apply to the acquisition and holding of the Units, the common stock issuable upon settlement of the purchase contracts or the amortizing notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, the statutory exemption under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides relief from certain prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code for certain transactions between a

Covered Plan and a person who is a party in interest or disqualified person solely as a result of providing services to such Covered Plan or a relationship to such a service provider, provided that neither the person transacting with the Covered Plan nor any of its affiliates has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of the Covered Plan involved in the transaction and provided, further, that the Covered Plan pays no more than, and receives no less than, adequate consideration in connection with the transaction. Each of the above-noted exemptions contains conditions and limitations on its application. Fiduciaries of Covered Plans considering acquiring holding the Units, the common stock issuable upon settlement of the purchase contracts or the amortizing notes in reliance on these or any other exemption should carefully review the exemption in consultation with counsel to assure it is applicable. There can be no assurance that all of the conditions of any of the foregoing exemptions or any other exemption will be satisfied.

Government plans, foreign plans, and certain church plans, while not subject to the fiduciary responsibility provisions of Title I of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, may nevertheless be subject to Similar Laws. Fiduciaries of such Plans should consult with their counsel before acquiring the Units, common stock issuable upon settlement of the purchase contracts, amortizing notes or any interest therein.

Because of the foregoing, neither the Units or their constituent parts may be purchased or held by any person investing assets of any Plan, unless such purchase and holding will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a similar violation of any applicable Similar Laws.

Representation

Accordingly, by its acceptance of the Units, common stock issued upon settlement of the purchase contracts or amortizing notes, each purchaser and subsequent transferee will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire or hold the Units, the common stock upon settlement of the purchase contracts or amortizing notes, or any interest therein constitutes assets of any Plan or (ii) the acquisition, holding, and disposition of the Units, common stock issuable upon settlement of the purchase contracts or amortizing notes by such purchaser or transferee will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing or holding the Units, common stock issuable upon settlement of the purchase contracts or amortizing notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code or any Similar Law and whether an exemption would be required. Neither this discussion nor anything provided in this prospectus supplement is, or is intended to be, investment advice directed at any potential Plan purchasers, or at Plan purchasers generally, and such purchasers of the Units or any of its constituent parts should consult and rely on their own counsel and advisers as to whether such an investment is suitable for the Plan. The sale of any of the Units, common stock issuable upon settlement of the purchase contracts or amortizing notes to any Plan is in no respect a representation by us, an Underwriter or any of our or their affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such investment is prudent or appropriate for plans generally or any particular Plan.

BOOK-ENTRY PROCEDURES AND SETTLEMENT

The Units, the separate purchase contracts and the separate amortizing notes will initially be issued under a book-entry system in the form of global securities. We will register the global securities in the name of The Depository Trust Company, New York, New York, or DTC, or its nominee and will deposit the global securities with that depositary.

Following the issuance of a global security in registered form, the depositary will credit the accounts of its participants with the Units, the separate purchase contracts and the separate amortizing notes, as the case may be, upon our instructions. Only persons who hold directly or indirectly through financial institutions that are participants in the depositary can hold beneficial interests in the global securities. Because the laws of some jurisdictions require certain types of purchasers to take physical delivery of such securities in definitive form, you may encounter difficulties in your ability to own, transfer or pledge beneficial interests in a global security.

So long as the depositary or its nominee is the registered owner of a global security, we, the trustee, and the purchase contract agent will treat the depositary as the sole owner or holder of the Units, the separate purchase contracts and the separate amortizing notes, as the case may be. Therefore, except as set forth below, you will not be entitled to have Units, separate purchase contracts or separate amortizing notes registered in your name or to receive physical delivery of certificates representing the Units, the separate purchase contracts, or the separate amortizing notes. Accordingly, you will have to rely on the procedures of the depositary and the participant in the depositary through whom you hold your beneficial interest in order to exercise any rights of a holder under the indenture or the purchase contract agreement, as the case may be. We understand that under existing practices, the depositary would act upon the instructions of a participant or authorize that participant to take any action that a holder is entitled to take.

As long as the separate amortizing notes are represented by the global securities, we will pay installments on those separate amortizing notes to or as directed by DTC as the registered holder of the global securities. Payments to DTC will be in immediately available funds by wire transfer. DTC will credit the relevant accounts of their participants on the applicable date. Neither we nor the trustee will be responsible for making any payments to participants or customers of participants or for maintaining any records relating to the holdings of participants and their customers, and you will have to rely on the procedures of the depositary and its participants.

Settlement

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System.

Definitive Securities and Paying Agents

Book-entry securities represented by a global security will be exchanged for definitive (paper) securities only if:

- the depositary is at any time unwilling or unable to continue as depositary for such security or ceases to be a clearing agency registered under the Exchange Act, and a successor depositary registered as a clearing agency under the Exchange Act is not appointed by us within 90 days; or
- an event of default with respect to the amortizing notes, or any failure on the part of us to observe or perform any covenant or agreement in the purchase contracts, has occurred and is continuing and a beneficial owner requests that its amortizing notes and/or purchase contracts, as the case may be, be issued in physical, certificated form.

The global security will be exchangeable in whole for definitive securities in registered form, with the same terms and of an equal aggregate principal amount. Definitive Units, separate purchase contracts or separate

amortizing notes, as the case may be, will be registered in the name or names of the person or persons specified by the depositary in a written instruction to the registrar of the securities. The depositary may base its written instruction upon directions it receives from its participants.

If any of the events described above occurs, then the beneficial owners will be notified through the chain of intermediaries that definitive securities are available and notice will be published as described below under "—Notices." Beneficial owners of book-entry Units, separate purchase contracts or separate amortizing notes, as the case may be, will then be entitled (1) to receive physical delivery in certificated form of definitive Units, separate purchase contracts or separate amortizing notes, as the case may be, equal in aggregate amount of Units, separate purchase contracts or separate amortizing notes, as the case may be, to their beneficial interest and (2) to have the definitive securities registered in their names. Thereafter, the holders of the definitive Units, separate purchase contracts, and separate amortizing notes, as the case may be, will be recognized as the "holders" of the Units, separate amortizing notes, and separate purchase contracts for purposes of the purchase contract agreement and indenture, respectively.

Each of the purchase contract agreement and indenture provides for the replacement of a mutilated, lost, stolen or destroyed definitive security, so long as the applicant furnishes to us and the trustee such security and/or indemnity and such evidence of ownership as we and it may require.

In the event definitive separate amortizing notes are issued, the holders thereof will be able to receive installment payments at the office of our paying agent. The final installment payment of a definitive separate amortizing note may be made only against surrender of the separate amortizing note to one of our paying agents. We also have the option of making installment payments by mailing checks to the registered holders of the separate certificated amortizing notes.

In the event definitive Units, separate purchase contracts or separate amortizing notes are issued, the holders thereof will be able to transfer their securities, in whole or in part, by surrendering such securities for registration of transfer at the office specified in the purchase contract agreement or the indenture, as applicable. A form of such instrument of transfer will be obtainable at the relevant office. Upon surrender, we will execute, and the purchase contract agent and the trustee will authenticate and deliver, new Units, separate purchase contracts or separate amortizing notes, as the case may be, to the designated transferee in the amount being transferred, and a new security for any amount not being transferred will be issued to the transferor. Such new securities will be delivered free of charge at the relevant office, as requested by the owner of such new Units, separate purchase contracts or separate amortizing notes. We will not charge any fee for the registration of transfer or exchange, except that we may require the payment of a sum sufficient to cover any applicable tax or other governmental charge payable in connection with the transfer.

Notices

So long as the global securities are held with DTC or any other clearing system, notices to holders of securities represented by a beneficial interest in the global securities may be given by delivery of the relevant notice to DTC or the alternative clearing system, as the case may be. So long as the amortizing notes are in the form of global securities, any notice will be deemed to have been given on the date given to DTC or the alternative clearing system, as the case may be.

UNDERWRITING (CONFLICTS OF INTEREST)

We are offering the Units described in this prospectus through a number of underwriters. Goldman Sachs & Co. LLC is acting as representative of the underwriters. We have entered into an underwriting agreement with the underwriters with respect to the Units being offered. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of Units listed next to its name in the following table:

Underwriters	Number of Units
Goldman Sachs & Co. LLC	1,450,000
KKR Capital Markets LLC	1,410,000
Jefferies LLC	740,000
Morgan Stanley & Co. LLC	740,000
UBS Securities LLC	560,000
BofA Securities, Inc.	480,000
Guggenheim Securities, LLC	240,000
Leerink Partners LLC	240,000
Wells Fargo Securities, LLC	480,000
Deutsche Bank Securities Inc.	400,000
HSBC Securities (USA) Inc.	400,000
Mizuho Securities USA LLC	400,000
BMO Capital Markets Corp.	320,000
Loop Capital Markets LLC	120,000
SoFi Securities LLC	20,000
Total	8,000,000

The underwriters are committed to purchase all of the Units offered by us if they purchase any Units. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

The underwriters propose to offer the Units directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $0.825 per Unit. After the initial offering of the Units to the public, if all of the Units are not sold at the initial public offering price, the underwriters may change the offering price and the other selling terms. Sales of any shares made outside of the United States may be made by affiliates of the underwriters.

We have granted the underwriters an option to purchase, within 13 days beginning on, and including, the date of the initial issuance of the Units, up to an additional 1,200,000 Units. If any Units are purchased with this option to purchase additional Units, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional Units are purchased, the underwriters will offer the additional Units on the same terms as those on which the Units are being offered.

The underwriting fee is equal to the public offering price per Unit less the amount paid by the underwriters to us per Unit. The underwriting fee is $1.375 per Unit. The following table shows the per Unit and total underwriting discounts and commissions to be paid to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase additional Units.

Paid by the Company

	Without option to purchase additional Units exercise	With full option to purchase additional Units exercise
Per Unit	$ 1.375	$ 1.375
Total	$ 11,000,000	$ 12,650,000

We estimate that the total expenses of this offering, including registration, filing, and listing fees, printing fees, and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately $100,000.

A prospectus in electronic format may be made available on the web sites maintained by one or more underwriters, or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representative to underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

We have agreed that we will not, subject to certain exceptions, (i) offer, sell or contract to sell, pledge or dispose of, directly or indirectly, including the public filing of a registration statement with the SEC in respect of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act, any other shares of our common stock, or any securities convertible into, or exercisable, or exchangeable for, shares of our common stock, or (ii) publicly announce an intention to effect any such transaction, in each case without the prior written consent of Goldman Sachs & Co. LLC for a period of 180 days after the date of the prospectus relating to the Concurrent Offering.

Our directors and executive officers, and substantially all of our stockholders, or such persons, hereinafter the lock-up parties, have entered into lock-up agreements with the underwriters pursuant to which each lock-up party, with limited exceptions, for a period of 180 days after the date of this prospectus, or such period, the restricted period, may not (and may not cause any of their direct or indirect affiliates to), without the prior written consent of Goldman Sachs & Co. LLC, offer, sell, contract to sell, or otherwise dispose of, directly or indirectly, including the public filing of a registration statement with the SEC in respect of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act, any shares of our common stock or any securities convertible into, or exercisable or exchangeable for shares of our common stock, or publicly announce an intention to effect any such transaction.

Goldman Sachs & Co. LLC, in its sole discretion, may release the securities subject to any of the lock-up agreements with the underwriters described above, in whole or in part at any time.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act.

The common stock and the Units have been approved for listing on Nasdaq under the symbols “BTSG” and “BTSGU,” respectively. Our common stock deliverable upon settlement of all purchase contracts are also expected to be listed on Nasdaq. We will not initially apply to list the separate purchase contracts or the separate amortizing notes on any securities exchange or automated inter-dealer quotation system, but we may apply to list such separate purchase contracts and separate amortizing notes in the future as described herein.

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing, and selling Units in the open market for the purpose of preventing or retarding a

decline in the market price of the Units while this offering is in progress. These stabilizing transactions may include making short sales of Units, which involves the sale by the underwriters of a greater number of Units than they are required to purchase in this offering, and purchasing Units on the open market to cover positions created by short sales. Short sales may be "covered" shorts, which are short positions in an amount not greater than the underwriters' option to purchase additional Units referred to above, or may be "naked" shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their option to purchase additional Units, in whole or in part, or by purchasing Units in the open market. In making this determination, the underwriters will consider, among other things, the price of Units available for purchase in the open market compared to the price at which the underwriters may purchase shares through the option to purchase additional Units. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Units in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase Units in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act of 1933, they may also engage in other activities that stabilize, maintain, or otherwise affect the price of the Units, including the imposition of penalty bids. This means that if the representative of the underwriters purchase Units in the open market in stabilizing transactions or to cover short sales, the representative can require the underwriters that sold those Units as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the Units or preventing or retarding a decline in the market price of the Units, and, as a result, the price of the Units may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the Nasdaq, in the over-the-counter market or otherwise.

Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking, and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. For example, certain of the underwriters and their affiliates are lenders or agents under our existing credit facilities and, as a result, may receive a portion from the net proceeds from this offering. In addition, the underwriters or their affiliates may in the future become lenders or agents under our credit facilities, or may provide commitments pursuant to our revolving credit facility, and would receive customary fees and commissions in connection therewith. In addition, from time to time, certain of the underwriters, and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

Conflicts of Interest

Affiliates of KKR & Co. beneficially own in excess of 10% of our issued and outstanding common stock. Because KKR Capital Markets LLC, an affiliate of KKR & Co., is an underwriter in this offering and its affiliates own in excess of 10% of our issued and outstanding common stock, KKR Capital Markets LLC is deemed to have a "conflict of interest" under Rule 5121. Accordingly, this offering is being made in compliance with the requirements of Rule 5121, which requires, among other things, that a "qualified independent underwriter" participate in the preparation of, and exercise the usual standards of "due diligence" with respect to, the registration statement and this prospectus. Goldman Sachs & Co. LLC has agreed to act as a qualified independent underwriter for this offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act, specifically including those inherent in Section 11 thereof. Goldman Sachs & Co. LLC will not receive any additional fees for serving as a qualified independent underwriter in connection with this offering. We have agreed to indemnify Goldman Sachs & Co. LLC against liabilities incurred in connection with acting as a qualified independent underwriter, including liabilities under the Securities Act. KKR

Capital Markets LLC will not confirm any sales to any account over which it exercises discretionary authority without the specific written approval of the account holder.

Selling Restrictions

General

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area, or each, a Relevant State, no Units have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to the Units which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of Units may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the underwriters; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Units shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any Units or to whom any offer is made will be deemed to have represented, acknowledged, and agreed to and with each of the underwriters and us that it is a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation. In the case of any Units being offered to a financial intermediary as that term is used in the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged, and agreed that the Units acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Units to the public other than their offer or resale in a Relevant State to qualified investors as so defined or in circumstances in which the prior consent of the underwriters has been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an "offer to the public" in relation to Units in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Units to be offered so as to enable an investor to decide to purchase or subscribe for any Units, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

The Units are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11)

of Article 4(1) of Directive 2014/65/EU, as amended, or MiFID II; or (ii) a customer within the meaning of Directive 2016/97, as amended, or the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2017/1129 (as amended or superseded, or the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended, or the PRIIPs Regulation, for offering or selling the notes or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPS Regulation. This offering memorandum has been prepared on the basis that any offer of notes in any Relevant State of the European Economic Area will be made pursuant to an exemption under the Prospectus Regulation, from the requirement to publish a prospectus for offers of notes. This prospectus is not a prospectus for the purposes of the Prospectus Regulation.

Notice to Prospective Investors in the United Kingdom

An offer to the public of any Units may not be made in the United Kingdom, except that an offer to the public in the United Kingdom of any Units may be made at any time under the following exemptions under the UK Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the UK Prospectus Regulation), subject to obtaining the prior consent of the underwriters; or

(c) in any other circumstances falling within section 86 of the Financial Services and Markets Act 2000, or as amended, the FSMA,

provided that no such offer of Units shall require us or any underwriter to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation and each person who initially acquires any Units or to whom any offer is made will be deemed to have represented, acknowledged, and agreed to and with each of the underwriters and us that it is a "qualified investor" within the meaning of Article 2 of the UK Prospectus Regulation. In the case of any Units being offered to a financial intermediary as that term is used in Article 1(4) of the UK Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged, and agreed that the Units acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Units to the public other than their offer or resale in the United Kingdom to qualified investors as so defined or in circumstances in which the prior consent of the underwriters has been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an "offer to the public" in relation to Units in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Units to be offered so as to enable an investor to decide to purchase or subscribe for any Units, and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Notice to Prospective Investors in Canada

The Units may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Units must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in Hong Kong

The Units may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Units may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Units which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Units may not be circulated or distributed, nor may the Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the Units are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the Units under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore, or Regulation 32.

Where the Units are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is

to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the Units under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Notice to Prospective Investors in Japan

The Units have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001, or the Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the Units may only be made to persons, or the Exempt Investors, who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the Units without disclosure to investors under Chapter 6D of the Corporations Act.

The Units applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring Units must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority, or the DFSA. This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other

person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The Units to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Units offered should conduct their own due diligence on the Units. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

LEGAL MATTERS

The validity of the Units, stock purchase contracts, and amortizing notes offered by this prospectus will be passed upon for us by Simpson Thacher & Bartlett LLP, New York, New York. Certain legal matters relating to this offering will be passed upon for the underwriters by Latham & Watkins, LLP, New York, New York.

EXPERTS

The consolidated financial statements of BrightSpring Health Services, Inc. and subsidiaries as of December 31, 2022 and 2021 and for each of the years in the three-year period ended December 31, 2022 have been included herein and in the registration statement of which this prospectus forms a part in reliance upon the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein and upon authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form S-1 under the Securities Act with respect to the Units, stock purchase contracts, and amortizing notes offered by this prospectus with the SEC. This prospectus is a part of the registration statement and does not contain all of the information set forth in the registration statement and its exhibits and schedules, portions of which have been omitted as permitted by the rules and regulations of the SEC. For further information about us and the Units, stock purchase contracts, and amortizing notes, you should refer to the registration statement and its exhibits and schedules. Statements contained in this prospectus regarding the contents of any contract or other document referred to in those documents are not necessarily complete, and in each instance we refer you to the copy of the contract or other document filed as an exhibit to the registration statement or other document. Each of these statements is qualified in all respects by this reference.

Following the completion of the Concurrent Offering, we will be subject to the informational reporting requirements of the Exchange Act and, in accordance with the Exchange Act, we will file annual, quarterly, and current reports, proxy statements, and other information with the SEC. Our filings with the SEC will be available to the public on the SEC's website at http://www.sec.gov. Those filings will also be available to the public on, or accessible through, our website (www.brightspringhealth.com) under the heading "Investors." The information we file with the SEC or contained on or accessible through our corporate website or any other website that we may maintain is not part of this prospectus or the registration statement of which this prospectus is a part.

We intend to make available to our common stockholders and Unit holders annual reports containing consolidated financial statements audited by an independent registered public accounting firm.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
BrightSpring Health Services, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of BrightSpring Health Services, Inc. and subsidiaries (the Company) as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive (loss) income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our 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 the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our 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 consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of self-insurance liabilities

As discussed in Note 1 to the consolidated financial statements, the Company is self-insured for a substantial portion of its general and professional liabilities, automobile liabilities, and workers' compensation liabilities. As discussed in Note 8 to the consolidated financial statements, accrued expenses include workers' compensation insurance reserves, general and professional liability insurance reserves, and automobile insurance reserves of $23,523 thousand, $7,162 thousand, and $3,694 thousand, respectively, and long-term liabilities include workers' compensation insurance reserves, general and professional liability insurance reserves, and automobile insurance reserves of $32,058 thousand, $21,537 thousand, and

$8,055 thousand, respectively, as of December 31, 2022. The liabilities recognized for workers' compensation are actuarially determined estimates, while the other reserves are based on analyses performed by management.

We identified the evaluation of the self-insurance liabilities noted above as a critical audit matter. Specifically, evaluation of the Company's determination of the claims incurred but not reported for workers' compensation liabilities involved auditor judgment due to significant measurement uncertainty. In addition, evaluation of the Company's estimates of the ultimate cost of reported claims related to general and professional liabilities, automobile liabilities, and workers' compensation liabilities involved actuarial professionals with specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the Company's ability to estimate self-insurance reserves, and assessed potential management bias, by comparing the prior year estimated reserves to subsequent adjustments to those reserves recorded in the current year. We involved actuarial professionals with specialized skills and knowledge, who assisted in:

- evaluating the Company's expected loss rates used to determine claims incurred but not reported for workers' compensation liabilities by developing an independent expectation of the loss rates using actuarial methodologies and independent assumptions and comparing them to the Company's expected loss rates
- evaluating the Company's determination of the ultimate cost of reported claims by developing an independent estimate of the Company's loss development factors and comparing them to the Company's loss development factors used to determine the ultimate cost of reported claims.

/s/ KPMG LLP

We have served as the Company's auditor since 2019.

