Report of Independent Auditors
and Consolidated Financial Statements
with Supplementary Information

Epoch Acquisition, Inc. and Subsidiaries

December 31, 2024 and 2023

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Report of Independent Auditors

The Board of Directors
Epoch Acquisition, Inc. and Subsidiaries

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Epoch Acquisition, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, stockholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Epoch Acquisition, Inc. and Subsidiaries as of December 31, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Epoch Acquisition, Inc. and Subsidiaries consolidating statements for the year ended December 31, 2024, on pages 32 to 42 are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Moss Adams LLP

Dallas, Texas
April 8, 2025

Consolidated Financial Statements

Epoch Acquisition, Inc. and Subsidiaries
Consolidated Balance Sheets
(in thousands)
December 31, 2024 and 2023

ASSETS

	December 31, 2024	December 31, 2023
CURRENT ASSETS		
Cash and cash equivalents	$ 19,732	$ 9,782
Patient accounts receivable	96,950	104,739
Inventories	4,142	3,586
Prepaid expenses	4,085	6,050
Related party receivable	7,271	9,456
Other current assets (Note 3)	13,637	12,624
Total current assets	145,817	146,237
NONCURRENT ASSETS		
Property and equipment, net (Note 4)	24,352	23,732
Right-of-use assets (Note 5)		
Operating leases	470,474	493,091
Finance leases	17,026	23,559
Goodwill	248,847	248,847
Other identifiable intangibles, net	5,048	6,021
Investment in unconsolidated affiliates (Note 6)	22,648	22,918
Other noncurrent assets (Note 7)	18,200	19,988
TOTAL ASSETS	$ 952,412	$ 984,393

See accompanying notes.

Epoch Acquisition, Inc. and Subsidiaries
Consolidated Balance Sheets
(in thousands)
December 31, 2024 and 2023

LIABILITIES AND STOCKHOLDER'S EQUITY

	December 31, 2024	December 31, 2023
CURRENT LIABILITIES		
Accounts payable	$ 16,916	$ 16,931
Estimated third-party settlements	4,979	3,189
Accrued compensation	33,132	29,120
Current portion operating lease liabilities (Note 5)	23,130	19,640
Current portion finance lease liabilities (Note 5)	9,319	10,714
Current portion of long-term debt	1,646	1,686
Revolver (Note 9)	42,731	49,726
Accrued interest	3,820	3,751
Other current liabilities (Note 8)	14,043	17,094
Total current liabilities	149,716	151,851
LONG-TERM LIABILITIES		
Operating lease liabilities, net of current portion (Note 5)	483,193	504,414
Finance lease liabilities, net of current portion (Note 5)	8,074	12,734
Long-term debt, net (Note 10)	127,043	128,214
Other noncurrent liabilities (Note 11)	20,542	21,617
Total liabilities	788,568	818,830
Commitments and Contingencies (Note 15)		
STOCKHOLDER'S EQUITY		
Common stock, $0.01 par value; 100 shares authorized, issued, and outstanding	-	-
Additional paid-in capital	125,933	125,933
Retained earnings	17,094	17,536
Noncontrolling interest	20,817	22,094
Total stockholder's equity	163,844	165,563
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 952,412	$ 984,393

See accompanying notes.

Epoch Acquisition, Inc. and Subsidiaries
Consolidated Statements of Operations
(in thousands)
Years Ended December 31, 2024 and 2023

	Years Ended December 31, 2024	2023
OPERATING REVENUE		
Net patient service revenue (Note 12)	$ 647,756	$ 560,200
Other operating revenue (Note 2)	3,214	3,121
Total operating revenue	650,970	563,321
OPERATING EXPENSES		
Salaries and benefits	379,237	344,309
Rent expense	78,124	73,957
Supplies	29,581	27,964
Depreciation and amortization	18,462	18,676
Taxes (gross receipts, property, and other)	13,652	11,117
Other operating expense	103,528	91,685
Total operating expenses	622,584	567,708
INCOME (LOSS) FROM OPERATIONS	28,386	(4,387)
NONOPERATING (INCOME) EXPENSES		
Interest income	(411)	(358)
Interest expense	22,197	21,796
Equity in earnings of unconsolidated affiliates	(2,289)	(2,149)
Other nonoperating expense	156	421
Total nonoperating expense, net	19,653	19,710
Net income (loss) before income tax expense	8,733	(24,097)
Income tax expense	2,336	329
Net income (loss) before noncontrolling interest	6,397	(24,426)
Net income attributable to noncontrolling interest	6,839	6,416
NET LOSS ATTRIBUTABLE TO CONTROLLING INTEREST	$ (442)	$ (30,842)

See accompanying notes.

Epoch Acquisition, Inc. and Subsidiaries
Consolidated Statements of Stockholder's Equity
(in thousands)
Years Ended December 31, 2024 and 2023

	Controlling Interest					
	Common Stock		Additional	Retained	Noncontrolling	
	Shares	Par Value	Paid-In Capital	Earnings	Interest	Total
BALANCE, December 31, 2022	100	$ -	$ 115,000	$ 48,378	$ 22,635	$ 186,013
Equity contribution	-	-	10,933	-	-	10,933
Allocation of net income to controlling interest	-	-	-	(30,842)	-	(30,842)
Allocation of net income to noncontrolling interest	-	-	-	-	6,416	6,416
Distributions paid to noncontrolling interest	-	-	-	-	(6,957)	(6,957)
BALANCE, December 31, 2023	100	-	125,933	17,536	22,094	165,563
Allocation of net loss to controlling interest	-	-	-	(442)	-	(442)
Allocation of net income to noncontrolling interest	-	-	-	-	6,839	6,839
Distributions paid to noncontrolling interest	-	-	-	-	(8,116)	(8,116)
BALANCE, December 31, 2024	100	$ -	$ 125,933	$ 17,094	$ 20,817	$ 163,844

See accompanying notes.

Epoch Acquisition, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(in thousands)
Years Ended December 31, 2024 and 2023

	Years Ended December 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) before noncontrolling interest	$ 6,397	$ (24,426)
Adjustments to reconcile net income (loss) income attributable to controlling interest to net cash provided by (used in) operating activities		
Depreciation and amortization of property and equipment	5,867	4,938
Amortization of intangible assets	973	975
Amortization of finance lease right of use assets	11,622	12,763
Amortization of deferred financing costs	921	1,084
Equity in earnings of unconsolidated affiliates	(2,289)	(2,149)
Changes in assets and liabilities:		
Patient accounts receivable	7,789	(23,272)
Inventories	(556)	(254)
Prepaid expenses	1,965	(819)
Related party receivable	2,185	(3,918)
Other assets	775	(7,580)
Operating lease right of use assets	22,617	22,555
Accounts payable	(15)	2,193
Estimated third-party settlements	1,790	(529)
Accrued compensation	4,012	4,764
Accrued interest	69	1,306
Operating lease liabilities	(17,731)	(16,053)
Other liabilities	(4,126)	7,151
Net cash provided by (used in) operating activities	42,265	(21,271)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(6,487)	(5,035)
Distributions received from unconsolidated affiliates	2,559	2,877
Net cash used in investing activities	(3,928)	(2,158)

See accompanying notes.

Epoch Acquisition, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(in thousands)
Years Ended December 31, 2024 and 2023

	Years Ended December 31, 2024	Years Ended December 31, 2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	$ (1,747)	$ (1,342)
Financing fees incurred	(385)	(75)
Advances from revolver	30,090	48,418
Payments on revolver	(37,085)	(23,360)
Equity contributions	-	10,933
Principal payments on finance lease liabilities	(11,144)	(11,952)
Distributions to noncontrolling interest	(8,116)	(6,957)
Net cash (used in) provided by financing activities	(28,387)	15,665
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,950	(7,764)
CASH AND CASH EQUIVALENTS, beginning of period	9,782	17,546
CASH AND CASH EQUIVALENTS, end of period	$ 19,732	$ 9,782
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION		
Interest paid	$ 19,407	$ 19,406
Income taxes paid	$ 331	$ 331
NONCASH IMPACT OF THE IMPLEMENTATION OF ASC 842, *LEASES*		
Right-of-use assets obtained in exchange for new operating lease liabilities	$ -	$ 113,372
Right-of-use assets obtained in exchange for new finance lease liabilities	$ 5,089	$ 16,101

See accompanying notes.

Note 1 – Organization and Description of Business

Epoch Acquisition, Inc. and Subsidiaries (the Company or Epoch) was incorporated on May 8, 2018, pursuant to a Recapitalization Agreement (Recap), entered into by Epoch, Ernest Health Holdings, LLC (EHH), and MPT Aztec Opco, LLC (MPT). The Recap agreement, dated May 25, 2018, was entered into for the purchase of 100% of the equity interest in EHH. The transaction was completed on October 4, 2018.

The Company develops and operates post-acute healthcare facilities dedicated to the recovery of individuals who have functional deficits as a result of injury or illness. The Company operates 27 freestanding inpatient rehabilitation (IRF) hospitals in New Mexico, Texas, Arizona, South Carolina, Wyoming, Indiana, Colorado, Idaho, Ohio, Utah, Wisconsin, and California (two of which are multi-campus facilities in Texas) and seven freestanding long-term acute care (LTAC) hospitals in Idaho, Texas, Montana, and Utah (two of which are multi-campus facilities in New Mexico and Colorado). Two IRF facilities located in Wyoming and Idaho are 25% owned by unrelated hospitals, and one IRF in Texas is 49% owned by an unrelated hospital. The Company has consolidated these facilities and presents the ownership interests of the unrelated hospitals as noncontrolling interest.

Note 2 – Significant Accounting Policies

Principles of consolidation – The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, and majority-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Management's estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amount of revenues and expenses. Significant estimates include third-party settlements, allowances for contractual adjustments and implicit price concessions, and other loss contingency accruals. Actual results could differ from these estimates.

