UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

(Amendment No. 1)

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 10, 2021

Aveanna Healthcare Holdings Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware	001-40362	81-4717209
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

400 Interstate North Parkway SE Atlanta, Georgia	30339
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: 770 441-1580

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	AVAH	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Introductory Note

As previously reported, on December 10, 2021, Aveanna Healthcare Holdings Inc., a Delaware corporation (the "Company"), completed its acquisition of Comfort Care Home Health Services, LLC, an Alabama limited liability company ("Comfort Care Home Health"), Comfort Care Hospice, L.L.C., an Alabama limited liability company ("Comfort Care Hospice"), Premier Medical Housecall, LLC, an Alabama limited liability company ("Premier Medical Housecall," and together with Comfort Care Home Health and Comfort Care Hospice, "Comfort Care"), as contemplated by the previously reported Membership Interest Purchase Agreement, entered into on September 27, 2021, by the Company's wholly owned subsidiary, Aveanna Healthcare Senior Services LLC, and the other parties thereto.

This Amendment No. 1 (this "Amendment") to the Current Report on Form 8-K filed by the Company on December 16, 2021 (the "Original Form 8-K") amends the Original Form 8-K to include the financial statements required by Item 9.01(a) and the pro forma financial information required by Item 9.01(b) of Form 8-K. Except as set forth in this Amendment, the disclosure contained in the Original Form 8-K remains unchanged, and this Amendment should be read together with the Original Form 8-K and the Company's other filings with the Securities and Exchange Commission.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses or Funds Acquired

The audited consolidated and combined balance sheet of Comfort Care Home Health Services, LLC and subsidiaries and affiliates as of December 31, 2020, the related audited consolidated and combined statements of operations, members' capital and cash flows of Comfort Care Home Health Services, LLC and subsidiaries and affiliates for the year ended December 31, 2020 and the notes related thereto, together with the report thereon by Warren Averett, LLC included in the audited consolidated and combined financial statements are filed as Exhibit 99.1 hereto and are incorporated herein by reference.

The unaudited consolidated and combined balance sheet of Comfort Care Home Health Services, LLC and subsidiaries and affiliates as of September 30, 2021, the related unaudited consolidated and combined statements of operations, members' capital and cash flows of Comfort Care Home Health Services, LLC and subsidiaries and affiliates for the nine-months ended September 30, 2021 and the notes related thereto are filed as Exhibit 99.2 hereto and are incorporated herein by reference.

(b) Pro Forma Financial Information

The unaudited pro forma condensed consolidated statement of operations of Comfort Care Home Health Services, LLC and subsidiaries for the year ended December 31, 2020 and unaudited pro forma condensed consolidated statement of operations of Comfort Care Home Health Services, LLC and subsidiaries for the nine-months ended September 30, 2021, the unaudited pro forma condensed consolidated balance sheet of Comfort Care Home Health Services, LLC and subsidiaries as of September 30, 2021 and the notes related thereto are filed as Exhibit 99.3 hereto and are incorporated herein by reference.

(d) Exhibits

Exhibit Number	Description
23.1	Consent of Warren Averett, LLC related to the financial statements of Comfort Care Home Health Services, LLC.
99.1	Audited Consolidated and Combined Financial Statements of Comfort Care Home Health Services, LLC and subsidiaries and affiliates as of and for the year ended December 31, 2020.
99.2	Unaudited Consolidated and Combined Financial Statements of Comfort Care Home Health Services, LLC and subsidiaries and affiliates as of and for the nine-months ended September 30, 2021.
99.3	Unaudited Pro Forma Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Aveanna Healthcare Holdings Inc.

Date:	February 24, 2022	By:	/s/ David Afshar
			David Afshar
			Chief Financial Officer
			(Principal Financial and Accounting Officer)

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-8 (File Nos. 333-257678 and 333-257675) of Aveanna Healthcare Holdings, Inc. of our audit report dated December 1, 2021 for the year ended December 31, 2020 and our review report dated January 7, 2022 for the period January 1, 2021 through September 30, 2021, with respect to the consolidated and combined financial statements of Comfort Care Home Health Services, LLC and subsidiaries and affiliates, which appears in this Current Report on Form 8-K/A.

/s/ Warren Averett, LLC

Warren Averett, LLC

Birmingham, Alabama
February 24, 2022

COMFORT CARE HOME HEALTH SERVICES, LLC AND SUBSIDIARIES AND AFFILIATES

CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2020

**COMFORT CARE HOME HEALTH SERVICES, LLC
AND SUBSIDIARIES AND AFFILIATES
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DECEMBER 31, 2020**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Comfort Care Home Health Services, LLC and Subsidiaries and Affiliates

We have audited the accompanying consolidated and combined financial statements of Comfort Care Home Health Services, LLC and Subsidiaries and Affiliates, which comprise the consolidated and combined balance sheet as of December 31, 2020, and the related consolidated and combined statement of operations and members' capital and cash flows for the year then ended, and the related notes to the consolidated and combined financial statements.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated and combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated and combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated and combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated and combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and combined financial statements referred to above present fairly, in all material respects, the consolidated and combined financial position of Comfort Care Home Health Services, LLC and Subsidiaries and Affiliates as of December 31, 2020, and the consolidated and combined results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Warren Averett, LLC

Birmingham, Alabama
December 1, 2021

COMFORT CARE HOME HEALTH SERVICES, LLC
AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED AND COMBINED BALANCE SHEET
DECEMBER 31, 2020

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 9,633,903
Patient accounts receivable, net	15,352,071
Accounts receivable – related parties	379,087
Accounts receivable – other	269,684
Prepaid expenses	903,607
Other current assets	31,904
Total current assets	26,570,256
PROPERTY AND EQUIPMENT, NET	1,189,150
OTHER ASSETS	
Goodwill	3,558,371
Intangible assets, net	5,643,792
Total other assets	9,202,163
TOTAL ASSETS	$ 36,961,569

LIABILITIES AND MEMBERS' CAPITAL

CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 3,134,650
Accounts payable – related parties	40,436
Accrued payroll and withholdings	7,509,637
Accrued other	176,569
Accrued interest	91,284
Notes payable – related parties	1,316,000
Lines of credit	2,140,581
Total current liabilities	14,409,157
NONCURRENT LIABILITIES	947,344
MEMBERS' CAPITAL	
Members' capital	21,510,934
Noncontrolling interest in subsidiary	94,134
Total members' capital	21,605,068
TOTAL LIABILITIES AND MEMBERS' CAPITAL	$ 36,961,569

See notes to the consolidated and combined financial statements.

COMFORT CARE HOME HEALTH SERVICES, LLC
AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED AND COMBINED STATEMENT OF
OPERATIONS AND MEMBERS' CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020

REVENUES	$ 93,167,763
COST OF REVENUE	43,081,072
BRANCH AND REGIONAL ADMINISTRATIVE EXPENSE	23,813,696
CORPORATE EXPENSE	10,297,681
DEPRECIATION AND AMORTIZATION	713,782
OTHER OPERATING INCOME	4,316,474
OPERATING INCOME	19,578,006
OTHER INCOME (EXPENSE)	
Other income	165,278
Interest expense	(129,497)
Interest income	46,454
Total other income (expense)	82,235
INCOME BEFORE NON-CONTROLLING INTEREST	19,660,241
NONCONTROLLING INTEREST IN SUBSIDIARY	(7,578)
NET INCOME	19,652,663
MEMBERS' CAPITAL AT BEGINNING OF YEAR	17,439,442
DISTRIBUTIONS	(15,581,171)
MEMBERS' CAPITAL AT END OF YEAR	$ 21,510,934

See notes to the consolidated and combined financial statements.

