UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended October 2, 2021

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-40362

Aveanna Healthcare Holdings Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**81-4717209**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

400 Interstate North Parkway SE, Atlanta, GA 30339
(Address of principal executive offices, including zip code)

(770) 441-1580
(Registrant's telephone number, including area code)

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 29, 2021, the registrant had 184,164,184 shares of common stock, $0.01 par value per share, outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this report, including statements regarding our future results of operations and financial condition, business strategy, and plans and objectives of management for future operations, are forward-looking statements. In some cases, forward-looking statements may be identified by words such as "anticipate," "believe," "continue," "could," "design," "estimate," "expect," "intend," "may," "plan," "potentially," "predict," "project," "should," "will," "would," or the negative of these terms or other similar expressions.

These statements are based on certain assumptions that we have made considering our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate in these circumstances. As you read and consider this Quarterly Report on Form 10-Q, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties and assumptions. Many factors could affect our actual results and could cause actual results to differ materially from those expressed in the forward-looking statements. Forward-looking statements contained in this Quarterly Report on Form 10-Q are subject to risks that may cause actual results to differ materially from those expressed or implied in the forward-looking statements, including, but not limited to, the following risks:

- intense competition among home health, hospice and durable medical equipment companies;
- our ability to maintain relationships with existing patient referral sources;
- the possibility that our business, financial condition and results of operations may be materially adversely affected by the COVID-19 pandemic or variants of the virus;
- our ability to have services funded from third-party payers, including Medicare, Medicaid and private health insurance companies;
- changes to Medicare or Medicaid rates or methods governing Medicare or Medicaid payments, and the implementation of alternative payment models;
- our limited ability to control reimbursement rates received for our services;
- delays in collection or non-collection of our patient accounts receivable, particularly during the business integration process;
- healthcare reform and other regulations;
- changes in the case-mix of our patients, as well as payer mix and payment methodologies;
- any loss of existing favorable managed care contracts;
- our ability to attract and retain experienced employees and management personnel;
- any failure to maintain the security and functionality of our information systems or to defend against or otherwise prevent a cybersecurity attack or breach;
- our substantial indebtedness, which increases our vulnerability to general adverse economic and industry conditions and may limit our ability to pursue strategic alternatives and react to changes in our business and industry;
- our ability to identify, acquire, successfully integrate and obtain financing for strategic and accretive acquisitions;
- risks related to legal proceedings, claims and governmental inquiries given that the nature of our business exposes us to various liability claims, which may exceed the level of our insurance coverage; and
- the other risks described under Part II, Item 1A, "Risk Factors" in this Quarterly Report on Form 10-Q and under the heading "Risk Factors" contained 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).

Additionally, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time and it is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Considering these risks, uncertainties and assumptions, the forward-looking statements contained in this Quarterly Report on Form 10-Q might not prove to be accurate and you should not place undue reliance upon them or otherwise rely upon them as predictions of future events. All forward-looking statements made by us in this Quarterly Report on Form 10-Q are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

AVEANNA HEALTHCARE HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share data)