Louisville, Kentucky
March 30, 2023, except for Notes 17 and 18, as to which the date is January 25, 2024

BRIGHTSPRING HEALTH SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2022 and 2021
(In thousands, except share and per share data)

	December 31, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 13,628	$ 46,735
Accounts receivable, net of allowance for doubtful accounts	775,843	730,273
Inventories	430,517	299,218
Prepaid expenses and other current assets	124,268	104,388
Total current assets	1,344,256	1,180,614
Property and equipment, net of accumulated depreciation of $296,039 and $224,779 at December 31, 2022 and 2021, respectively	229,081	226,714
Goodwill	2,576,081	2,657,893
Intangible assets, net of accumulated amortization	975,862	1,111,551
Operating lease right-of-use assets, net	246,194	297,928
Other assets	69,664	38,440
Total assets	$ 5,441,138	$ 5,513,140
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	$ 526,916	$ 408,109
Accrued expenses	297,737	358,833
Current portion of obligations under operating leases	67,230	74,765
Current portion of obligations under financing leases	10,218	9,916
Current portion of long-term debt	30,407	40,538
Total current liabilities	932,508	892,161
Obligations under operating leases, net of current portion	184,609	234,807
Obligations under financing leases, net of current portion	20,303	17,279
Long-term debt, net of current portion	3,364,302	3,393,235
Deferred income taxes, net	79,391	98,156
Long-term liabilities	75,943	77,039
Total liabilities	4,657,056	4,712,677
Commitments and contingencies		
Redeemable noncontrolling interests	29,306	25,646
Shareholders' equity:		
Common stock, $0.01 par value, 137,398,625 shares authorized, 117,860,839 and 117,824,173 shares issued and outstanding at December 31, 2022 and 2021, respectively	1,179	1,178
Additional paid-in capital	778,121	772,451
(Accumulated deficit) retained earnings	(45,716)	971
Accumulated other comprehensive income	21,192	217
Total shareholders' equity	754,776	774,817
Total liabilities and shareholders' equity	$ 5,441,138	$ 5,513,140

See accompanying notes to the consolidated financial statements.

BRIGHTSPRING HEALTH SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended December 31, 2022, 2021 and 2020
(In thousands, except per share amounts)

	For the Years Ended December 31,		
	2022	2021	2020
Revenues:			
Products	$ 5,264,423	$ 4,389,404	$ 3,635,898
Services	2,456,137	2,308,678	1,944,474
Total revenues	7,720,560	6,698,082	5,580,372
Cost of goods	4,635,404	3,781,897	3,099,365
Cost of services	1,730,912	1,667,974	1,432,269
Gross profit	1,354,244	1,248,211	1,048,738
Selling, general, and administrative expenses	1,125,558	1,014,027	883,547
Goodwill impairment loss	40,856	—	—
Operating income	187,830	234,184	165,191
Interest expense, net	233,584	165,322	138,953
(Loss) income before income taxes	(45,754)	68,862	26,238
Income tax expense	8,465	17,600	5,087
Net (loss) income	(54,219)	51,262	21,151
Net (loss) income attributable to redeemable noncontrolling interests	(312)	1,463	341
Net (loss) income attributable to BrightSpring Health Services, Inc. and subsidiaries	$ (53,907)	$ 49,799	$ 20,810
Net (loss) income per common share attributable to BrightSpring Health Services, Inc. and subsidiaries:			
Earnings per share - basic:	$ (0.46)	$ 0.42	$ 0.18
Earnings per share - diluted:	$ (0.46)	$ 0.41	$ 0.18
Weighted average shares outstanding:			
Basic	117,840	117,590	117,014
Diluted	117,840	121,790	117,641

See accompanying notes to the consolidated financial statements.

BRIGHTSPRING HEALTH SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
For the years ended December 31, 2022, 2021 and 2020
(In thousands)

	For the Years Ended December 31,		
	2022	2021	2020
Net (loss) income	$(54,219)	$51,262	$21,151
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(353)	32	53
Cash flow hedges:			
Net change in fair value, net of tax of $9,026	28,128	—	—
Amounts reclassified to earnings, net of tax $(167)	(503)	—	—
Total other comprehensive income, net of tax	27,272	32	53
Total comprehensive (loss) income	(26,947)	51,294	21,204
Comprehensive (loss) income attributable to redeemable noncontrolling interests	(312)	1,463	341
Comprehensive (loss) income attributable to BrightSpring Health Services, Inc. and subsidiaries	$(26,635)	$49,831	$20,863

See accompanying notes to the consolidated financial statements.

BRIGHTSPRING HEALTH SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the years ended December 31, 2022, 2021 and 2020
(In thousands, except share data)

	Common Stock		Additional Paid-In Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Amount				
Opening Balances at January 1, 2020	117,122,906	$1,171	$749,854	$ (94,284)	$ 132	$656,873
Net income	—	—	—	20,810	—	20,810
Other comprehensive income, net of tax	—	—	—	—	53	53
Share-based compensation	—	—	6,268	—	—	6,268
Adjustments to redemption value of redeemable noncontrolling interest	—	—	—	21,722	—	21,722
Repurchase of shares of common stock	(170,374)	(2)	(1,122)	—	—	(1,124)
Shares issued under share-based compensation plan, including tax effects	60,126	1	381	—	—	382
Balances at December 31, 2020	117,012,658	$1,170	$755,381	$ (51,752)	$ 185	$704,984
Net income	—	—	—	49,799	—	49,799
Other comprehensive income, net of tax	—	—	—	—	32	32
Share-based compensation	—	—	4,517	—	—	4,517
Adjustments to redemption value of redeemable noncontrolling interest	—	—	—	2,924	—	2,924
Repurchase of shares of common stock	(34,248)	—	(417)	—	—	(417)
Shares issued under share-based compensation plan, including tax effects	26,695	—	173	—	—	173
Issuance of common stock	819,069	8	12,797	—	—	12,805
Balances at December 31, 2021	117,824,173	$1,178	$772,451	$ 971	$ 217	$774,817
Net loss	—	—	—	(53,907)	—	(53,907)
Other comprehensive income, net of tax	—	—	—	—	27,272	27,272
Share-based compensation	—	—	3,547	—	—	3,547
Acquisition of noncontrolling interest	—	—	1,890	—	—	1,890
Adjustments to redemption value of redeemable noncontrolling interest	—	—	—	923	—	923
Shares issued under share-based compensation plan, including tax effects	36,666	1	233	—	—	234
Other	—	—	—	6,297	(6,297)	—
Balances at December 31, 2022	117,860,839	$1,179	$778,121	$ (45,716)	$ 21,192	$754,776

See accompanying notes to the consolidated financial statements.

BRIGHTSPRING HEALTH SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022, 2021 and 2020
(In thousands)

	For the Years Ended December 31,		
	2022	2021	2020
Operating activities:			
Net (loss) income	$ (54,219)	$ 51,262	$ 21,151
Adjustments to reconcile net (loss) income to cash (used in) provided by operating activities:			
Depreciation and amortization	203,970	199,155	181,502
Impairment of long-lived assets	10,821	3,390	—
Goodwill impairment	40,856	—	—
Provision for bad debts	15,065	18,047	16,778
Amortization of deferred debt issuance costs	20,439	20,729	10,773
Share-based compensation	3,547	4,517	6,268
Deferred income taxes, net	(27,962)	6,489	22,600
Loss (gain) on divestiture	5,502	(4,961)	1,475
Loss on extinguishment of debt	—	1,565	—
Gain on disposition of fixed assets	(903)	(396)	(350)
Other	2,696	475	(1,473)
Change in operating assets and liabilities, net of acquisitions and dispositions:			
Accounts receivable	(150,466)	(93,003)	(58,915)
Prepaid expenses and other current assets	(24,280)	13,194	(8,190)
Inventories	(131,833)	4,293	(95,730)
Trade accounts payable	133,466	63,541	100,431
Accrued expenses	(46,035)	19,675	4,538
Other assets and liabilities	(5,317)	(37,807)	21,783
Net cash (used in) provided by operating activities	$ (4,653)	$270,165	$222,641

BRIGHTSPRING HEALTH SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
For the years ended December 31, 2022, 2021 and 2020
(In thousands)

	For the Years Ended December 31,		
	2022	2021	2020
Investing activities:			
Purchases of property and equipment	(70,113)	(59,270)	(51,908)
Acquisitions of businesses, net of cash acquired	(42,459)	(1,142,085)	(402,011)
Proceeds from sale of business, net of cash divested	155,793	9,000	—
Other	2,135	1,703	1,052
Net cash provided by (used in) investing activities	$ 45,356	$ (1,190,652)	$ (452,867)
Financing activities:			
Long-term debt borrowings	—	675,580	550,000
Long-term debt repayments	(40,721)	(28,989)	(18,400)
Repayments (borrowings) of swingline debt, net	(17,300)	92,100	(26,150)
Payment of debt issuance costs	—	(17,566)	(14,275)
Issuance of common stock	—	12,805	—
Repurchase of shares of common stock	—	(417)	(1,124)
Shares issued under share-based compensation plan, including tax effects	234	173	382
Payment of acquisition earn-outs	(4,364)	(14,986)	(2,630)
Distributions to redeemable noncontrolling interests	(750)	(1,650)	(2,597)
Contributions from redeemable noncontrolling interests	—	—	1,013
Payment of financing lease obligations	(10,909)	(11,833)	(12,283)
Net cash (used in) provided by financing activities	(73,810)	705,217	473,936
Net (decrease) increase in cash and cash equivalents	$ (33,107)	$ (215,270)	$ 243,710
Cash and cash equivalents at beginning of year	46,735	262,005	18,295
Cash and cash equivalents at end of year	$ 13,628	$ 46,735	$ 262,005
Supplemental disclosures of cash flow information:			
Cash paid for:			
Interest paid	$ 213,308	$ 126,950	$ 129,567
Income taxes, net of refunds	$ 28,851	$ (4,647)	$ 3,003
Supplemental schedule of non-cash investing and financing activities:			
Notes issued and contingent liabilities assumed in connection with acquisitions	$ 5,134	$ 6,379	$ 12,441
Financing lease obligations (Note 11)	$ 10,652	$ 10,013	$ 10,495
Purchases of property and equipment in accounts payable	$ 4,597	$ 7,308	$ 2,681

See accompanying notes to the consolidated financial statements.

BRIGHTSPRING HEALTH SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

Description of Business

BrightSpring Health Services, Inc. is a leading platform of complementary health services delivering provider and pharmacy solutions for complex populations in home and community settings. Our platform delivers clinical services and pharmacy solutions across Medicare, Medicaid, and commercially-insured populations.

On December 7, 2017, affiliates of Kohlberg Kravis Roberts & Co. L.P. ("KKR") and Walgreens Boots Alliance, Inc. ("WBA") purchased PharMerica Corporation ("PharMerica"). On March 5, 2019, the Company expanded with the acquisition of BrightSpring Health Holdings Corp. ("BrightSpring Corp. Acquisition"). The surviving entity has been renamed as BrightSpring Health Services, Inc.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of BrightSpring Health Services, Inc. and its subsidiaries ("BrightSpring," the "Company," "we," "us," or "our"). All intercompany balances and transactions have been eliminated.

BrightSpring has a 60% ownership interest in SHC Medical Partners, LLC ("Med Partners"), 70% ownership interest in Gateway Pediatric Therapy, LLC ("Gateway") and a 55% ownership interest in Harvest Grove LTC, LLC ("Harvest Grove"), each of which meets the definition of a variable interest entity ("VIE"). The Company is deemed to be the primary beneficiary of these VIEs because it possesses the power to direct activities of the VIEs that most significantly impact their economic performance and has the obligation to absorb losses or the right to receive benefits from the VIEs that are significant to them; therefore, the Company has consolidated the operating results, assets and liabilities of these VIEs. The noncontrolled portion of net (loss) income is presented as net (loss) income attributable to redeemable noncontrolling interests on the Company's consolidated statements of operations and our respective partners' portion of equity presented as redeemable noncontrolling interests for SHC Medical Partners, LLC, Gateway Pediatric Therapy, LLC and Harvest Grove LTC, LLC on the consolidated balance sheets. See Note 14.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP").

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts and related disclosures. We rely on historical experience and on various other assumptions that we believe to be reasonable under the circumstances to make judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Significant estimates are involved in the valuation of accounts receivable, inventory, long-lived assets, definite and indefinite-lived intangibles, derivatives, insurance reserves, stock-based compensation, and goodwill. Actual amounts may differ from these estimates.

Revenue Recognition

The Company recognizes the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. For transactions involving the transfer of goods, revenues are primarily recognized when the customer obtains control of the products sold, which is generally upon shipment or delivery,

depending on the delivery terms specified in the sales agreement. For transactions exclusively involving provision of services, revenues are recognized over time based on an appropriate measure of progress. Additionally, where we are required to collect sales taxes from our customers, revenue is recognized net of any taxes collected, and the sales tax amounts are recorded as a liability until remitted to the governmental taxing authorities. The Company's revenue recognition policy by reportable segment is as follows:

Home and Community Health Provider Services

Home and Community Health Provider Services ("Provider Services") revenues are generated from providing care services directly to consumers under contracts with state, local and other governmental agencies, as well as commercial insurance companies, long-term care insurance policies, private pay customers and management contracts with private operators. Generally, these contracts, which are negotiated based on current contract practices as appropriate for the payor, establish the terms of a customer relationship and set the broad range of terms for services to be performed at stated rates. The contracts do not give rise to rights and obligations until a service request is placed with the Company. Contract terms vary but generally are for one year or less with available renewal options and a thirty-to-sixty-day reimbursement period. When a service request is placed with the Company, it creates the performance obligation to provide a defined quantity of service hours per patient. Performance obligations to deliver patient care services are satisfied over time and revenue is recognized using a time-based input method to measure progress against the contract between the Company and the customer, given that consumers simultaneously receive and consume the benefits provided by the Company as the services are performed. Revenues are recognized over a period of time as the services are rendered at the contractual rate established at or before the time services are rendered; thus, there are no forms of variable consideration associated with the various revenue streams.

Pharmacy Solutions

Pharmacy Solutions revenues are generated from the services and products provided in association with the distribution of prescription drugs to consumers primarily under contracts with Prescription Drug Plans ("PDPs") under Medicare Part D, state Medicaid programs, long-term care institutions, third party insurance companies and private payors. Services provided include individualized medication management and support, staff and patient support programs and solutions, regulatory support and product delivery. When an order for a prescription is placed with the Company, it creates the performance obligation to deliver a prescription and related services. The performance obligation is satisfied at a point in time upon shipment for specialty pharmacies and upon delivery for other home and community-based pharmacies and facility-based pharmacies. Revenues are recognized at a point in time when the associated performance obligations are satisfied at the contractual rate established at or before the time the performance obligation is satisfied.

Contractual Allowances

Revenues and the associated receivables are based upon the actual reimbursements expected to be received and include contractual allowances based upon historical trends, contractual reimbursement terms and other factors which may impact ultimate reimbursement. Amounts are adjusted to actual reimbursed amounts based upon cash receipts.

Cost of Goods and Cost of Services

We classify expenses directly related to providing goods and services, including associated depreciation and amortization expense, as cost of goods and cost of services, respectively. Direct costs and expenses principally include cost of drugs, salaries and benefits for direct care and service professionals, contracted labor costs, insurance costs, transportation costs for clients requiring services, certain client expenses such as food, supplies and medicine, residential occupancy expenses, which primarily comprise rent and utilities, and other miscellaneous direct service or goods related expenses.

Supplier Rebates

Pharmacy Solutions receives rebates on purchases from select vendors and suppliers for achieving purchase volumes, primarily through agreements with or between WBA, certain of its affiliates and AmeriSourceBergen Drug Corporation. Rebates for brand name products are generally based on purchasing volumes or actual prescriptions dispensed. Rebates for generic products are primarily based on achieving purchasing volume requirements or other contractually based requirements. The Company considers these rebates product discounts, and as a result, the rebates are recorded as a reduction of product cost and relieved through cost of goods upon the sale of the related inventory or as a reduction of inventory for drugs which have not yet been sold. The rebate recorded is adjusted, if necessary, after the third party validates the appropriate data and notifies the Company of its agreement under the terms of the contract.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash equivalents with original maturities of three months or less. The Company places its cash in financial institutions that are federally insured. The majority of the Company's bank accounts are zero balance accounts where cash needs are funded as checks are presented for payment by the holder. Checks issued pending clearance that result in overdraft balances for accounting purposes are included in accrued expenses in our consolidated balance sheets, and the change in the related balances are reflected in operating activities in the Company's consolidated statements of cash flows.

Accounts Receivable

Accounts receivable primarily consist of amounts due from PDPs under Medicare Part D, institutional healthcare providers, state Medicaid programs, other government agencies, third party insurance companies, and private payors. To provide for accounts receivable that could become uncollectible in the future, the Company establishes an allowance for doubtful accounts to reduce the carrying value of such receivables to the extent it is probable that a portion or all of a particular account will not be collected, with the related expense recorded as a component of selling, general, and administrative expenses. The allowance for doubtful accounts totaled $47.4 million and $46.4 million as of December 31, 2022 and 2021, respectively, and is reflected in accounts receivable, net of allowance for doubtful accounts on our consolidated balance sheets.

Inventories

Inventory is primarily located at the Company's pharmacy locations. Inventory consists solely of finished products (primarily prescription drugs) and is valued at the lower of first-in, first-out ("FIFO") cost or net realizable value. Physical inventories are performed, at a minimum, on a quarterly basis at all pharmacy sites. Inventory and cost of goods are adjusted based upon the results of the physical inventory counts.

Investments

We consolidate investments when the entity is a VIE and we are the primary beneficiary or if we have controlling interests in the entity, which is generally ownership in excess of 50%. Third party equity interests in our consolidated joint ventures are reflected as redeemable noncontrolling interests in our consolidated financial statements.

We account for investments in entities in which we have the ability to exercise significant influence under the equity method if we hold 50% or less of the voting stock and the entity is not a variable interest entity in which we are the primary beneficiary. The book value of investments that we account for under the equity method of accounting totaled $0.7 million and $2.7 million as of December 31, 2022 and 2021, respectively, and is reflected in other assets within our consolidated balance sheets.

Goodwill and Other Definite and Indefinite-lived Intangible Assets

The Company tests goodwill and indefinite-lived intangible assets for impairment annually as of October 1, or more frequently if impairment indicators arise. The Company had seven reporting units for the purposes of goodwill testing: Institutional Pharmacy, Home Infusion, Specialty Solutions, Hospice Pharmacy, Behavioral Health, Home Health & Therapies and Workforce Solutions. The Workforce Solutions reporting unit was sold effective November 1, 2022. Refer to Note 3 for discussion of the divestiture. In 2022 and 2021, the Company performed a quantitative assessment of all reporting units as of October 1. Refer to Note 4 for discussion of results.

Our intangible assets consist primarily of customer relationships, trade names and definite-lived licenses, which are amortized over two to twenty years, based on their estimated useful lives. We also have indefinite-lived intangible licenses. The Company tests all intangible assets for impairment at least annually, and more frequently if impairment indicators arise. If the carrying amount of an intangible asset exceeds its fair value, an impairment loss is recognized. We elected to perform a qualitative assessment for our indefinite-lived intangible assets for our annual impairment test in the fourth quarter of 2022, 2021 and 2020. As a result of our qualitative analyses, we determined that it was more-likely-than-not that the fair values of our indefinite-lived intangible assets were greater than their carrying values. We recorded intangible impairment of $8.3 million related to definite-lived intangible licenses for the year ended December 31, 2022. During years ended December 31, 2021 and 2020, respectively, we recorded no impairment related to intangible assets.

Debt Issuance Costs

The Company capitalizes financing fees related to acquiring or issuing new debt instruments. These expenditures include bank fees and premiums, legal costs and filing fees. Debt issuance costs are capitalized and amortized as interest expense over the terms of the related debt using the effective interest rate method. Debt issuance costs related to term loans and specified maturity borrowings are presented as a direct reduction of the carrying value of the debt. Debt issuance costs related to revolving credit facilities and lines of credit are presented as other assets in our consolidated balance sheets.

Derivative Financial Instruments

The Company has interest rate swap agreements to manage its interest rate exposure. The Company does not use financial instruments for trading or other speculative purposes.

The interest rate swap agreements are designated as qualifying cash flow hedging relationships and changes in the fair values that are included in the assessment of effectiveness are recognized in accumulated other comprehensive income (“AOCI”) until the hedged items affect earnings. The Company formally assesses, both at the inception of the hedging relationship and on an ongoing basis, whether the derivatives that are used in hedging relationships are highly effective in offsetting changes in cash flows of hedged transactions. The gain or loss on the derivative included in the assessment of effectiveness is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings.

The Company’s policy for treatment of discontinued derivative instruments states that the Company will discontinue hedge accounting prospectively when it determines that the derivative is no longer effective in offsetting cash flows attributable to the hedged risk, the derivative expires or is sold, terminated, or exercised, the cash flow hedge is de-designated because a forecasted transaction is not probable of occurring, or management determines to remove the designation of the cash flow hedge. Additionally, if it becomes probable that a forecasted transaction will not occur, the Company will recognize immediately in earnings gains and losses that were accumulated in other comprehensive income related to the hedging relationship. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, the Company would continue to carry the derivative at its fair value on the balance sheet and recognizes any subsequent changes in its fair value in earnings.