COMFORT CARE HOME HEALTH SERVICES, LLC
AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED AND COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 19,652,663
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	713,782
Noncontrolling interest in subsidiary	7,578
Loss on sale of property and equipment	952
Change in patient accounts receivable	(1,246,673)
Change in accounts receivable – related parties	(168,494)
Change in accounts receivable – other	(241,363)
Change in prepaid expenses	(93,119)
Change in other current assets	3,970
Change in accounts payable and accrued expenses	(1,310,481)
Change in accounts payable – related parties	(514,650)
Change in accrued payroll and withholdings and noncurrent liabilities	2,373,221
Change in accrued Medicare liability	(115,194)
Change in accrued interest	37,222
Net cash provided by operating activities	19,099,414
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(391,246)
Change in notes payable – related party	150,000
Net cash used in investing activities	(241,246)
CASH FLOWS FROM FINANCING ACTIVITIES	
Change in lines of credit	$ (9,419)
Payments on note payable	(169,372)
Payments of capital lease obligations	(58,333)
Distributions	(16,549,878)
Net cash used in investing activities	(16,787,002)
INCREASE IN CASH AND CASH EQUIVALENTS	2,071,166
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,562,737
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 9,633,903
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the year for interest	$ 334,038

See notes to the consolidated and combined financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Comfort Care Home Health Services, LLC and Subsidiaries is a limited liability company formed under the laws of the state of Alabama to provide various in-home therapy and nursing services in Alabama. Comfort Care Hospice, LLC and Subsidiaries (Affiliate) is a limited liability company formed under the laws of the state of Alabama to provide hospice services in Alabama and Tennessee. Premier Medical Housecall, LLC (Affiliate) is a limited liability company formed under the laws of the state of Alabama to provide various in-home medical services in Alabama. Collectively these entities are referred to as Comfort Care Home Health Services, LLC and Subsidiaries and Affiliates (the Company).

Principles of Consolidation and Combination

The accompanying consolidated and combined financial statements include the accounts of Comfort Care Home Health Services, LLC and its wholly owned subsidiaries, Comfort Care Coastal Home Health, LLC, Comfort Care Home Health of North Alabama, LLC, Comfort Care Home Health of Northeast Alabama, LLC, and Comfort Care Home Health of West Alabama, LLC; and its 75%-owned subsidiary, Woodland Home Health Services – CRMC, LLC, and its Affiliates, Comfort Care Hospice, LLC and its wholly-owned subsidiaries, Comfort Care Coastal Hospice, LLC and Comfort Care Hospice of Middle Tennessee, LLC and Premier Medical Housecall, LLC. All material intercompany balances and transactions have been eliminated upon consolidation and combination.

Comfort Care Home Health Services, LLC applies the guidance for noncontrolling interests in the consolidated financial statements. Accordingly, for consolidated subsidiaries that are less than wholly owned, the third-party holdings of equity interests are referred to as noncontrolling interest. The portion of net income attributable to noncontrolling interests for such subsidiaries is presented on the consolidated and combined statement of operations and members’ capital, and the portion of members’ capital of such subsidiaries is presented as noncontrolling interest on the consolidated and combined balance sheet. The guidance provides that all earnings and losses of a subsidiary should be attributed to the parent and the noncontrolling interest, even if losses attributable to the noncontrolling interest result in a deficit noncontrolling interest balance. At December 31, 2020, the net income attributed to the noncontrolling interest totaled $7,578.

On February 3, 2021, Comfort Care Home Health Services, LLC entered into an agreement to purchase the interest of the noncontrolling member of Woodland Home Health Services – CRMC for $100,000. Per the terms of the agreement, Woodland Home Health Services – CRMC will continue to be operated by Comfort Care Home Health Services, LLC for not less than six years. Comfort Care Home Health Services, LLC also assumes the assets and liabilities of Woodland Home Health Services – CRMC and indemnifies the noncontrolling interest holder of any liability.

Use of Estimates

The preparation of the consolidated and combined financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated and combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash and Cash Equivalents
The Company includes cash equivalents (defined as investments having a maturity of three months or less) in cash flows for each year. The Company maintains cash on deposit at a bank, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Revenue Recognition and Accounts Receivable
Net patient service revenue is reported at the amount that reflects the consideration the Company expects to receive in exchange for providing services. Receipts are from Medicare, Medicaid, Managed Care, Commercial, and others for services rendered, and they include implicit price concessions for retroactive revenue adjustments due to actual receipts from third-party payors, settlements of audits and reviews. The estimated uncollectible amounts due from these payors are considered implicit price concessions that are a direct reduction to net patient service revenue. The Company assesses the patient's ability to pay for their healthcare services at the time of patient admission based on the Company's verification of the patient's insurance coverage under the Medicare, Medicaid and other commercial or managed care insurance programs. The promise to provide quality care is accounted for as a single performance obligation. The Company satisfies its performance obligation by providing quality of care services to its patients and residents on a daily basis until termination of the contract.

The following tables summarizes revenue from contracts with customers by payor source for the year ended December 31, 2020:

Medicare	$ 80,181,475
Medicaid	1,047,227
Managed care, commercial and private	11,939,061
	$ 93,167,763

Property and Equipment
Property and equipment is carried at cost less accumulated depreciation and includes expenditures,
which substantially increase the useful lives of property and equipment. Maintenance, repairs and minor renovations are charged to income as incurred. When property and equipment is retired or otherwise disposed of, the related costs and accumulated depreciation are removed from their respective accounts, and any gain or loss on the disposition is credited or charged to operations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The Company provides for depreciation of property and equipment using the straight-line method over estimated useful lives as follows:

Item	Estimated Useful Life
Computers and equipment	3 - 5 years
Furniture and fixtures	5 - 7 years
Leasehold improvements	7 - 15 years
Auto and vehicles	5 years

Goodwill

Goodwill represents, at the time of an acquisition, the amount of purchase price paid in excess of the fair value of net assets acquired. Management evaluates goodwill to determine if it is more likely than not that impairment exists. If there is a greater than 50% likelihood of impairment, the Company assesses the recoverability of goodwill by determining whether the amounts can be recovered through undiscounted cash flows of the business acquired, excluding interest. If impairment is indicated by this analysis, measurement of the loss would be based on the market value of the business acquired. Management considers external factors, including local market developments, regional and national trends, regulatory developments, and other pertinent factors in making its assessments. No indications of impairment were identified at December 31, 2020.

Intangible Assets

Included in intangible assets are the costs of acquiring rights related to various certificates of need from prior acquisitions and a non-compete agreement. The rights to the certificates of need are being amortized over a period of 15 or 40 years. The non-compete agreement is being amortized over 3 years. Amortization expense totaled $245,593 for the year ended December 31, 2020.

The estimated aggregate amortization expense for each of the five succeeding years, thereafter, and in the aggregate for intangible assets subject to amortization is as follows:

2021	$ 168,050
2022	168,049
2023	168,049
2024	168,049
2025	168,049
Thereafter	4,803,546
	$ 5,643,792

Advertising Costs

Advertising costs, which are other than direct-response advertising, are charged to operations when incurred. Total advertising costs were $2,094,641 for the year ended December 31, 2020.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Taxes on Income

As a limited liability company, the Company is generally not subject to federal or state income taxes as the liability flows to the members. Accordingly, the accompanying consolidated and combined financial statements contain no provision or liability for income taxes.

Uncertain Tax Positions

The Company applies guidance issued by the FASB relating to uncertainty in income taxes. This guidance requires entities to assess their tax positions for the likelihood that they would be overturned upon Internal Revenue Service (IRS) examination or upon examination by state taxing authorities. In accordance with this guidance, the Company has assessed its tax positions and determined that it does not have any positions at December 31, 2020, that it would be unable to substantiate.