	As of	
	October 2, 2021	**January 2, 2021**
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 121,708	$ 137,345
Patient accounts receivable	189,033	172,887
Receivables under insured programs	8,264	7,992
Prepaid expenses	13,038	11,080
Other current assets	10,692	11,340
Total current assets	342,735	340,644
Property and equipment, net	31,599	32,650
Operating lease right of use assets	46,817	46,217
Goodwill	1,419,591	1,316,385
Intangible assets, net	77,612	73,572
Receivables under insured programs	25,423	23,990
Deferred income taxes	2,931	2,931
Other long-term assets	8,946	7,627
Total assets	$ 1,955,654	$ 1,844,016
LIABILITIES, DEFERRED RESTRICTED STOCK UNITS, AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other accrued liabilities	$ 46,883	$ 56,668
Accrued payroll and employee benefits	55,211	56,834
Accrued interest	1,801	2,398
Notes payable	2,671	2,872
Current portion of insurance reserves - insured programs	8,264	7,992
Current portion of insurance reserves	14,105	12,294
Current portion of long-term obligations	8,600	9,910
Current portion of operating lease liabilities	12,166	11,884
Current portion of deferred payroll taxes	25,699	24,824
Government stimulus liabilities	-	29,444
Other current liabilities	44,173	45,293
Total current liabilities	219,573	260,413
Revolving credit facility	-	-
Long-term obligations, less current portion	829,674	1,163,490
Long-term insurance reserves - insured programs	25,423	23,990
Long-term insurance reserves	31,296	30,336
Operating lease liabilities, less current portion	40,099	40,246
Deferred payroll taxes, less current portion	25,699	24,824
Deferred income taxes	3,430	2,591
Other long-term liabilities	23,893	30,957
Total liabilities	1,199,087	1,576,847
Commitments and contingencies (Note 10)		
Deferred restricted stock units	2,135	2,135
Stockholders' equity:		
Preferred stock, $0.01 par value as of October 2, 2021 and no par value as of January 2, 2021,		
5,000,000 shares authorized; none issued or outstanding	-	-
Common stock, $0.01 par value, 1,000,000,000 shares authorized;		
184,164,184 and 141,928,184 issued and outstanding, respectively	1,841	1,419
Additional paid-in capital	1,201,075	721,247
Accumulated deficit	(448,484)	(457,632)
Total stockholders' equity	754,432	265,034
Total liabilities, deferred restricted stock units, and stockholders' equity	$ 1,955,654	$ 1,844,016

The accompanying notes are an integral part of these consolidated financial statements.

AVEANNA HEALTHCARE HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share data)
(Unaudited)

	For the Three-Month Periods Ended		For the Nine-Month Periods Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Revenue	$ 411,276	$ 366,003	$ 1,264,548	$ 1,072,803
Cost of revenue, excluding depreciation and amortization	271,534	251,873	846,534	744,503
Branch and regional administrative expenses	76,370	59,641	223,462	174,455
Corporate expenses	37,873	32,493	97,673	81,039
Goodwill impairment	-	-	-	75,727
Depreciation and amortization	5,145	3,922	15,163	12,339
Acquisition-related costs	2,007	4,510	4,779	4,679
Other operating expenses	-	687	-	1,274
Operating income (loss)	18,347	12,877	76,937	(21,213)
Interest income	44	38	182	247
Interest expense	(12,106)	(19,065)	(53,793)	(58,972)
Loss on debt extinguishment	(4,784)	-	(13,702)	(73)
Other (expense) income	(511)	(1,723)	(1,088)	35,608
Income (loss) before income taxes	990	(7,873)	8,536	(44,403)
Income tax benefit (expense)	1,100	471	612	(2,915)
Net income (loss)	$ 2,090	$ (7,402)	$ 9,148	$ (47,318)
Income (loss) per share:				
Net income (loss) per share, basic	$ 0.01	$ (0.05)	$ 0.06	$ (0.34)
Weighted average shares of common stock outstanding, basic	184,554	142,123	165,877	140,559
Net income (loss) per share, diluted	$ 0.01	$ (0.05)	$ 0.05	$ (0.34)
Weighted average shares of common stock outstanding, diluted	188,246	142,123	170,667	140,559

The accompanying notes are an integral part of these consolidated financial statements.

AVEANNA HEALTHCARE HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Amounts in thousands, except share data)
(Unaudited)

	For the Three-Month Period October 2, 2021				
	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balance, July 3, 2021	184,164,184	$ 1,841	$ 1,196,813	$ (450,574)	$ 748,080
Non-cash compensation	-	-	4,262	-	4,262
Net income	-	-	-	2,090	2,090
Balance, October 2, 2021	184,164,184	$ 1,841	$ 1,201,075	$ (448,484)	$ 754,432

	For the Three-Month Period September 26, 2020				
	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balance, June 27, 2020	141,928,184	$ 1,419	$ 720,247	$ (440,498)	$ 281,168
Non-cash compensation	-	-	436	-	436
Net loss	-	-	-	(7,402)	(7,402)
Balance, September 26, 2020	141,928,184	$ 1,419	$ 720,683	$ (447,900)	$ 274,202