Deferred Offering Costs

As of December 31, 2021, deferred offering costs of $5.3 million were capitalized and included in other assets on our consolidated balance sheet. These deferred offering costs consisted of legal, accounting, filing and other fees and costs directly attributable to the Company's anticipated initial public offering of common stock ("IPO"). In 2022, the Company determined that an IPO was no longer considered probable. All of the deferred offering costs were charged to selling, general, and administrative expenses in the Company's consolidated statement of (loss) income. There are no deferred offering costs included in the consolidated balance sheet as of December 31, 2022.

Income Taxes

Our provision for income taxes is based on expected book income, permanent book/tax differences, discrete items and statutory tax rates in the various jurisdictions in which we operate. Income tax expense (benefit) includes the recognized portion of current and deferred income taxes at a federal, state and local level. Significant estimates and judgments are required in determining the provision for income taxes.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. A valuation allowance is provided for deferred assets if it is more-likely-than-not that some portion or all of the net deferred tax assets will not be realized.

The Company recognizes tax benefits that are considered more-likely-than-not to be sustained. Recognized income tax positions are measured at the largest amount that is more-likely-than-not of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Our policy is to recognize interest related to unrecognized tax benefits as interest expense and penalties as corporate general and administrative expense which is included as part of selling, general, and administrative expenses.

Legal Contingencies

We are a party to numerous claims and lawsuits with respect to various matters. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. See Note 13.

Insurance Losses

We self-insure a substantial portion of our general and professional liability, automobile liability, workers' compensation risks, and (subject to certain stop loss coverage at a high level of losses) health benefits. Provisions for losses for workers' compensation risks and health benefits are based upon actuarially determined estimates and include an amount determined from reported claims and an amount based on past experiences for losses incurred but not reported. Estimates of workers' compensation claims reserves have been discounted using a discount rate of 3.5% and 3.0% at December 31, 2022 and 2021, respectively. Provisions for general and professional and automobile liabilities are recorded on a claims-made basis, which includes estimates of fully developed losses for both reported and unreported claims. Accruals for general and professional and automobile liabilities are based on analyses performed internally by management. The liabilities are evaluated quarterly and any adjustments are reflected in earnings in the period identified. These liabilities are necessarily based on estimates and, while we believe that the provision for loss is adequate, the ultimate liability may differ than the amounts recorded.

Fair Value of Financial Instruments

The Company uses valuation approaches 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:

(a) Level 1 Quoted prices in active markets for identified assets or liabilities.

(b) Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability.

(c) Level 3 Unobservable inputs used in valuations in which there is little market activity for the asset or liability at the measurement date.

At December 31, 2022 and 2021, the fair value of cash and cash equivalents, accounts receivable, trade accounts payable and accrued expenses approximated their carrying values because of the short-term nature of these instruments. The carrying amounts of the Company's long-term debt approximated fair value as interest rates and negotiated terms and conditions are consistent with current market rates due to the close proximity of recent refinancing transactions to the dates of these consolidated financial statements. All debt classifications and interest rate swaps represent Level 2 fair value measurements. Contingent consideration, which represents future earn-outs associated with acquisitions, represents a Level 3 fair value measurement as there is little or no market data available. Refer to Note 12.

Leases

We determine if an arrangement is, or contains, a lease at contract inception and recognize a right-of-use asset and a lease liability at the lease commencement date. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet for select asset classes. The lease liability is measured at the present value of future lease payments as of the lease commencement date. The right-of-use asset recognized is based on the lease liability adjusted for prepaid and deferred rent and unamortized lease incentives. Amortization of the right-of-use asset and accretion of the lease liability for an operating lease is recognized as a single lease cost, on a straight-line basis, over the lease term and is included in cost of goods, cost of services or selling, general, and administrative expenses on our consolidated statements of operations. A finance lease right-of-use asset is amortized on a straight-line basis over the lesser of the useful life of the leased asset or lease term, with interest costs reported separately. Variable common area maintenance and property tax expenses are expensed as incurred. Reductions of the right-of-use asset and the change in the lease liability are included within the changes in other long-term assets and liabilities within operating activities on our consolidated statements of cash flows.

As our leases do not provide an implicit discount rate, we use our incremental borrowing rate as the discount rate for our leases, which is equal to the rate of interest the Company would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. We determine the incremental borrowing rate applicable to each lease by reference to our outstanding secured borrowings. We then obtain a corporate yield curve with the same rating from an external source to adjust for differing tenors to reflect differing lease terms. We have elected to use the portfolio approach in determining our incremental borrowing rate. The incremental borrowing rate for all new or amended leases is based upon the lease terms. The lease terms for all the Company's leases include the contractually obligated period of the leases, plus any additional periods covered by Company options to extend the leases that the Company is reasonably certain to exercise.

Certain leases provide that the lease payments may be increased annually based on the fixed rate terms or adjustable terms such as the Consumer Price Index. Future base rent escalations that are not contractually quantifiable as of the lease commencement date are not included in our lease liability. We recorded a right-of-use asset impairment of $2.5 million and $3.3 million for the years ended December 31, 2022 and 2021, respectively, included within selling general and administrative expenses on the consolidated statements of operations. There was no impairment for the year ended December 31, 2020.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets (generally three to ten years for equipment and software and twenty years for buildings). Leasehold improvements are depreciated over the shorter of their estimated useful lives or the terms of their respective leases (generally one to fifteen years).

We regularly review the carrying value of long-lived assets, including our right-of-use assets, with respect to any events or circumstances that indicate a possible inability to recover their carrying amount. Indicators of impairment include, but are not limited to, loss of contracts, significant census declines, reductions in reimbursement levels, significant litigation and impact of economic conditions on service demands and levels. Our evaluation is based on undiscounted cash flows, operating results, as well as significant events or changes in the reimbursement or regulatory environment. If the undiscounted cash flows suggest the recorded amounts cannot be recovered, the carrying values of such assets are reduced to fair value. There was no impairment for the years ended December 31, 2022 or 2020. We recorded property and equipment impairment of $0.1 million for the year ended December 31, 2021, which is included within selling, general, and administrative expenses on the consolidated statements of operations.

Segments

Operating segments are defined as components of a company that engage in business activities from which it may earn revenues and incur expenses, and for which separate financial information is available and is regularly reviewed by the Company's chief operating decision maker ("CODM") to assess the performance of the individual segments and make decisions about resources to be allocated to the segments. The Company's operating segments have been identified based upon similar economic characteristics, nature of services, types of customers and how the CODM manages the business and allocates resources in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 280, *Segment Reporting*. The Company has identified four operating segments and has aggregated two of these operating segments into the Provider Services reportable segment. The Pharmacy Solutions operating segment is also a reportable segment, and the Workforce Solutions operating segment did not meet the quantitative threshold for further disclosure.

In our Provider Services reportable segment, we provide a variety of services to help manage the whole-person health of our patients in their homes and communities through services such as home health care and hospice care and long-term specialty care. This includes providing services to support individuals who need assistance with daily living due to an intellectual, developmental or cognitive disability ("I/DD").

Our Pharmacy Solutions segment operates long-term institutional pharmacies, specialty oncology pharmacies and home infusion centers. Our service offerings are impacted by medication availability and reliability, cost containment, staff and patient support solutions and regulatory support. Our integrated Pharmacy Solutions segment is designed to drive medication adherence, patient outcomes, process efficiency and compliance in a number of areas.

Substantially all of the Company's revenues are generated inside the United States, with the Provider Services and Other segments generating insignificant amounts of revenue in Canada. Refer to Note 16 for additional information on the Company's segments.

Weighted-Average Shares Outstanding

Basic (loss) earnings per share of common stock is calculated by dividing net (loss) income by the weighted average number of shares outstanding for the reporting period. Diluted (loss) earnings per share of common stock is computed similarly to basic (loss) earnings per share except the weighted average shares outstanding are increased to include potential shares outstanding resulting from share-based compensation awards, if dilutive. In

periods of net loss, no potential common shares are included in the diluted shares outstanding as the effect is anti-dilutive. The number of additional shares of common stock related to stock option awards subject to only a time-based condition is calculated using the treasury stock method, if dilutive. Stock option awards subject to a performance condition are not included in the denominator of diluted earnings per share calculation using the treasury stock method as the performance condition has not been satisfied.

The following table sets forth, for the periods indicated, shares used in our computation of weighted-average shares outstanding, which are used to calculate our basic and diluted net (loss) income attributable to the Company:

	For the Years Ended December 31,		
	2022	2021	2020
Weighted average number of shares outstanding - basic	117,840,253	117,589,763	117,014,102
Effect of dilutive securities:			
Stock options	—	4,200,614	627,072
Weighted average number of shares outstanding - diluted	117,840,253	121,790,377	117,641,174
Anti-dilutive shares	7,114,171	—	1,067,689

Share-Based Compensation

The Company measures and recognizes compensation expense for share-based payment awards based on the fair value of each award at its grant date and recognizes expense over the related service period on a straight-line basis. The Company accounts for forfeitures of share-based compensation awards as they occur. Compensation expense is included in cost of goods, cost of services, and selling, general, and administrative expenses in our consolidated statements of operations.

Foreign Currency Translation

BrightSpring's Canadian subsidiaries designates its local currency as its functional currency. Operating results are translated into U.S. dollars using monthly average exchange rates, while balance sheet accounts are translated using period-end exchange rates. The resulting translation adjustments are included as a component of our accumulated other comprehensive income in shareholders' equity. Operating results from foreign operations are not material to our consolidated financial statements.

Government Actions to Mitigate COVID-19's Impact

On January 31, 2020, the Secretary of the U.S. Department of Health and Human Services ("HHS") declared a national public health emergency due to a novel coronavirus. In March 2020, the World Health Organization declared the outbreak of COVID-19, a disease caused by this novel coronavirus, a pandemic.

In recognition of the significant threat to the liquidity of financial markets posed by the COVID-19 pandemic, the Federal Reserve and Congress took dramatic actions to provide liquidity to businesses and the banking system in the United States. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, a sweeping stimulus bill intended to bolster the U.S. economy, was signed into law. The Paycheck Protection Program and Health Care Enhancement ("PPPHCE") Act and the Consolidated Appropriations Act ("CAA"), both expansions of the CARES Act, were signed into law on April 24, 2020 and December 27, 2020, respectively. In total, the CARES Act, the PPPHCE Act, and the CAA authorized $178 billion in funding to be distributed to health care providers through the Provider Relief Fund. This funding is intended to support healthcare providers by reimbursing them for healthcare-related expenses or lost revenues attributable to COVID-19.

In addition to the Provider Relief Fund, the CARES Act provided for the temporary suspension of the automatic 2% reduction of Medicare claim reimbursements ("sequestration") to providers for the period May 1, 2020 through March 31, 2022 (but also extending sequestration through 2032). The sequestration payment adjustment was reinstated as a 1% and 2% reduction to Medicare claim reimbursements effective April 1, 2022 and July 1, 2022, respectively. The Medicare sequester relief resulted in an increase of $3.3 million, $6.1 million and $1.3 million to Provider Services' net service revenues for the years ended December 31, 2022, 2021 and 2020, respectively.

Provider Relief Funds

In the year ended December 31, 2020, the Company received $22.7 million from the Provider Relief Fund. During 2021, the Company recorded an additional $31.4 million from the Provider Relief Fund. The Company returned $0.1 million of these funds in 2020 and $3.9 million of these funds in 2021. We received no additional Provider Relief Funds in 2022. The Company recognized $29.8 million and $20.3 million of income related to these Provider Relief Funds for the years ended December 31, 2022 and 2021, respectively, for healthcare related expenses attributable to COVID-19 in accordance with HHS guidelines. The income recognized in 2022 and 2021 was offset directly by the expenses incurred within selling, general, and administrative expenses which resulted in no financial impact to the Company. No funds were recognized in income for the year ended December 31, 2020.

Payroll Tax Deferral

The CARES Act also provided for certain federal income and other tax changes, including the deferral of the employer portion of social security payroll taxes. The Company received a cash benefit of approximately $66.7 million related to the deferral of employer payroll taxes for the period April 2, 2020 through December 31, 2020. Approximately $33.7 million and $32.5 million of the cash benefit was paid back during the years ended December 31, 2022 and 2021, respectively.

Recently Adopted Accounting Standards

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which was further clarified in January 2021 through the issuance of ASU 2021-01, *Reference Rate Reform (Topic 848): Scope* and December 2022 through the issuance of ASU 2022-06, *Reference Rate Reform* (Topic 848): *Deferral of the Sunset Date of Topic 848*. This guidance provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. This amendment is effective as of March 12, 2020 through December 31, 2024. The expedients and exceptions provided by this new guidance do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2024, except for hedging relationships existing as of December 31, 2024, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationships. The adoption of and future elections under this new guidance did not and are not expected to have a material impact on our consolidated financial statements. We will continue to monitor the discontinuance of LIBOR on our debt agreements and hedging relationships.

In November 2021, the FASB issued ASU 2021-10, *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance*, which requires business entities to disclose information about certain government assistance they receive. Such disclosure requirements include the nature of the transactions and the related accounting policy used, the line items on the balance sheet and income statement that are affected and the amounts applicable to each financial statement line item and significant terms and conditions of the transactions. ASU 2021-10 was effective for the Company on January 1, 2022. The adoption of ASU 2021-10 did not have a material impact to the existing disclosures made in relation to government assistance received by the Company.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740) Simplifying the Accounting for Income Taxes*. ASU 2019-12 simplifies the accounting for income taxes by removing certain exceptions in Topic 740 and clarifying and amending existing guidance. It is effective for annual and interim periods beginning after

December 15, 2020 and interim periods within those fiscal years. Early adoption is permitted. There are several adoption methods for different amendments in this ASU, including retrospective method for amendments related to separate financial statements of legal entities that are not subject to tax, modified retrospective method for amendments related to changes in ownership of foreign equity method investments or subsidiaries, either retrospective or modified retrospective method for amendments related to franchise taxes that are partially based on income and prospective method for all other amendments. We adopted ASU 2019-12 as of January 1, 2021. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU enables financial statement users to obtain more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity as of each reporting date. This ASU replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. FASB provided additional implementation guidance in November 2018, April 2019, May 2019 and November 2019, in ASU 2018-19, ASU 2019-04, ASU 2019-05, and ASU 2019-11, respectively. The Company retrospectively adopted this standard and related amendments as of January 1, 2020. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements and related disclosures.

Accounting Standards Not Yet Adopted

In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)*, which simplifies accounting for convertible instruments by removing major separation models required under current U.S. GAAP. ASU 2020-06 removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, and it also simplifies the diluted earnings per share calculation in certain areas. ASU 2020-06 is effective for private business entities beginning after December 15, 2023, including interim periods within those fiscal years. The Company is currently evaluating the effect of the new guidance on our consolidated financial statements and related disclosures.

2. Revenues

The Company is substantially dependent on revenues received under contracts with federal, state and local government agencies. Operating funding sources are generally earned from Medicaid, Medicare, Department of Labor ("DOL"), commercial insurance reimbursement and from private and other payors. There is no single customer whose revenue was 10% or more of our consolidated revenue. The following tables set forth revenue by payor type for the years ended December 31, 2022, 2021 and 2020 (in millions):

	Pharmacy Solutions					
	For the Years Ended December 31,					
	2022		2021		2020	
	Revenue	% of Revenue	Revenue	% of Revenue	Revenue	% of Revenue
Medicare D	$2,713.3	35.1%	$2,259.0	33.7%	$1,903.7	34.1%
Medicaid	516.4	6.7%	406.2	6.1%	318.4	5.7%
Commercial Insurance	1,353.9	17.6%	1,102.5	16.5%	901.3	16.2%
Medicare A	480.3	6.2%	471.7	7.1%	378.7	6.8%
Private & Other	158.5	2.1%	121.9	1.8%	111.5	2.0%
Medicare B	42.0	0.6%	28.1	0.4%	22.4	0.4%
	$5,264.4	68.3%	$4,389.4	65.6%	$3,635.9	65.2%

	Provider Services For the Years Ended December 31,					
	2022		2021		2020	
	Revenue	% of Revenue	Revenue	% of Revenue	Revenue	% of Revenue
Medicaid	$1,290.2	16.7%	$1,227.9	18.3%	$1,194.1	21.4%
Commercial Insurance	134.0	1.7%	113.2	1.7%	98.1	1.7%
Medicare A	466.5	6.1%	341.5	5.1%	115.7	2.1%
Private & Other	287.8	3.7%	277.7	4.1%	273.9	4.9%
Medicare B	3.0	0.0%	2.4	0.0%	1.9	0.0%
	$2,181.5	28.2%	$1,962.7	29.2%	$1,683.7	30.1%

	Other For the Years Ended December 31,					
	2022		2021		2020	
	Revenue	% of Revenue	Revenue	% of Revenue	Revenue	% of Revenue
Department of Labor	$ 273.4	3.5%	$ 346.0	5.2%	$ 260.8	4.7%
Private & Other	1.3	0.0%	—	0.0%	—	0.0%
	$ 274.7	3.5%	$ 346.0	5.2%	$ 260.8	4.7%

	Consolidated For the Years Ended December 31,					
	2022		2021		2020	
	Revenue	% of Revenue	Revenue	% of Revenue	Revenue	% of Revenue
Medicare D	$2,713.3	35.1%	$2,259.0	33.7%	$1,903.7	34.1%
Medicaid	1,806.6	23.4%	1,634.1	24.4%	1,512.5	27.1%
Commercial Insurance	1,487.9	19.3%	1,215.7	18.2%	999.4	17.9%
Medicare A	946.8	12.3%	813.2	12.2%	494.3	8.9%
Private & Other	447.6	5.8%	399.6	5.9%	385.4	6.9%
Department of Labor	273.4	3.5%	346.0	5.2%	260.8	4.7%
Medicare B	45.0	0.6%	30.5	0.4%	24.3	0.4%
	$7,720.6	100.0%	$6,698.1	100.0%	$5,580.4	100.0%

The Company's contract assets, relate to revenues derived through contracts with local and state governments primarily related to the Workforce Solutions business within our Other segment. Contract assets of $35.4 million at December 31, 2021, were reflected in accounts receivable, net of allowance for doubtful accounts on our consolidated balance sheets. The Workforce Solutions business was sold effective November 1, 2022. Refer to Note 3 for discussion of divestiture. As of December 31, 2022, the Company recognized no contract assets on its consolidated balance sheet.

Refer to Note 16 for the disaggregation of revenues by segment.

3. Acquisitions & Divestitures

2022 Acquisitions

During the year ended December 31, 2022, we completed six acquisitions within the Pharmacy Solutions and Provider Services segments. We entered into these transactions in order to expand our services and geographic offerings. Aggregate consideration net of cash acquired for these acquisitions was approximately $45.0 million. The operating results of these acquisitions are included in our consolidated financial statements from the date of each acquisition.

The following table summarizes the consideration paid (in thousands) for 2022 acquisitions, and the estimated fair value of the assets acquired and the liabilities assumed at the acquisition dates, which are adjusted for measurement-period adjustments through December 31, 2022. Cash consideration paid for acquisitions by the Pharmacy Solutions and Provider Services segments was $20.7 million and $24.3 million, respectively.

Accounts receivable	$ 1,442
Inventories	33
Prepaids and other current assets	43
Operating lease right-of-use assets	1,941
Property and equipment	384
Intangible assets	17,566
Goodwill	35,496
Other assets	10
Trade accounts payable	(1,164)
Accrued expenses	(436)
Current portion of obligations under operating leases	(272)
Current portion of obligations under financing leases	(10)
Obligations under operating leases, net of current portion	(1,669)
Obligations under financing leases, net of current portion	(5)
Additional paid-in capital	(1,890)
Redeemable noncontrolling interest	(6,509)
Aggregate purchase price, net of cash acquired	$44,960

Consideration for the MedPartners joint venture formation included a cash contribution of $6.2 million and the contribution of a wholly-owned subsidiary of BrightSpring, resulting in a credit to additional paid-in capital of $1.9 million.

The Company is in the process of reviewing the fair value of the assets acquired and liabilities assumed. We have estimated the fair value of acquired customer relationships, trade names, non-competes and licenses based on the values assigned in prior acquisitions. Based on the Company's preliminary valuation, the total estimated consideration of $45.0 million has been allocated to assets acquired and liabilities assumed as of the acquisition dates.

The estimated intangible assets consist primarily of $15.0 million in customer relationships, $0.3 million in licenses, $1.8 million in trade names, and $0.5 million in covenants not to compete. Definite-lived intangible assets have an estimated weighted average useful life of 15.9 years. We expect $33.3 million of the goodwill will be deductible for tax purposes. The Company believes the resulting amount of goodwill reflects its expectation of synergistic benefits of the acquisitions.

The above acquisitions contributed approximately $26.5 million in revenue and $3.6 million of operating income during the year ended December 31, 2022. Pro forma financial data for all 2022 acquisitions has not been included as the results of the operations are not material to our consolidated financial statements.

During the year ended December 31, 2022, the Company incurred approximately $1.7 million in transaction costs related to all 2022 acquisitions. These costs are included in selling, general, and administrative expenses in our consolidated statements of operations.

2021 Acquisitions

During the year ended December 31, 2021, we completed twelve acquisitions within the Pharmacy Solutions, Provider Services, and Other segments. We entered into these transactions in order to expand our services and

geographic offerings. Aggregate consideration net of cash acquired for these acquisitions was approximately $1,137.1 million. The operating results of these acquisitions are included in our consolidated financial statements from the date of each acquisition.