Coronavirus, Aid, Relief and Economic Security Act (CARES Act) Funds

The Company implemented certain changes to existing accounting policies related to the recognition of stimulus funds through the CARES Act. There is no GAAP that explicitly covers accounting for government "grants" to for-profit entities, with the exception of certain agricultural subsidies. In the absence of authoritative GAAP guidance, the Company considered the application of other authoritative accounting guidance by analogy and concluded that the guidance outlined in International Accounting Standard 20 – Accounting for Government Grants and Disclosures of Government Assistance (IAS 20) was the most appropriate analogy for the purpose of recording and classifying the federal stimulus funds received by the Company. Under IAS 20, once it is reasonably assured that the entity will comply with the conditions of the grant, the grant money should be recognized on a systematic basis over the periods in which the entity recognizes the related expenses or losses for which the grant money is intended to compensate. The Company recognizes grants once both of the following conditions are met: (1) the Company is able to comply with the relevant conditions of the grant and (2) the grant is received. Federal stimulus funds that are recognized to offset healthcare related expenses and lost revenue attributable to COVID-19 are reflected as CARES Act Funds Revenue in the accompanying consolidated and combined statements of operations and changes in members’ equity.

Subsequent Events

Management has evaluated subsequent events and their potential effects on these consolidated and combined financial statements through December 1, 2021.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The purpose of this ASU is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in this ASU require that lessees recognize the rights and obligations resulting from leases as assets and liabilities on their balance sheets, initially measured at the present value of the lease payments over the term of the lease, including payments to be made in optional periods to extend the lease and payments to purchase the underlying assets if the lessee is reasonably certain of exercising those options. Topic 842 requires recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous generally accepted accounting principles (GAAP). This guidance is effective for fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of this document to the Company's consolidated and combined financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*. This standard provides guidance on eight specific cash flow issues. The cash flow issues covered by this ASU are: 1) debt prepayment or debt extinguishment costs; 2) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; 3) contingent consideration payments made after a business combination; 4) proceeds from the settlement of insurance claims; 5) proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies; 6) distributions received from equity method investees; 7) beneficial interests in securitization transactions; and 8) separately identifiable cash flows and application of the predominance principle for distributions received from equity method investees in the statement of cash flows. This guidance is effective for fiscal years beginning after December 15, 2019. The Company adopted the guidance effective January 1, 2020, which did not have a material impact on the Company's consolidated and combined financial statements.

2. CONCENTRATION OF CREDIT RISK

The Company grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows at December 31, 2020:

Medicare	79%
Medicaid	15%
Commercial insurance and other	6%
	100%

3. PROPERTY AND EQUIPMENT

At December 31, 2020, property and equipment consisted of the following:

Computers and equipment	$ 1,009,265
Furnitures and fixtures	1,090,971
Leasehold improvements	1,042,090
Auto and vehicles	6,500
	3,148,826
Less accumulated depreciation	1,959,676
	$ 1,189,150

Depreciation expense totaled $468,189 for the year ended December 31, 2020.

4. LINES OF CREDIT

Comfort Care Home Health Services, LLC maintains a line of credit with a maximum limit of $3,000,000. The line bears interest at the Wall Street Journal Prime Rate minus 1% (2.25% at December 31, 2020). The line of credit is secured by the personal guarantee of certain members and all assets of Comfort Care Home Health Services, LLC. The line of credit matures in November 2021. At December 31, 2020, there was no balance outstanding. The credit agreement requires Comfort Care Home Health Services, LLC to maintain certain financial and affirmative covenants. At December 31, 2020, Comfort Care Home Health Services, LLC was in compliance with its financial covenants.

Comfort Care Hospice, LLC maintains a line of credit with a maximum limit of $5,150,000. The line bears interest at the Wall Street Journal Prime Rate minus 1% (2.25% at December 31, 2020). The line of credit is secured by the personal guarantee of certain members and all assets of Comfort Care Hospice, LLC. The line of credit matures in November 2021. At December 31, 2020, there was $2,140,581 outstanding. The credit agreement requires Comfort Care Hospice, LLC to maintain certain financial and affirmative covenants. At December 31, 2020, Comfort Care Hospice, LLC was in compliance with its financial covenants.

5. OPERATING LEASES

The Company lease office space from a related party through common ownership. Rent expense under these operating leases were $225,119 in 2020. Minimum facility lease payments are $16,763 and $1,500 per month. The lease terms expire on April 14, 2022 and August 31, 2026.

The Company leases additional office spaces from a separate related party through common ownership. Rent expense under these operating leases was $104,595 in 2020. Minimum facility lease payments are $8,716 per month. The lease terms renew month to month.

The Company also leases various other facilities, automobiles and equipment from unrelated parties under operating leases expiring at various dates through 2030. Rent expense under these operating leases was $1,832,322 in 2020. Minimum facility lease payments range from $21 to $10,048 per month.

The following is a schedule of future minimum lease payments under all operating leases having initial or remaining noncancelable lease terms in excess of one year:

2021	$ 1,737,011
2022	1,323,795
2023	869,040
2024	629,676
2025	399,422
Thereafter	391,226
	$ 5,350,170

6. RELATED PARTY TRANSACTIONS

The Company was charged for management fees from a related party through common ownership totaling $1,640,000 in 2020. At December 31, 2020, the Company had no accounts payable to related parties related to the management fees.

The Company shares expenses with and leases employees to and from related parties through common ownership. At December 31, 2020, the Company had $379,087 in accounts receivable from related parties and $40,436 in accounts payable to related parties related to shared expenses and leased employees.

The Company has various notes payable to a related party through common ownership. The amount to be repaid under these notes at December 31, 2020 was $1,316,000. The notes accrue interest at a rate of 2.75% to 5.00%. Interest expense totaled $52,222 for the year ended December 31, 2020.

The Company leases various office space from a related company (see Note 5).

7. EMPLOYEE BENEFIT PLANS

The Company sponsors a profit-sharing plan for its employees pursuant to Section 401(k) of the Internal Revenue Code. Contributions are made at the discretion of the Company's Board of Directors. The Company matched $238,973 in employee contributions to the plan in 2020. Generally, the plan is available to all employees after certain eligibility requirements have been satisfied. The Company may amend or terminate this plan at its sole discretion.

8. LITIGATION

The Company is subject to lawsuits from time to time. Management believes that the ultimate liability resulting from unexpected claims, if any, will not have a material adverse effect on the accompanying consolidated and combined financial statements.

9. MEDICAL MALPRACTICE INSURANCE

The professional liability coverage is on claims-made basis for the years ended December 31, 2020. Per claim coverage for the years ended December 31, 2020, was $1,000,000 with an aggregate maximum annual coverage of $3,000,000.

10. EMPLOYEE GROUP HEALTH INSURANCE PLAN

The Company has a self-insured health insurance plan for its employees' medical care and assumed liability for employees' group health costs. The plan includes "excess loss" insurance, which limits claims liability to $125,000 per individual. The Company and related parties are responsible for claims costs in excess of the reinsurer's individual limit of liability. The Company has recorded its estimate liability for unpaid claims in the accompanying consolidated and combined financial statements.

11. CARES ACT RELIEF FUND

As part of the response to the coronavirus pandemic, the federal government passed legislation, referred to as the Coronavirus Aid, Relief, and Economic Security Act, in March 2020 that included, among other things, financial assistance to offset some of the financial burden expected to be incurred by providers in responding to the pandemic. As a result of this legislation, the Company received $4,316,474 from funds established under the CARES Act in the form of a grant that, as long as certain terms and conditions are met by the Company, is not required to be repaid. The Company has met the terms and conditions as required by the grants and has recognized $4,316,474 of the relief funds to offset lost revenues and additional expenses incurred for the year ended December 31, 2020, due to the coronavirus pandemic. This amount is recorded as other operating income in the accompanying consolidated and combined statement of operations and members' capital

12. SUBSEQUENT EVENT

On September 27, 2021, the owners of Comfort Care Home Health Services, LLC and Subsidiaries and Affiliates sold their membership interests to Aveanna Healthcare Senior Services, LLC for $345,000,000.