	For the Nine-Month Period October 2, 2021				
	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balance, January 2, 2021	141,928,184	$ 1,419	$ 721,247	$ (457,632)	$ 265,034
Issuance of common stock, net of underwriters' discounts and commissions	42,236,000	422	469,686	-	470,108
Non-cash compensation	-	-	10,142	-	10,142
Net income	-	-	-	9,148	9,148
Balance, October 2, 2021	184,164,184	$ 1,841	$ 1,201,075	$ (448,484)	$ 754,432

	For the Nine-Month Period September 26, 2020				
	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balance, December 28, 2019	136,803,189	$ 1,368	$ 669,406	$ (400,582)	$ 270,192
Issuance of common stock	5,124,995	51	49,949	-	50,000
Non-cash compensation	-	-	1,328	-	1,328
Net loss	-	-	-	(47,318)	(47,318)
Balance, September 26, 2020	141,928,184	$ 1,419	$ 720,683	$ (447,900)	$ 274,202

The accompanying notes are an integral part of these consolidated financial statements.

AVEANNA HEALTHCARE HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	For the Nine-Month Periods Ended	
	October 2, 2021	**September 26, 2020**
Cash Flows From Operating Activities:		
Net income (loss)	$ 9,148	$ (47,318)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	15,163	12,339
Amortization of deferred debt issuance costs	7,234	5,400
Amortization and impairment of operating lease right of use assets	11,081	9,984
Non-cash compensation	10,142	2,176
Goodwill impairment	-	75,727
Loss on disposal of licenses, property and equipment	109	1,566
Fair value adjustments on interest rate derivatives	(6,246)	6,950
Loss on debt extinguishment	13,702	73
Deferred income taxes	839	580
Changes in operating assets and liabilities, net of impact of acquisitions:		
Patient accounts receivable	(3,376)	7,256
Prepaid expenses	2,715	1,754
Other current and long-term assets	39	(2,478)
Accounts payable and other accrued liabilities	(15,851)	(5,523)
Accrued payroll and employee benefits	(3,164)	8,383
Accrued interest	(597)	13,318
Insurance reserves	2,752	4,654
Operating lease liabilities	(11,783)	(9,992)
Deferred payroll taxes	-	31,291
Other current and long-term liabilities	(9,719)	1,977
Net cash provided by operating activities	22,188	118,117
Cash Flows From Investing Activities:		
Acquisitions of businesses, net of cash acquired	(103,202)	(49,345)
Purchases of property and equipment	(10,306)	(12,156)
Net cash used in investing activities	(113,508)	(61,501)
Cash Flows From Financing Activities:		
Proceeds from issuance of common stock	477,688	50,000
Proceeds from revolving credit facility	-	14,000
Repayments on revolving credit facility	-	(45,500)
Proceeds from issuance of term loans, net of debt issuance costs	925,261	180,651
Principal payments on term loans and notes payable	(1,276,643)	(8,375)
Proceeds from government stimulus funds	-	23,826
Payment of government stimulus funds	(29,444)	-
Principal payments of financing lease obligations	(503)	(467)
Payment of debt issuance costs	(13,107)	(1,816)
Settlements with derivative counterparties	(2,096)	-
Payment of offering costs	(5,473)	-
Net cash provided by financing activities	75,683	212,319
Net (decrease) increase in cash and cash equivalents	(15,637)	268,935
Cash and cash equivalents at beginning of period	137,345	3,327
Cash and cash equivalents at end of period	$ 121,708	$ 272,262
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	$ 47,156	$ 40,254
Acquisition of property and equipment on accrual	$ 3,246	$ 2,519
Offering costs included in accounts payable and other accrued liabilities	$ 135	$ -
Cash paid for income taxes, net of refunds received	$ 3,915	$ 925

The accompanying notes are an integral part of these consolidated financial statements.