Fair value of financial instruments – The consolidated financial statements include financial instruments for which the fair market value may differ from amounts reflected on a historical basis. Financial instruments of the Company consist of cash deposits, patient receivables, accounts payable and certain accrued liabilities, revolver loan payable, long-term debt, and capital lease obligations. The Company's financial instruments generally approximate fair market value based on the short-term nature of these instruments. The fair value of the Company's long-term debt, based on current market rates of instruments of the same risks and maturities, approximates its carrying value.

Cash and cash equivalents – Cash and cash equivalents consist of cash and highly liquid investments with original maturities of three months or less.

Patient accounts receivable – Patient accounts receivables are uncollateralized patient and third-party payor obligations that are reported at net realizable value. Payments of patient accounts receivables are allocated to the specific claims identified in the remittance advice or, if unspecified, are applied to the earliest unpaid claim. The balance of accounts receivable was $97.0 million, $104.7 million, and $81.5 million at December 31, 2024, December 31, 2023, and January 1, 2023, respectively.

In addition to the explicit and implicit price concessions recorded when revenue is received, the Company considers whether allowances for expected credit losses on patient account receivable should be recorded. As of December 31, 2024 and 2023, it was determined that estimated credit losses were insignificant.

The composition of accounts receivable by payor as of December 31, 2024 and 2023, is as follows:

	2024	2023
Medicare	71%	77%
Medicaid	4%	6%
Commercial	21%	14%
Self pay and other	4%	3%
Total	100%	100%

Inventories – Inventories consist primarily of pharmaceutical and medical supplies. Inventories are presented at the lower of cost or market value. Cost is determined using the weighted average method.

Property and equipment – Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method. Leasehold improvements are amortized over the term of the related lease or the estimated useful lives of the improvements, whichever is shorter. The range of estimated useful lives is as follows:

Buildings and leasehold improvements	5 to 40 years
Land improvements	15 years
Equipment	3 to 15 years
Furniture and fixtures	3 to 15 years
Computer equipment and hardware	5 years

Software maintenance and repairs are charged to operations when incurred. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in other operating expense.

Construction in progress (CIP) is recorded at cost and includes the accumulated costs of various information technology projects and hospital construction projects. All projects remain in CIP until such point the project is determined to be substantially ready for its intended use, at which point the accumulated costs are transferred to the appropriate asset category and depreciated.

Leases – At lease inception, the Company determines whether the arrangement is or contains a lease. Both operating and finance leases are included in lease right-of-use (ROU) assets and corresponding lease liabilities within current and long-term liabilities in the consolidated balance sheets. ROU assets represent the Company's right to use leased assets over the term of the lease. Lease liabilities represent the Company's contractual obligation to make lease payments arising from the lease.

For operating leases, ROU assets and lease liabilities are recognized at the commencement date. The lease liability is measured as the present value of the lease payments over the lease term. The Company uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Company uses its incremental borrowing rate at the commencement date of the lease to determine the present value of the lease payments plus initial direct costs, plus any repayments less any lease incentive received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. The assessment of whether renewal or extension options are reasonably certain to be exercised is made at lease commencement. Factors considered in determining whether an option is reasonably certain of exercise include, but are not limited to, the value of leasehold improvements, the value of renewal rates compared to market rates, and the presence of factors that would cause a significant economic penalty to the Company if the option were not exercised. Lease expenses are recognized on a straight-line basis over the lease term. The Company has elected not to recognize an ROU assets and obligation for leases within initial term of 12 months or less. The expenses associated with short-term leases is included in rent expenses in the consolidated statements of operations.

For finance leases, upon lease commencement, the lease liability is measured on an amortized cost basis and increased to reflect interest on the liability and decreased to reflect the lease payment made during the period. Interest on the lease liability is determined each period during the lease term as the amount that results in a constant period discount rate on the remaining balance of the liability. The ROU asset is subsequently measured at cost, less any accumulated amortization and any accumulated impairment losses. Amortization on the ROU asset is recognized over the period from the commencement date to the earlier of the end of the useful life of the ROU assets or the end of the lease term. The Company uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Company uses its incremental borrowing rate at the commencement date of the lease to determine the present value of the lease payments.

Goodwill and intangible assets – In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 350, indefinite-lived assets are not amortized, but instead are evaluated annually for impairment. Management evaluates goodwill on an annual basis and whenever events and changes in circumstances suggest that the carrying amount may not be recoverable. Impairment of goodwill is tested at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the fair value of the reporting unit. The fair values of the reporting units are estimated using a combination of the income or discounted cash flow approach and market approach, which uses comparable data.

The Company has adopted Accounting Standards Update (ASU) No. 2017-04, *Intangibles – Goodwill and Other (ASC 350): Simplifying the Test for Goodwill Impairment*. To simplify the measurement of goodwill, Step 2 of the goodwill impairment test has been eliminated. In computing the implied fair value of goodwill under Step 2, an entity was required to determine the fair value at the impairment testing date of its assets and liabilities (including unrecognized assets and liabilities). Now the entity will only be required to compare the fair value of the reporting unit with its carrying amount.

The factors resulting in the goodwill include certain intangible assets not qualifying for separate recognition, such as the acquired work force, and a premium over the fair value of the net assets acquired due to the acquired Company's synergies and growth potential. Intangible assets subject to amortization are reviewed for impairment in accordance with the Company's accounting policy for long-lived assets.

Identifiable assets and liabilities acquired in connection with business combinations accounted for under the purchase method are recorded at their respective fair values. Deferred income taxes have been recorded to the extent of differences between the fair value and the tax basis of the assets acquired and liabilities assumed. Company management has allocated the intangible assets between identifiable intangibles and goodwill. At December 31, 2024 and 2023, intangible assets other than goodwill consist of the values assigned to trademark, a favorable land lease position, and a non-compete agreement.

The approximate useful life of each class of intangible assets other than goodwill is as follows:

Trademark and trade name	10 years
Land lease	38 years
Non-compete agreement	36 years

The composition of intangible assets as of December 31, 2024 and 2023, is as follows (in thousands):

	2024		
	Fair Value	Accumulated Amortization	Net Amount
Trademark and trade name	$ 9,300	$ 5,655	$ 3,645
Land lease	900	258	642
Non-compete agreement	975	214	761
Total	$ 11,175	$ 6,127	$ 5,048

	2023		
	Fair Value	Accumulated Amortization	Net Amount
Trademark and trade name	$ 9,300	$ 4,728	$ 4,572
Land lease	900	237	663
Non-compete agreement	975	189	786
Total	$ 11,175	$ 5,154	$ 6,021

For each of the years ended December 31, 2024 and 2023, amortization expense was approximately $1.0 million.

The estimated amortization expense for intangible assets for the succeeding five years is as follows (in thousands):

Years Ending December 31,		
2025	$	975
2026		975
2027		975
2028		898
2029		45
Thereafter		1,180
Total	$	5,048

Management believes the estimated useful lives established are reasonable based on the economic factors applicable to each of the intangible assets.

The Company reviews the realizability of intangible assets whenever events or circumstances occur, which indicate recorded amounts may not be recoverable. If the expected future cash flows (undiscounted) are less than the carrying amount of such assets, the Company recognizes an impairment loss for the difference between the carrying amount of the assets and their estimated fair value.

Acquisition accounting – The Company accounts for its business acquisitions under the acquisition method of accounting in ASC 805. The excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives, and market multiples amongst other items.

Investments in unconsolidated affiliates and variable interest entity – Investments in unconsolidated affiliates (see Note 6) are accounted for by the equity method of accounting. The Company records its share of gains and losses of these affiliates as nonoperating income and expense. Generally accepted accounting principles provide a framework for identifying variable interest entities (VIEs) and determining when a company should include the assets, liabilities, noncontrolling interests, and results of activities of a VIE in its consolidated financial statements. In general, a VIE is a corporation, partnership, limited liability corporation, trust, or any other legal structure used to conduct activities or hold assets that (1) has an insufficient amount of equity to carry out its principal activities without additional subordinated financial support, (2) has a group of equity owners that are unable to direct the activities of the entity that most significantly impact its economic performance, or (3) has a group of equity owners that do not have the obligation to absorb losses of the entity or the right to receive returns of the entity. A VIE should be consolidated if a party with an ownership, contractual, or other financial interest in the VIE that is considered a variable interest (a variable interest holder) has the power to direct the VIE's most significant activities and the obligation to absorb losses or right to receive benefits of the VIE that could be significant to the VIE. A variable interest holder that consolidates the VIE is called the primary beneficiary. Upon consolidation, the primary beneficiary generally must initially record all of the VIE's assets, liabilities, and noncontrolling interests at fair value and subsequently account for the VIE as if it were consolidated based on majority voting interest.

At December 31, 2024 and 2023, the Company held an investment in Southern California Rehabilitation Hospital, LLC (Rancho) that was evaluated against the criteria for consolidation and determined that it is not the primary beneficiary of the investment because the Company lacks the sole power to direct the activities of the variable interest entities that most significantly impacts their economic performance. Therefore, consolidation in the Company's financial statements is not required.

Deferred financing fees – The Company has incurred fees in connection with debt financings. Net deferred financing fees (see Note 10) were $0.5 million and $1.0 million as of December 31, 2024 and 2023, respectively. These amounts offset against the respective long-term debt balances in the accompanying consolidated balance sheets.

Concentration of credit risk – Financial instruments that potentially subject the Company to significant concentration of credit risk consist principally of cash deposited with financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation ($250,000) and by the Security Investor Protection Corporation ($500,000). The Company believes it mitigates credit risk by depositing cash with major financial institutions. At times, balances may exceed insured limits. Management monitors the financial condition of these financial institutions and does not believe any significant credit risk exists at this time.

Impairment of long-lived assets – The Company evaluates the recoverability of its long-lived assets or asset groups whenever adverse events or changes in business climate indicate their carrying value may not be recoverable. If the net book value of the related assets exceeds the undiscounted future cash flows of the assets, the carrying amount would be reduced to the present value of their expected future cash flows and an impairment loss would be recognized. There are no impairment losses for the years ended December 31, 2024 and 2023.