COMFORT CARE HOME HEALTH SERVICES, LLC AND SUBSIDIARIES AND AFFILIATES

CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

COMFORT CARE HOME HEALTH SERVICES, LLC
AND SUBSIDIARIES AND AFFILIATES
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SEPTEMBER 30, 2021

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Comfort Care Home Health Services, LLC and Subsidiaries and Affiliates

We have reviewed the accompanying consolidated and combined financial statements of Comfort Care Home Health Services, LLC and Subsidiaries and Affiliates, which comprise the consolidated and combined balance sheet as of September 30, 2021, and the related consolidated and combined statements of operations and members' capital and cash flows for the nine months then ended, and the related notes to the consolidated and combined financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

Auditors' Responsibility
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion
Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated and combined financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

/s/ Warren Averett, LLC

Birmingham, Alabama
January 7, 2022

COMFORT CARE HOME HEALTH SERVICES, LLC
AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED AND COMBINED BALANCE SHEET
SEPTEMBER 30, 2021

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 17,285,903
Patient accounts receivable, net	11,123,280
Accounts receivable – related parties	10,807
Accounts receivable – other	21,400
Prepaid expenses	803,419
Other current assets	98,960
Total current assets	29,343,769
PROPERTY AND EQUIPMENT, NET	1,256,753
OTHER ASSETS	
Goodwill	3,558,371
Intangible assets, net	5,517,756
Total other assets	9,076,127
TOTAL ASSETS	$ 39,676,649

LIABILITIES AND MEMBERS' CAPITAL

CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 2,922,155
Accounts payable – related parties	209,920
Accrued payroll and withholdings	8,290,693
Accrued other	186,904
Accrued interest	135,784
Notes payable – related parties	1,541,000
Lines of credit	2,140,581
Total current liabilities	15,427,037
NONCURRENT LIABILITIES	935,286
MEMBERS' CAPITAL	23,314,326
TOTAL LIABILITIES AND MEMBERS' CAPITAL	$ 39,676,649

See independent accountants' review report and notes to the consolidated and combined financial statements.

COMFORT CARE HOME HEALTH SERVICES, LLC
AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED AND COMBINED STATEMENT OF
OPERATIONS AND MEMBERS’ CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

REVENUES	$ 74,145,102
COST OF REVENUE	31,871,159
BRANCH AND REGIONAL ADMINISTRATIVE EXPENSE	19,082,052
CORPORATE EXPENSE	8,369,939
DEPRECIATION AND AMORTIZATION	493,857
OPERATING INCOME	14,328,095
OTHER INCOME (EXPENSE)	
Other income	11,217
Interest expense	(77,633)
Interest income	19,051
Loss on sale of property and equipment	(10,668)
Total other income (expense)	(58,033)
NET INCOME	14,270,062
MEMBERS' CAPITAL AT BEGINNING OF PERIOD	21,510,934
DISTRIBUTIONS	(12,466,670)
MEMBERS' CAPITAL AT END OF PERIOD	$ 23,314,326

See independent accountants’ review report and notes to the consolidated and combined financial statements.

COMFORT CARE HOME HEALTH SERVICES, LLC
AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED AND COMBINED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 14,270,062
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	493,855
Loss on sale of property and equipment	10,668
Change in patient accounts receivable	4,228,791
Change in accounts receivable – related parties	368,280
Change in accounts receivable – other	248,284
Change in prepaid expenses	100,188
Change in other current assets	(67,056)
Change in accounts payable and accrued expenses	(212,495)
Change in accounts payable – related parties	169,484
Change in accrued payroll and withholdings and noncurrent liabilities	768,998
Change in accrued Medicare liability	10,335
Change in accrued interest	44,500
Net cash provided by operating activities	20,433,894
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from the sale of property and equipment	4,337
Purchases of property and equipment	(444,561)
Purchase of non-controlling interest	(100,000)
Net cash used in investing activities	(540,224)
CASH FLOWS FROM FINANCING ACTIVITIES	
Distributions	(12,466,670)
Change in notes payable – related party	225,000
Net cash used in investing activities	(12,241,670)
INCREASE IN CASH AND CASH EQUIVALENTS	7,652,000
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,633,903
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 17,285,903
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the year for interest	$ 23,969

See independent accountants' review report and notes to the consolidated and combined financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Comfort Care Home Health Services, LLC and Subsidiaries is a limited liability company formed under the laws of the state of Alabama to provide various in-home therapy and nursing services in Alabama. Comfort Care Hospice, LLC and Subsidiaries (Affiliate) is a limited liability company formed under the laws of the state of Alabama to provide hospice services in Alabama and Tennessee. Premier Medical Housecall, LLC (Affiliate) is a limited liability company formed under the laws of the state of Alabama to provide various in-home medical services in Alabama. Collectively these entities are referred to as Comfort Care Home Health Services, LLC and Subsidiaries and Affiliates (the Company).

Principles of Consolidation and Combination

The accompanying consolidated and combined financial statements include the accounts of Comfort Care Home Health Services, LLC and its wholly owned subsidiaries, Comfort Care Coastal Home Health, LLC, Comfort Care Home Health of North Alabama, LLC, Comfort Care Home Health of Northeast Alabama, LLC, and Comfort Care Home Health of West Alabama, LLC; and its 75%-owned subsidiary, Woodland Home Health Services – CRMC, LLC, and its Affiliates, Comfort Care Hospice, LLC and its wholly-owned subsidiaries, Comfort Care Coastal Hospice, LLC and Comfort Care Hospice of Middle Tennessee, LLC and Premier Medical Housecall, LLC. All material intercompany balances and transactions have been eliminated upon consolidation and combination.

On February 3, 2021, Comfort Care Home Health Services, LLC entered into an agreement to purchase the interest of the noncontrolling member of Woodland Home Health Services – CRMC for $100,000. Per the terms of the agreement, Woodland Home Health Services – CRMC will continue to be operated by Comfort Care Home Health Services, LLC for not less than six years. Comfort Care Home Health Services, LLC also assumes the assets and liabilities of Woodland Home Health Services – CRMC and indemnifies the noncontrolling interest holder of any liability.

Use of Estimates

The preparation of the consolidated and combined financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated and combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company includes cash equivalents (defined as investments having a maturity of three months or less) in cash flows for each period. The Company maintains cash on deposit at a bank, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Fiscal Year-End

The Company's fiscal year ends on December 31.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue Recognition and Accounts Receivable

Net patient service revenue is reported at the amount that reflects the consideration the Company expects to receive in exchange for providing services. Receipts are from Medicare, Medicaid, Managed Care, Commercial, and others for services rendered, and they include implicit price concessions for retroactive revenue adjustments due to actual receipts from third-party payors, settlements of audits and reviews. The estimated uncollectible amounts due from these payors are considered implicit price concessions that are a direct reduction to net patient service revenue. The Company assesses the patient's ability to pay for their healthcare services at the time of patient admission based on the Company's verification of the patient's insurance coverage under the Medicare, Medicaid and other commercial or managed care insurance programs. The promise to provide quality care is accounted for as a single performance obligation. The Company satisfies its performance obligation by providing quality of care services to its patients and residents on a daily basis until termination of the contract.