Abode

The following table summarizes the consideration paid (in thousands) for the April 16, 2021 acquisition of Abode Healthcare, Inc. ("Abode") and the fair value of the assets acquired and the liabilities assumed at the acquisition date. Abode is one the of the nation's leading providers of home health and hospice services. Its results are consolidated within the Provider Services segment.

Accounts receivable	$ 29,610
Inventories	404
Prepaids and other current assets	2,046
Operating lease right-of-use assets	3,193
Property and equipment	1,446
Intangible assets	55,460
Goodwill	715,695
Trade accounts payable	(4,412)
Accrued expenses	(27,572)
Current portion of obligations under operating leases	(1,685)
Obligations under operating leases, net of current portion	(1,508)
Deferred income taxes, net	(3,386)
Other long-term liabilities	(20,100)
Aggregate purchase price, net of cash acquired	$749,191

Within accrued expenses, we have recorded $11.0 million related to the redeemable noncontrolling interest associated with Apreva as of December 31, 2021. The Company purchased the remaining 50.1% interest in Apreva in 2022. See Note 14 for further discussion.

The intangible assets consist of $28.9 million in licenses, $24.4 million in trade names, and $2.2 million of covenants not to compete. Intangible assets have an estimated weighted average useful life of 12.0 years, and $7.1 million of licenses were assigned an indefinite life. We expect $137.0 million of the goodwill will be deductible for tax purposes. The Company believes the resulting amount of goodwill reflects its expectation of synergistic benefits of the acquisition.

Abode contributed $150.9 million in revenue and $18.8 million of operating income during the year ended December 31, 2021.

The following table contains unaudited pro forma consolidated statement of income information for the year ended December 31, 2021 assuming that the Abode transaction closed on January 1, 2021 (in thousands, except per share amounts).

	For the Year Ended December 31, 2021
Revenue	$ 6,748,454
Operating income	237,803
Net income attributable to BrightSpring Health Services, Inc.	52,492
Basic earnings per share	0.45
Diluted earnings per share	0.43

The pro forma information presented above includes adjustments for (i) amortization of identifiable intangible assets, (ii) non-recurring transaction costs and (iii) income taxes based on the Company's statutory tax rate. This pro forma information is presented for illustrative purposes only and may not be indicative of the results of operations that would have actually occurred. In addition, future results may vary significantly from the results reflected in the pro forma information.

Hospice Home Care

The following table summarizes the consideration paid (in thousands) for the November 1, 2021 acquisition of Hospice Home Care, Inc. ("Hospice Home Care") and the fair value of the assets acquired and the liabilities assumed at the acquisition date. Hospice Home Care is a leading hospice provider servicing Arkansas, Louisiana, and Mississippi. Its results are consolidated within the Provider Services segment.

Accounts receivable	$ 5,541
Prepaids and other current assets	144
Operating lease right-of-use assets	421
Property and equipment	10,768
Intangible assets	26,240
Goodwill	176,692
Trade accounts payable	(2,482)
Accrued expenses	(3,896)
Current portion of obligations under operating leases	(134)
Obligations under operating leases, net of current portion	(287)
Aggregate purchase price, net of cash acquired	$213,007

The intangible assets consist of $19.5 million in licenses, $6.5 million in trade names, and $0.2 million of covenants not to compete. Intangible assets have an estimated weighted average useful life of 9.8 years. All licenses were assigned an indefinite life. We expect all of the goodwill will be deductible for tax purposes. The Company believes the resulting amount of goodwill reflects its expectation of synergistic benefits of the acquisition.

Hospice Home Care contributed $7.7 million in revenue and $1.7 million of operating income during the year ended December 31, 2021.

The following table contains unaudited pro forma consolidated statement of income information for the year ended December 31, 2021 assuming that the Hospice Home Care transaction closed on January 1, 2021 (in thousands, except per share amounts).

	For the Year Ended December 31, 2021
Revenue	$ 6,726,606
Operating income	240,481
Net income attributable to BrightSpring Health Services, Inc.	54,493
Basic earnings per share	0.46
Diluted earnings per share	0.45

The pro forma information presented above includes adjustments for (i) amortization of identifiable intangible assets, (ii) non-recurring transaction costs and (iii) income taxes based on the Company's statutory tax rate. This pro forma information is presented for illustrative purposes only and may not be indicative of the results of operations that would have actually occurred. In addition, future results may vary significantly from the results reflected in the pro forma information.

Pate

The following table summarizes the consideration paid (in thousands) for the June 18, 2021 acquisition of Pate Rehabilitation Endeavors, Inc. ("Pate") and the fair value of the assets acquired and the liabilities assumed at the acquisition date. Pate is one of the nation's leading and highest quality providers of neuro rehabilitation therapy servicing Texas. Its results are consolidated within the Provider Services segment.

Accounts receivable	$ 3,682
Prepaids and other current assets	185
Property and equipment	693
Intangible assets	3,200
Goodwill	44,129
Trade accounts payable	(159)
Accrued expenses	(1,254)
Aggregate purchase price, net of cash acquired	$50,476

The intangible assets consist of $0.3 million in trade names, $0.3 million of covenants not to compete and $2.6 million of acquired technology. Intangible assets have an estimated weighted average useful life of 7.1 years. We expect all of the goodwill will be deductible for tax purposes. The Company believes the resulting amount of goodwill reflects its expectation of synergistic benefits of the acquisition.

Pate contributed $15.8 million in revenue and $2.9 million of operating income during the year ended December 31, 2021. Pro forma financial data for the Pate acquisition has not been included as the results of the operations are not material to our consolidated financial statements.

Others

The following table summarizes the consideration paid (in thousands) for 2021 acquisitions, excluding Abode, Hospice Home Care and Pate, and the fair value of the assets acquired and the liabilities assumed at the acquisition dates. Consideration paid for acquisitions by the Pharmacy Solutions, Provider Services, and Other segments was $84.0 million, $33.4 million, and $7.1 million, respectively.

Accounts receivable	$ 2,327
Prepaids and other current assets	154
Inventories	3,048
Operating lease right-of-use assets	5,500
Property and equipment	2,952
Intangible assets	63,193
Goodwill	56,473
Other long-term assets	375
Trade accounts payable	(436)
Accrued expenses	(2,222)
Other long-term liabilities	(1,080)
Current portion of obligations under operating leases	(1,031)
Current portion of obligations under financing leases	(94)
Obligations under operating leases, net of current portion	(4,469)
Obligations under financing leases, net of current portion	(217)
Aggregate purchase price, net of cash acquired	$124,473

The intangible assets consist primarily of $42.2 million in customer relationships, $11.9 million in licenses, $7.9 million in trade names, and $1.2 million in covenants not to compete. Definite-lived intangible assets have

an estimated weighted average useful life of 10.0 years, and $2.9 million of licenses were assigned an indefinite life. We expect $49.9 million of the goodwill will be deductible for tax purposes. The Company believes the resulting amount of goodwill reflects its expectation of synergistic benefits of the acquisitions.

The above acquisitions contributed approximately $49.7 million in revenue and $3.4 million of operating income during the year ended December 31, 2021. Pro forma financial data for all other 2021 acquisitions has not been included as the results of the operations are not material to our consolidated financial statements.

During the year ended December 31, 2021, the Company incurred approximately $11.7 million in transaction costs related to all 2021 acquisitions. These costs are included in selling, general, and administrative expenses in our consolidated statements of operations.

Divestitures

On November 1, 2022, the Company completed the sale of its wholly-owned subsidiary Arbor E&T, LLC which comprises 100% of the Workforce Solutions operating segment and reporting unit for a sales price of $155.8. million, net of cash divested of $2.7 million. The divestiture reflects the Company's decision to focus on driving its community-based health care strategy with focus on being the leading, diversified, independent provider of home and community-based healthcare services in the United States. With the sale complete, the Company will dedicate its resources to its Provider Services and Pharmacy Solutions reportable segments and further strengthen its leadership position in our services offerings as well as a focus towards the connectivity of care services across our business lines in order to best serve our patients. The sale resulted in a loss on sale of $5.5 million which is reported in the consolidated statements of operations within selling, general, and administrative expenses. The divestiture did not represent a strategic shift with a major effect on the Company's operations and financial results and therefore is not reported as a discontinued operation. As such, the results of operations of Workforce Solutions are consolidated in the Company's results of operations for the year ended December 31, 2022, through the date of sale.

In conjunction with the divestiture of Workforce Solutions, BrightSpring entered into a transition services agreement ("TSA") with the buyer to provide certain transition services in exchange for service fees totaling $15 million over the 36 months following the close of the transaction. Services provided primarily include business development, finance and accounting, human resources, IT, facilities management, and compliance.

4. Goodwill and Intangible Assets

In 2022 and 2021, the Company performed a quantitative assessment of all reporting units as of October 1. We utilized a combination of the discounted cash flow analysis or "income approach" (50%) and the "market approach" (50%). Our 2022 goodwill impairment analyses concluded that the fair values of the Institutional Pharmacy, Specialty Pharmacy, Home Infusion, Home Health & Therapies, and Behavioral Therapies reporting units were in excess of their carrying amounts. Based on these analyses, we recorded no impairment related to goodwill for these reporting units.

The fair values were less than the carrying amounts of the Hospice Pharmacy and Workforce Solutions reporting units. We recognized non-cash goodwill impairment charges of $25.5 million related to the Hospice Pharmacy reporting unit and $15.4 million related to the Workforce Solutions reporting unit during 2022, which represent the excess of the reporting units' carrying values over their respective estimated fair values at October 1, 2022. Neither reporting unit includes indefinite-lived intangible assets.

The decline in the Hospice Pharmacy reporting unit's fair value below its carrying value was primarily attributable to an increase in the market-based weighted average cost of capital ("WACC") used to discount the forecasted cash flows. The increase in the WACC was driven by recent increases in the equity market risk premium and higher interest rates. At December 31, 2022, the Company had goodwill of $92.1 million remaining in its Hospice Pharmacy reporting unit after accumulated goodwill impairment charges of $25.5 million.

The decline in the Workforce Solutions reporting unit's fair value below its carrying value was primarily attributable to an increase in the market-based WACC used to discount the forecasted cash flows. The increase in the WACC was driven by recent increases in the equity market risk premium and higher interest rates. The Company had no goodwill in its Workforce reporting unit at December 31, 2022 due to the divestiture of the reporting unit effective November 1, 2022. Refer to Note 3 for discussion of divestiture.

The determination of whether the carrying value of the reporting unit exceeds its fair value involves a high degree of estimation and can be affected by a number of industry and company-specific risk factors that are subject to change over time. If actual performance does not achieve the projections, or if the assumptions used change in the future, we may be required to recognize additional impairment charges in future periods.

Subsequent to completing our goodwill impairment tests, no further indicators of impairment were identified. No goodwill impairment was identified as of December 31, 2021. A summary of changes to goodwill is as follows (in thousands):

	Goodwill			
	Pharmacy Solutions	Provider Services	Other	Total
Goodwill at January 1, 2021	$ 805,992	$ 777,195	$ 86,203	$1,669,390
Goodwill added through acquisitions	26,695	957,297	7,260	991,252
Measurement period adjustments	(666)	1,400	—	734
Divestitures	—	(3,515)	—	(3,515)
Foreign currency adjustments	—	33	(1)	32
Goodwill at December 31, 2021	$ 832,021	$ 1,732,410	$ 93,462	$2,657,893
Goodwill added through acquisitions	14,796	20,700	—	35,496
Measurement period adjustments	44	1,841	344	2,229
Goodwill impairment	(25,455)	—	(15,401)	(40,856)
Divestitures	—	—	(77,968)	(77,968)
Foreign currency adjustments	—	(276)	(437)	(713)
Goodwill at December 31, 2022	$ 821,406	$ 1,754,675	$ —	$2,576,081

Intangible assets are as follows (in thousands):

	December 31, 2022			December 31, 2021			
	Gross	Accumulated Amortization	Net Carrying Value	Gross	Accumulated Amortization	Net Carrying Value	Life (Years)
Customer relationships	$ 684,000	$ 272,667	$ 411,333	$ 691,779	$ 206,372	$ 485,407	5-20
Trade names	326,792	94,343	232,449	348,567	92,327	256,240	3-20
Licenses	250,107	45,733	204,374	261,248	34,403	226,845	15-20
Doctor/payor network	68,030	53,230	14,800	68,030	41,622	26,408	5-8
Covenants not to compete	12,320	6,587	5,733	20,338	12,257	8,081	2-7
Other intangible assets	10,949	3,243	7,706	10,948	1,678	9,270	5-7
Total definite-lived assets	$ 1,352,198	$ 475,803	$ 876,395	$ 1,400,910	$ 388,659	$ 1,012,251	
Licenses	99,467	—	99,467	99,300	—	99,300	Indefinite
Total intangible assets	$ 1,451,665	$ 475,803	$ 975,862	$ 1,500,210	$ 388,659	$ 1,111,551	

Amortization expense for the years ended December 31, 2022, 2021 and 2020 was $126.5 million, $132.5 million and $111.7 million, respectively.

As of December 31, 2022, total estimated amortization expense for the Company's definite-lived intangible assets for the next five years and thereafter is as follows (in thousands):

2023	$ 122,480
2024	111,599
2025	104,958
2026	96,133
2027	63,180
Thereafter	378,045
	$ 876,395

5. Debt and Derivatives

First Lien Credit Agreement

On March 5, 2019, the Company entered into a First Lien Credit Agreement (the "First Lien"), with Morgan Stanley Senior Funding, Inc., as the Administrative Agent and the Collateral Agent.

The First Lien originally consisted of a principal amount of $1,650.0 million. In May 2019, an additional delayed draw of $150.0 million was made on the First Lien, resulting in a gross borrowing of $1,800.0 million. In addition, the Lenders extended credit in the form of Revolving Credit Loans (the "Revolver") made available to the Borrower at any time and from time to time prior to the Revolving Credit Maturity Date (as defined in the First Lien), in an aggregate principal amount outstanding not in excess of $187.5 million less Swingline Loans and Letters of Credit issued under the LC Sublimit outstanding at such time. Also, the Letter of Credit Issuer may issue standby Letters of Credit at any time, initially in an aggregate stated amount outstanding not in excess of $82.5 million (the "LC Sublimit") and the Swingline Lender may issue Swingline Loans at any time and from time to time prior to the Revolving Credit Maturity Date, in an aggregated amount outstanding not in excess of $50.0 million. In September 2019, the Company completed a revolver upsize that increased revolving credit capacity to $320.0 million.

On January 30, 2020, the Company amended the terms of the First Lien. The amendment changed the applicable margin from 4.50% to 3.25%.

Borrowings of Tranche B-1 Term Loans (as defined in the First Lien) under the First Lien bear interest at a rate equal to, at our option, (a) London Inter-Bank Offered Rate ("LIBOR") (with a floor of 0.00%) plus 3.25% or (b) Alternate Base Rate ("ABR") plus 2.25%. Principal payments are due on the last business day of each quarter, commencing in September of 2019 and equate to 0.25% of the aggregate principal of the original loan amount, with a balloon payment due in March 2026. Borrowings under the Revolver bear interest at a rate equal to, at our option, (a) LIBOR (with a floor of 0.00%) plus 4.25% or (b) ABR plus 3.25%. Borrowings under the Swingline bear interest at a rate equal to ABR plus 3.25%.

On June 30, 2020, the Company amended the First Lien to provide for an additional $55.0 million of letter of credit commitments (the "LC Facility"), which are not subject to the LC Sublimit. The total borrowing capacity under the Revolving Credit Facility was $320.0 million as of December 31, 2022 and 2021, with an additional $55.0 million available for letters of credit. As of December 31, 2022, the Company had $74.8 million of borrowings outstanding under the Revolving Credit Facility and $4.3 million of letters of credit reducing the available borrowing capacity to approximately $240.9 million. As of December 31, 2021, the Company had $92.1 million of borrowings outstanding under the Revolving Credit Facility and $1.8 million of letters of credit reducing the available borrowing capacity to approximately $226.1 million. As of December 31, 2022, there were $54.6 million of letters of credit outstanding under the LC Facility resulting in an available borrowing capacity of $0.4 million. As of December 31, 2021, there were $54.7 million of letters of credit outstanding under the LC Facility resulting in an available borrowing capacity of $0.3 million.

First Lien Credit Agreement – Tranche B-2

On October 7, 2020, the Company again amended the First Lien. The amendment provides for the establishment of a new Tranche B-2 Term Loan ("Tranche B-2") in an aggregate principal amount equal to $550.0 million. Borrowings under the Tranche B-2 bore interest at a rate equal to, at our option (a) LIBOR (with a floor of 0.50%) plus 3.75% or (b) ABR plus 2.75%.

On April 8, 2021, Tranche B-2 was repriced so that borrowings under Tranche B-2 bear interest at a rate equal to, at our option, (a) LIBOR (with a floor of 0.00%) plus 3.50% or (b) ABR plus 2.50%. Principal payments are due on the last business day of each fiscal quarter, commencing on June 30, 2021 and equate to 0.25% of the aggregate principal of the original loan amount, with a balloon payment due in March 2026.

First Lien Credit Agreement – Tranche B-3

On April 16, 2021, the Company again amended the First Lien. The amendment provides for the establishment of a new Tranche B-3 Term Loan ("Tranche B-3") in an aggregate principal amount equal to $675.0 million. Borrowings under the Tranche B-3 bear interest at a rate equal to, at our option, (a) LIBOR (with a floor of 0.00%) plus 3.50% or (b) ABR plus 2.50%. Principal payments are due on the last business day of each fiscal quarter, commencing on June 30, 2021, and equate to 0.25% of the aggregate principal of the original loan amount, with a balloon payment due in March 2026.

Second Lien Credit Agreement

On March 5, 2019, the Company entered into a $450.0 million Second Lien Credit Agreement (the "Second Lien"), with certain Lenders and Wilmington Trust, National Association, as the Administrative Agent and the Collateral Agent.

Borrowings under the Second Lien term are subordinated to the First Lien and bear interest at a rate equal to, at our option, (a) LIBOR (with a floor of 1.00%) plus 8.50% or (b) ABR plus 7.50%. The aggregate principal is due with a balloon payment in March 2027.

Obligations under the First Lien and Second Lien are guaranteed by Phoenix Guarantor, Inc., a subsidiary of the Company, and each of its current and future direct and indirect subsidiaries other than (among others) (i) foreign subsidiaries, (ii) unrestricted subsidiaries, (iii) non-wholly owned subsidiaries, (iv) certain receivables financing subsidiaries, (v) certain immaterial subsidiaries and (vi) certain holding companies of foreign subsidiaries, and are secured by a first lien on substantially all of their assets, including capital stock of subsidiaries.

The current credit facilities described above contain customary negative covenants, including, but not limited to, restrictions on the Company and its restricted subsidiaries' ability to merge and consolidate with other companies, incur indebtedness, grant liens or security interests on assets, make acquisitions, loans, advances or investments, pay dividends, sell or otherwise transfer assets, prepay or modify terms of certain junior indebtedness, enter into transactions with affiliates or change their lines of business or fiscal year. In addition, the terms of the credit facilities will not permit the consolidated First Lien secured debt to consolidated earnings before interest, taxes, depreciation, and amortization ("EBITDA") to be greater than 6.90 to 1.00, which shall be tested as of the end of the most recent quarter at any time when the aggregate Revolver loans exceed 35% of the total revolving credit commitments.

We were in compliance with all applicable financial debt covenants at December 31, 2022.

The table below summarizes the total outstanding debt of the Company (in thousands):

	December 31, 2022	December 31, 2021
First Lien - payable to lenders at LIBOR plus applicable margin (7.63% and 3.35% as of December 31, 2022 and 2021, respectively)	$ 1,737,270	$ 1,755,180
First Lien Incremental Term Loans Tranches B-2 and B-3 - payable to lenders at LIBOR plus applicable margin (7.88% and 3.60% as of December 31, 2022 and 2021, respectively)	1,202,212	1,214,448
Second Lien - payable to lenders at LIBOR plus applicable margin (12.88% and 9.50% as of December 31, 2022 and 2021, respectively)	450,000	450,000
Swingline/Base Rate - payable to lenders at ABR plus applicable margin (10.75% and 6.50% as of December 31, 2022 and 2021, respectively)	74,800	92,100
Notes payable and other	452	10,914
Total debt	3,464,734	3,522,642
Deferred financing costs, net	(70,025)	(88,869)
Total debt, net of deferred financing costs	3,394,709	3,433,773
Less: Current portion of long-term debt	30,407	40,538
Total long-term debt	$ 3,364,302	$ 3,393,235

As of December 31, 2022, maturities of long-term debt for the next five years and thereafter are as follows (in thousands):

2023	$ 30,407
2024	105,009
2025	30,159
2026	2,849,057
2027	450,013
Thereafter	89
	$ 3,464,734

See Note 11 for maturities of obligations under financing leases.

Derivative Financial Instruments

To manage fluctuations in cash flows resulting from changes in the variable rates, the Company entered into three receive-variable, pay-fixed interest rate swap agreements, all effective September 30, 2022. Taken together with the related debt, these swaps create the economic equivalent of fixed-rate debt, up to the notional amount of the hedged debt. By using a derivative instrument to hedge exposures to changes in interest rates, we expose ourselves to credit risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates credit risk for the Company. When the fair value of a derivative contract is negative, the Company owes the counterparty and, therefore, the Company is not exposed to the counterparty's credit risk in those circumstances. The Company mitigates counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties. The derivative instruments entered into by the Company do not contain credit-risk-related contingent features.