Income taxes – Epoch provides for income taxes using the asset and liability method. Epoch recognizes the amount of income taxes payable or refundable for the year as well as deferred tax assets and liabilities, which includes penalties and interest. Deferred income tax assets and liabilities arise from temporary differences associated with differences between the consolidated financial statements and tax basis of assets and liabilities, as measured by the enacted tax rates that are expected to be in effect when these differences reverse. Deferred tax assets and liabilities are classified as noncurrent, in the accompanying consolidated balance sheets. Valuation allowances are recorded to reduce the amount of deferred tax assets when, based upon available objective evidence such as historical taxable income, the expected reversal of temporary differences, and projections of future taxable income. Management cannot conclude it is “more likely than not” that some or all the deferred tax assets will be realized.

The Company recognizes the tax benefit from uncertain tax positions if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

Net patient service revenue – Patient care service revenue is reported at the amount that reflects the consideration to which the Company expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others, and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Company bills the patients and third-party payors several days after the services are performed or after the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Company. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Company believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the hospital receiving inpatient rehabilitation or long-term acute care services. The Company measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time is generally recognized when goods and services are provided to the patients and the Company does not believe it is required to provide additional goods or services related to that sale.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Company has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient rehabilitation or long-term acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The Company determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Company's policy, and implicit price concessions provided to uninsured patients. The Company determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Company determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Company's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant in 2024 or 2023.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Company also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. The Company estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Changes in prior year estimates decreased net patient service revenue by approximately $9.6 million for the year ended December 31, 2024, and increased net patient service revenue by approximately $9.0 million for the year ended December 31, 2023. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

From time to time, the Company provides care to patients who are financially unable to pay for their health care services. The Company does not pursue collection from patients who qualify as charity care; accordingly, such amounts are not recorded as revenues.

Risk management – Management accrues for the Company's self-insured retention limit relating to the estimated ultimate cost of settling claims, which includes costs associated with litigating or settling claims, when the incidents that give rise to the claims occur. Management's estimate of the ultimate costs of the claims is based on the nature and volume of claim activity during the period, as well as trends and developments in claim activity. Management's accrual includes an estimate of the losses that will result from unreported incidents, which are probable of having occurred before the end of the reporting period.

The Company's professional and general liability insurance policy is a claims-made policy with first level coverage per incident of $1.0 million and $3.0 million in the aggregate. The Company retains a self-insured retention of $500,000 for New Mexico claims and $250,000 per occurrence for all other states under the professional risk policy. The Company's umbrella insurance policy coverage resides immediately above the professional and general liability insurance policy. The Company retains a self-insured retention of $500,000 for New Mexico within the umbrella policy. In addition, the Company purchased excess insurance, which covers individual losses up to $10.0 million, subject to an aggregate of $10.0 million.

The Company insured its worker's compensation risk under a $1.0 million per employee and per accident policy. Prior to February 2019, there was no deductible under this policy. Effective February 2019, the Company increased its self-insured retention to $250,000 per claim under the workers' compensation risk policy.

The Company has recorded liabilities and insurance recoveries for the estimated ultimate costs of insurance programs relating primarily to workers' compensation and professional and general liability claims as of December 31, 2024 and 2023, as follows (in thousands):

	2024	2023
Included in other current assets	$ 3,300	$ 2,000
Included in other noncurrent assets	8,776	11,125
Included in other current liabilities	(7,250)	(4,815)
Included in other noncurrent liabilities	(13,776)	(16,020)
Net liabilities	$ (8,950)	$ (7,710)

The Company self-insures for the cost of employees' healthcare coverage and assumes liability for healthcare claims, limited by a stop loss limit of $400,000 per claim. The Company records the estimated liability based on historical claim payment trends. The Company has recorded a liability of approximately $2.6 million as of December 31, 2024 and 2023, which is included in other current liabilities.

Subsequent events – Management is required to assess events or transactions that occur after the consolidated balance sheets date, but before the consolidated financial statements are issued. There are two types of subsequent events: recognized subsequent events, which provide additional evidence about conditions that existed at the consolidated balance sheets date, and nonrecognized subsequent events, which provide evidence about conditions that did not exist at the consolidated balance sheets date but arose before the consolidated financial statements were issued. Recognized subsequent events are required to be recognized in the consolidated financial statements, and nonrecognized subsequent events are required to be disclosed. The Company has evaluated subsequent events through April 8, 2025, which is the date the consolidated financial statements are available to be issued.

Note 3 – Other Current Assets

Other current assets consist of the following at December 31, 2024 and 2023 (in thousands):

	2024	2023
Short-term investments	$ 3,262	$ 2,144
Montana Medicaid Hospital Utilization Fee receivable	2,357	3,221
Insurance recoveries	3,300	2,000
Construction costs receivable	-	716
Other	4,718	4,543
Total other current assets	$ 13,637	$ 12,624

When developing new facilities, the Company funds certain construction costs. Those construction costs are reimbursed by the owner and lessor of the facilities at the completion of construction. As these amounts are not assets owned by the Company, but rather amounts due to be reimbursed within the next 12 months, they have been recorded as other assets.

Note 4 – Property and Equipment

Property and equipment, net consists of the following at December 31, 2024 and 2023 (in thousands):

	2024	2023
Equipment	$ 26,542	$ 25,027
Computer equipment, hardware, and software	16,693	14,337
Buildings, land improvements, and leasehold improvements	12,716	9,004
Furniture and fixtures	4,031	3,929
	59,982	52,297
Less accumulated depreciation and amortization	(36,586)	(30,739)
	23,396	21,558
Construction in progress	956	2,174
Property and equipment, net	$ 24,352	$ 23,732

The amount of depreciation and amortization expense related to property and equipment, net for the years ended December 31, 2024 and 2023, was approximately $5.9 and $4.9 million, respectively.

Note 5 – Leases

The Company has both operating and finance leases for real estate and office equipment. The Company leases have remaining terms ranging from one to 33 years. Most leases include one or more options to renew, with renewal terms that can extend the lease term from 1 to 50 years. Only lease options that the Company believes are reasonably certain to exercise are included in the measurement of lease assets and liabilities.

Certain land and building lease agreements include provisions for variable rent payments, which are adjusted annually for escalation. None of the lease agreements contain any material residual value guarantees, subleases, or nonlease components embedded in the lease agreements. The building lease agreements include covenants that require us to maintain certain reserves for major repairs at a cost per bed.

The Company recognized the following rent expense associated with the leases for the years ended December 31, 2024 and 2023 (in thousands):

	2024	2023
Lease expense		
Operating lease cost	$ 75,675	$ 72,539
Short-term lease cost	2,449	1,418
Finance lease cost		
Amortization of ROU assets	11,622	12,763
Interest expense	1,821	2,256
Total lease costs	$ 91,567	$ 88,976

During the years ended December 31, 2024 and 2023, the Company had the following cash activities and other information associated with leases:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 70,789	$ 66,037
Operating cash flows from finance leases	1,821	2,256
Finance cash flows from finance leases	(11,144)	(11,952)
Weighted-average remaining lease term (in years)		
Operating leases	11.58	12.50
Finance leases	2.40	2.44
Weighted-average discount rate		
Operating leases	10.00%	10.00%
Finance leases	10.00%	9.95%

The future payments due under operating and finance leases as of December 31, 2024, is as follows (in thousands):

Fiscal Year End	Operating	Finance	Total
2024	$ 72,121	$ 10,487	$ 82,608
2025	73,553	5,111	78,664
2026	75,003	2,357	77,360
2027	76,309	670	76,979
2028	77,829	527	78,356
Thereafter	499,144	265	499,409
Total	873,959	19,417	893,376
Less imputed interest	(367,636)	(2,024)	(369,660)
Total lease liability	506,323	17,393	523,716
Less current liability	(23,130)	(9,319)	(32,449)
Long-term liability	$ 483,193	$ 8,074	$ 491,267

Note 6 – Investment in Unconsolidated Affiliates

In March 2018, EHH entered into a joint venture of its Southern Idaho Acute Care Hospital (SIACH) with Vibra Healthcare Management, LLC (Vibra), whereby the parties agreed to an arrangement for the Company to close its hospital in exchange for a 25% ownership interest in Vibra Hospital of Boise. The Company reports the financial results for SIACH using the equity method of accounting. Vibra operates the day-to-day operations under a management agreement. Vibra is responsible for funding losses. Reimbursement to Vibra for losses funded has priority over any distributions.

In January 2019, Epoch Parent Holdings, Inc. (Parent Holdings), who owns the Company through a holding company, entered into an agreement to purchase a 48% equity interest in the Summa Rehabilitation Hospital, LLC (Summa) for $20.0 million from a partnership affiliated with Vibra. The purchase was funded through a $10.0 million equity contribution and $10.0 million from the Company through additional borrowings on the Acquisition Note. Parent Holdings then contributed interests in Summa to the Company. The Company reports the financial results for Summa using the equity method of accounting.

In February 2019, the Company entered into an agreement to purchase a 49% equity interest in Southern California Rehabilitation Hospital, LLC for $5 million from a partnership affiliated with Vibra. The purchase was funded with $5.0 million of proceeds from additional borrowings on the Acquisition Note. This agreement also calls for a working capital settlement and earn-out on March 31, 2020. The Company reports the financial results for Rancho using the equity method of accounting.