The following tables summarizes revenue from contracts with customers by payor source for the nine months ended September 30, 2021:

Medicare	$ 64,633,396
Medicaid	745,096
Managed care, commercial and private	8,766,610
	$ 74,145,102

Property and Equipment

Property and equipment is carried at cost less accumulated depreciation and includes expenditures, which substantially increase the useful lives of property and equipment. Maintenance, repairs and minor renovations are charged to income as incurred. When property and equipment is retired or otherwise disposed of, the related costs and accumulated depreciation are removed from their respective accounts, and any gain or loss on the disposition is credited or charged to operations.

The Company provides for depreciation of property and equipment using the straight-line method over estimated useful lives as follows:

Item	Estimated Useful Life
Computers and equipment	3 - 5 years
Furniture and fixtures	5 - 7 years
Leasehold improvements	7 - 15 years
Auto and vehicles	5 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Goodwill

Goodwill represents, at the time of an acquisition, the amount of purchase price paid in excess of the fair value of net assets acquired. Goodwill is tested for impairment at the reporting unit level on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. No indications of impairment were identified at September 30, 2021.

Intangible Assets

Included in intangible assets are the costs of acquiring rights related to various certificates of need from prior acquisitions and a non-compete agreement. The rights to the certificates of need are being amortized over a period of 15 or 40 years. The non-compete agreement is being amortized over 3 years. Amortization expense totaled $126,036 for the nine months ended September 30, 2021.

The estimated aggregate amortization expense for each of the five succeeding years, thereafter, and in the aggregate for intangible assets subject to amortization is as follows:

2022	$ 168,300
2023	168,300
2024	168,300
2025	168,300
2026	168,300
Thereafter	4,676,256
	$ 5,517,756

Advertising Costs

Advertising costs, which are other than direct-response advertising, are charged to operations when incurred. Total advertising costs were $1,556,617 for the nine months ended September 30, 2021.

Taxes on Income

As a limited liability company, the Company is generally not subject to federal or state income taxes as the liability flows to the members. Accordingly, the accompanying consolidated and combined financial statements contain no provision or liability for income taxes.

Uncertain Tax Positions

The Company applies guidance issued by the FASB relating to uncertainty in income taxes. This guidance requires entities to assess their tax positions for the likelihood that they would be overturned upon Internal Revenue Service (IRS) examination or upon examination by state taxing authorities. In accordance with this guidance, the Company has assessed its tax positions and determined that it does not have any positions at September 30, 2021, that it would be unable to substantiate.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Subsequent Events

Management has evaluated subsequent events and their potential effects on these consolidated and combined financial statements through January 7, 2022.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The purpose of this ASU is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in this ASU require that lessees recognize the rights and obligations resulting from leases as assets and liabilities on their balance sheets, initially measured at the present value of the lease payments over the term of the lease, including payments to be made in optional periods to extend the lease and payments to purchase the underlying assets if the lessee is reasonably certain of exercising those options. Topic 842 requires recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous generally accepted accounting principles (GAAP). This guidance is effective for fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of this document to the Company's consolidated and combined financial statements.

2. CONCENTRATION OF CREDIT RISK

The Company grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows at September 30, 2021:

Medicare	80%
Medicaid	13%
Commercial insurance and other	7%
	100%

3. PROPERTY AND EQUIPMENT

At September 30, 2021, property and equipment consisted of the following:

Computers and equipment	$ 1,116,303
Furnitures and fixtures	1,129,912
Leasehold improvements	1,284,045
Auto and vehicles	6,500
	3,536,760
Less accumulated depreciation	2,280,007
	$ 1,256,753

Depreciation expense totaled $367,819 for the year ended September 30, 2021.

4. LINES OF CREDIT

Comfort Care Home Health Services, LLC maintains a line of credit with a maximum limit of $3,000,000. The line bears interest at the Wall Street Journal Prime Rate minus 1% (2.25% at September 30, 2021). The line of credit is secured by the personal guarantee of certain members and all assets of Comfort Care Home Health Services, LLC. The line of credit matures in November 2021. At September 30, 2021, there was no balance outstanding. The credit agreement requires Comfort Care Home Health Services, LLC to maintain certain financial and affirmative covenants. At September 30, 2021, Comfort Care Home Health Services, LLC was in compliance with its financial covenants.

Comfort Care Hospice, LLC maintains a line of credit with a maximum limit of $5,150,000. The line bears interest at the Wall Street Journal Prime Rate minus 1% (2.25% at September 30, 2021). The line of credit is secured by the personal guarantee of certain members and all assets of Comfort Care Hospice, LLC. The line of credit matures in November 2021. At September 30, 2021, there was $2,140,581 outstanding. The credit agreement requires Comfort Care Hospice, LLC to maintain certain financial and affirmative covenants. At September 30, 2021, Comfort Care Hospice, LLC was in compliance with its financial covenants.

5. OPERATING LEASES

The Company leases office space from a related party through common ownership. Rent expense under these operating leases were $164,367 for the nine months ended September 30, 2021. Minimum facility lease payments are $16,763 and $1,500 per month. The lease terms expire on April 14, 2022 and August 31, 2026.

5. OPERATING LEASES – CONTINUED

The Company leases additional office spaces from a separate related party through common ownership. Rent expense under these operating leases was $78,446 for the nine months ended September 30, 2021. Minimum facility lease payments are $8,716 per month. The lease terms renew month to month.

The Company also leases various other facilities, automobiles and equipment from unrelated parties under operating leases expiring at various dates through 2030. Rent expense under these operating leases was $1,430,338 for the nine months ended September 30, 2021. Minimum facility lease payments range from $21 to $10,048 per month.

The following is a schedule of future minimum lease payments under all operating leases having initial or remaining noncancelable lease terms in excess of one year:

2022	$ 1,923,147
2023	933,690
2024	694,326
2025	464,072
2026	229,426
Thereafter	210,287
	$ 4,454,948

6. RELATED PARTY TRANSACTIONS

The Company was charged for management fees from a related party through common ownership totaling $1,368,000 in 2021. At September 30, 2021, the Company had no accounts payable to related parties related to the management fees.

The Company shares expenses with and leases employees to and from related parties through common ownership. At September 30, 2021, the Company had $10,807 in accounts receivable from related parties and $209,920 in accounts payable to related parties related to shared expenses and leased employees.

The Company has various notes payable to a related party through common ownership. The amount to be repaid under these notes at September 30, 2021 was $1,541,000. The notes accrue interest at a rate of 2.75% to 5.00%. Interest expense totaled $42,653 for the nine months ended September 30, 2020.

The Company leases various office space from a related company (see Note 5).

7. EMPLOYEE BENEFIT PLANS

The Company sponsors a profit-sharing plan for its employees pursuant to Section 401(k) of the Internal Revenue Code. Contributions are made at the discretion of the Company's Board of Directors. The Company matched $177,457 in employee contributions to the plan in 2021. Generally, the plan is available to all employees after certain eligibility requirements have been satisfied. The Company may amend or terminate this plan at its sole discretion.

8. LITIGATION

The Company is subject to lawsuits from time to time. Management believes that the ultimate liability resulting from unexpected claims, if any, will not have a material adverse effect on the accompanying consolidated and combined financial statements.

9. MEDICAL MALPRACTICE INSURANCE

The professional liability coverage is on claims-made basis for the nine months ended September 30, 2021. Per claim coverage for the nine months ended September 30, 2021, was $1,000,000 with an aggregate maximum annual coverage of $3,000,000.

10. EMPLOYEE GROUP HEALTH INSURANCE PLAN

The Company has a self-insured health insurance plan for its employees' medical care and assumed liability for employees' group health costs. The plan includes "excess loss" insurance, which limits claims liability to $125,000 per individual. The Company and related parties are responsible for claims costs in excess of the reinsurer's individual limit of liability. The Company has recorded its estimate liability for unpaid claims in the accompanying consolidated and combined financial statements.