1. DESCRIPTION OF BUSINESS

Aveanna Healthcare Holdings Inc. (together with its consolidated subsidiaries, referred to herein as the "Company") is headquartered in Atlanta, Georgia and has locations in 30 states with concentrations in Texas, Pennsylvania, and California, providing a broad range of pediatric and adult healthcare services including nursing, rehabilitation services, occupational nursing in schools, therapy services, day treatment centers for medically fragile and chronically ill children and adults, as well as delivery of enteral nutrition and other products to patients. The Company also provides case management services in order to assist families and patients by coordinating the provision of services between insurers or other payers, physicians, hospitals, and other healthcare providers. In addition, the Company provides respite healthcare services, which are temporary care provider services provided in relief of the patient's normal caregiver. The Company's services are designed to provide a high quality, lower cost alternative to prolonged hospitalization.

Initial Public Offering

On May 3, 2021, the Company completed the initial public offering ("IPO") of its common stock pursuant to a Registration Statement on Form S-1 (File No. 333-254981), which was declared effective by the SEC on April 28, 2021. The Company issued and sold an aggregate of 42,236,000 shares of common stock, including 4,000,000 shares of common stock purchased by the underwriters on May 25, 2021 pursuant to the underwriters' option to purchase additional shares at the initial public offering price, less underwriting discounts and commissions. The Company received net proceeds from the IPO of $477.7 million. On May 3, 2021, the Company used $307.0 million of proceeds to repay in full all outstanding obligations under the second lien credit agreement dated as of March 16, 2017 (as amended, the "Second Lien Credit Agreement"), thereby terminating the Second Lien Credit Agreement. In addition, on May 4, 2021, the Company used $100.0 million of proceeds to repay an equal amount of principal outstanding under its First Lien Credit Agreement (as defined in Note 5). The remaining proceeds have been and are planned to be used for offering costs, general corporate purposes, and future acquisitions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying interim unaudited consolidated financial statements include the accounts of Aveanna Healthcare Holdings Inc. and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in the accompanying interim unaudited consolidated financial statements, and business combinations accounted for as purchases have been included in the accompanying interim unaudited consolidated financial statements from their respective dates of acquisition.

Basis of Presentation

The accompanying consolidated financial statements are unaudited and have been prepared by the Company in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information and in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, these interim unaudited consolidated financial statements do not include all the information and disclosures required by U.S. GAAP for complete financial statements. In the opinion of management, these interim unaudited consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary to present fairly the Company's financial position as of October 2, 2021 and the results of operations for the three and nine-month periods ended October 2, 2021 and September 26, 2020, respectively. The results reported in these interim unaudited consolidated financial statements should not be regarded as indicative of results that may be expected for any other period or the entire year. These interim unaudited consolidated financial statements and related notes should be read in conjunction with the audited consolidated financial statements and related notes for the year ended January 2, 2021 included in the Company's prospectus dated April 28, 2021 (the "Prospectus"), which is deemed to be part of the Company's Registration Statement on Form S-1 (File No. 333-254981) filed with the SEC.

Our fiscal year ends on the Saturday that is closest to December 31 of a given year, resulting in either a 52 or 53-week fiscal year. The accompanying interim unaudited consolidated balance sheets reflect the accounts of the Company as of October 2, 2021 and January 2, 2021. For the three-month periods ended October 2, 2021 and September 26, 2020, the accompanying interim unaudited consolidated statements of operations and stockholders' equity reflect the accounts of the Company from July 4, 2021 through October 2, 2021 and June 28, 2020 through September 26, 2020, respectively. For the nine-month periods ended October 2, 2021 and September 26, 2020, the accompanying interim unaudited consolidated statements of operations, stockholders' equity and cash flows reflect the accounts of the Company from January 3, 2021 through October 2, 2021 and December 29, 2019 through September 26, 2020, respectively.

Use of Estimates

The Company's accounting and reporting policies conform with U.S. GAAP. In preparing the consolidated financial statements, the Company is required to make estimates and assumptions that impact the amounts reported in these consolidated financial statements and accompanying notes. Actual results could materially differ from those estimates.