Summary financial information for each of the Company's unconsolidated affiliates is as follows (in thousands):

	As of and for the Year Ended December 31, 2024		
	SIACH (unaudited)	Summa (unaudited)	Rancho (unaudited)
Assets	$ 14,838	$ 14,338	$ 31,950
Liabilities	$ 20,608	$ 8,793	$ 34,728
Equity (deficit)	(5,769)	5,545	(2,778)
Total	$ 14,839	$ 14,338	$ 31,950
Revenues	$ 16,051	$ 32,108	$ 23,072
Expenses	19,369	25,610	23,415
Net income (loss)	$ (3,318)	$ 6,498	$ (343)

	As of and for the Year Ended December 31, 2023		
	SIACH (unaudited)	Summa (unaudited)	Rancho (unaudited)
Assets	$ 17,035	$ 15,360	$ 32,679
Liabilities	$ 18,467	$ 10,983	$ 35,114
Equity (deficit)	(1,432)	4,377	(2,435)
Total	$ 17,035	$ 15,360	$ 32,679
Revenues	$ 17,955	$ 30,711	$ 22,626
Expenses	19,037	25,316	23,090
Net income (loss)	$ (1,082)	$ 5,395	$ (464)

In conjunction with the purchase of equity interests in Rancho, the Company initially committed to funding cash flow needs of Rancho for up to $7.5 million via a promissory note at the discretion of the Company. As of December 31, 2024 and 2023, the outstanding balance of those advances was $5.0 million and $4.9 million, respectively. Based on this relationship, the Company determined it had a variable interest in Rancho. The carrying amount and maximum exposure to loss by the Company with respect to Rancho are $6.4 and $8.9 million, respectively, at December 31, 2024. The difference between the carrying amount and the maximum exposure to loss represent the remaining portion of the promissory note that Rancho is able to draw on as of December 31, 2024.

Note 7 – Other Noncurrent Assets

Other noncurrent assets consist of the following at December 31, 2024 and 2023 (in thousands):

	2024	2023
Capital expenditure reserve escrow	$ 5,576	$ 3,925
Insurance recoveries	8,776	11,125
Other	3,848	4,938
Total other noncurrent assets	$ 18,200	$ 19,988

Note 8 – Other Current Liabilities

Other current liabilities consist of the following at December 31, 2024 and 2023 (in thousands):

	2024	2023
Accrued health insurance	$ 2,584	$ 2,598
Accrued liability insurance	2,850	2,405
Accrued workers comp insurance	4,400	2,410
Accrued property taxes	3,326	3,473
Accrued other	883	6,208
Total other current liabilities	$ 14,043	$ 17,094

Note 9 – Revolver

On October 4, 2018, the Company and its subsidiaries entered into a Credit Agreement (Revolver) with Capital One, National Association, in the maximum amount of $50.0 million, subject to a borrowing base of 85% eligible accounts receivable. In November 2023, the maximum amount was increased to $60.0 million. The Company has the ability to increase the aggregate amount in $10.0 million increments up to the aggregate maximum amount. Interest will be charged on the outstanding principal balance at 6-month Secured Overnight Financing Rate (SOFR), plus a 2.35% margin, which is adjusted each month based on the outstanding balance. At December 31, 2024, the applicable interest rate was 6.6%. The outstanding balance of the Revolver was approximately $42.7 million and $49.7 million at December 31, 2024 and 2023, respectively. The Revolver matures on October 21, 2026. At December 31, 2024, the Company has complied with all covenant requirements.

Note 10 – Long-Term Debt

Long-term debt consists of the following at December 31, 2024 and 2023 (in thousands):

	2024	2023
Acquisition note, due October 2026	$ 126,937	$ 128,288
Financing obligations	2,204	2,600
Less deferred financing fees	(452)	(988)
Total long term-debt	128,689	129,900
Less current portion of long-term debt	(1,646)	(1,686)
Long-term debt, net of current portion	$ 127,043	$ 128,214

The future maturities of long-term debt at December 31, 2024, are as follows (in thousands):

Years Ending December 31,	Long-Term Debt
2025	$ 1,646
2026	125,867
2027	273
2028	240
2029	240
Thereafter	875
	129,141
Unamortized deferred financing fees	(452)
	$ 128,689

Acquisition note – The Company entered into a note (Acquisition Note) with Wilmington Trust, National Association, as agent for GSO Direct Lending Fund-D and its affiliates. The Acquisition Note bears base interest at a rate of 6-month SOFR plus a 6.00% margin (10.53% at December 31, 2024), and matures on October 4, 2026. Principal payments are due on a quarterly basis of $300,000 beginning March 31, 2019, and of $337,500 beginning June 30, 2019. The Acquisition Note cannot be prepaid prior to the first anniversary of the closing date. The accrued interest related to the Acquisition Note as of December 31, 2024 and 2023, was approximately $2.5 million and $2.6 million, respectively. At December 31, 2024 and 2023, the Company has complied with all covenant requirements.

Financing obligations – EHH is party to financing obligations with MPT related to the construction of eight hospitals from 2013 to 2018, which mature in March 2032. Payments include monthly principal of approximately $20,000 and interest, which accrues at a base interest rate of 9% to be adjusted annually by the increase in the Consumer Price Index (CPI), limited to a 2% floor and 5% ceiling (10.4% at December 31, 2024).

Note 11 – Other Noncurrent Liabilities

Other noncurrent liabilities consist of the following at December 31, 2024 and 2023 (in thousands):

	2024	2023
Accrued professional and general liability insurance	$ 4,286	$ 2,710
Accrued workers comp insurance	9,490	13,310
Deferred taxes	6,766	5,177
Other liabilities	-	420
Total other noncurrent liabilities	$ 20,542	$ 21,617

Note 12 – Net Patient Services Revenue

Most services rendered to Medicare and Medicaid beneficiaries are reimbursed at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical and diagnostic factors. Certain services of the Medicare program are paid on a cost reimbursement methodology. The Company is reimbursed for cost reimbursement items at a tentative rate, with final settlement determined after submission of annual cost reports and audits are performed by the intermediary. The Company has recorded the estimated settlement for Medicare and Medicaid cost reports as estimated third-party settlements.

The Company has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to the Company under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded third-party payor settlement estimates may change by a material amount as cost report adjustments become known or cost report years are no longer subject to audit.

A summary of gross patient service revenue and explicit and implicit price concessions for the years ended December 31, 2024 and 2023, is as follows (in thousands):

	2024	2023
Total gross patient service charges	$ 1,031,512	$ 940,037
Price concessions		
Explicit price concessions	(378,028)	(373,508)
Implicit price concessions	(5,728)	(6,329)
	(383,756)	(379,837)
Net patient service revenue	$ 647,756	$ 560,200

The composition of net patient service revenue by primary payor for the years ended December 31, 2024 and 2023, is as follows (in thousands):

	2024	2023
Medicare	$ 487,244	$ 420,427
Medicaid	59,699	52,535
Commercial	98,240	84,562
Self pay and other	2,573	2,676
Total	$ 647,756	$ 560,200

Note 13 – Income Taxes

Income tax expense consists of the following for the years ended December 31, 2024 and 2023 (in thousands):

	2024	2023
Current		
Federal expense (benefit)	$ 623	$ (220)
State expense (benefit)	124	(117)
	747	(337)
Deferred		
Federal expense	1,075	848
State expense (benefit)	514	(182)
	1,589	666
Income tax expense	$ 2,336	$ 329

A reconciliation of the Company's effective income tax rate to the federal statutory rate is as follows (in thousands):

	2024	2023
21% of earnings before taxes	$ 1,834	$ (5,060)
LLC income not subject to tax	(1,436)	(1,347)
Other true-ups and adjustments	921	1,630
Change in valuation allowance	1,262	5,860
State tax benefit, net	(245)	(754)
Income tax expense	$ 2,336	$ 329

Deferred tax assets and liabilities at December 31, 2024 and 2023, consist of the following components (in thousands):

	2024	2023
Deferred tax assets		
Account receivable allowance	$ 717	$ 915
Accrued expenses	4,149	4,159
Net operating loss carryforwards	772	4,672
Lease right-of-use liabilities	117,247	119,595
Other	7,773	4,105
Total deferred tax assets	130,658	133,446
Deferred tax liabilities		
Prepaids and other	241	822
Lease right-of-use assets	109,651	113,398
Depreciation	3,430	3,399
Amortization	9,164	7,329
Total deferred tax liabilities	122,486	124,948
Net deferred taxes	8,172	8,498
Valuation allowance	(14,938)	(13,675)
Net deferred tax liabilities after valuation allowance	$ (6,766)	$ (5,177)

The Company has approximately $0.8 million of available net operating loss carryforwards for federal tax purposes, which do not expire. The Company has an excluded interest carryforward of $45.6 million at December 31, 2024 and 2023. The Company has used up all their state net operating loss carryforwards.

The Company utilized all of its federal net operating loss carryforwards to offset the taxable gain on the sale leaseback of real estate. In conjunction with the adjustment to the opening members equity related to the deferred gain related to the implementation of ASC 842, the deferred tax asset associated to this adjustment was impaired and offset by the Company's valuation allowance.

The Company recorded valuation allowance of approximately $14.9 million as of December 31, 2024, to fully reserve net deferred tax assets as the realization criteria has not been met. While the Company had taxable income for the years ended December 31, 2024 and 2023, management determined that a full valuation allowance at December 31, 2024, was still appropriate. This is due to various factors, including nonrecurring income from Provider Relief Funds, anticipated losses projected for new facilities in 2024, and the generation of interest expense carryforwards that may go unutilized. In the future, should management conclude that these deferred tax assets are, at least in part, realizable, the valuation allowance will be reduced to the extent of such realization and recognized as a deferred income tax benefit in the consolidated statements of operations.

Note 14 – Related Party Transactions

In accordance with a management agreement, Epoch was required to pay a management fee monthly to Vibra until mutual termination of the agreement effective June 1, 2023. Epoch incurred management fees expense of approximately $0.6 million for the year ended December 31, 2023.

In addition to management fees, Vibra was reimbursed for staffing and any direct and third-party out-of-pocket expenses incurred by Vibra for the benefit of Epoch. Reimbursable expenses are defined without limitation and include travel to and from all Epoch locations, bank charges, and legal and consultancy fees. The amount of such reimbursable expenses incurred was approximately $0.6 million for the year ended December 31, 2023.