11. SUBSEQUENT EVENT

On December 9, 2021, the owners of Comfort Care Home Health Services, LLC and Subsidiaries and Affiliates sold their membership interests to Aveanna Healthcare Senior Services, LLC for $345,000,000.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

References to "we", "us", "our", "Aveanna" and the "Company" refer to Aveanna Healthcare Holdings, Inc., a Delaware corporation. The following unaudited pro forma condensed consolidated financial information and the related notes present our unaudited pro forma condensed consolidated statements of operations for the fiscal year ended January 2, 2021 and for the nine-month period ended October 2, 2021 as well as our unaudited pro forma condensed consolidated balance sheet as of October 2, 2021, after giving forma effect to (i) the acquisition by us of Comfort Care Home Health Services, LLC, Comfort Care Hospice, L.L.C., Premier Medical Housecall, LLC, (collectively, "Comfort Care"), as contemplated by that certain Membership Interest Purchase Agreement, entered into on September 27, 2021, by the Company's wholly owned subsidiary, Aveanna Healthcare Senior Services LLC (the "Comfort Care Acquisition") and (ii) our entering into a new Second Lien Credit Agreement (the "New Second Lien Term Loan") on December 10, 2021 under which we incurred $415.0 million aggregate principal amount of indebtedness to fund the Comfort Care Acquisition (the "New Second Lien Financing").

We refer to the pro forma adjustments for the Comfort Care Acquisition and for the New Second Lien Financing together as the "Transactions". The unaudited pro forma condensed consolidated statements of operations have been derived by aggregating our historical consolidated financial statements and the historical financial statements of Comfort Care, including certain pro forma adjustments to such aggregated financial statements, to give effect to the Transactions as if they had occurred on December 29, 2019, which was the first day of our 2020 fiscal year. The unaudited pro forma condensed consolidated balance sheet gives effect to the Transactions as if they had occurred as of October 2, 2021.

The unaudited pro forma condensed consolidated financial information herein has been prepared to illustrate the effects of the Transactions in accordance with GAAP and pursuant to Article 11 of Regulation S-X. Information regarding these pro forma adjustments is subject to risks and uncertainties that could cause actual results to differ materially from our unaudited pro forma condensed consolidated financial information.

In our opinion, all adjustments necessary to reflect the effects of the Transactions have been included and are based upon currently available information and assumptions that we believe are reasonable as of the date of filing of this Current Report on Form 8-K/A; however, such adjustments are subject to change. Any of the factors underlying these estimates and assumptions may change or prove to be materially different than expected. The unaudited pro forma condensed consolidated financial information also does not purport to represent what our actual results of operations and financial position would have been had the Transactions occurred as of the dates indicated, nor are they intended to be representative of or project our future financial condition or results of operations or financial position.

The unaudited pro forma condensed consolidated financial information and the accompanying notes are provided for informational and illustrative purposes only and should be read in conjunction with (i) our historical audited annual consolidated financial statements for the year ended January 2, 2021 included in our prospectus dated April 28, 2021, which is deemed to be part of our Registration Statement on Form S-1 (File No. 333-254981), (ii) our interim unaudited consolidated financial statements for the nine-month period ended October 2, 2021 included in our Quarterly Report on Form 10-Q filed with the SEC on November 15, 2021, (iii) the audited annual consolidated and combined financial statements of Comfort Care Home Health Services, LLC and subsidiaries and affiliates for the year ended December 31, 2020 included in this Current Report on Form 8-K/A, and (iv) the unaudited interim consolidated and combined financial statements of Comfort Care Home Health Services, LLC and subsidiaries and affiliates as of and for the nine-month period ended September 30, 2021 included in this Current Report on Form 8-K/A.

AVEANNA HEALTHCARE HOLDINGS INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
as of October 2, 2021
(Amounts in thousands, except share and per share data)

	Historical				
	Aveanna as of October 2, 2021	Comfort Care as of September 30, 2021, after reclassification (Note 2)	Transaction Accounting Adjustments for the Acquisition	Note 3	Pro Forma for the Acquisition
ASSETS					
Current Assets:					
Cash & Cash Equivalents	$ 121,708	$ 17,286	$ 35,692	(a)(b)(e)(f)(g)	$ 174,686
Patient accounts receivable	189,033	11,123	-		200,156
Receivables under insured programs	8,264	-	-		8,264
Prepaid expenses	13,038	803	-		13,841
Other current assets	10,692	132	-		10,824
Total current assets	342,735	29,344	35,692		407,771
Property and equipment, net	31,599	1,257	-		32,856
Operating lease right of use assets	46,817	-	3,952	(i)	50,769
Goodwill	1,419,591	3,558	314,857	(d)	1,738,006
Intangible assets, net	77,612	5,518	15,032	(c)	98,162
Receivables under insured programs	25,423	-	-		25,423
Deferred income taxes	2,931	-	1,519	(h)	4,450
Other long-term assets	8,946	-	-		8,946
Total assets	$ 1,955,654	$ 39,677	$ 371,052		$ 2,366,383
LIABILITIES, DEFERRED RESTRICTED STOCK UNITS, AND STOCKHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable and other accrued liabilities	$ 46,883	$ 2,285	$ (1,971)	(e)(h)	$ 47,197
Accrued payroll and employee benefits	55,211	8,291	-		63,502
Accrued interest	1,801	146	(146)	(a)	1,801
Notes payable	2,671	-	-		2,671
Current portion of insurance reserve- insured program	8,264	-	-		8,264
Current portion of insurance reserves	14,105	-	-		14,105
Current portion long-term obligations	8,600	3,682	(3,682)	(a)(b)	8,600
Current portion of operating lease liabilities	12,166	-	1,041	(i)	13,207
Current portion of deferred payroll taxes	25,699	-	-		25,699
Other current liabilities	44,173	1,024	-		45,197
Total current liabilities	219,573	15,428	(4,758)		230,243
Long-term obligations, less current portion	829,674	-	400,378	(f)(g)	1,230,052
Long-term insurance reserves - insured programs	25,423	-	-		25,423
Long-term insurance reserves	31,296	-	-		31,296
Operating lease liabilities, less current portion	40,099	-	2,911	(i)	43,010
Deferred payroll taxes, less current portion	25,699	935	(935)	(b)	25,699
Deferred income taxes	3,430	-	-		3,430
Other long-term liabilities	23,893	-	-		23,893
Total liabilities	1,199,087	16,363	397,596		1,613,046
Deferred restricted stock units	2,135	-	-		2,135
Stockholders' equity:					-
Preferred stock, $0.01 par value, 5,000,000 shares authorized; none issued or outstanding	-	-	-		-
Common stock, $0.01 par value, 1,000,000,000 shares authorized, 184,164,184 issued and outstanding	1,841	-	-		1,841
Comfort Care's members' capital		23,314	(23,314)	(h)	-
Additional paid-in capital	1,201,075	-	-		1,201,075
Accumulated deficit	(448,484)	-	(3,230)	(h)	(451,714)
Total stockholders' equity	754,432	23,314	(26,544)		751,202

Total liabilities, deferred restricted stock units, and stockholders' equity	$ 1,955,654	$ 39,677	$ 371,052		$ 2,366,383

The accompanying notes are an integral part of this Unaudited Pro Forma Condensed Consolidated Balance Sheet.