Deferred Offering Costs

Upon closing of the IPO on May 3, 2021, deferred offering costs of $7.6 million were reclassified into stockholders' equity and recorded against the proceeds from the offering. As of January 2, 2021, capitalized deferred offering costs totaled $2.9 million and were included in other long-term assets on the accompanying consolidated balance sheet. See Note 1 – Description of Business and Note 9 – Stockholders' Equity and Stock-Based Compensation for additional information regarding the completion of the Company's IPO.

Recently Adopted Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and improves consistent application by clarifying and amending existing guidance. This ASU is effective for annual fiscal years beginning after December 15, 2020, and interim periods therein. The Company adopted this standard effective January 3, 2021 and the adoption of this standard did not materially affect the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this ASU apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. This ASU is effective as of March 12, 2020 through December 31, 2022. An entity may adopt this ASU as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020. The Company is currently evaluating the impact of adopting this standard.

In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*, to clarify that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. This ASU is effective immediately and should be adopted in conjunction with ASU 2020-04. The Company is currently evaluating the impact of adopting this standard.

3. REVENUE

Revenue is primarily derived from (i) pediatric healthcare services provided to patients including private duty nursing and therapy services, (ii) adult home health and hospice services (collectively "patient revenue"); and (iii) from the delivery of enteral nutrition and other products to patients ("product revenue"). The services provided by the Company have no fixed duration and can be terminated by the patient or the facility at any time, and therefore, each service provided is its own stand-alone contract. Incremental costs of obtaining a contract are expensed as incurred due to the short-term nature of the contracts.

Services ordered by a healthcare provider in an episode of care are not separately identifiable and therefore have been combined into a single performance obligation for each contract. The Company recognizes revenue as its performance obligations are completed. For patient revenue, the performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefits of the healthcare services provided. For product revenue, the performance obligation is satisfied at the point in time of delivery of the product to the patient. The Company recognizes patient revenue equally over the number of treatments provided in a single episode of care. Typically, patients and third-party payers are billed within several days of the service being performed, and payments are due based on contract terms.

The Company disaggregates revenue from contracts with customers by reportable segment and by payer within each of the Company's lines of business. The Company uses a portfolio approach to group contracts with similar characteristics and analyze historical cash collection trends.

The Company's lines of business are generally classified into the following categories: private duty services; home health and hospice; and medical solutions.

Private Duty Services ("PDS"). The PDS business includes a broad range of pediatric and adult healthcare services including private duty skilled nursing, unskilled services which include employer of record support services ("EOR") and personal care services, pediatric therapy services, rehabilitation services, and nursing services in schools and pediatric day healthcare centers.

Home Health & Hospice ("HHH"). The HHH business provides home health, hospice, and personal care services to predominately elderly patients.

Medical Solutions ("MS"). The MS business includes the delivery of enteral nutrition and other products to patients.

Other Revenue. The Company provides financial management services in order to assist families and patients by coordinating the reimbursement of authorized medical expenses between certain state-contracted non-profit programs and families and patients. Other revenue represents the monthly fee earned by the Company for providing these services.

For the PDS, HHH, and MS businesses, the Company receives payments from the following sources for services rendered: (i) state governments under their respective Medicaid programs ("Medicaid"); (ii) Managed Care providers of state government Medicaid programs ("Medicaid MCO"); (iii) commercial insurers; (iv) other government programs including Medicare and Tricare and ChampVA ("Medicare"); and (v) individual patients. As the period between the time of service and time of payment is typically one year or less, the Company elected the practical expedient under ASC 606-10-32-18 and did not adjust for the effects of a significant financing component.

The Company determines the transaction price based on established billing rates reduced by contractual adjustments and discounts provided to third-party payers and implicit price concessions. Contractual adjustments and discounts are based on contractual agreements, discount policies and historical experience. For the PDS, HHH, and MS businesses, implicit price concessions are based on historical collection experience. As of October 2, 2021 and January 2, 2021, estimated explicit and implicit price concessions of $54.6 million and $55.4 million, respectively, were recorded as reductions to patient accounts receivable balances to arrive at the estimated collectible revenue and patient accounts receivable. For the PDS, HHH, and MS businesses, most contracts contain variable consideration. However, it is unlikely a significant reversal of revenue will occur when the uncertainty is resolved, and therefore, the Company has included the variable consideration in the estimated transaction price. Subsequent changes resulting from a patient's ability to pay are recorded as bad debt expense which is included as a component of operating expenses in the consolidated statements of operations. The Company did not record any bad debt expense for the three and nine-month periods ended October 2, 2021 and September 26, 2020, respectively.