A summary of related party receivable for the years ended December 31, 2024 and 2023, is as follows (in thousands):

	2024	2023
Advances to Rancho	$ 4,999	$ 4,928
Due from Vibra	-	2,634
Due from Summa	430	486
Other	1,842	1,408
Total related party receivable	$ 7,271	$ 9,456

Note 15 – Commitments and Contingencies

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Management believes that the Company is in material compliance with fraud and abuse laws and regulations. Compliance with such laws and regulations can be subject to future review and interpretation, as well as regulatory actions unknown or unasserted.

In addition to the general and professional liability claims, the Company is involved in litigation and regulatory investigations arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect on the Company's consolidated financial position, results of operations, or cash flows.

In July 2019, the United States Attorney's Office for the Southern District of Texas issued separate Civil Investigative Demands (CIDs) to Laredo Specialty Hospital which is operated by Laredo Specialty Hospital, LP, and Laredo Rehabilitation Hospital, which is operated by Laredo Rehabilitation Hospital, LLC (the Hospitals), which are wholly owned subsidiaries of the Company. The CIDs were issued pursuant to the provisions of the False Claims Act in the course of a False Claims Act investigation. The Hospitals are cooperating with these investigations and have produced documents in response to the CIDs. Management has determined that any contingency related to this matter cannot be estimated at this time.

Note 16 – 401(k) Retirement Plan

The Company sponsors a 401(k) retirement plan (401(k) Plan) covering all eligible employees as defined by the 401(k) Plan. Contributions to the 401(k) Plan are based upon the amount of the employees' deferrals and the employer's matching formula. The Company made contributions to the 401(k) Plan during the years ended December 31, 2024 and 2023, of approximately \$1.8 million and \$1.3 million, respectively.

Supplementary Information

Epoch Acquisition, Inc. and Subsidiaries
Consolidating Balance Sheet
December 31, 2024

$ in thousands	Epoch Acquisition, Inc.	Ernest Health Holdings	Elkhorn Valley Rehabilitation Hospital Holdings	Rehabilitation Hospital of the Northwest Holdings	Corpus Christie Rehabilitation Hospital Holdings	LTX LTACH	Home Office	Rehabilitation Hospital of Lubbock Holdings	Rehabilitation Hospital of Southern New Mexico	South Texas Rehabilitation Hospital
ASSETS										
CURRENT ASSETS										
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,299	$ -	$ 90	$ (94)
Patient accounts receivable	-	-	-	-	-	-	8	-	3,147	2,468
Inventories	-	-	-	-	-	-	141	-	55	58
Prepaid expenses	75	18	-	-	-	-	1,574	-	64	47
Related party receivable	-	-	-	-	-	-	7,189	-	12,768	-
Other current assets (Note 3)	-	-	-	-	-	-	8,601	-	441	-
Total current assets	75	18	-	-	-	-	31,812	-	16,565	2,479
NONCURRENT ASSETS										
Property and equipment, net (Note 4)	5,202	14	-	-	-	-	2,569	-	606	596
Right-of-use assets (Note 5)										
Operating Assets	-	-	-	-	-	-	-	925	22,269	14,405
Finance Assets	-	-	-	-	-	-	662	-	151	354
Goodwill	217,031	-	3,234	3,387	-	-	-	3,204	1	-
Other identifiable intangibles, net	-	-	-	-	-	-	4,285	-	-	-
Intercompany receivables	-	6,585	10,879	10,530	-	-	-	14,320	44,760	34,583
Investment in unconsolidated affiliates (Note 6)	-	23,913	-	-	-	-	-	-	-	-
Other noncurrent assets (Note 7)	25,000	11,266	(22,348)	(10,533)	-	-	13,671	(20,270)	80	21
Total noncurrent assets	247,233	41,778	(8,235)	3,384	-	-	21,187	(1,821)	67,867	49,959
Total assets	$ 247,308	$ 41,796	$ (8,235)	$ 3,384	$ -	$ -	$ 52,999	$ (1,821)	$ 84,432	$ 52,438
LIABILITIES AND STOCKHOLDER'S EQUITY										
CURRENT LIABILITIES										
Accounts payable	$ -	$ 16	$ -	$ -	$ -	$ -	$ 3,286	$ 2	$ 482	$ 296
Estimated third-party settlements	-	-	-	-	-	-	-	-	(30)	(221)
Accrued compensation	-	-	-	-	-	-	4,137	-	1,182	977
Current portion operating lease liabilities (Note 5)	-	-	-	-	-	-	-	-	633	409
Current portion finance lease liabilities (Note 5)	-	-	-	-	-	-	375	-	71	121
Current portion of long-term debt	1,350	-	-	-	-	-	-	-	1	2
Revolver (Note 9)	42,731	-	-	-	-	-	-	-	-	-
Accrued interest	3,657	-	-	-	-	-	153	-	1	-
Other current liabilities (Note 8)	508	551	-	-	-	-	8,841	-	92	105
Total current liabilities	48,246	567	-	-	-	-	16,792	2	2,432	1,689
LONG-TERM LIABILITIES										
Intercompany payables	64,258	-	-	-	44	1	141,990	-	-	-
Operating lease liabilities, net of current portion (Note 5)	-	-	-	-	-	-	-	-	23,230	15,029
Finance lease liabilities, net of current portion (Note 5)	-	-	-	-	-	-	289	-	85	238
Long-term debt, net (Note 10)	125,344	-	-	-	-	-	(197)	-	(2,002)	(1)
Other noncurrent liabilities (Note 11)	8,011	-	-	-	-	-	11,584	-	(2)	17
Total liabilities	245,859	567	-	-	44	1	170,458	2	23,743	16,972
STOCKHOLDER'S EQUITY (DEFICIT)										
Common stock and additional paid-in capital	125,933	31,800	1	1	-	1	-	1	1	2
(Accumulated deficit) retained earnings	(124,484)	9,429	(11,470)	(4)	(44)	(2)	(117,459)	(5,029)	60,688	35,464
Distributions	-	-	-	-	-	-	-	-	-	-
Noncontrolling interest	-	-	3,234	3,387	-	-	-	3,205	-	-
Total stockholder's equity (deficit)	1,449	41,229	(8,235)	3,384	(44)	(1)	(117,459)	(1,823)	60,689	35,466
Total liabilities and stockholder's equity (deficit)	$ 247,308	$ 41,796	$ (8,235)	$ 3,384	$ -	$ -	$ 52,999	$ (1,821)	$ 84,432	$ 52,438

Epoch Acquisition, Inc. and Subsidiaries
Consolidating Balance Sheet
December 31, 2024

$ in thousands	Northern Colorado Rehabilitation Hospital	Mountain Valley Rehabilitation Hospital	Greenwood Regional Rehabilitation Hospital	Elkhorn Valley Rehabilitation Hospital	Spartanburg Rehabilitation Institute	New Braunfels Regional Rehabilitation Hospital	Lafayette Regional Rehabilitation Hospital	Rehabilitation Hospital of the Northwest	Weslaco Regional Rehabilitation Hospital	Northern Utah Rehabilitation Hospital
ASSETS										
CURRENT ASSETS										
Cash and cash equivalents	$ 35	$ 319	$ (204)	$ (113)	$ 189	$ (152)	$ 12	$ (639)	$ 60	$ (55)
Patient accounts receivable	3,270	2,938	2,208	2,512	3,260	2,603	2,724	2,815	1,598	1,385
Inventories	94	81	148	118	217	87	109	62	58	47
Prepaid expenses	76	73	106	59	52	44	55	56	37	63
Related party receivable	434	7	11	-	-	-	8	1	-	-
Other current assets (Note 3)	-	-	449	289	-	-	-	77	93	316
Total current assets	3,909	3,418	2,718	2,865	3,718	2,582	2,908	2,372	1,846	1,756
NONCURRENT ASSETS										
Property and equipment, net (Note 4)	3,440	337	489	216	316	785	451	336	430	140
Right-of-use assets (Note 5)										
Operating Assets	11,641	21,118	16,451	9,860	12,980	10,311	8,280	7,626	5,534	9,544
Finance Assets	219	199	301	184	137	596	166	141	353	143
Goodwill	-	-	-	-	-	-	-	-	-	-
Other identifiable intangibles, net	-	-	-	-	-	-	-	-	-	-
Intercompany receivables	30,083	66,772	18,975	7,756	18,368	16,847	-	-	100	-
Investment in unconsolidated affiliates (Note 6)	-	-	-	-	-	-	-	-	-	-
Other noncurrent assets (Note 7)	155	287	471	425	345	309	310	252	57	294
Total noncurrent assets	45,538	88,713	36,687	18,441	32,146	28,848	9,207	8,355	6,474	10,121
Total assets	$ 49,447	$ 92,131	$ 39,405	$ 21,306	$ 35,864	$ 31,430	$ 12,115	$ 10,727	$ 8,320	$ 11,877
LIABILITIES AND STOCKHOLDER'S EQUITY										
CURRENT LIABILITIES										
Accounts payable	$ 449	$ 511	$ 308	$ 152	$ 261	$ 373	$ 311	$ 380	$ 211	$ 247
Estimated third-party settlements	(134)	(238)	(29)	178	(20)	(46)	74	247	43	130
Accrued compensation	1,204	1,068	1,196	1,104	1,311	1,157	789	674	577	630
Current portion operating lease liabilities (Note 5)	1,124	600	1,569	837	360	432	790	727	528	910
Current portion finance lease liabilities (Note 5)	107	65	113	75	71	229	53	36	127	69
Current portion of long-term debt	-	11	-	-	24	-	20	39	6	32
Revolver (Note 9)	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	7	-	-	-	3	-	-
Other current liabilities (Note 8)	194	3	208	192	(21)	-	1,299	305	37	1,565
Total current liabilities	2,944	2,020	3,365	2,545	1,986	2,145	3,336	2,411	1,529	3,583
LONG-TERM LIABILITIES										
Intercompany payables	-	-	-	-	-	-	11,767	4,951	-	27,444
Operating lease liabilities, net of current portion (Note 5)	11,829	22,031	16,506	10,258	14,043	10,960	8,308	7,652	5,558	9,576
Finance lease liabilities, net of current portion (Note 5)	121	140	202	118	78	381	124	114	235	87
Long-term debt, net (Note 10)	-	(8)	-	-	145	280	125	1,880	36	197
Other noncurrent liabilities (Note 11)	-	-	-	183	-	11	-	134	22	-
Total liabilities	14,894	24,183	20,073	13,104	16,252	13,777	23,660	17,142	7,380	40,887
STOCKHOLDER'S EQUITY (DEFICIT)										
Common stock and additional paid-in capital	1	1	-	1,260	-	-	1	-	1	-
(Accumulated deficit) retained earnings	34,552	67,947	19,332	30,656	19,612	17,653	(11,546)	5,720	939	(29,010)
Distributions	-	-	-	(23,608)	-	-	-	(10,533)	-	-
Noncontrolling interest	-	-	-	(106)	-	-	-	(1,602)	-	-
Total stockholder's equity (deficit)	34,553	67,948	19,332	8,202	19,612	17,653	(11,545)	(6,415)	940	(29,010)
Total liabilities and stockholder's equity (deficit)	$ 49,447	$ 92,131	$ 39,405	$ 21,306	$ 35,864	$ 31,430	$ 12,115	$ 10,727	$ 8,320	$ 11,877