As of December 31, 2022, we have the following cash flow hedge agreements with a total notional value of $2.0 billion:

Financial Institution	Effective Dates	Floating Rate Debt	Fixed Rates
Credit Suisse	September 30, 2022 through September 30, 2025	$ 500,000,000	3.4800%
Morgan Stanley	September 30, 2022 through September 30, 2025	1,050,000,000	3.4866%
Credit Agricole Corporate and Investment Bank	September 30, 2022 through September 30, 2025	450,000,000	3.5910%

As of December 31, 2022, the fair value of the cash flow hedges was $36.8 million and reflected in other assets on the consolidated balance sheet.

Amounts reported in AOCI related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. Interest received, including payments made or received under the cash flow hedges, was $0.7 million for the year ended December 31, 2022. Based on current valuations, the Company expects approximately $27.9 million of pre-tax gains to be reclassified out of AOCI into earnings within the next twelve months.

6. Income Taxes

For the years ended December 31, 2022, 2021 and 2020, (loss) income before income taxes consists of the following (in thousands):

	For the Years Ended December 31,		
	2022	2021	2020
U.S. Operations	$(45,852)	$68,112	$25,833
Foreign Operations	98	750	405
(Loss) income before income taxes	$(45,754)	$68,862	$26,238

Income tax expense attributable to (loss) income before income taxes is summarized as follows (in thousands):

	December 31,		
	2022	2021	2020
Current Provision			
Federal	$ 26,674	$ 720	$(19,434)
State	9,710	10,206	1,862
Foreign	43	185	59
Total Current Provision	36,427	11,111	(17,513)
Deferred Provision			
Federal	(21,878)	12,145	13,530
State	(6,084)	(5,656)	9,262
Foreign	—	—	(192)
Total Deferred Provision	(27,962)	6,489	22,600
Income tax expense	$ 8,465	$17,600	$ 5,087

A reconciliation of the U.S. Federal income tax rate of 21.0% to income tax expense expressed as a percent of pretax income (loss) follows:

	December 31,		
	2022	2021	2020
Federal income tax at the statutory rate	21.0%	21.0%	21.0%
Increase (decrease) in income tax expense (benefit):			
State and foreign income taxes, net of federal benefits	(5.5)	6.0	2.7
Jobs tax credits, net	6.7	(4.5)	(7.0)
State deferred rate change	(0.5)	(0.3)	23.1
Legal claims	—	0.5	2.1
Non-deductible expenses	0.2	0.9	0.4
Non-deductible goodwill	(39.7)	0.8	—
CARES Act NOL Carryback	—	—	(29.2)
Uncertain tax positions	0.1	(0.1)	1.6
Adjustments associated with prior year provision	(0.8)	(0.6)	6.6
Change in valuation allowance – charitable contributions	—	2.0	—
Other	—	(0.1)	(1.9)
Total	(18.5%)	25.6%	19.4%

On December 27, 2020 the Consolidated Appropriations Act was signed into law and extended the jobs credit provisions through 2025. Accordingly, jobs credits generated during the year have been recognized in the provision for income taxes.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are presented below (in thousands):

	December 31,	
	2022	2021
Deferred tax assets:		
Accrued expenses	$ 35,678	$ 46,757
Allowance for doubtful accounts and contractual allowances	23,857	22,436
Net operating losses	20,062	21,749
Share-based compensation	4,077	3,465
IRC 163(j) interest	37,561	6,094
CARES Act general distribution	—	7,228
Operating lease liability	65,366	79,726
Valuation allowances	(10,260)	(13,017)
Other	20,332	22,033
Deferred tax assets, net	196,673	196,471
Deferred tax liabilities:		
Operating lease right-of-use asset	(63,895)	(76,937)
Property and equipment	(20,073)	(21,543)
Goodwill and other intangible assets	(182,903)	(196,147)
Derivatives	(9,193)	—
Deferred tax liabilities	(276,064)	(294,627)
Deferred income taxes, net	$ (79,391)	$ (98,156)

As of December 31, 2022, the Company has federal net operating loss carryforwards of $12.2 million ($2.6 million deferred tax asset) that resulted from stock acquisitions the Company completed from 2013 through 2019. These net operating losses are subject to limitations under IRC §382. However, the Company expects that it will more-likely-than-not be able to use the recorded amount which takes into account the limitations of the carryforwards. The deferred tax asset for state net operating loss carryforwards is $7.2 million, net of the federal tax impact and valuation allowances of $10.3 million. The state net operating losses have carryforward periods ranging from 1 to 20 years depending on the taxing jurisdiction.

With the enactment of the Tax Cuts and Jobs Act of 2019 ("TCJA") on December 22, 2017, as of January 1, 2018 and as adjusted by the enactment of the CARES Act on March 25, 2020, the Company is subject to a limitation on interest expense in excess of 30% (50% for 2020 pursuant to the CARES Act) of adjusted taxable income calculated for purposes of IRC §163(j). The limitation in any given year may be carried forward indefinitely and deducted as interest expense in future periods. The Company has federal interest expense carryforwards of $137.1 million ($28.8 million deferred tax asset) available for utilization in future years. The deferred tax asset for state interest expense carryforwards is $8.8 million.

A valuation allowance for deferred tax assets was provided as of December 31, 2022 and 2021 related to state income tax net operating loss carryforwards and charitable contribution carryforwards expected to expire. The realization of deferred tax assets is dependent upon generating future taxable income when temporary differences become deductible. Based upon the historical and projected levels of taxable income, we believe it is more-likely-than-not that we will realize the benefits of the deductible differences after consideration of the valuation allowance.

A reconciliation of the beginning and ending amount of total unrecognized tax benefits is as follows (in thousands):

	December 31,	
	2022	2021
Balance at beginning of year	$558	$613
Increase (decrease) related to prior year tax positions	1	(5)
Increase related to current year tax positions	7	7
Lapse of statue of limitations	(61)	(57)
Balance at end of year	$505	$558

Included in the balance of total unrecognized tax benefits at December 31, 2022 are potential benefits of $0.1 million, which if recognized, would affect the effective tax rate for the year ending December 31, 2023. Unrecognized tax benefits that reduce a net operating loss, similar tax loss or tax credit carryforward are presented as a reduction to deferred income taxes.

We file numerous consolidated and separate income tax returns in the U.S. federal and various state and foreign jurisdictions. With few exceptions, we are no longer subject to income tax examinations by the taxing authorities for years prior to 2017. We believe that we have appropriate support for the income tax positions taken and to be taken on our income tax returns and that our accruals for income tax liabilities are adequate for all open years based on an assessment of many factors including past experience and interpretations of the tax laws as applied to the facts of each matter. We expect that the amounts of unrecognized tax benefits will be reduced by $0.1 million within the next twelve months. Total accrued interest and penalties was $0.1 million and $0.1 million as of December 31, 2022 and December 31, 2021, respectively, and are included in accrued expenses.

7. Property and Equipment, Net

Property and equipment is summarized as follows (in thousands):

	December 31, 2022	December 31, 2021
Land and land improvements	$ 8,788	$ 7,097
Furniture and equipment	167,312	142,394
Software	158,178	132,616
Buildings	36,872	37,712
Leasehold improvements	80,629	64,835
Property and equipment under finance lease (Note 11)	71,008	58,041
Construction in progress	2,333	8,798
	525,120	451,493
Less: accumulated depreciation	296,039	224,779
Net property and equipment	$ 229,081	$ 226,714

Depreciation expense is recorded within cost of goods, cost of services and selling, general, and administrative expenses within our consolidated statements of operations, depending on the nature of the underlying fixed assets. Depreciation expense was $77.5 million, $66.7 million and $69.8 million for the years ended December 31, 2022, 2021 and 2020, respectively.

8. Detail of Certain Balance Sheet Accounts

Prepaid expenses and other current assets consist of the following (in thousands):

	December 31, 2022	December 31, 2021
Rebate receivable	$ 46,914	$ 37,867
Non-trade receivables	27,906	17,283
Inventory returns receivable	14,632	12,186
Prepaid insurance	13,077	11,868
Prepaid maintenance	5,171	5,134
Income tax receivable	3,055	7,388
Other prepaid expenses and current assets	13,513	12,662
Total prepaid expenses and other current assets	$ 124,268	$ 104,388

Other assets consist of the following (in thousands):

	December 31, 2022	December 31, 2021
Cash flow hedges	$ 36,818	$ —
Insurance recoveries	7,994	6,158
Cloud computing	7,843	7,115
Deposits	6,833	8,483
Deferred debt issuance costs	2,017	3,612
Notes receivable	978	75
Equity method investments	736	2,659
Deferred offering costs	—	5,333
Other assets	6,445	5,005
Total other assets	$ 69,664	$ 38,440

Accrued expenses consist of the following (in thousands):

	December 31, 2022	December 31, 2021
Wages and payroll taxes	$ 93,963	$ 133,338
Recoupment fees	32,997	16,641
Compensated absences	30,561	28,941
Deferred revenue	29,043	10,488
Workers compensation insurance reserves	23,523	25,780
Health insurance reserves	15,156	10,174
Taxes other than income taxes	8,418	7,673
General and professional liability insurance reserves	7,162	15,351
Legal settlements and professional fees	6,584	13,542
General ledger cash overdraft	3,988	6,965
Contingent consideration	3,918	5,397
Automobile insurance reserves	3,694	3,983
Interest	1,769	2,129
Medicare advances	637	11,642
CARES Act general distribution	—	29,862
Redeemable noncontrolling interest	—	12,656
Other	36,324	24,271
Total accrued expenses	$ 297,737	$ 358,833

Long-term liabilities consist of the following (in thousands):

	December 31, 2022	December 31, 2021
Workers compensation insurance reserves	$ 32,058	$ 36,771
General and professional liability insurance reserves	21,537	21,537
Automobile insurance reserves	8,055	3,855
Employee incentives	5,066	5,885
Contingent consideration	1,900	4,651
Deferred gain	1,490	1,716
Other	5,837	2,624
Total long-term liabilities	$ 75,943	$ 77,039

9. Benefit Plans

The Company has established 401(k) Plans, as defined contribution benefit plans, in accordance with §401(k) of the Internal Revenue Code. The 401(k) plans are open to employees who meet certain eligibility requirements and allow participating employees to defer receipt of a portion of their compensation and contribute such amounts to one or more investment funds. Matching contributions are discretionary and subject to change by management. Our contributions to the plans were $5.4 million, $7.3 million and $8.9 million for the years ended December 31, 2022, 2021 and 2020, respectively.

10. Common Stock and Share-Based Compensation

Common Stock

At December 31, 2022 and 2021, the total number of shares of capital stock which the Company has the authority to issue is 137,398,625, all of which shares are common stock having a par value per share of $0.01. The holders of the Company's common stock are entitled to one vote for each share held of record on all matters on which stockholders may vote. There are no preemptive, conversion, redemption or sinking fund provisions applicable to the Company's common stock. In addition, the Company's Credit Agreement imposes restrictions on its ability to pay cash dividends.

Stock Incentive Plan

In January 2018, the Compensation Committee of the Company's Board of Directors approved a grant of 4,874,558 options in the Company under a stock option plan established in 2017 to key members of the Company's management. The options are divided into tranches: (i) 50% vest based on the passage of time over five (5) years (the "Time Based Options"), (ii) 25% vest based on the achievement of annual adjusted EBITDA targets over five (5) years (the "Tier I Performance Options") and (iii) 25% vest based on KKR recovering a specified return on its investment or internal rate of return (the "Tier II Performance Options").

Following the BrightSpring Corp. Acquisition, the Compensation Committee of the Company's Board of Directors approved the modification of the previously granted Tier I and Tier II Performance Options. Tier 1 Performance options now vest upon the attainment of Sponsor Month over Month ("MoM") (quotient obtained by dividing sponsor cash available by sponsor cash invested) of at least 2.0 or greater and Tier II Performance Options vest upon the attainment of a Sponsor MoM of at least 2.5 or greater. The MoM levels are considered a market condition which also create an implied performance condition because the MoM levels cannot be achieved without the occurrence of a liquidity event. During 2022 and 2021, the Compensation Committee of the Company's Board of Directors approved the grant of 979,063 and 613,190 options, respectively, under the Option Plan to key members of the Company's management.

The options all have a 10-year life.

Stock Incentive Plan Activity

The Company granted 979,063, 613,190, and 2,245,298 stock options during the years ended December 31, 2022, 2021 and 2020, respectively. Compensation cost will not be recognized for the Tier I and II Performance Options until the attainment of the implied performance condition occurs.

The following table summarizes the Time Based Options stock incentive plan activity for the period presented:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value (in millions)	Aggregate Intrinsic Value (in millions)
Outstanding options at January 1, 2022	7,310,879	$ 6.89	$ 18.6	
Granted	489,532	24.04	4.9	
Forfeited or expired	(649,574)	10.58	(2.5)	
Exercised	(36,666)	6.37	(0.1)	
Outstanding options at December 31, 2022	7,114,171	$ 7.80	$ 20.9	$ 103.1
Exercisable options at December 31, 2022	3,934,500	$ 6.59	$ 9.6	$ 61.5

Unrecognized share-based compensation related to the Time Based Options as of December 31, 2022 was $5.2 million and is expected to be recognized over a remaining weighted-average period of approximately 1.85 years.

Cash received from stock option exercises for the years ended December 31, 2022, 2021 and 2020 was $0.2 million, $0.2 million, and $0.4 million, respectively. There were no material tax benefits realized in our tax returns from tax deductions associated with share-based compensation for 2022, 2021 and 2020.

The total intrinsic value of stock options exercised for the years ended December 31, 2022, 2021, and 2020 was $0.6 million, $0.3 million, and $0.0 million, respectively. The total fair value at grant date of awards that vested was $6.2 million, $3.3 million, and $2.9 million during the years ended December 31, 2022, 2021 and 2020, respectively.

The following table summarizes the Tier I and II Performance Option stock incentive plan activity for the period presented:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value (in millions)	Aggregate Intrinsic Value (in millions)
Outstanding options at January 1, 2022	7,332,077	$ 6.89	$ 13.9	
Granted	489,532	24.04	2.8	
Forfeited or expired	(611,683)	6.56	(2.0)	
Exercised	—	—	—	
Outstanding options at December 31, 2022	7,209,926	$ 7.80	$ 14.7	$ 104.3
Exercisable options at December 31, 2022	—	$ —	$ —	$ —

Unrecognized share-based compensation related to the Tier I and II Performance Options as of December 31, 2022 was $14.7 million.

The following table summarizes the weighted average assumptions used to estimate the fair value of options granted during the periods presented, using the Black-Scholes-Merton (Time Based Options) and Monte Carlo simulation (Performance Options) option pricing models, as appropriate:

	2022	2021	2020
Expected volatility (range)	40.0 - 50.0%	50.0 - 70.0%	55.0 - 70.0%
Risk free interest rate (range)	2.35 - 4.78%	0.05 - 1.40%	0.24 - 0.56%
Expected dividends	—	—	—
Average expected term (years)	1.0 - 7.5	1.0 - 7.5	3.4 - 7.5
Average fair value per share of stock options based on the Black-Scholes-Merton model (dollars)	$ 10.08	$ 6.53	$ 2.74
Average fair value per share of stock options based on the Monte Carlo simulation (dollars)	$ 5.77	$ 3.56	$ 1.98
Weighted average fair value of options granted (in millions)	$ 7.76	$ 3.09	$ 5.34

Expected Volatility

Volatility is a measure of the tendency of investment returns to vary around a long-term average rate. Historical volatility is an appropriate starting point for setting this assumption. The Company also considers how future experience may differ from the past. This may require using other factors to adjust historical volatility, such as implied volatility, peer-group volatility and the range and mean-reversion of volatility estimates over various historical periods. The peer-group utilized consisted of ten companies, in the same or similar industries as the Company. The Company estimates the volatility of its common stock in conjunction with the Company's grants and volatility is calculated utilizing the historical re-levered volatility, re-levered to account for differences in leverage, of the Company and its peer-group.

Risk-Free Interest Rate

The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for the expected term of the option.

Expected Dividends

The Company has never paid cash dividends on its common stock and does not anticipate paying cash dividends in the foreseeable future. Consequently, the Company uses an expected dividend yield of zero.

Expected Term

The Company used a Simplified Method to estimate the expected term for the Time Based Options. The Simplified Method assumes that options will be exercised early at a uniform rate over the period between vesting and the end of the contractual term. This simplification is functionally equivalent to specifying that, on average, early exercise will take place midway between vesting and contractual maturity. For the Tier I and II Performance Options, the Company used management estimates of the performance events that trigger vesting and subsequent exercising of the options.

11. Lease Arrangements

The Company has a significant population of leases that primarily includes residential and pharmacy locations, as well as office space and office equipment. The Company has real estate and equipment leases that have expiration dates through 2035. Real estate and office space leases generally contain renewal options for periods ranging from 3 to 10 years. Because the Company is not reasonably certain to exercise the renewal options on most office space and Provider Services leases, the options are not considered in determining the lease term and associated potential option payments are excluded from the lease payments. Generally, for Pharmacy Solutions leases, the initial lease term is equivalent to the first term plus one renewal option.

Lease expense consists of operating and finance lease costs, short-term lease costs and variable lease costs, which primarily include common area maintenance, real estate taxes and insurance for the Company's real estate leases.

Lease expense for the years ended December 31, 2022, 2021 and 2020 was as follows (in thousands):

	For the Years Ended December 31,		
	2022	2021	2020
Finance leases:			
Amortization of right-of-use assets	$ 11,030	$ 11,454	$ 12,678
Interest on lease liabilities	2,036	2,056	1,996
Operating leases:			
Operating lease cost	92,752	97,466	90,867
Short-term lease cost	28,426	34,242	15,958
Variable lease cost	8,325	6,872	4,247
Total lease costs	$142,569	$152,090	$125,746

Future minimum lease payments of our leases as of December 31, 2022 are as follows (in thousands):

Fiscal Year	Finance Lease Costs	Operating Lease Costs
2023	$12,069	$ 81,979
2024	9,345	68,384
2025	6,619	48,264
2026	4,086	32,186
2027	1,737	24,006
Thereafter	964	45,717
Total future minimum lease payments	$34,820	$300,536
Less imputed interest	4,299	48,697
Total present value of lease liabilities	$30,521	$251,839

Supplemental Cash Flow & Other Information

Supplemental cash flow information related to leases for the years ended December 31, 2022, 2021 and 2020 are as follows (dollars in thousands):

	For the Years Ended December 31,		
	2022	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from finance leases	$ (2,036)	$ (2,056)	$ (1,996)
Financing cash flows from finance leases	(10,909)	(11,833)	(12,283)
Operating cash flows from operating leases	(91,611)	(94,099)	(86,682)
Right-of-use assets obtained in exchange for new finance lease liabilities	10,652	10,013	10,495
Right-of-use assets obtained in exchange for new operating lease liabilities	65,684	120,627	90,950
Weighted-average remaining lease term (in years):			
Finance leases	4.36	3.18	3.35
Operating leases	4.78	5.31	5.28
Weighted-average discount rate:			
Finance leases	6.39%	7.18%	7.66%
Operating leases	6.58%	6.31%	7.07%

12. Fair Value

Assets and liabilities measured at fair value are based on one or more of the following three valuation techniques:

A. *Market approach:* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

B. *Cost approach:* Amount that would be required to replace the service capacity of an asset (replacement cost).

C. *Income approach:* Techniques to convert future amounts to a single present amount based upon market expectations (including present value techniques, option-pricing and excess earnings models).

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The financial assets or liabilities recorded at fair value on a recurring basis at December 31, 2022 are set forth in the table below (in thousands):

	Asset/ (Liability)	Level 1	Level 2	Level 3	Valuation Technique
Interest rate swaps	$36,818	$ —	$36,818	$ —	A
Contingent consideration	$ (5,818)	$ —	$ —	$(5,818)	C

The financial assets or liabilities recorded at fair value on a recurring basis at December 31, 2021 are set forth in the tables below (in thousands):

	Asset/ (Liability)	Level 1	Level 2	Level 3	Valuation Technique
Contingent consideration	$(10,048)	$ —	$ —	$(10,048)	C

For the years ended December 31, 2022 and 2021, there were no transfers between the valuation hierarchy Levels 1, 2 and 3.

The fair values of our interest rate swaps are based upon Level 2 inputs, which include valuation models. The key inputs for the valuation models are quoted market prices, interest rates, forward yield curves and credit risk adjustments that are necessary to reflect the probability of default by the counterparty or us. For disclosures about the fair value measurements of our derivative instruments, refer to Note 5.