The Company derives a significant portion of its revenue from Medicaid, Medicaid MCO, Medicare and other payers that receive discounts from established billing rates. The regulations and various managed care contracts under which these discounts must be estimated are complex and subject to interpretation. Management estimates the transaction price on a payer-specific basis given its interpretation of the applicable regulations or contract terms. Updated regulations and contract negotiations occur frequently, necessitating regular review and assessment of the estimation process by management; however, there were no material revenue adjustments recognized from performance obligations satisfied or partially satisfied in previous periods for the three and nine-month periods ended October 2, 2021 and September 26, 2020, respectively.

The following tables present revenue by payer type and as a percentage of revenue for the three and nine-month periods ended October 2, 2021 and September 26, 2020, respectively (in thousands):

	For the Three-Month Periods Ended			
	October 2, 2021		September 26, 2020	
	Revenue	Percentage	Revenue	Percentage
Medicaid MCO	$ 219,418	53.3%	$ 226,686	61.9%
Medicaid	101,120	24.6%	99,742	27.3%
Commercial	39,867	9.7%	30,943	8.4%
Medicare	49,700	12.1%	8,303	2.3%
Self-pay	1,171	0.3%	329	0.1%
Total revenue	$ 411,276	100.0%	$ 366,003	100.0%

	For the Nine-Month Periods Ended			
	October 2, 2021		September 26, 2020	
	Revenue	Percentage	Revenue	Percentage
Medicaid MCO	$ 681,548	53.9%	$ 652,663	60.8%
Medicaid	308,340	24.4%	288,156	26.9%
Commercial	140,718	11.1%	105,871	9.9%
Medicare	129,548	10.3%	24,619	2.3%
Self-pay	4,394	0.3%	1,494	0.1%
Total revenue	$ 1,264,548	100.0%	$ 1,072,803	100.0%

4. ACQUISITIONS

Acquisitions During the Three and Nine-Month Periods Ended October 2, 2021

On March 31, 2021, the Company acquired certain assets of Loma Linda University Medical Center (“Loma Linda”). Loma Linda specializes in providing pediatric, private duty, and home care services in California. Preliminary total consideration for the transaction was $0.5 million, all of which was paid in cash at closing.

On April 16, 2021, the Company acquired 100% of the issued and outstanding membership interests of Doctor’s Choice Holdings, LLC (“Doctor’s Choice”). Doctor’s Choice provides home health services in Florida. Preliminary total consideration for the transaction was 101.6 million, of which $100.6 million was paid in cash at closing. As part of funding the Doctor’s Choice acquisition, on the date of acquisition, the Company borrowed incremental amounts under its then existing second lien term loan facility of $67.0 million, including debt issuance costs of $1.7 million.

The estimated allocations of purchase price for the assets acquired and liabilities assumed with respect to the Loma Linda and Doctor’s Choice acquisitions are preliminary and based on information available to the Company as of October 2, 2021. The Company is completing its procedures related to the purchase price allocations and if information regarding these values is received that would result in a material adjustment to the values recorded, management will recognize the adjustment in the period such determination is made.