Epoch Acquisition, Inc. and Subsidiaries
Consolidating Balance Sheet
December 31, 2024

$ in thousands	Corpus Christie Rehabilitation Hospital	Rehabilitation Hospital of Northwest Ohio	Trustpoint Rehabilitation Hospital of Lubbock	Rehabilitation Hospital of Northern Arizona	Rehabilitation Hospital of Northern Indiana	Midlands Regional Rehabilitation Hospital	Bloomington Regional Rehabilitation Hospital	Bakersfield Rehabilitation Hospital	Stockton Rehabilitation Hospital	Green Bay Rehabilitation Hospital
ASSETS										
CURRENT ASSETS										
Cash and cash equivalents	$ 319	$ 910	$ 3,726	$ 359	$ 153	$ 20	$ 92	$ 65	$ 217	$ 207
Patient accounts receivable	2,363	2,131	5,457	2,695	3,148	2,194	2,506	4,223	6,452	3,019
Inventories	95	84	109	91	139	52	156	117	136	61
Prepaid expenses	43	227	89	69	66	57	54	98	136	36
Related party receivable	-	-	-	-	-	-	-	-	-	-
Other current assets (Note 3)	2	31	3,342	56	-	(2)	-	-	-	-
Total current assets	2,822	3,383	12,723	3,270	3,506	2,321	2,808	4,503	6,941	3,323
NONCURRENT ASSETS										
Property and equipment, net (Note 4)	159	201	1,737	753	171	154	106	406	652	906
Right-of-use assets (Note 5)										
Operating Assets	5,670	9,413	21,009	17,762	18,414	12,323	13,193	36,256	41,561	12,722
Finance Assets	336	160	510	151	179	216	892	1,087	1,923	1,194
Goodwill	-	-	18,019	-	-	-	-	-	-	-
Other identifiable intangibles, net	-	763	-	-	-	-	-	-	-	-
Intercompany receivables	26,531	-	-	2,746	-	-	-	-	-	-
Investment in unconsolidated affiliates (Note 6)	-	-	-	-	-	-	-	-	-	-
Other noncurrent assets (Note 7)	190	596	396	70	25	188	20	39	30	40
Total noncurrent assets	32,886	11,133	41,671	21,482	18,789	12,881	14,211	37,788	44,166	14,862
Total assets	$ 35,708	$ 14,516	$ 54,394	$ 24,752	$ 22,295	$ 15,202	$ 17,019	$ 42,291	$ 51,107	$ 18,185
LIABILITIES AND STOCKHOLDER'S EQUITY										
CURRENT LIABILITIES										
Accounts payable	$ 330	$ 341	$ 549	$ 449	$ 332	$ 425	$ 279	$ 520	$ 680	$ 370
Estimated third-party settlements	41	(140)	18	(201)	90	15	433	(22)	289	3,041
Accrued compensation	1,211	942	1,452	799	841	616	897	766	765	748
Current portion operating lease liabilities (Note 5)	541	822	1,046	490	373	350	462	1,106	1,276	339
Current portion finance lease liabilities (Note 5)	111	49	178	40	35	82	762	775	1,367	879
Current portion of long-term debt	7	39	-	98	-	17	-	-	-	-
Revolver (Note 9)	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	(8)	7	-	-	-	-	-	-	-
Other current liabilities (Note 8)	551	610	512	77	250	368	225	35	13	160
Total current liabilities	2,792	2,655	3,762	1,752	1,921	1,873	3,058	3,180	4,390	5,537
LONG-TERM LIABILITIES										
Intercompany payables	-	7,169	759	-	1,666	3,096	2,603	23,408	24,122	2,567
Operating lease liabilities, net of current portion (Note 5)	5,689	9,704	23,097	19,238	19,251	12,854	13,380	36,464	41,136	12,720
Finance lease liabilities, net of current portion (Note 5)	233	125	359	121	151	151	130	312	569	298
Long-term debt, net (Note 10)	44	2,242	-	631	-	34	-	-	-	-
Other noncurrent liabilities (Note 11)	19	-	501	-	-	-	-	-	-	-
Total liabilities	8,777	21,895	28,478	21,742	22,989	18,008	19,171	63,364	70,217	21,122
STOCKHOLDER'S EQUITY (DEFICIT)										
Common stock and additional paid-in capital	-	-	11,917	-	-	-	-	-	-	-
(Accumulated deficit) retained earnings	26,931	(7,379)	33,487	3,010	(694)	(2,806)	(2,152)	(21,073)	(19,110)	(2,937)
Distributions	-	-	(32,187)	-	-	-	-	-	-	-
Noncontrolling interest	-	-	12,699	-	-	-	-	-	-	-
Total stockholder's equity (deficit)	26,931	(7,379)	25,916	3,010	(694)	(2,806)	(2,152)	(21,073)	(19,110)	(2,937)
Total liabilities and stockholder's equity (deficit)	$ 35,708	$ 14,516	$ 54,394	$ 24,752	$ 22,295	$ 15,202	$ 17,019	$ 42,291	$ 51,107	$ 18,185

Epoch Acquisition, Inc. and Subsidiaries
Consolidating Balance Sheet
December 31, 2024

$ in thousands	Sacramento Rehabilitation Hospital	Lexington Regional Rehabilitation Hospital	Laredo Rehabilitation Hospital	Mesquite Rehabilitation Institute	Northern Idaho Advanced Care Hospital	Laredo Specialty Hospital	Mesquite Specialty Hospital	Denver Regional Rehabilitation Hospital	Utah Valley Specialty Hospital	Advanced Care Hospital of Montana
ASSETS										
CURRENT ASSETS										
Cash and cash equivalents	$ 194	$ (220)	$ 23	$ 22	$ 125	$ (59)	$ 22	$ 147	$ (870)	$ 208
Patient accounts receivable	6,404	2,232	1,385	2,648	3,232	927	3,355	1,631	3,690	3,240
Inventories	144	72	132	60	158	302	144	60	132	379
Prepaid expenses	80	58	37	43	67	42	68	103	62	118
Related party receivable	-	-	208	(526)	14	(209)	500	-	4	61
Other current assets (Note 3)	3	-	383	-	-	62	-	-	2,274	2,357
Total current assets	6,825	2,142	2,168	2,247	3,596	1,065	4,089	1,941	5,292	6,363
NONCURRENT ASSETS										
Property and equipment, net (Note 4)	420	1,530	16	71	213	662	1,908	867	400	464
Right-of-use assets (Note 5)										
Operating Assets	39,085	16,214	1,587	7,333	8,678	11,633	11,098	9,265	6,121	8,304
Finance Assets	2,080	1,609	389	272	201	734	586	280	236	185
Goodwill	-	-	-	-	-	-	-	3,971	-	-
Other identifiable intangibles, net	-	-	-	-	-	-	-	-	-	-
Intercompany receivables	-	-	20,379	40,637	-	-	-	4,087	-	31,557
Investment in unconsolidated affiliates (Note 6)	-	-	-	-	-	-	-	-	-	-
Other noncurrent assets (Note 7)	16	21	233	275	401	55	17	-	130	195
Total noncurrent assets	41,601	19,374	22,604	48,588	9,493	13,084	13,609	18,470	6,887	40,705
Total assets	$ 48,426	$ 21,516	$ 24,772	$ 50,835	$ 13,089	$ 14,149	$ 17,698	$ 20,411	$ 12,179	$ 47,068
LIABILITIES AND STOCKHOLDER'S EQUITY										
CURRENT LIABILITIES										
Accounts payable	$ 692	$ 583	$ 204	$ 153	$ 371	$ 380	$ 1,099	$ 223	$ 406	$ 501
Estimated third-party settlements	365	(12)	(48)	20	216	6	(187)	(190)	966	252
Accrued compensation	1,050	432	264	818	730	427	956	411	977	1,450
Current portion operating lease liabilities (Note 5)	403	468	146	674	828	1,117	1,083	542	751	792
Current portion finance lease liabilities (Note 5)	1,435	1,003	117	96	72	314	165	69	95	56
Current portion of long-term debt	-	-	-	-	-	-	-	-	-	-
Revolver (Note 9)	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Other current liabilities (Note 8)	3	-	218	6	34	358	29	1,043	214	673
Total current liabilities	3,948	2,474	901	1,767	2,251	2,602	3,145	2,098	3,409	3,724
LONG-TERM LIABILITIES										
Intercompany payables	11,271	6,718	-	-	7,118	34,616	45,099	-	12,339	-
Operating lease liabilities, net of current portion (Note 5)	40,406	16,131	1,536	7,096	8,707	11,725	11,398	9,360	7,901	8,332
Finance lease liabilities, net of current portion (Note 5)	647	646	280	186	144	442	444	213	155	146
Long-term debt, net (Note 10)	-	-	-	-	-	-	-	-	-	-
Other noncurrent liabilities (Note 11)	-	-	22	17	(4)	14	16	(3)	-	-
Total liabilities	56,272	25,969	2,739	9,066	18,216	49,399	60,102	11,668	23,804	12,202
STOCKHOLDER'S EQUITY (DEFICIT)										
Common stock and additional paid-in capital	-	-	-	-	1	2	2	4,451	1	1
(Accumulated deficit) retained earnings	(7,846)	(4,453)	22,033	41,769	(5,128)	(35,252)	(42,406)	4,292	(11,626)	34,865
Distributions	-	-	-	-	-	-	-	-	-	-
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-
Total stockholder's equity (deficit)	(7,846)	(4,453)	22,033	41,769	(5,127)	(35,250)	(42,404)	8,743	(11,625)	34,866
Total liabilities and stockholder's equity (deficit)	$ 48,426	$ 21,516	$ 24,772	$ 50,835	$ 13,089	$ 14,149	$ 17,698	$ 20,411	$ 12,179	$ 47,068