The contingent consideration represents future earn-outs associated with acquisitions. Contingent consideration liabilities are recognized as part of the purchase price at the estimated fair value on the acquisition date. The fair values of the liabilities associated with the contingent consideration were derived using the income approach with unobservable inputs, which included future earnings forecasts and present value assumptions, and there was little or no market data (Level 3). The Company will re-assess the fair values on each reporting period thereafter until settlement. These liabilities are classified as accrued expenses and long-term liabilities in our accompanying consolidated balance sheets. The following table summarizes the changes in fair value of the Company's contingent consideration for the years ended December 31, 2022 and 2021, as follows (in thousands):

Balance at January 1, 2021	$ 15,440
Additions from acquisitions	5,979
Contingent consideration payment	(14,986)
Change in fair value	3,615
Balance at December 31, 2021	$ 10,048
Additions from acquisitions	5,034
Divested contingent consideration liability	(1,786)
Contingent consideration payment	(4,364)
Change in fair value	(3,114)
Balance at December 31, 2022	$ 5,818

Assets Measured at Fair Value on a Non-Recurring Basis

The Company's non-financial assets, such as goodwill, and long-lived assets are adjusted to fair value when an impairment charge is recognized.

We recognized a goodwill impairment charge during the year ended December 31, 2022 of $40.9 million. See Note 4. We engaged a third-party valuation expert to assist us in performing quantitative assessments as of

October 1, 2022 in which we compared the fair value of our reporting units to their carrying values. The fair value estimates for all reporting units were determined using a combination of the discounted cash flow analysis or "income approach" (50%) and the "market approach" (50%). The income and market approaches are based on Level 3 inputs. The significant estimates used in the income approach included the weighted average cost of capital, projected cash flows and the long-term rate of growth for each reporting unit. Our cash flow assumptions were based on the actual historical performance of the reporting unit. The significant estimates used in the market approach included identifying public companies engaged in businesses that are considered comparable to those of the reporting unit and assessing comparable revenue and earnings multiples in estimating the fair value of the reporting unit. The excess of the reporting unit's carrying value over our estimate of the fair value was recorded as the goodwill impairment charge in the fourth quarter of 2022.

Long-lived assets include operating lease assets and definite-lived intangible assets. During the year ended December 31, 2022, we concluded that sufficient indicators existed to require us to perform recoverability tests by comparing the sum of the estimated undiscounted future cash flows attributable to the assets to their carrying values. Approximately $10.8 million of impairment charges related to definite-lived intangible assets and operating lease right-of-use assets were recorded in 2022. The fair value of these assets at the time of impairment was determined to be zero. To determine fair value, we used the income approach, which assumes that the future cash flows reflect current market expectations. These fair value measurements require significant judgment using Level 3 inputs, such as discounted cash flows from operations, which are not observable from the market, directly or indirectly. There is uncertainty in the projected future cash flows used in the Company's impairment analysis, which requires the use of estimates and assumptions.

If actual performance does not achieve the projections, or if the assumptions used change in the future, we may be required to recognize impairment charges in future periods.

13. Commitments and Contingencies

Legal Proceedings

The Company is a party to various legal and/or administrative proceedings arising out of the operation of our programs and arising in the ordinary course of business. We record accruals for such contingencies to the extent that we conclude it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

We do not believe the ultimate liability, if any, for outstanding proceedings or claims, individually or in the aggregate, in excess of amounts already provided, will have a material adverse effect on our consolidated financial condition, results of operations or cash flows. It is reasonably possible that an adverse determination might have an impact on a particular period. While we believe our provision for legal contingencies is adequate, the outcome of legal proceedings is difficult to predict, and we may settle legal claims or be subject to judgments for amounts that exceed our estimates.

Onco 360 Mandatorily Redeemable Interest Liability

In July 2017, Kevin Askari ("plaintiff"), a minority partner in OncoMed Specialty, LLC ("Onco"), a subsidiary of PharMerica, filed suit against the Company alleging various violations of the Amended and Restated Operating Agreement ("Operating Agreement") in connection with Onco's debt financing and the Company's exercise of its purchase options. Specifically, plaintiff sought damages and a judgment declaring (1) that there was no valid exercise of Section 9.1 of the Operating Agreement ("First Call Right Option"), (2) that Plaintiff owns 62.5% of the membership interests in Onco, (3) that the maximum number of membership interests the Company could have purchased at the time of the First Call Right was 28.65% and (4) that the maximum amount of "Net Debt" for purposes of the purchase price calculation is 16.5%. In a suit that was consolidated into the primary matter, the Company sued the plaintiff for breach of his restrictive covenants under the Operating Agreement.

On September 16, 2020, the case was resolved in the Company's favor with respect to plaintiff's claims, and on October 1, 2020, the Company wired a payment of $18.9 million, reflecting the amount the Company had previously tendered to the plaintiff pursuant to the Company's exercise of its purchase options. The plaintiff filed a post-trial motion to set aside the court's judgment in an effort to obtain additional funds, which was denied. The plaintiff appealed this matter to the United States Court of Appeals for the Third Circuit. In late August 2022, the United States Court of Appeals affirmed the trial court's decision, and no additional payments were incurred.

14. Redeemable Noncontrolling Interests

On June 1, 2022, the Company entered into a joint venture, Med Partners, and holds a 60% ownership interest in the entity. The Company also has a 70% ownership interest in Gateway and a 55% ownership interest in Harvest Grove. Through a management agreement with the respective entities, we manage and handle all day-to-day operating decisions for Med Partners, Gateway, and Harvest Grove. The terms of the agreements prohibit us from using the assets of each entity to satisfy the obligations of other entities. The combined assets of the entities, excluding goodwill and intangible assets, are insignificant to the Company's consolidated balance sheets.

The respective joint venture agreements contain both a put option for the minority partners and a call option for the Company, requiring or allowing the Company, in certain circumstances, to purchase the partners' remaining interest in the joint ventures at a price based on predetermined earnings multiples. Each of these options is to be triggered upon the occurrence of specified events and/or upon the passage of time. The Company calculates the redemption amount related to the Med Partners, Gateway and Harvest Grove options using a Monte Carlo simulation and records the amount, if any, by which the redemption amount exceeds the carrying value as a charge to (accumulated deficit) retained earnings.

The total redeemable noncontrolling interest associated with MedPartners was $6.2 million as of December 31, 2022. There is no change in the recorded redemption amount recorded for Med Partners for 2022. The total redeemable noncontrolling interest associated with Gateway was $22.1 million and $24.1 million as of December 31, 2022 and 2021, respectively. There was no change in the recorded redemption amount for Gateway in 2022. The change in redemption amount for Gateway was $2.7 million in 2021. The total redeemable noncontrolling interest associated with Harvest Grove was $1.0 million and $1.5 million as of December 31, 2022 and 2021, respectively. The change in the redemption amount for Harvest Grove was $0.9 million for 2022 and $0.2 million for 2021.

On July 1, 2022, the Company redeemed the noncontrolling interest related to Apreva Corporation ("Apreva") for $13.5 million, which consisted of the $11.0 million purchase obligation per the Apreva purchase agreement and $2.5 million of the partner's residual ownership interest. As of December 31, 2022, the Company owns 100% of common stock in Apreva. As of December 31, 2021, the Company had a total redeemable noncontrolling interest of $12.7 million related to its 49.9% ownership in Apreva, which was classified as accrued expenses on the Company's consolidated balance sheets.

The following table summarizes the changes in fair value of the Company's redeemable noncontrolling interest for the years ended December 31, 2022 and 2021, as follows (in thousands):

Balance at January 1, 2021	$30,391
Net income attributable to redeemable noncontrolling interests	1,463
Redeemable noncontrolling interest acquired	11,022
Adjustments to redemption value	(2,924)
Distributions to redeemable noncontrolling interest	(1,650)

Balance at December 31, 2021	$ 38,302
Redeemable noncontrolling interest acquired	6,509
Redemption of Apreva noncontrolling interest	(13,520)
Net loss attributable to redeemable noncontrolling interests	(312)
Adjustments to redemption value	(923)
Distributions to redeemable noncontrolling interest	(750)
Balance at December 31, 2022	$ 29,306

15. Related Party Transactions

On December 7, 2017, the Company entered into a monitoring agreement with KKR and WBA, which was amended on March 5, 2019 with the BrightSpring Corp. Acquisition. The aggregate advisory fee for 2020 and on-going is equivalent to 1% of consolidated EBITDA, payable in quarterly installments in arrears at the end of each quarter. The Company recognized $4.9 million, $4.1 million and $4.2 million in monitoring and advisory fees for the years ended December 31, 2022, 2021 and 2020, respectively, as a component of selling, general, and administrative expenses in our accompanying consolidated statements of operations.

In connection with debt issuances in 2021 and 2020, the Company paid fees to KKR Capital Markets LLC, a wholly owned subsidiary of KKR, of $5.8 million and $2.5 million, respectively.

See also Note 1, Supplier Rebates, for a description of transactions with WBA and certain of its affiliates.

KKR has ownership interests in a broad range of portfolio companies, and we may enter into commercial transactions for goods or services in the ordinary course of business with these companies. We do not believe such transactions are material to our business.

16. Segment Information

Our CODM evaluates the performance of our segments and allocates resources to them based on segment EBITDA. Segment assets are not reviewed by the Company's CODM and, therefore, are not disclosed.

Insignificant amounts of revenue and costs of services and goods may be recorded at the corporate level and are not attributable to a particular segment. Unallocated selling, general, and administrative expenses are those costs for functions performed in a centralized manner and therefore are not attributable to a particular segment. These costs include accounting, finance, human resources, legal, information technology, corporate office support and overall corporate management.

The following tables set forth information about the Company's reportable segments for the years ended December 31, 2022, 2021 and 2020, along with the items necessary to reconcile the segment information to the totals reported in the Company's consolidated statements of operations (in thousands):

	For the Year Ended December 31, 2022			
	Provider Services	Pharmacy Solutions	Other	Total
Revenues	$ 2,181,487	$ 5,264,423	$274,650	$7,720,560
Cost of services and goods (1)	1,491,953	4,635,404	238,959	6,366,316
Total depreciation and amortization (2)	66,115	113,532	2,144	181,791
Segment EBITDA	$ 288,825	$ 344,472	$ 19,745	$ 653,042

	For the Year Ended December 31, 2021			
	Provider Services	Pharmacy Solutions	Other	Total
Revenues	$ 1,962,690	$ 4,389,404	$345,988	$6,698,082
Cost of services and goods (1)	1,368,379	3,781,897	299,595	5,449,871
Total depreciation and amortization (2)	61,725	110,188	4,147	176,060
Segment EBITDA	$ 262,464	$ 320,744	$ 31,503	$ 614,711

	For the Year Ended December 31, 2020			
	Provider Services	Pharmacy Solutions	Other	Total
Revenues	$ 1,683,840	$ 3,635,898	$260,630	$5,580,368
Cost of services and goods (1)	1,207,135	3,099,365	225,133	4,531,633
Total depreciation and amortization (2)	48,407	96,803	3,953	149,163
Segment EBITDA	$ 229,561	$ 275,492	$ 22,014	$ 527,067

(1) Balance includes depreciation and amortization expense that relates to revenue-generating assets
(2) Balance is inclusive of any depreciation and amortization expense recorded in cost of goods and cost of services

	For the Years Ended December 31,		
	2022	2021	2020
Segment reconciliation:			
Total Segment EBITDA	$653,042	$614,711	$527,067
Selling, general, and administrative expenses not allocated at segment level	220,386	181,372	180,374
Goodwill impairment loss	40,856	—	—
Depreciation and amortization	203,970	199,155	181,502
Operating income	187,830	234,184	165,191
Interest expense, net	233,584	165,322	138,953
(Loss) income before income taxes	$ (45,754)	$ 68,862	$ 26,238

17. Immaterial Correction of Error

The Company identified an immaterial error in its previously issued consolidated financial statements relating to the par value of its common stock disclosed and used to record equity transactions. The par value incorrectly disclosed and used in recording equity transactions was $100 per share instead of the correct $0.01 per share. As a result, common stock was overstated and additional paid in capital was understated by $750.5 million, $750.3 million, $745.1 million, and $745.8 million as of December 31, 2022, 2021 and 2020 and January 1, 2020, respectively. There was no impact to total shareholders' equity in the Company's consolidated balance sheets or statements of shareholders' equity. The impact of the error to the activity included in the statements of shareholders' equity was not significant. The error has been corrected in the consolidated balance sheets and statements of shareholders' equity. Management determined that the impact of this error is not material to the previously issued annual financial statements using the guidance of SEC Staff Accounting Bulletin No. 99.

18. Stock Split

The Company's Board of Directors approved a 15.7027-for-one stock split of the Company's common stock on January 24, 2024. The stock split became effective on January 25, 2024. The par value per share of the Company's common stock remained unchanged at $0.01 per share, and the authorized shares of the Company's common stock was increased from 8,750,000 to 137,398,625. The accompanying consolidated financial statements and notes thereto give retroactive effect to the stock split for all periods presented. All common share and per share amounts in the consolidated financial statements and notes have been retroactively adjusted to give effect to the stock split.

BRIGHTSPRING HEALTH SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)
(Unaudited)

	September 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 11,641	$ 13,628
Accounts receivable, net of allowance for credit losses	875,812	775,843
Inventories	378,364	430,517
Prepaid expenses and other current assets	124,430	124,268
Total current assets	1,390,247	1,344,256
Property and equipment, net of accumulated depreciation of $350,548 and $296,039 at September 30, 2023 and December 31, 2022, respectively	242,612	229,081
Goodwill	2,607,259	2,576,081
Intangible assets, net of accumulated amortization	911,423	975,862
Operating lease right-of-use assets, net	247,365	246,194
Other assets	90,665	69,664
Total assets	$ 5,489,571	$ 5,441,138
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	$ 474,861	$ 526,916
Accrued expenses	457,286	297,737
Current portion of obligations under operating leases	67,727	67,230
Current portion of obligations under financing leases	10,956	10,218
Current portion of long-term debt	32,310	30,407
Total current liabilities	1,043,140	932,508
Obligations under operating leases, net of current portion	184,203	184,609
Obligations under financing leases, net of current portion	22,519	20,303
Long-term debt, net of current portion	3,456,738	3,364,302
Deferred income taxes, net	36,901	79,391
Long-term liabilities	86,821	75,943
Total liabilities	4,830,322	4,657,056
Commitments and contingencies		
Redeemable noncontrolling interests	27,738	29,306
Shareholders' equity:		
Common stock, $0.01 par value, 137,398,625 shares authorized, 117,857,055 and 117,860,839 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	1,179	1,179
Additional paid-in capital	779,519	778,121
Accumulated deficit	(193,782)	(45,716)
Accumulated other comprehensive income	44,595	21,192
Total shareholders' equity	631,511	754,776
Total liabilities and shareholders' equity	$ 5,489,571	$ 5,441,138

See accompanying notes to the condensed consolidated financial statements.

BRIGHTSPRING HEALTH SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	For the Nine Months Ended September 30,	
	2023	2022
Revenues:		
Products	$ 4,736,993	$ 3,885,331
Services	1,714,638	1,864,593
Total revenues	6,451,631	5,749,924
Cost of goods	4,226,075	3,416,707
Cost of services	1,160,477	1,316,618
Gross profit	1,065,079	1,016,599
Selling, general, and administrative expenses	986,161	836,935
Goodwill impairment loss	—	15,400
Operating income	78,918	164,264
Interest expense, net	241,539	157,865
(Loss) income before income taxes	(162,621)	6,399
Income tax (benefit) expense	(12,987)	3,935
Net (loss) income	(149,634)	2,464
Net (loss) income attributable to redeemable noncontrolling interests	(1,568)	213
Net (loss) income attributable to BrightSpring Health Services, Inc. and subsidiaries	$ (148,066)	$ 2,251
Net (loss) income per common share attributable to BrightSpring Health Services, Inc. and subsidiaries:		
(Loss) earnings per share—basic:	$ (1.26)	$ 0.02
(Loss) earnings per share—diluted:	$ (1.26)	$ 0.02
Weighted average shares outstanding:		
Basic	117,871	117,834
Diluted	117,871	122,997

See accompanying notes to the condensed consolidated financial statements.

BRIGHTSPRING HEALTH SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(In thousands)
(Unaudited)

	For the Nine Months Ended September 30,	
	2023	2022
Net (loss) income	$ (149,634)	$ 2,464
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	15	(426)
Cash flow hedges:		
Net change in fair value, net of tax of $3,016 and $(19,636)	43,513	12,295
Amounts reclassified to earnings, net of tax of $1,748	(20,125)	—
Total other comprehensive income, net of tax	23,403	11,869
Total comprehensive (loss) income	(126,231)	14,333
Comprehensive (loss) income attributable to redeemable noncontrolling interests	(1,568)	213
Comprehensive (loss) income attributable to BrightSpring Health Services, Inc. and subsidiaries	$ (124,663)	$ 14,120

See accompanying notes to the condensed consolidated financial statements.

BRIGHTSPRING HEALTH SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands, except share data)
(Unaudited)

	For the Nine Months Ended September 30, 2023					
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	Shares	Amount				
Balances at December 31, 2022	117,860,839	$1,179	$778,121	$ (45,716)	$ 21,192	$ 754,776
Net loss	—	—	—	(148,066)	—	(148,066)
Other comprehensive income, net of tax	—	—	—	—	23,403	23,403
Share-based compensation	—	—	2,100	—	—	2,100
Repurchase of shares of common stock	(81,654)	(1)	(1,299)	—	—	(1,300)
Shares issued under share-based compensation plan, including tax effects	77,870	1	597	—	—	598
Balances at September 30, 2023	117,857,055	$1,179	$779,519	$ (193,782)	$ 44,595	$ 631,511

	For the Nine Months Ended September 30, 2022					
	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Amount				
Balances at December 31, 2021	117,824,173	$ 1,178	$ 772,451	$ 971	$ 217	$ 774,817
Net income	—	—	—	2,251	—	2,251
Other comprehensive income, net of tax	—	—	—	—	11,869	11,869
Share-based compensation	—	—	2,250	—	—	2,250
Acquisition of noncontrolling interest	—	—	1,890	—	—	1,890
Adjustments to redemption value of redeemable noncontrolling interest	—	—	—	923	—	923
Shares issued under share-based compensation plan, including tax effects	19,236	—	123	—	—	123
Balances at September 30, 2022	117,843,409	$ 1,178	$ 776,714	$ 4,145	$ 12,086	$ 794,123

See accompanying notes to the condensed consolidated financial statements.

BRIGHTSPRING HEALTH SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	For the Nine Months Ended September 30,	
	2023	2022
Operating activities:		
Net (loss) income	$ (149,634)	$ 2,464
Adjustments to reconcile net (loss) income to cash provided by operating activities:		
Depreciation and amortization	151,324	150,659
Impairment of long-lived assets	8,295	7,860
Goodwill impairment	—	15,400
Loss on assets held for sale	—	5,502
Provision for credit losses	18,927	11,119
Amortization of deferred debt issuance costs	15,691	15,199
Share-based compensation	2,100	2,250
Deferred income taxes, net	(36,565)	(14,554)
Loss on disposition of assets	957	97
Other	(210)	1,649
Change in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(116,922)	(119,017)
Prepaid expenses and other current assets	(162)	(11,053)
Inventories	53,244	(9,271)
Trade accounts payable	(58,313)	69,938
Accrued expenses	159,353	(34,668)
Other assets and liabilities	298	(1,360)
Net cash provided by operating activities	$ 48,383	$ 92,214

BRIGHTSPRING HEALTH SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(In thousands)
(Unaudited)

	For the Nine Months Ended September 30,	
	2023	2022
Investing activities:		
Purchases of property and equipment	$ (56,693)	$ (52,296)
Acquisitions of businesses, net of cash acquired	(62,508)	(46,762)
Cash proceeds from sale of assets	1,790	424
Net cash used in investing activities	$ (117,411)	$ (98,634)
Financing activities:		
Long-term debt repayments	$ (22,857)	$ (32,746)
Proceeds from swingline debt, net	98,250	20,700
Repurchases of shares of common stock	(325)	—
Shares issued under share-based compensation plans, including tax effects	598	123
Payment of acquisition earn-outs	—	(4,364)
Payment of financing lease obligations	(8,625)	(8,102)
Net cash provided by (used in) financing activities	$ 67,041	$ (24,389)
Net decrease in cash and cash equivalents	(1,987)	(30,809)
Cash and cash equivalents at beginning of year	13,628	46,735
Cash and cash equivalents at end of period	$ 11,641	$ 15,926
Supplemental disclosures of cash flow information:		
Cash paid for:	$ 225,893	$ 143,352
Interest	$ 35,640	$ 22,586
Income taxes, net of refunds		
Supplemental schedule of non-cash investing and financing activities:		
Notes issued and contingent liabilities assumed in connection with acquisitions	$ 7,455	$ 100
Repurchases of common stock in accounts payable	$ 975	$ —
Purchases of property and equipment in accounts payable	$ 9,870	$ 3,690

See accompanying notes to the condensed consolidated financial statements.

BRIGHTSPRING HEALTH SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Significant Accounting Policies

Description of Business

BrightSpring Health Services, Inc. is a leading platform of complementary health services delivering provider and pharmacy solutions for complex populations in home and community settings. Our platform delivers clinical services and pharmacy solutions across Medicare, Medicaid, and commercially-insured populations.

On December 7, 2017, affiliates of Kohlberg Kravis Roberts & Co. L.P. ("KKR") and Walgreens Boots Alliance, Inc. ("WBA") purchased PharMerica Corporation ("PharMerica"). On March 5, 2019, PharMerica expanded with the acquisition of BrightSpring Health Holdings Corp. The surviving entity has been renamed as BrightSpring Health Services, Inc.

Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of BrightSpring Health Services, Inc. and its subsidiaries ("BrightSpring," the "Company," "we," "us," or "our"). All intercompany balances and transactions have been eliminated.

BrightSpring has a 60% ownership interest in SHC Medical Partners, LLC ("Abode Care Partners"), 70% ownership interest in Gateway Pediatric Therapy, LLC ("Gateway"), and a 55% ownership interest in Harvest Grove LTC, LLC ("Harvest Grove"), each of which meets the definition of a variable interest entity ("VIE"). The Company is deemed to be the primary beneficiary of these VIEs because it possesses the power to direct activities of the VIEs that most significantly impact their economic performance and has the obligation to absorb losses or the right to receive benefits from the VIEs that are significant to them; therefore, the Company has consolidated the operating results, assets and liabilities of these VIEs. The noncontrolled portion of net (loss) income is presented as net (loss) income attributable to redeemable noncontrolling interests on the Company's unaudited condensed consolidated statements of operations; and our respective partners' portion of equity is presented as redeemable noncontrolling interests on the unaudited condensed consolidated balance sheets.

On November 1, 2022, the Company completed the sale of its wholly-owned subsidiary Arbor E&T, LLC ("Workforce Solutions"). The divestiture did not represent a strategic shift with a major effect on the Company's operations and financial results. Therefore, it is not reported as a discontinued operation. The results of operations of Workforce Solutions are consolidated in the Company's unaudited condensed consolidated statements of operations for the nine months ended September 30, 2022, and are presented within our Other segment. See Note 12.

Basis of Presentation

In our opinion, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly our financial position, our results of operations and our cash flows in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial reporting. Our results of operations for the interim periods presented are not necessarily indicative of the results of our operations for the entire year.

This report should be read in conjunction with our consolidated financial statements and related notes as of and for the year ended December 31, 2022 included elsewhere in the prospectus, which include information and disclosures not included herein. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted from the interim financial information presented, as allowed by the rules and regulations of the Securities and Exchange Commission.

Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts and related disclosures. We rely on historical experience and on various other assumptions that we believe to be reasonable under the circumstances to make judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Significant estimates are involved in the valuation of accounts receivable, inventory, long-lived assets, definite and indefinite-lived intangible assets, insurance reserves, stock-based compensation, and goodwill. Actual amounts may differ from these estimates.

Transition Services Agreement

In conjunction with the divestiture of Workforce Solutions on November 1, 2022, BrightSpring entered into a transition services agreement ("TSA") with the buyer to provide certain transition services in exchange for service fees totaling $15.0 million over the 36 months following the close of the transaction. Services provided primarily include business development, finance and accounting, human resources, IT, facilities management, and compliance. For the nine months ended September 30, 2023, the Company recognized $5.6 million of other income within selling, general, and administrative expenses in our unaudited condensed consolidated statements of operations related to services rendered under the TSA.

Fair Value of Financial Instruments

At September 30, 2023 and December 31, 2022, the fair value of cash and cash equivalents, accounts receivable, trade accounts payable and accrued expenses approximated their carrying values because of the short-term nature of these instruments. The carrying amounts of the Company's long-term debt approximated fair value due to the variable rate nature of the agreements. All debt classifications and interest rate swaps represent Level 2 fair value measurements. Contingent consideration, which represents future earn-outs associated with acquisitions, represents a Level 3 fair value measurement as there is little or no market data available. See Note 8.

Weighted-Average Shares Outstanding

Basic (loss) earnings per share of common stock attributable to the Company is calculated by dividing net (loss) income by the weighted average number of shares outstanding for the reporting period. Diluted earnings per share of common stock is computed similarly to basic (loss) earnings per share except the weighted average shares outstanding are increased to include potential shares outstanding resulting from share-based compensation awards, if dilutive. In periods of net loss, no potential common shares are included in the diluted shares outstanding as the effect is anti-dilutive. The number of additional shares of common stock related to stock option awards subject to only a time-based condition is calculated using the treasury stock method, if dilutive. Stock option awards subject to a performance condition are not included in the denominator of diluted earnings per share calculation using the treasury stock method as the performance condition has not been satisfied.

The following table sets forth, for the periods indicated, shares used in our computation of weighted-average shares outstanding, which are used to calculate our basic and diluted net (loss) earnings per common share attributable to the Company:

	For the Nine Months Ended September 30,	
	2023	2022
Weighted average number of shares outstanding—basic	117,871,265	117,834,129
Effect of dilutive securities:		
Stock options	—	5,163,330
Weighted average number of shares outstanding—diluted	117,871,265	122,997,459
Anti-dilutive shares	7,060,060	351,348

Deferred Offering Costs

The Company has deferred offering costs, consisting of legal, accounting, filing, and other fees and costs directly attributable to the Company's anticipated initial public offering ("IPO") of common stock. Deferred offering costs are capitalized and recorded on the balance sheet. These deferred offering costs will be recorded in shareholders' equity as a reduction of proceeds received upon the closing of the IPO if and when that occurs. In the event that the Company's plans for an IPO are no longer considered probable, all of the deferred offering costs will be charged to selling, general, and administrative expenses in the Company's statement of operations at such time. As of September 30, 2023, deferred offering costs of $1.7 million were capitalized and included in other assets on our unaudited condensed consolidated balance sheet. There were no deferred offering costs capitalized as of December 31, 2022.

Government Actions to Mitigate COVID-19's Impact

In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. In May 2023, the World Health Organization determined that COVID-19 no longer fit the definition of a public health emergency and the declaration of a public health emergency associated with COVID-19 subsequently expired on May 11, 2023.

In recognition of the significant threat to the liquidity of financial markets posed by the COVID-19 pandemic, the Federal Reserve and Congress took dramatic actions to provide liquidity to businesses and the banking system in the United States. One of the primary sources of relief for healthcare providers is the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which was expanded by the Paycheck Protection Program and Health Care Enhancement ("PPPHCE") Act, and the Consolidated Appropriations Act ("CAA"). In total, the CARES Act, the PPPHCE Act, and the CAA authorized $178 billion in funding to be distributed to health care providers through the Provider Relief Fund.

The Company received and recognized into income $18.8 million from the Provider Relief Fund for the nine months ended September 30, 2023. The Company recognized $29.8 million of income related to the Provider Relief Fund in the nine months ended September 30, 2022. No funds were received from the Provider Relief Fund in the nine months ended September 30, 2022. The income recognized in each period was offset directly by the expenses incurred within selling, general, and administrative expenses on our unaudited condensed consolidated statements of operations, which resulted in no financial impact to the Company.

In addition to the Provider Relief Fund, the CARES Act provided for the temporary suspension of the automatic 2% reduction of Medicare claim reimbursements ("sequestration") to providers for the period May 1, 2020 through March 31, 2022 (but also extending sequestration through 2032). The sequestration payment adjustment was reinstated as a 1% and 2% reduction to Medicare claim reimbursements effective April 1, 2022 and July 1, 2022, respectively. The Medicare sequester relief resulted in an increase of $3.3 million to Provider Services' net service revenues for the nine months ended September 30, 2022.

Recently Adopted Accounting Standards

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which was further clarified in January 2021 through the issuance of ASU 2021-01, *Reference Rate Reform (Topic 848): Scope* and December 2022 through the issuance of ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848.* This guidance provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions that reference London Inter-Bank Offered Rate ("LIBOR") or another reference rate expected to be discontinued because of reference rate reform. This amendment is effective as of March 12, 2020 through December 31, 2024. The expedients and exceptions provided by this new guidance do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2024, except for hedging relationships existing as of December 31, 2024, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationships. We adopted certain of these expedients during the year ended December 31, 2022 related to hedge accounting as certain of our debt agreements and hedging relationships bore interest at variable rates, primarily U.S. dollar LIBOR. The adoption of, and future elections under this new guidance did not and are not expected to have a material impact on our unaudited condensed consolidated financial statements. As of June 30, 2023, the Company's financial instruments were transitioned to new reference rates and we will continue to monitor the discontinuance of LIBOR on our debt agreements and hedging relationships.

Recently Issued Accounting Standards

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting*. This ASU requires the following disclosures on an annual and interim basis:

- Significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included with each reported measure of segment profit/loss.
- Other segment items by reportable segment, consisting of differences between segment revenue and segment profit/loss not already disclosed above.
- Other information by reportable segment, including total assets, depreciation and amortization, and capital expenditures.
- The title of the CODM and an explanation of how the CODM uses the reported measures of segment profit/loss in assessing segment performance and deciding how to allocate resources.

The amendments in this ASU are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted, and should be applied on a retrospective basis. This ASU will have no impact on the Company's consolidated financial condition or results of operations. The Company is evaluating the impact to the related segment reporting disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740)*: *Improvements to Income Tax Disclosures*. This ASU requires the following disclosures on an annual basis:

- A tabular rate reconciliation using both percentages and amounts, broken out into specific categories with certain reconciling items at or above 5% of the statutory tax further broken out by nature and/or jurisdiction;
- Qualitative disclosure of the nature and effect of significant reconciling items by specific categories and individual jurisdictions; and
- Income taxes paid (net of refunds received), broken out between federal, state/local and foreign, and amounts paid to an individual jurisdiction when 5% or more of the total income taxes paid.

The amendments in this ASU are effective for annual periods beginning after December 15, 2024, with early adoption permitted, and should be applied on a prospective basis. This ASU will have no impact on the Company's consolidated financial condition or results of operations. The Company is currently evaluating the impact to its income tax disclosures.

2. Revenues

The Company is substantially dependent on revenues received under contracts with federal, state and local government agencies. Operating funding sources are generally earned from Medicaid, Medicare, commercial insurance reimbursement and from private and other payors. There is no single customer whose revenue was 10% or more of our consolidated revenue. The following tables set forth revenue by payor type for the nine months ended September 30, 2023 and 2022 (in millions):

	Pharmacy Solutions For the Nine Months Ended September 30,			
	2023		2022	
	Revenue	% of Revenue	Revenue	% of Revenue
Medicare D	$2,442.1	37.9%	$2,010.5	35.0%
Medicaid	479.2	7.4%	380.2	6.6%
Commercial Insurance	1,226.0	19.0%	1,001.8	17.4%
Medicare A	410.1	6.4%	359.3	6.2%
Private & Other	131.6	2.0%	104.4	1.9%
Medicare B	48.0	0.7%	29.1	0.5%
	$4,737.0	73.4%	$3,885.3	67.6%

	Provider Services For the Nine Months Ended September 30,			
	2023		2022	
	Revenue	% of Revenue	Revenue	% of Revenue
Medicaid	$ 997.4	15.5%	$ 955.1	16.6%
Commercial Insurance	115.2	1.8%	99.4	1.7%
Medicare A	345.9	5.4%	346.5	6.0%
Private & Other	239.6	3.6%	214.1	3.8%
Medicare B	16.5	0.3%	2.1	0.0%
	$1,714.6	26.6%	$1,617.2	28.1%

	Other For the Nine Months Ended September 30,			
	2023		2022	
	Revenue	% of Revenue	Revenue	% of Revenue
Department of Labor	$ —	0.0%	$ 247.4	4.3%
	$ —	0.0%	$ 247.4	4.3%

	Consolidated			
	For the Nine Months Ended September 30,			
	2023		2022	
	Revenue	% of Revenue	Revenue	% of Revenue
Medicare D	$2,442.1	37.9%	$2,010.5	35.0%
Medicaid	1,476.6	22.9%	1,335.3	23.2%
Commercial Insurance	1,341.2	20.8%	1,101.2	19.1%
Medicare A	756.0	11.8%	705.8	12.2%
Private & Other	371.2	5.6%	318.5	5.7%
Medicare B	64.5	1.0%	31.2	0.5%
Department of Labor	—	0.0%	247.4	4.3%
	$6,451.6	100.0%	$5,749.9	100.0%

Refer to Note 12 for the disaggregation of revenue by reportable segment.

3. Acquisitions and Divestitures

2023 Acquisitions

As of September 30, 2023, we completed three acquisitions within the Pharmacy Solutions and Provider Services segments. We entered into these transactions in order to expand our services and geographic offerings. Aggregate consideration for these acquisitions was approximately $70.0 million. The operating results of these acquisitions are included in our unaudited condensed consolidated financial statements from the date of each acquisition.

The following table summarizes the consideration paid (in thousands) for these 2023 acquisitions and the estimated fair value of the assets acquired at the acquisition dates, which are adjusted for measurement-period adjustments through September 30, 2023. Consideration paid for acquisitions by the Pharmacy Solutions and Provider Services segments was $40.8 million and $29.2 million, respectively.

Accounts receivable	$ 2,500
Inventories	1,091
Property and equipment	450
Intangible assets	35,497
Goodwill	30,626
Operating lease right-of-use assets	530
Accrued expenses	(201)
Current portion of obligations under operating leases	(207)
Obligations under operating leases, net of current portion	(323)
Aggregate purchase price	$69,963

The Company is in the process of reviewing the fair value of the assets acquired and liabilities assumed. We have estimated the fair value of acquired customer relationships, trade names, and non-compete agreements based on the values assigned in prior acquisitions. These amounts will be adjusted upon receipt of the final valuation reports. Based on the Company's preliminary valuations, the total estimated consideration of $70.0 million has been allocated to assets acquired as of the acquisition dates.

The estimated intangible assets consist primarily of $17.0 million in licenses, $13.7 million in customer relationships, $3.9 million in trade names, and $0.9 million in covenants not to compete. Definite-lived intangible assets have an estimated weighted average useful life of 11.3 years, and the licenses were assigned an indefinite life. We expect all of the goodwill will be deductible for tax purposes. The Company believes the resulting amount of goodwill reflects its expectation of synergistic benefits of the acquisitions.

The above acquisitions contributed approximately $25.3 million in revenue and $1.7 million in operating income during the nine months ended September 30, 2023. Pro forma financial data for 2023 acquisitions has not been included as the results of the operations are not material to our unaudited condensed consolidated financial statements.

During the nine months ended September 30, 2023, the Company incurred approximately $1.2 million in transaction costs related to completed 2023 acquisitions. These costs are included in selling, general, and administrative expenses in our unaudited condensed consolidated statements of operations.

2022 Acquisitions

During the year ended December 31, 2022, we completed six acquisitions within the Pharmacy Solutions and Provider Services segments. We entered into these transactions in order to expand our services and geographic offerings. Aggregate consideration net of cash acquired for these acquisitions was approximately $44.9 million. The operating results of these acquisitions are included in our unaudited condensed consolidated financial statements from the date of each acquisition.

The following table summarizes the consideration paid (in thousands) for these 2022 acquisitions and the estimated fair value of the assets acquired and the liabilities assumed at the acquisition dates, which are adjusted for measurement-period adjustments through September 30, 2023. Consideration paid for acquisitions by the Pharmacy Solutions and Provider Services segments was $24.2 million and $20.7 million, respectively.

Accounts receivable	$ 917
Inventories	33
Prepaid expenses and other current assets	43
Property and equipment	384
Operating lease right-of-use assets	1,941
Intangible assets	17,566
Goodwill	36,036
Other assets	10
Trade accounts payable	(1,164)
Accrued expenses	(516)
Current portion of obligations under operating leases	(272)
Current portion of obligations under financing leases	(10)
Obligations under operating leases, net of current portion	(1,669)
Obligations under financing leases, net of current portion	(5)
Additional paid-in capital	(1,891)
Redeemable noncontrolling interest	(6,509)
Aggregate purchase price, net of cash acquired	$44,894

Consideration for the Abode Care Partners joint venture formation included a cash contribution of $6.2 million and the contribution of a wholly-owned subsidiary of BrightSpring, resulting in a credit to additional paid-in capital of $1.9 million.

The intangible assets consist primarily of $15.0 million in customer relationships, $1.8 million in trade names, $0.5 million in covenants not to compete, and $0.3 million in licenses. Definite-lived intangible assets have an estimated weighted average useful life of 15.9 years. We expect $33.3 million of the goodwill will be deductible for tax purposes. The Company believes the resulting amount of goodwill reflects its expectation of synergistic benefits of the acquisitions.

The Company finalized the purchase price allocations for the 2022 acquisitions in the nine months ended September 30, 2023, within one year of the respective acquisition dates. Measurement period adjustments for 2022 acquisitions recorded in the nine months ended September 30, 2023 were not material to the unaudited condensed consolidated financial statements.

The above acquisitions contributed approximately $32.5 million and $15.7 million in revenue and $4.2 million and $2.2 million of operating income during the nine months ended September 30, 2023 and 2022, respectively. Pro forma financial data for 2022 acquisitions has not been included as the results of the operations are not material to our unaudited condensed consolidated financial statements.

During the nine months ended September 30, 2022, the Company incurred approximately $1.4 million in transaction costs related to the completed 2022 acquisitions. These costs are included in selling, general, and administrative expenses in our unaudited condensed consolidated statements of operations.

Divestitures

As of September 30, 2022, the Company had committed to a formal plan to sell its wholly-owned subsidiary Arbor E&T, LLC, which comprises 100% of the Workforce Solutions operating segment and reporting unit, for a base purchase price of $158.5 million. Accordingly, we determined the disposal group met the criteria to be classified as assets held for sale. The fair values of assets held for sale were measured on a non-recurring basis at the lower of their current carrying value or their fair market value less costs to sell. Such assets were not depreciated or amortized while they were classified as held for sale. Assets held for sale primarily consisted of working capital, operating lease right-of-use assets, goodwill, and intangibles. The fair values were categorized as Level 3, based upon observable and unobservable inputs, including recent purchase offers and market trends and conditions. The Company adjusted the carrying value of the disposal group to the agreed upon sales price and recorded $15.4 million of goodwill impairment and a $5.5 million loss on assets held for sale included within selling, general, and administrative expenses in our unaudited condensed consolidated statement of operations for the nine months ended September 30, 2022.

The transaction closed on November 1, 2022. The final purchase price was $155.8 million, net of cash divested of $2.7 million.

The divestiture reflects the Company's decision to focus on driving its community-based health care strategy with focus on being the leading, diversified, independent provider of home and community-based healthcare services in the United States.

4. Goodwill and Intangible Assets

A summary of changes to goodwill, by segment, is as follows (in thousands):

	Goodwill		
	Pharmacy Solutions	Provider Services	Total
Goodwill at December 31, 2022	$ 821,406	$ 1,754,675	$2,576,081
Goodwill added through acquisitions	12,159	18,467	30,626
Measurement period adjustments for 2022 acquisitions	—	540	540
Foreign currency adjustments	—	12	12
Goodwill at September 30, 2023	$ 833,565	$ 1,773,694	$2,607,259

Intangible assets are as follows (in thousands):

	September 30, 2023			December 31, 2022			
	Gross	Accumulated Amortization	Net Carrying Value	Gross	Accumulated Amortization	Net Carrying Value	Life (Years)
Customer relationships	$ 697,692	$ 326,564	$ 371,128	$ 684,000	$ 272,667	$ 411,333	15-20
Trade names	330,159	111,739	218,420	326,792	94,343	232,449	5-20
Licenses	241,057	53,484	187,573	250,107	45,733	204,374	20
Doctor/payor network	68,030	61,766	6,264	68,030	53,230	14,800	5-20
Covenants not to compete	13,025	7,966	5,059	12,320	6,587	5,733	2-5
Other intangible assets	10,949	4,417	6,532	10,949	3,243	7,706	5-20
Total definite-lived assets	$ 1,360,912	$ 565,936	$ 794,976	$ 1,352,198	$ 475,803	$ 876,395	
Licenses	116,447	—	116,447	99,467	—	99,467	Indefinite
Total intangible assets	$ 1,477,359	$ 565,936	$ 911,423	$ 1,451,665	$ 475,803	$ 975,862	

Amortization expense for the nine months ended September 30, 2023 and 2022 was $92.6 million and $95.1 million, respectively.

5. Debt and Derivatives

The table below summarizes the total outstanding debt of the Company (in thousands):

	September 30, 2023	December 31, 2022
First Lien—payable to lenders at SOFR* plus applicable margin (8.68% and 7.63% as of September 30, 2023 and December 31, 2022, respectively)	$ 1,723,838	$ 1,737,270
First Lien Incremental Term Loans Tranches B-2 and B-3—payable to lenders at SOFR* plus applicable margin (8.93% and 7.88% as of September 30, 2023 and December 31, 2022, respectively)	1,193,034	1,202,212
Second Lien—payable to lenders at SOFR* plus applicable margin (13.93% and 12.88% as of September 30, 2023 and December 31, 2022, respectively)	450,000	450,000
Revolving Credit Loans - payable to lenders at SOFR* plus applicable margin (9.58% as of September 30, 2023)	100,000	—
Swingline/Base Rate—payable to lenders at ABR plus applicable margin (12.75% and 10.75% as of September 30, 2023 and December 31, 2022, respectively)	73,050	74,800
Notes payable and other	4,404	452
Total debt	3,544,326	3,464,734
Less: Deferred financing costs, net	55,278	70,025
Total debt, net of deferred financing costs	3,489,048	3,394,709
Less: Current portion of long-term debt	32,310	30,407
Total long-term debt	$ 3,456,738	$ 3,364,302

* Beginning June 30, 2023, the debt instruments bear interest at a rate equal to SOFR plus appliable margin. Prior to June 30, 2023, the debt instruments bore interest at a rate equal to LIBOR plus appliable margin.