AVEANNA HEALTHCARE HOLDINGS INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
for the Fiscal Year Ended January 2, 2021
(Amounts in thousands, except per share data)

	Historical Aveanna Year ended January 2, 2021	Historical Comfort Care Year ended December 31, 2021, after reclassification (Note 2)	Transaction Accounting Adjustments for the Acquisition	Note 4	Pro Forma for the Acquisition
Revenue	$ 1,495,105	$ 93,168	$ -		$ 1,588,273
Cost of revenue, excluding depreciation and amortization	1,040,590	43,081	-		1,083,671
Branch and regional expenses	240,946	23,814	-		264,760
Corporate expenses	113,828	10,298	-		124,126
Goodwill Impairment	75,727	-	-		75,727
Depreciation and amortization	17,027	713	2,004	(a)	19,744
Acquisition-related costs	9,564	-	13,423	(b)	22,987
Other operating expenses (income)	910	(4,316)	-		(3,406)
Operating (loss) income	(3,487)	19,578	(15,427)		664
Interest income	345	46	-		391
Interest expense	(82,983)	(129)	(33,052)	(c)	(116,164)
Loss on debt extinguishment	(73)	-	-		(73)
Other income (expense)	34,464	165	-		34,629
Income (loss) before income taxes	(51,734)	19,660	(48,479)		(80,553)
Income tax benefit (expenses)	(5,316)	-	7,493	(d)	2,177
Net income (loss)	(57,050)	19,660	(40,986)		(78,376)
Net income (loss) attributable to noncontrolling interest	-	(8)	-		(8)
Net income (loss) attributable to Aveanna	$ (57,050)	$ 19,652	$ (40,986)		$ (78,384)
Income (loss) per share attributable to Aveanna:					
Net (loss) income per share, basic	$ (0.40)				$ (0.56)
Weighted average shares outstanding, basic	140,972				140,972
Net (loss) income per share, diluted	$ (0.40)				$ (0.56)
Weighted average shares outstanding, diluted	140,972				140,972

The accompanying notes are an integral part of this Unaudited Pro Forma Condensed Consolidated Statement of Operations.

AVEANNA HEALTHCARE HOLDINGS INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
for the Nine-month Period Ended October 2, 2021
(Amounts in thousands, except per share data)

	Historical Aveanna Nine-month period ended October 2, 2021	Historical Comfort Care Nine-month period ended September 30, 2021, after reclassification (Note 2)	Transaction Accounting Adjustments for the Acquisition	Note 4	Pro Forma for the Acquisition
Revenue	$ 1,264,548	$ 74,145	$ -		$ 1,338,693
Cost of revenue, excluding depreciation and amortization	846,534	31,871	-		878,405
Branch and regional expenses	223,462	19,082	-		242,544
Corporate expenses	97,673	8,370	-		106,043
Goodwill Impairment	-	-	-		-
Depreciation and amortization	15,163	494	(126)	(a)	15,531
Acquisition-related costs	4,779	-	(1,094)	(b)	3,685
Other operating expenses (income)	-	-	-		-
Operating (loss) income	76,937	14,328	1,220		92,485
Interest income	182	19	-		201
Interest expense	(53,793)	(78)	(24,804)	(c)	(78,675)
Loss on debt extinguishment	(13,702)	-	-		(13,702)
Other expense (income)	(1,088)	1	-		(1,087)
Income (loss) before income taxes	8,536	14,270	(23,584)		(778)
Income tax benefit (expense)	612	-	2,455	(d)	3,067
Net income (loss)	$ 9,148	$ 14,270	$ (21,129)		$ 2,289
Income (loss) per share:					
Net income (loss) per share, basic	$ 0.06				$ 0.01
Weighted average shares outstanding, basic	165,877				165,877
Net income (loss) per share, diluted	$ 0.05				$ 0.01
Weighted average shares outstanding, diluted	170,667				170,667

The accompanying notes are an integral part of this Unaudited Pro Forma Condensed Consolidated Statement of Operations.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. *Basis of Presentation*

The Comfort Care Acquisition has been accounted for within the unaudited pro forma condensed consolidated financial information as a business combination using the acquisition method of accounting under the provisions of ASC 805, Business Combinations ("ASC 805"), and using the fair value concepts defined in ASC 820, Fair Value Measurements. Under ASC 805, all assets acquired and liabilities assumed are recorded at their acquisition date fair value. The determination of the fair values of the assets acquired and liabilities assumed (and the related determination of estimated useful lives of amortizable identifiable intangible assets) requires significant judgment and estimates. The estimates and assumptions used include the projected timing and amount of future cash flows and discount rates reflecting risk inherent in the future cash flows related to the businesses acquired. Although the Company believes the fair values assigned to the assets acquired and liabilities assumed from the acquisitions are accurate, new information may be obtained about facts and circumstances that existed as of the date of the Comfort Care Acquisition during the twelve-month period following which could cause actual results to differ materially from the unaudited pro forma condensed consolidated financial information.

Aveanna and Comfort Care incurred a total of $5.8 million and $7.6 million, respectively, of non-recurring acquisition-related costs related to the Comfort Care Acquisition.

The unaudited pro forma condensed consolidated financial information does not include the realization of any cost savings from operating efficiencies, synergies or other restructuring activities which might result from the Comfort Care Acquisition. Further, the unaudited pro forma condensed consolidated financial information does not assume any differences in accounting policies, except as described in "Note 2. Historical Comfort Care", as we are not aware of any differences that would have a material impact on the unaudited pro forma condensed consolidated financial statements. Further review of Comfort Care's detailed accounting policies in the twelve-month period following the Comfort Care Acquisition may result in the identification of additional differences between the accounting policies of the two companies that, when conformed, could have a material impact on the financial statements of the combined company.

2. *Historical Comfort Care*

Certain reclassifications have been made to the historical financial statements of Comfort Care to conform to our presentation as follows:

Unaudited Pro Forma Condensed Consolidated Balance Sheet as of October 2, 2021

Presentation in Comfort Care Financial Statements	Amount (in thousands)	Presentation in Unaudited Pro Forma Condensed Consolidated Balance Sheet
Accounts receivable - related parties	$ 11	Other current assets
Accounts receivable - other	21	Other current assets
Accounts payable and accrued expenses	2,075	Accounts payable and other accrued liabilities
Accounts payable and accrued expenses	837	Other current liabilities
Accounts payable and accrued expenses	10	Accrued interest
Accounts payable - related parties	210	Accounts payable and other accrued liabilities
Accrued payroll and withholdings	8,291	Accrued payroll and employee benefits
Accrued other	187	Other current liabilities
Notes payable - related parties	1,541	Current portion of long-term obligations
Lines of credit	2,141	Current portion of long-term obligations
Noncurrent liabilities	$ 935	Deferred payroll taxes, less current portion

Unaudited Pro Forma Condensed Consolidated Statement of Operations for the year ended January 2, 2021

Presentation in the Comfort Care Statement of Operations		Amount (in thousands)	Presentation in the Unaudited Pro Forma Condensed Consolidated Statement of Operations
Cost of revenue	$	43,081	Cost of revenue, excluding depreciation and amortization
Branch and regional administrative expenses	$	23,814	Branch and regional expenses

Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Nine-Month period ended October 2, 2021

Presentation in the Comfort Care Statement of Operations		Amount (in thousands)	Presentation in the Unaudited Pro Forma Condensed Consolidated Statement of Operations
Cost of revenue	$	31,871	Cost of revenue, excluding depreciation and amortization
Branch and regional administrative expenses		19,082	Branch and regional expenses
Loss on sale of property and equipment	$	(11)	Other income (expense)

3. *Unaudited Pro Forma Condensed Consolidated Balance Sheet Transaction Accounting Adjustments*

(a) Reflects the total cash consideration of $346.5 million related to the Comfort Care Acquisition. The cash purchase price paid at closing to Comfort Care shareholders is subject to certain adjustments set forth in the purchase agreement based on estimated and actual working capital, cash and indebtedness of Comfort Care at closing, and unpaid seller transaction costs. The calculation of the estimated purchase consideration is based on the terms of the purchase agreement and management's estimates as of the date of this offering. Therefore, the estimated purchase price used for purposes of the unaudited pro forma condensed consolidated financial information may differ materially from the actual purchase price. Further, as $1.9 million of Comfort Care's historical indebtedness was retired at the closing date, this adjustment also reflects the settlement of the remaining principal balance.