Epoch Acquisition, Inc. and Subsidiaries
Consolidating Balance Sheet
December 31, 2024

$ in thousands	Southwest Idaho Advanced Care Hospital	Advanced Care Hospital of Southern New Mexico	Northern Colorado Long Term Acute Hospital	Intercompany Eliminations	Consolidated
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ -	$ 93	$ 232	$ -	$ 19,732
Patient accounts receivable	-	1,001	2,081	-	96,950
Inventories	-	113	131	-	4,142
Prepaid expenses	-	72	61	-	4,085
Related party receivable	-	(12,767)	(432)	-	7,271
Other current assets (Note 3)	-	-	-	(5,137)	13,637
Total current assets	-	(11,488)	2,073	(5,137)	145,817
NONCURRENT ASSETS					
Property and equipment, net (Note 4)	-	(329)	(3,042)	-	24,352
Right-of-use assets (Note 5)					
Operating Assets	-	7,720	4,169	-	470,474
Finance Assets	-	87	113	-	17,026
Goodwill	-	-	-	-	248,847
Other identifiable intangibles, net	-	-	-	-	5,048
Intercompany receivables	-	24,124	17,139	(447,758)	-
Investment in unconsolidated affiliates (Note 6)	(1,265)	-	-	-	22,648
Other noncurrent assets (Note 7)	-	202	98	15,171	18,200
Total noncurrent assets	(1,265)	31,804	18,477	(432,587)	806,595
Total assets	$ (1,265)	$ 20,316	$ 20,550	$ (437,724)	$ 952,412
LIABILITIES AND STOCKHOLDER'S EQUITY					
CURRENT LIABILITIES					
Accounts payable	$ -	$ 369	$ 375	$ -	$ 16,916
Estimated third-party settlements	55	37	(19)	-	4,979
Accrued compensation	-	242	332	-	33,132
Current portion operating lease liabilities (Note 5)	-	219	383	-	23,130
Current portion finance lease liabilities (Note 5)	-	36	71	-	9,319
Current portion of long-term debt	-	-	-	-	1,646
Revolver (Note 9)	-	-	-	-	42,731
Accrued interest	-	-	-	-	3,820
Other current liabilities (Note 8)	-	(153)	75	(5,137)	14,043
Total current liabilities	55	750	1,217	(5,137)	149,716
LONG-TERM LIABILITIES					
Intercompany payables	14,753	-	-	(447,759)	-
Operating lease liabilities, net of current portion (Note 5)	-	8,054	4,034	-	483,193
Finance lease liabilities, net of current portion (Note 5)	-	57	53	-	8,074
Long-term debt, net (Note 10)	-	-	-	(1,707)	127,043
Other noncurrent liabilities (Note 11)	-	-	-	-	20,542
Total liabilities	14,808	8,861	5,304	(454,603)	788,568
STOCKHOLDER'S EQUITY (DEFICIT)					
Common stock and additional paid-in capital	1	1	1	(49,449)	125,933
(Accumulated deficit) retained earnings	(16,074)	11,454	15,245	-	17,094
Distributions	-	-	-	66,328	-
Noncontrolling interest	-	-	-	-	20,817
Total stockholder's equity (deficit)	(16,073)	11,455	15,246	16,879	163,844
Total liabilities and stockholder's equity (deficit)	$ (1,265)	$ 20,316	$ 20,550	$ (437,724)	$ 952,412

Epoch Acquisition, Inc. and Subsidiaries
Consolidating Statement of Operations
Year Ended December 31, 2024

$ in thousands	Epoch Acquisition, Inc.	Ernest Health Holdings	Elkhorn Valley Rehabilitation Hospital Holdings	Rehabilitation Hospital of the Northwest Holdings	Corpus Christie Rehabilitation Hospital Holdings	LTX LTACH	Home Office	Rehabilitation Hospital of Lubbock Holdings	Rehabilitation Hospital of Southern New Mexico	South Texas Rehabilitation Hospital
OPERATING REVENUE										
Net patient service revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 23,668	$ 18,273
Other operating revenue (Note 2)	-	-	-	-	-	-	17,583	-	81	42
Total operating revenue	-	-	-	-	-	-	17,583	-	23,749	18,315
OPERATING EXPENSES										
Salaries and benefits	-	-	-	-	-	-	15,918	-	11,574	10,638
Rent expense	-	-	-	-	-	-	4	88	3,348	2,166
Supplies	-	-	-	-	-	-	31	-	958	785
Depreciation and amortization	695	-	-	-	-	-	2,273	-	246	326
Taxes (gross receipts, property, and other)	1	-	-	-	-	-	(13)	-	733	185
Other operating expense	1,058	12	-	-	-	-	18,882	2	2,740	2,219
Total operating expenses	1,754	12	-	-	-	-	37,095	90	19,599	16,319
INCOME (LOSS) FROM OPERATIONS	(1,754)	(12)	-	-	-	-	(19,512)	(90)	4,150	1,996
NONOPERATING (INCOME) EXPENSE										
Interest income	-	-	-	-	-	-	(160)	-	(5)	(2)
Interest expense	20,124	-	-	-	-	-	(53)	-	21	22
Equity in earning of unconsolidated affiliates	-	(2,962)	-	-	-	-	-	-	-	-
Other non-operating income and expense	190	-	-	-	-	-	-	-	-	-
Total nonoperating (income) expense, net	20,314	(2,962)	-	-	-	-	(213)	-	16	20
Net income (loss) before income tax expense	(22,068)	2,950	-	-	-	-	(19,299)	(90)	4,134	1,976
Income tax expense	1,283	-	-	-	-	-	1,053	-	-	-
Net income (loss) before noncontrolling interest	(23,351)	2,950	-	-	-	-	(20,352)	(90)	4,134	1,976
Net income attributable to noncontrolling interest	-	-	-	-	-	-	-	-	-	-
Net income (loss) attributable to controlling interest	$ (23,351)	$ 2,950	$ -	$ -	$ -	$ -	$ (20,352)	$ (90)	$ 4,134	$ 1,976

Epoch Acquisition, Inc. and Subsidiaries
Consolidating Statement of Operations
Year Ended December 31, 2024

$ in thousands	Northern Colorado Rehabilitation Hospital	Mountain Valley Rehabilitation Hospital	Greenwood Regional Rehabilitation Hospital	Elkhorn Valley Rehabilitation Hospital	Spartanburg Rehabilitation Institute	New Braunfels Regional Rehabilitation Hospital	Lafayette Regional Rehabilitation Hospital	Rehabilitation Hospital of the Northwest	Weslaco Regional Rehabilitation Hospital	Northern Utah Rehabilitation Hospital
OPERATING REVENUE										
Net patient service revenue	$ 24,670	$ 26,440	$ 18,674	$ 19,072	$ 21,219	$ 21,526	$ 16,815	$ 17,245	$ 10,565	$ 11,208
Other operating revenue (Note 2)	49	19	25	44	44	26	9	21	50	17
# Total operating revenue	24,719	26,459	18,699	19,116	21,263	21,552	16,824	17,266	10,615	11,225
OPERATING EXPENSES										
Salaries and benefits	12,736	13,974	11,097	9,657	12,122	13,167	9,628	8,819	7,026	7,625
Rent expense	2,450	3,175	3,448	1,991	2,001	1,716	1,735	1,598	1,161	2,000
Supplies	855	914	1,024	556	829	985	699	628	508	462
Depreciation and amortization	323	239	263	277	200	315	210	343	224	203
Taxes (gross receipts, property, and other)	266	174	434	597	435	214	204	53	96	688
Other operating expense	2,749	3,801	2,589	2,500	2,198	2,772	2,699	4,051	1,467	1,944
Total operating expenses	19,379	22,277	18,855	15,578	17,785	19,169	15,175	15,492	10,482	12,922
INCOME (LOSS) FROM OPERATIONS	5,340	4,182	(156)	3,538	3,478	2,383	1,649	1,774	133	(1,697)
NONOPERATING (INCOME) EXPENSE										
Interest income	1	(2)	-	(3)	-	(1)	-	-	(2)	-
Interest expense	23	16	30	22	41	31	33	171	27	50
Equity in earning of unconsolidated affiliates	-	-	-	-	-	-	-	-	-	-
Other non-operating income and expense	-	-	-	-	-	-	-	-	-	-
Total nonoperating (income) expense, net	24	14	30	19	41	30	33	171	25	50
Net income (loss) before income tax expense	5,316	4,168	(186)	3,519	3,437	2,353	1,616	1,603	108	(1,747)
Income tax expense	-	-	-	-	-	-	-	-	-	-
Net income (loss) before noncontrolling interest	5,316	4,168	(186)	3,519	3,437	2,353	1,616	1,603	108	(1,747)
Net income attributable to noncontrolling interest	-	-	-	879	-	-	-	401	-	-
Net income (loss) attributable to controlling interest	$ 5,316	$ 4,168	$ (186)	$ 2,640	$ 3,437	$ 2,353	$ 1,616	$ 1,202	$ 108	$ (1,747)