The preliminary purchase price allocations as of the acquisition dates, reflecting measurement period adjustments made during the respective period, are as follows (amounts in thousands):

Entity	Loma Linda	Doctor's Choice
Acquisition Date	3/31/21	4/16/21
Cash consideration	$ 500	$ 101,609
Contingent consideration	-	-
Total	$ 500	$ 101,609
Cash and cash equivalents	$ -	$ 1
Patient accounts receivable	-	12,789
Receivables under insured programs	-	142
Prepaid expenses	-	431
Other current assets	-	11
Property and equipment, net	-	461
Operating lease right of use assets	-	1,013
Intangible assets, net - licenses	-	4,993
Intangible assets, net - trade names	-	1,486
Receivables under insured programs	-	312
Other long-term assets	-	99
Accounts payable and other accrued liabilities	-	(7,135)
Accrued payroll and employee benefits	-	(2,226)
Current portion of insurance reserves - insured programs	-	(142)
Current portion of operating lease liabilities	-	(488)
Current portion of deferred payroll taxes	-	(875)
Other current liabilities	-	(11,469)
Long-term insurance reserves - insured programs	-	(312)
Long-term insurance reserves	-	(19)
Operating lease liabilities, less current portion	-	(501)
Deferred payroll taxes, less current portion	-	(876)
Total identifiable net assets	-	(2,305)
Goodwill	500	103,914
Total	$ 500	$ 101,609

The preliminary goodwill recognized is attributable to the excess of the particular purchase price of the acquisition over the fair value of identifiable net assets acquired, including other identified intangible assets. Preliminary goodwill of $0.5 million and $103.9 million related to the Loma Linda and Doctor's Choice acquisitions, respectively, is deductible for tax purposes, and amortization commences on the applicable transaction date. Goodwill is primarily attributable to expected synergies resulting from the transactions.

The Company incurred transaction costs of $2.0 million and $4.8 million during the three and nine-month periods ended October 2, 2021, respectively. These costs are included in acquisition-related costs in the accompanying consolidated statements of operations.

Acquisitions During the Three and Nine-Month Periods Ended September 26, 2020

On August 2, 2020, the Company acquired 100% of the issued and outstanding common stock of Total Care, Inc. ("Total Care"). Total Care provides private duty nursing and individual client care for all ages, with a particular focus on pediatric patients. Total consideration for the transaction was $11.8 million, of which $10.4 million was paid in cash at closing.

On September 19, 2020, the Company acquired 100% of the issued and outstanding common stock of D&D Services, Inc. d/b/a Preferred Pediatric Home Health Care ("Preferred"). Preferred is a comprehensive provider of home care services for pediatric and adult patients. Total consideration for the transaction was $40.6 million, of which $39.8 million was paid in cash at closing.

On September 26, 2020, the Company acquired 100% of the issued and outstanding membership interests of Evergreen Home Healthcare, LLC ("Evergreen"). Evergreen offers private duty nursing and unskilled services and home care services to children and adults. Total consideration for the transaction was $14.5 million, of which $11.3 million was paid in cash at closing. Total consideration also included $1.9 million of contingent consideration recognized at the acquisition date. Under the purchase agreement, the Company agreed to pay the sellers of Evergreen up to an additional $1.9 million based on the outcome of whether

Evergreen's Paycheck Protection Program loan was forgiven. During the nine-month period ended October 2, 2021, the Company paid $1.9 million to the sellers of Evergreen following forgiveness of such loan.

The final purchase price allocations as of the respective acquisition dates, reflecting measurement period adjustments made during the respective periods, are as follows (amounts in thousands):

Entity	Total Care	Preferred	Evergreen
Acquisition Date	8/2/20	9/19/20	9/26/20
Cash consideration	$ 11,787	$ 40,622	$ 14,500
Contingent consideration	-	-	-
Total	$ 11,787	$ 40,622	$ 14,500
Cash and cash equivalents	$ 262	$ -	$ 31
Patient accounts receivable	868	3,891	565
Receivables under insured programs	17	1,760	179
Prepaid expenses	-	338	24
Other current assets	-	331	-
Property and equipment, net	6	1,178	59
Operating lease right of use assets	329	480	342
Intangible assets, net - licenses	152	2,815	1,225
Intangible assets, net - trade names	109	392	135
Deferred income taxes	7	-	-
Accounts payable and other accrued liabilities	(16)	(1,187)	(40)
Accrued payroll and employee benefits	(561)	(1,394)	(602)
Current portion of operating lease liabilities	(60)	(150)	(130)
Other current liabilities	-	(3,909)	-
Long-term insurance reserves - insured programs	(54)	(1,760)	(179)
Long-term insurance reserves	-	-	-
Operating lease liabilities, less current portion	(269)	(330)	(212)
Deferred income taxes	-	(2,020)	-
Other long-term liabilities	-	(93)	-
Total identifiable net assets	790	342	1,397
Goodwill	10,997	40,280	13,103
Total	$ 11,787	$ 40,622	$ 14,500