The preliminary GAAP purchase price is as follows (in thousands):

Cash consideration to shareholders	$	304,355
Settlement of closing debt (1)		1,888
Settlement of seller transaction costs (2)		7,580
Cash paid into escrow and reserve accounts		32,653
Total preliminary GAAP purchase price	$	346,476

(1) As of September 30, 2021, Comfort Care had indebtedness of $1.5 million related to arrangements settled at close recorded within current portion of long-term obligations and $0.1 million of related accrued interest. The unaudited pro forma condensed consolidated balance sheet reflects the removal of these amounts.

(2) No amounts were accrued for in the historical Comfort Care results as of September 30, 2021 – refer to Note 3(h) for further information.

(b) Reflects the settlement of current portion of long-term obligations of $2.1 million and $0.9 million of deferred payroll taxes, less current portion as these amounts were settled prior to the Comfort Care Acquisition. Additionally, reflects the removal of $13.5 million of cash and cash equivalents as these amounts were not transferred to Aveanna upon completion of the Comfort Care Acquisition.

(c) Reflects the adjustment to record the acquired intangible assets to their estimated acquisition-date fair values based upon a preliminary valuation. The fair value of the trade name was derived from an income approach. Significant assumptions include expected growth rates, future government payer reimbursement rates, and the weighted average cost of capital. The fair value of the licenses was derived from the cost approach. Significant assumptions include the median time to issue a license and the costs incurred to maintain a branch during that time. The pro forma adjustment is calculated as follows (in thousands):

	Estimated Useful Lives		**Fair Value**
Licenses	Indefinite	$	18,300
Trade names	12 months		2,250
Fair values of intangible assets			20,550
Less: historical carrying value of intangible assets			(5,518)
Pro forma adjustment		$	15,032

No assurances can be given that the underlying assumptions and estimates used to estimate the fair values of the licenses and tradenames will not change. For this and other reasons, actual results may vary significantly from estimated results.

(d) Reflects the adjustment to goodwill of $314.9 million to be recorded based on our preliminary purchase price allocation.

Goodwill represents the excess of the aggregate purchase consideration over the preliminary estimated fair values of recorded tangible and intangible assets acquired and liabilities assumed in the Comfort Care Acquisition. The actual amount of goodwill to be recorded in connection with the Comfort Care Acquisition is subject to change once the valuation of the fair value of tangible and intangible assets acquired and liabilities assumed has been completed. The final valuation of such assets and liabilities is expected to be completed as soon as practicable but no later than one year after the consummation of the Comfort Care Acquisition. The table below reflects the preliminary purchase price allocation based on estimates, assumptions, valuations and other analyses (in thousands):

Total preliminary GAAP purchase price, net of cash acquired	$	342,651
Patient accounts receivable		11,123
Prepaid expenses and other current assets		803
Other current assets		132
Intangible assets		20,550
Property and equipment, net		1,257
Operating lease right of use assets		3,952
Accounts payable and other accrued liabilities		(314)
Accrued payroll and employee benefits		(8,291)
Current portion of operating lease liabilities		(1,041)
Other current liabilities		(1,024)
Operating lease liabilities		(2,911)
Net assets acquired, excluding goodwill		24,236
Goodwill		318,415
Less: historical Comfort Care goodwill		(3,558)
Pro forma adjustment	$	314,857

(e) Reflects the payment of $5.8 million of acquisition-related costs incurred by Aveanna and $7.6 million of acquisition-related costs incurred by Comfort Care.

(f) Reflects new borrowings of $415.0 million as part of the New Second Lien Financing. The proceeds from these borrowings were used to fund the Comfort Care Acquisition.

(g) Reflects the capitalization of $14.6 million of deferred financing costs associated with the incremental borrowings under our New Second Lien Term Loan, presented net of debt within Long term obligations, less current portion.

(h) Reflects a $26.5 million adjustment to equity, which represents the historical book value of net assets, as a result of the application of the acquisition method of accounting for the Comfort Care Acquisition. Additionally, reflects the incurrence of non-recurring transaction costs and the associated tax deductibility, as calculated as follows (in thousands):

Accrual for seller transaction costs not recorded in the historical results of Comfort Care as they had not yet been incurred	$	(7,580)
Tax effect of deductible seller transaction costs (1)		1,971
Elimination of historical Comfort Care members' equity as well as the aforementioned transaction costs not yet incurred and the tax effect of deductible transaction costs (2)		(17,705)
Non-capitalizable buyer transaction costs		(4,749)
Tax effect of deductible buyer transaction costs (1)		1,519
Total pro forma adjustment	$	(26,544)

(1) Reflects the portion of transaction costs which are expected to be deductible for tax purposes calculated by applying the blended statutory rate of 26% to those transaction costs which are expected to be deductible. The tax effect of deductible buyer transaction costs is recorded within deferred income taxes and the tax effect of deductible seller transaction costs is recorded within accounts payable and other accrued liabilities.

(2) Includes amounts recorded within Comfort Care's members' equity.

(i) Reflects the initial establishment of a $3.9 million right-of-use asset and corresponding $3.9 million lease liability, of which $1.0 million is current and $2.9 million is long-term, for Comfort Care upon the adoption of Accounting Standards Codification Topic 842, *Leases.*

4. *Unaudited Pro Forma Condensed Consolidated Statements of Operations Transaction Accounting Adjustments*

(a) Reflects the estimated amortization expense associated with acquired trade name intangible assets from the Comfort Care Acquisition, calculated as follows (in thousands):

	For the Nine-Month period ended October 2, 2021		For the Fiscal Year ended January 2, 2021	
Pro forma amortization expense	$	-	$	2,250
Historical Comfort Care amortization expense		(126)		(246)
Pro forma adjustment	$	(126)	$	2,004

(b) Reflects the incurrence of $13.4 million of transaction costs associated with the Comfort Care Acquisition, including $5.8 million of costs incurred by Aveanna and $7.6 million of costs incurred by Comfort Care, of which $1.1 million had been incurred during the nine-month period ended October 2, 2021 by Aveanna.

(c) Reflects the increase to interest expense related to the incremental borrowings as part of the New Second Lien Financing which we drew on the closing date of the Comfort Care Acquisition, as well as the removal of historical interest expense recorded within the historical results of Comfort Care related to debt that was settled as part of the Comfort Care Acquisition. The adjustment was calculated as follows (in thousands):

	For the Nine-Month period ended October 2, 2021	For the Fiscal Year ended January 2, 2021
Pro forma interest expense (1)	$ (24,847)	$ (33,104)
Historical Comfort Care interest expense	43	52
Pro forma adjustment	$ (24,804)	$ (33,052)

(1) We assumed an interest rate of 7.5%. A 0.125% variance in the weighted–average variable interest rates would result in a $0.5 million change in income before income taxes annually.

(d) Reflects the pro forma income tax adjustment related to the Comfort Care Acquisition assuming a combined state and federal statutory tax rate of 26%.

Additionally, reflects the increased income tax expense as if Comfort Care's historical income before income taxes was taxed as a C corporation, consistent with Aveanna's tax structure as opposed to Comfort Care's historical filing status which did not have a separate entity level federal and state income tax, using a combined state and federal statutory tax rate of 26%.