Epoch Acquisition, Inc. and Subsidiaries
Consolidating Statement of Operations
Year Ended December 31, 2024

$ in thousands	Corpus Christie Rehabilitation Hospital	Rehabilitation Hospital of Northwest Ohio	Trustpoint Rehabilitation Hospital of Lubbock	Rehabilitation Hospital of Northern Arizona	Rehabilitation Hospital of Northern Indiana	Midlands Regional Rehabilitation Hospital	Bloomington Regional Rehabilitation Hospital	Bakersfield Rehabilitation Hospital	Stockton Rehabilitation Hospital	Green Bay Rehabilitation Hospital
OPERATING REVENUE										
Net patient service revenue	$ 22,668	$ 16,554	$ 44,281	$ 22,319	$ 20,222	$ 15,564	$ 20,222	$ 25,226	$ 25,971	$ 18,186
Other operating revenue (Note 2)	30	(2)	206	-	10	17	15	2	10	36
Total operating revenue	22,698	16,552	44,487	22,319	20,232	15,581	20,237	25,228	25,981	18,222
OPERATING EXPENSES										
Salaries and benefits	11,329	9,697	21,426	10,848	10,365	8,990	11,192	13,248	16,974	8,708
Rent expense	1,188	1,926	3,636	2,741	2,483	1,853	1,967	5,325	5,873	1,797
Supplies	844	826	1,976	989	777	674	824	929	958	705
Depreciation and amortization	167	195	618	251	291	575	981	1,212	1,603	1,062
Taxes (gross receipts, property, and other)	209	770	398	287	246	388	188	893	501	173
Other operating expense	2,457	1,967	5,223	2,704	2,532	2,718	2,465	4,896	5,039	2,790
Total operating expenses	16,194	15,381	33,277	17,820	16,694	15,198	17,617	26,503	30,948	15,235
INCOME (LOSS) FROM OPERATIONS	6,504	1,171	11,210	4,499	3,538	383	2,620	(1,275)	(4,967)	2,987
NONOPERATING (INCOME) EXPENSE										
Interest income	(1)	-	(147)	(3)	(2)	-	(3)	(10)	(2)	(6)
Interest expense	26	51	48	98	16	36	128	152	247	152
Equity in earning of unconsolidated affiliates	-	-	-	-	-	-	-	-	-	-
Other non-operating income and expense	-	-	(34)	-	-	-	-	-	-	-
Total nonoperating (income) expense, net	25	51	(133)	95	14	36	125	142	245	146
Net income (loss) before income tax expense	6,479	1,120	11,343	4,404	3,524	347	2,495	(1,417)	(5,212)	2,841
Income tax expense	-	-	-	-	-	-	-	-	-	-
Net income (loss) before noncontrolling interest	6,479	1,120	11,343	4,404	3,524	347	2,495	(1,417)	(5,212)	2,841
Net income attributable to noncontrolling interest	-	-	5,559	-	-	-	-	-	-	-
Net income (loss) attributable to controlling interest	$ 6,479	$ 1,120	$ 5,784	$ 4,404	$ 3,524	$ 347	$ 2,495	$ (1,417)	$ (5,212)	$ 2,841

Epoch Acquisition, Inc. and Subsidiaries
Consolidating Statement of Operations
Year Ended December 31, 2024

$ in thousands	Sacramento Rehabilitation Hospital	Lexington Regional Rehabilitation Hospital	Laredo Rehabilitation Hospital	Mesquite Rehabilitation Institute	Denver Regional Rehabilitation Hospital	Laredo Specialty Hospital	Mesquite Specialty Hospital	Northern Idaho Advanced Care Hospital	Utah Valley Specialty Hospital
OPERATING REVENUE									
Net patient service revenue	$ 35,287	$ 15,010	$ 9,888	$ 17,909	$ 14,330	$ 13,539	$ 6,679	$ 13,325	$ 15,782
Other operating revenue (Note 2)	6	12	(33)	(74)	7	(73)	25	49	12
Total operating revenue	35,293	15,022	9,855	17,835	14,337	13,466	6,704	13,374	15,794
OPERATING EXPENSES									
Salaries and benefits	20,367	7,978	5,740	9,993	8,491	9,704	4,833	9,682	10,719
Rent expense	4,943	2,325	329	1,518	1,562	1,819	2,440	2,345	1,409
Supplies	1,175	702	464	709	400	1,353	735	1,413	824
Depreciation and amortization	1,632	1,161	84	90	292	470	468	297	304
Taxes (gross receipts, property, and other)	2,385	223	43	91	222	78	387	310	518
Other operating expense	4,804	3,812	1,450	1,712	2,701	2,880	2,036	3,746	2,758
Total operating expenses	35,306	16,201	8,110	14,113	13,668	16,304	10,899	17,793	16,532
INCOME (LOSS) FROM OPERATIONS	(13)	(1,179)	1,745	3,722	669	(2,838)	(4,195)	(4,419)	(738)
NONOPERATING (INCOME) EXPENSE									
Interest income	(16)	-	(1)	(3)	(4)	(6)	(4)	(15)	(3)
Interest expense	257	199	16	15	13	21	57	36	25
Equity in earning of unconsolidated affiliates	-	-	-	-	-	-	-	-	-
Other non-operating income and expense	-	-	-	-	-	-	-	-	-
Total nonoperating (income) expense, net	241	199	15	12	9	15	53	21	22
Net income (loss) before income tax expense	(254)	(1,378)	1,730	3,710	660	(2,853)	(4,248)	(4,440)	(760)
Income tax expense	-	-	-	-	-	-	-	-	-
Net income (loss) before noncontrolling interest	(254)	(1,378)	1,730	3,710	660	(2,853)	(4,248)	(4,440)	(760)
Net income attributable to noncontrolling interest	-	-	-	-	-	-	-	-	-
Net income (loss) attributable to controlling interest	$ (254)	$ (1,378)	$ 1,730	$ 3,710	$ 660	$ (2,853)	$ (4,248)	$ (4,440)	$ (760)

Epoch Acquisition, Inc. and Subsidiaries
Consolidating Statement of Operations
Year Ended December 31, 2024

$ in thousands	Advanced Care Hospital of Montana	Southwest Idaho Advanced Care Hospital	Advanced Care Hospital of Southern New Mexico	Northern Colorado Long Term Acute Hospital	Intercompany Eliminations	Consolidated
OPERATING REVENUE						
Net patient service revenue	$ 23,812	$ -	$ 8,377	$ 13,230	$ -	$ 647,756
Other operating revenue (Note 2)	(30)	-	-	-	(15,021)	3,214
Total operating revenue	23,782	-	8,377	13,230	(15,021)	650,970
OPERATING EXPENSES						
Salaries and benefits	13,833	-	4,761	6,378	-	379,237
Rent expense	1,740	-	1,161	863	-	78,124
Supplies	1,429	-	779	862	-	29,581
Depreciation and amortization	276	-	126	170	-	18,462
Taxes (gross receipts, property, and other)	894	-	274	107	-	13,652
Other operating expense	3,848	-	2,079	2,249	(15,021)	103,528
Total operating expenses	22,020	-	9,180	10,629	(15,021)	622,584
INCOME (LOSS) FROM OPERATIONS	1,762	-	(803)	2,601	-	28,386
NONOPERATING (INCOME) EXPENSE						
Interest income	(2)	-	(8)	(1)	-	(411)
Interest expense	17	-	12	17	-	22,197
Equity in earning of unconsolidated affiliates	-	673	-	-	-	(2,289)
Other non-operating income and expense	-	-	-	-	-	156
Total nonoperating (income) expense, net	15	673	4	16	-	19,653
Net income (loss) before income tax expense	1,747	(673)	(807)	2,585	-	8,733
Income tax expense	-	-	-	-	-	2,336
Net income (loss) before noncontrolling interest	1,747	(673)	(807)	2,585	-	6,397
Net income attributable to noncontrolling interest	-	-	-	-	-	6,839
Net income (loss) attributable to controlling interest	$ 1,747	$ (673)	$ (807)	$ 2,585	$ -	$ (442)

Epoch Acquisition, Inc. and Subsidiaries
Consolidating Statement of Operations by Segment
Year Ended December 31, 2024

$ in thousands	Inpatient Rehabilitation Facility Total	Long Term Acute Care Hospital Total	Overhead Total	Consolidated Company Total
OPERATING REVENUE				
Net patient service revenue	$ 553,012	$ 94,744	$ -	$ 647,756
Other operating revenue (Note 2)	669	(17)	2,562	3,214
Total operating revenue	553,681	94,727	2,562	650,970
OPERATING EXPENSES				
Salaries and benefits	303,409	59,910	15,918	379,237
Rent expense	66,255	11,777	92	78,124
Supplies	22,155	7,395	31	29,581
Depreciation and amortization	13,383	2,111	2,968	18,462
Taxes (gross receipts, property, and other)	11,096	2,568	(12)	13,652
Other operating expense	78,999	19,596	4,933	103,528
Total operating expenses	495,297	103,357	23,930	622,584
INCOME (LOSS) FROM OPERATIONS	58,384	(8,630)	(21,368)	28,386
NONOPERATING (INCOME) EXPENSE				
Interest income	(212)	(39)	(160)	(411)
Interest expense	1,941	185	20,071	22,197
Equity in earning of unconsolidated affiliates	-	673	(2,962)	(2,289)
Other non-operating income and expense	(34)	-	190	156
Total nonoperating (income) expense, net	1,695	819	17,139	19,653
Net income (loss) before income tax expense	56,689	(9,449)	(38,507)	8,733
Income tax expense	-	-	2,336	2,336
Net income (loss) before noncontrolling interest	56,689	(9,449)	(40,843)	6,397
Net income attributable to noncontrolling interest	6,839	-	-	6,839
Net income (loss) attributable to controlling interest	$ 49,850	$ (9,449)	$ (40,843)	$ (442)

MOSSADAMS