The following discussion summarizes the debt agreements and related modifications for the nine months ended September 30, 2023 and the year ended December 31, 2022. We were in compliance with all applicable financial debt covenants at September 30, 2023 and December 31, 2022.

First Lien Credit Agreement

The Company's amended First Lien Credit Agreement (the "First Lien") with Morgan Stanley Senior Funding, Inc., as the Administrative Agent and the Collateral Agent, consists of a principal amount of $1,723.8 million as of September 30, 2023. On June 30, 2023, the Company amended the First Lien Credit Agreement to reflect a change in reference rate from LIBOR to Secured Overnight Financing Rate ("SOFR").

Borrowings of Tranche B-1 Term Loans (as defined in the First Lien) under the First Lien bear interest at a rate equal to, at our option, (a) SOFR (with a floor of 0.00%) plus 3.25% or (b) Alternate Base Rate ("ABR") plus 2.25%. Immediately prior to June 30, 2023 the borrowings bore interest at a rate equal to, at our option, (a) LIBOR (with a floor of 0.00%) plus 3.25% or (b) ABR plus 2.25%.

Revolving Credit Facility

The First Lien, as amended, extended credit in the form of Revolving Credit Facility (the "Revolver") made available at any time and from time to time prior to the Revolving Credit Maturity Date (as defined in the First Lien). The Revolver is comprised of Revolving Credit Loans and Swingline Loans. Additionally, the Letter of Credit Issuer may issue standby Letters of Credit at any time, in an aggregate stated amount outstanding not in excess of $82.5 million (the "LC Sublimit"), and the Swingline Lender may issue Swingline Loans at any time and from time to time prior to the Revolving Credit Maturity Date, in an aggregated amount outstanding not in excess $50.0 million.

On June 30, 2023, the Company completed an amendment of our Revolver that increased the revolving credit capacity to $475.0 million from $320.0 million and extended the Revolver Credit Maturity Date to June 30, 2028 subject to a springing maturity covenant if our term loans are not refinanced prior to December 4, 2025. Borrowings bear interest at a rate equal to, SOFR (with a floor of 0.00%) plus 4.25% for the Revolving Credit Loans or ABR plus 3.25% for the Swingline Loans. Immediately prior to June 30, 2023, borrowings bore interest at a rate equal to LIBOR (with a floor of 0.00%) plus 4.25% for the Revolving Credit Loans or ABR plus 3.25% for the Swingline Loans.

The total borrowing capacity under the Revolver was $475.0 million as of September 30, 2023 and $320.0 million as of December 31, 2022. As of September 30, 2023, the Company had $173.1 million of borrowings outstanding under the Revolver and $5.5 million of letters of credit, reducing the available borrowing capacity to $296.4 million. As of December 31, 2022, the Company had $74.8 million of borrowings outstanding under the Revolver and $4.3 million of letters of credit reducing the available borrowing capacity to $240.9 million.

The Company's First Lien as amended also provides for an additional $55.0 million of letter of credit commitments (the "LC Facility"), which are not subject to the LC Sublimit. As of September 30, 2023 and December 31, 2022, there were $54.3 million and $54.6 million of letters of credit outstanding under the LC Facility, respectively, resulting in an available borrowing capacity of $0.7 million and $0.4 million, respectively.

First Lien Credit Agreement—Tranche B-2

The First Lien, as amended, provides for the establishment of a Tranche B-2 Term Loan ("Tranche B-2") in an aggregate original principal amount equal to $550.0 million. Borrowings under the Tranche B-2 bear interest at a rate equal to, at our option, (a) SOFR (with a floor of 0.00%) plus 3.50% or (b) ABR plus 2.50%. Immediately prior to June 30, 2023, borrowings under the Tranche B-2 bore interest at a rate equal to, at our option, (a) LIBOR (with a floor of 0.00%) plus 3.50% or (b) ABR plus 2.50%.

First Lien Credit Agreement—Tranche B-3

The First Lien, as amended, provides for the establishment of a Tranche B-3 Term Loan ("Tranche B-3") in an aggregate original principal amount equal to $675.0 million. Borrowings under the Tranche B-3 bear interest at a rate equal to, at our option, (a) SOFR (with a floor of 0.00%) plus 3.50% or (b) ABR plus 2.50%. Immediately prior to June 30, 2023, borrowings under the Tranche B-3 bore interest at a rate equal to, at our option, (a) LIBOR (with a floor of 0.00%) plus 3.50% or (b) ABR plus 2.50%.

Second Lien Credit Agreement

The Company's amended and restated Second Lien Credit Agreement (the "Second Lien"), with certain Lenders and Wilmington Trust, National Association, as the Administrative Agent and the Collateral Agent consists of a principal amount of $450.0 million. Borrowings under the Second Lien term are subordinated to the First Lien and bear interest at a rate equal to, at our option, (a) SOFR (with a floor of 1.00%) plus 8.50% or (b) ABR plus 7.50%. Immediately prior to June 30, 2023, the Second Lien bore interest at a rate equal to, at our option, (a) LIBOR (with a floor of 1.00%) plus 8.50% or (b) ABR plus 7.50%.

Derivative Financial Instruments

To manage fluctuations in cash flows resulting from changes in the variable rates, the Company entered into three receive-variable, pay-fixed interest rate swap agreements, all effective September 30, 2022. Taken together with the related debt, these swaps create the economic equivalent of fixed-rate debt, up to the notional amount of the hedged debt. By using a derivative instrument to hedge exposures to changes in interest rates, we expose ourselves to credit risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates credit risk for the Company. When the fair value of a derivative contract is negative, the Company owes the counterparty and, therefore, the Company is not exposed to the counterparty's credit risk in those circumstances. The Company mitigates counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties. The derivative instruments entered into by the Company do not contain credit-risk-related contingent features.

As of September 30, 2023, we have the following cash flow hedge agreements with a total notional value of $2.0 billion:

Financial Institution	Effective Dates	Floating Rate Debt	Fixed Rates
Credit Suisse	September 30, 2022 through September 30, 2025	$ 500,000,000	3.4165%
Morgan Stanley	September 30, 2022 through September 30, 2025	1,050,000,000	3.4200%
Credit Agricole Corporate and Investment Bank	September 30, 2022 through September 30, 2025	450,000,000	3.5241%

As of September 30, 2023 and December 31, 2022, the fair values of the cash flow hedges were $55.4 million and $36.8 million, respectively, and are included in other assets on the unaudited condensed consolidated balance sheets.

Amounts reported in accumulated other comprehensive income ("AOCI") related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. Interest received, including payments made or received under the cash flow hedges, was $21.9 million for the nine months ended September 30, 2023. There were no discontinued cash flow hedges during the nine months ended September 30, 2023. Based on current valuations, the Company expects approximately $36.9 million of income to be reclassified out of AOCI into earnings within the next twelve months.

6. Income Taxes

The provision for income taxes is attributable to U.S federal, state and foreign income taxes. The Company's effective tax rate used for interim periods is based on an estimated annual effective tax rate and includes the tax effect of items required to be recorded discretely in the interim periods in which those items occur. A reconciliation of the Company's effective tax rate is as follows:

	For the Nine Months Ended September 30,	
	2023	2022
Estimated annual effective tax rate before discrete items	27.6%	21.5%
Discrete items recognized	(19.6%)	40.0%
Effective tax rate recognized in the statements of operations	8.0%	61.5%

During the nine months ended September 30, 2023, the Company's effective tax rate was lower than the US federal income tax rate, primarily as a result of the unfavorable impact of a legal settlement accrual on pre-tax book loss for the period. The discrete tax expense to date primarily relates to legal settlement accruals, which is not expected to be deductible for tax purposes. See Note 9 for further discussion. The Company's effective tax rate for the same period during the prior year was higher than the US federal income tax rate, primarily as a result of the unfavorable impact of goodwill impairment that was not deductible for tax purposes.

7. Detail of Certain Balance Sheet Accounts

Prepaid expenses and other current assets consist of the following (in thousands):

	September 30, 2023	December 31, 2022
Rebate receivable	$ 37,589	$ 46,914
Non-trade receivables	31,288	27,906
Prepaid insurance	17,394	13,077
Inventory returns receivable	14,816	14,632
Prepaid maintenance	4,146	5,171
Income tax receivable	3,778	3,055
Other prepaid expenses and current assets	15,419	13,513
Total prepaid expenses and other current assets	$ 124,430	$ 124,268

Other assets consist of the following (in thousands):

	September 30, 2023	December 31, 2022
Cash flow hedges	$ 55,442	$ 36,818
Insurance recoveries	8,509	7,994
Cloud computing	7,962	7,843
Deposits	7,162	6,833
Deferred offering costs	1,695	—
Deferred debt issuance costs	1,072	2,017
Notes receivable	747	978
Equity method investments	730	736
Other assets	7,346	6,445
Total other assets	$ 90,665	$ 69,664

Accrued expenses consist of the following (in thousands):

	September 30, 2023	December 31, 2022
Wages and payroll taxes	$ 133,007	$ 93,963
Legal settlements and professional fees	113,581	6,584
Compensated absences	37,391	30,561
Deferred revenue	35,832	29,043
Recoupment fees	33,889	32,997
Workers compensation insurance reserves	23,407	23,523
Health insurance reserves	19,322	15,156
Taxes other than income taxes	9,401	8,418
General and professional liability insurance reserves	7,146	7,162
Automobile insurance reserves	3,955	3,694
Contingent consideration	3,770	3,918
Interest	2,731	1,769
Medicare advances	240	637
Checks in excess of cash balance	—	3,988
Other	33,614	36,324
Total accrued expenses	$ 457,286	$ 297,737

Long-term liabilities consist of the following (in thousands):

	September 30, 2023	December 31, 2022
Workers compensation insurance reserves	$ 30,778	$ 32,058
General and professional liability insurance reserves	23,227	21,537
Legal settlement and professional fees	10,000	
Automobile insurance reserves	8,149	8,055
Employee incentives	5,451	5,066
Contingent consideration	2,618	1,900
Deferred gain	1,504	1,490
Other	5,094	5,837
Total long-term liabilities	$ 86,821	$ 75,943

8. Fair Value

Assets and liabilities measured at fair value are based on one or more of the following three valuation techniques:

A. *Market approach:* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

B. *Cost approach:* Amount that would be required to replace the service capacity of an asset (replacement cost).

C. *Income approach:* Techniques to convert future amounts to a single present amount based upon market expectations (including present value techniques, option-pricing and excess earnings models).

The financial assets or liabilities recorded at fair value at September 30, 2023 are set forth in the table below (in thousands):

	Asset/ (Liability)	Level 1	Level 2	Level 3	Valuation Technique
Interest rate swaps	$55,442	$ —	$55,442	$ —	A
Contingent consideration	$ (6,388)	$ —	$ —	$(6,388)	C

The financial assets or liabilities recorded at fair value at December 31, 2022 are set forth in the tables below (in thousands):

	Asset/ (Liability)	Level 1	Level 2	Level 3	Valuation Technique
Interest rate swaps	$36,818	$ —	$36,818	$ —	A
Contingent consideration	$ (5,818)	$ —	$ —	$(5,818)	C

The fair values of our interest rate swaps are based upon Level 2 inputs, which include valuation models. The key inputs for the valuation models are quoted market prices, interest rates, forward yield curves and credit risk adjustments that are necessary to reflect the probability of default by the counterparty or us.

The contingent consideration represents future earn-outs associated with acquisitions. Contingent consideration liabilities are recognized as part of the purchase price at the estimated fair value on the acquisition date. The fair values of the liabilities associated with the contingent consideration were derived using the income approach with unobservable inputs, which included future earnings forecasts and present value assumptions, and there was little or no market data (Level 3). The Company re-assesses the fair values on each reporting period thereafter until settlement. These liabilities are classified as accrued expenses and long-term liabilities in our accompanying unaudited condensed consolidated balance sheets.

9. Commitments and Contingencies

Legal Proceedings

On March 4, 2011, Relator Marc Silver, on behalf of the U.S. Government and various state governments, filed a complaint in the United States District Court for the District of New Jersey (“the District Court”) against PharMerica, seeking relief, with respect to alleged violations of the federal False Claims Act and state false claims acts, including three times the amount of damages to the federal government plus civil penalties and no less than a certain amount for each alleged false claim, as well as any other recoveries or relief provided for by the federal False Claims Act; damages, fines, penalties, and other recoveries or relief permitted under state false claims acts; and other forms of relief, including attorneys’ fees. The complaint alleged that, in violation of the Anti-Kickback Statute and the False Claims Act, PharMerica offered below-cost or below-fair-market-value prices on drugs in exchange for so-called preferred or exclusive provider status that would allow PharMerica to dispense drugs to patients for which PharMerica could bill federal health care program payers. The U.S. Government and state governments declined to intervene in the case.

The District Court issued an order dismissing the case in full in 2016. In 2018, however, the Third Circuit Court of Appeals issued an order reinstating the case. In April 2023, the District Court issued an order denying Relator’s motion seeking to strike portions of the opinions of PharMerica’s experts and granted in part PharMerica’s motions to exclude Relator’s experts. On June 28, 2023, the District Court issued an order setting a trial date of December 4, 2023. On November 6, 2023, the District Court denied our motion for summary judgment. On November 18, 2023, the Company agreed to settle the matter without admitting liability. The settlement agreement is subject to the approval of the United States Department of Justice and the District Court. The estimated financial impact of the settlement is $115.0 million, which is included in selling, general, and administrative expenses in the unaudited condensed consolidated statements of operations for the nine months ended September 30, 2023; $105.0 million is included in accrued expenses and $10.0 million in long term liabilities in the unaudited condensed consolidated balance sheets as of September 30, 2023.

The Company is also party to various legal and/or administrative proceedings arising out of the operation of our programs and arising in the ordinary course of business. We record accruals for such contingencies to the extent that we conclude it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

Other than the Silver matter discussed above, we do not believe the ultimate liability, if any, for outstanding proceedings or claims, individually or in the aggregate, in excess of amounts already provided, will have a material adverse effect on our consolidated financial condition, results of operations or cash flows. It is reasonably possible that an adverse determination might have an impact on a particular period. While we believe our provision for legal contingencies is adequate, the outcome of legal proceedings is difficult to predict, and we may settle legal claims or be subject to judgments for amounts that exceed our estimates.

10. Redeemable Noncontrolling Interests

The Company has a 60% ownership interest in Abode Care Partners, a 70% ownership interest in Gateway, and a 55% ownership interest in Harvest Grove. Through a management agreement with the respective entities, we manage and handle all day-to-day operating decisions for Abode Care Partners, Gateway, and Harvest Grove. The terms of the agreements prohibit us from using the assets of each entity to satisfy the obligations of other entities. The combined assets of the entities, excluding goodwill and intangible assets, are insignificant to the Company's unaudited condensed consolidated balance sheets.

The respective joint venture agreements contain both a put option for the minority partners and a call option for the Company, requiring or allowing the Company, in certain circumstances, to purchase the partners' remaining interest in the joint ventures at a price based on predetermined earnings multiples. Each of these options is to be triggered upon the occurrence of specified events and/or upon the passage of time. The Company calculates the redemption amount related to the Abode Care Partners, Gateway and Harvest Grove options using a Monte Carlo simulation and records the amount, if any, by which the redemption amount exceeds the carrying value as a charge to accumulated deficit.

The total redeemable noncontrolling interest associated with Abode Care Partners was $5.6 million and $6.2 million as of September 30, 2023 and December 31, 2022, respectively. There was no change in the recorded redemption amount for Abode Care Partners for the nine months ended September 30, 2023 or 2022. The total redeemable noncontrolling interest associated with Gateway was $21.0 million and $22.1 million as of September 30, 2023 and December 31, 2022, respectively. There was no change in the recorded redemption amount for Gateway in the nine months ended September 30, 2023 or 2022. The total redeemable noncontrolling interest associated with Harvest Grove was $1.1 million and $1.0 million as of September 30, 2023 and December 31, 2022, respectively. There was no change in the recorded redemption amount for Harvest Grove for the nine months ended September 30, 2023. The change in the redemption amount for Harvest Grove was $0.9 million for the nine months ended September 30, 2022.

The following table summarizes the changes in the carrying value of the Company's redeemable noncontrolling interest for the nine months ended September 30, 2023 (in thousands):

Balance at December 31, 2022	$29,306
Net loss attributable to redeemable noncontrolling interests	(1,568)
Balance at September 30, 2023	$27,738

11. Related Party Transactions

The Company is party to a monitoring agreement with KKR and WBA, which requires payment of an aggregate advisory fee equivalent to 1% of consolidated earnings before interest, taxes, depreciation, and amortization ("EBITDA"), payable in quarterly installments in arrears at the end of each fiscal quarter. The Company recognized $4.2 million and $3.5 million for the nine months ended September 30, 2023 and 2022, respectively, as a component of selling, general, and administrative expenses in our accompanying unaudited condensed consolidated statements of operations.

The Company has agreements with WBA and/or certain of its affiliates under which the Company purchases a significant volume of inventory.

KKR has ownership interests in a broad range of portfolio companies and we may enter into commercial transactions for goods or services in the ordinary course of business with these companies. We do not believe such transactions are material to our business.

12. Segment Information

Our CODM evaluates the performance of our segments and allocates resources to them based on segment earnings before interest, taxes, depreciation, and amortization ("Segment EBITDA"). Segment assets are not reviewed by the Company's CODM and, therefore, are not disclosed.

Insignificant amounts of revenue and costs of services and goods may be recorded at the corporate level and are not attributable to a particular segment. Unallocated selling, general, and administrative expenses are those costs for functions performed in a centralized manner and therefore are not attributable to a particular segment. These costs include accounting, finance, human resources, legal, information technology, corporate office support and overall corporate management.

The following tables set forth information about the Company's reportable segments for the nine months ended September 30, 2023 and 2022, along with the items necessary to reconcile the segment information to the totals reported in the Company's unaudited condensed consolidated statements of operations (in thousands):

	For the Nine Months Ended September 30, 2023			
	Provider Services	Pharmacy Solutions	Other	Total
Revenues	$ 1,714,638	$ 4,736,993	$—	$6,451,631
Cost of services and goods (1)	1,160,477	4,226,075	—	5,386,552
Total depreciation and amortization (2)	48,321	86,679	—	135,000
Segment EBITDA	$ 221,154	$ 278,211	$—	$ 499,365

	For the Nine Months Ended September 30, 2022			
	Provider Services	Pharmacy Solutions	Other	Total
Revenues	$ 1,617,199	$ 3,885,331	$247,394	$5,749,924
Cost of services and goods (1)	1,100,566	3,416,707	216,052	4,733,325
Total depreciation and amortization (2)	48,365	83,932	1,942	134,239
Segment EBITDA	$ 212,363	$ 247,941	$ 18,053	$ 478,357

(1) Balance includes depreciation and amortization expense that relates to revenue-generating assets.
(2) Balance is inclusive of any depreciation and amortization expense recorded in cost of services and cost of goods.

	For the Nine Months Ended September 30,	
	2023	2022
Segment reconciliation:		
Total Segment EBITDA	$ 499,365	$ 478,357
Selling, general, and administrative expenses not allocated at segment level	269,123	148,034
Goodwill impairment loss	—	15,400
Depreciation and amortization	151,324	150,659
Operating income	78,918	164,264
Interest expense, net	241,539	157,865
(Loss) income before income taxes	$ (162,621)	$ 6,399

13. Immaterial Correction of Error

The Company identified an immaterial error in its previously issued condensed consolidated financial statements relating to the par value of its common stock disclosed and used to record equity transactions. The par value incorrectly disclosed and used in recording equity transactions was $100 per share instead of the correct $0.01 per share. As a result, common stock was overstated and additional paid in capital was understated by $750.5 million, $750.3 million, $750.5 million and $750.4 million as of December 31, 2022, and 2021 and September 30, 2023 and 2022, respectively. There was no impact to total shareholders' equity in the Company's condensed consolidated balance sheets or statements of shareholders' equity. The impact of the error to the activity included in the condensed consolidated statements of shareholders' equity was not significant. The error has been corrected in the condensed consolidated balance sheets and statements of shareholders' equity. Management determined that the impact of this error is not material to the previously issued annual or interim financial statements using the guidance of SEC Staff Accounting Bulletin No. 99.

14. Stock Split

The Company's Board of Directors approved a 15.7027-for-one stock split of the Company's common stock on January 24, 2024. The stock split became effective on January 25, 2024. The par value per share of the Company's common stock remained unchanged at $0.01 per share, and the authorized shares of the Company's common stock was increased from 8,750,000 to 137,398,625. The accompanying condensed consolidated financial statements and notes thereto give retroactive effect to the stock split for all periods presented. All common share and per share amounts in the condensed consolidated financial statements and notes have been retroactively adjusted to give effect to the stock split.

BrightSpring Healthcare, Inc.

8,000,000 6.75% Tangible Equity Units

PROSPECTUS

Goldman Sachs & Co. LLC
KKR
Jefferies
Morgan Stanley
UBS Investment Bank
BofA Securities
Guggenheim Securities
Leerink Partners
Wells Fargo Securities
Deutsche Bank Securities
HSBC
Mizuho
BMO Capital Markets
Loop Capital Markets
SoFi

January 25, 2024

Through and including February 19, 2024 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.