The goodwill recognized is attributable to the excess of the purchase price of the acquisition over the fair value of identifiable net assets acquired, including other identified intangible assets. Goodwill of $11.0 million and $13.1 million related to the Total Care and Evergreen, respectively, is deductible for tax purposes and amortization commenced on the respective transaction dates. None of the goodwill related to the Preferred acquisition is deductible for tax purposes. Goodwill is primarily attributable to expected synergies resulting from the transactions.

The Company incurred aggregate transaction costs of $4.5 million and $4.7 million during the three and nine-month periods ended September 26, 2020, respectively. These costs are included in acquisition-related costs in the accompanying consolidated statements of operations.

Pending Acquisitions

On September 27, 2021, an indirect wholly owned subsidiary of the Company entered into a Membership Interest Purchase Agreement with 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, the “Companies”) and the other parties thereto, pursuant to which the Company agreed to acquire the outstanding membership interests of the Companies for aggregate consideration of $345.0 million in cash. The purchase price is subject the Companies being free of debt and cash and otherwise subject to a customary purchase price adjustment for working capital. The transaction is subject to customary closing conditions, including the absence of legal restraints

and the termination or expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

See Note 15 – Subsequent Events for disclosure of an additional pending acquisition.

5. LONG-TERM OBLIGATIONS

Long-term obligations consisted of the following as of October 2, 2021 and January 2, 2021, respectively (dollar amounts in thousands):

Instrument	Stated Maturity Date	Contractual Interest Rate	Interest Rate as of October 2, 2021	October 2, 2021	January 2, 2021
Term loan - First Lien Term Loan [1]	03/2024	L + 4.25%	5.25%	$ -	$ 563,061
Term loan - First Lien Term Loan Amendment [1]	03/2024	L + 5.5%	6.50%	-	217,133
Term loan - First Lien Term Loan Fourth Amendment [1]	03/2024	L + 6.25%	7.25%	-	184,538
Subordinated term loan - Second Lien Term Loan [1]	03/2025	L + 8.0%	9.00%	-	240,000
2021 Extended Term Loan [2]	07/2028	L + 3.75%	4.25%	860,000	-
Revolving Credit Facility [2]	03/2023	L + 3.75%	5.25%	-	-
Total principal amount of long-term obligations				860,000	1,204,732
Less: unamortized debt issuance costs				(21,726)	(31,332)
Total amount of long-term obligations, net of unamortized debt issuance costs				838,274	1,173,400
Less: current portion of long-term obligations				(8,600)	(9,910)
Total amount of long-term obligations, net of unamortized debt issuance costs, less current portion				$ 829,674	$ 1,163,490

[1] L = Greater of 1.00% or one-month LIBOR, [2] L = Greater of 0.50% or one-month LIBOR

On March 11, 2021, the Company amended its revolving credit facility to increase the maximum availability to $200.0 million, subject to the occurrence of the Company's initial public offering. The amendment also extended the maturity date to April 29, 2026 upon completion of the IPO and subject to the completion of the refinancing of the Company's term loans, which occurred on July 15, 2021.

With proceeds received from the IPO, on May 3, 2021 the Company repaid an aggregate principal amount of $307.0 million under its Second Lien Credit Agreement, including the incremental amount borrowed in connection with financing the acquisition of Doctor's Choice, thereby repaying in full and terminating the Second Lien Credit Agreement. In addition, on May 4, 2021, the Company repaid $100.0 million in principal amount of its outstanding indebtedness under the First Lien Credit Agreement. In connection with these repayments of principal amounts, the Company wrote off debt issuance costs totaling $8.9 million, which are included in loss on debt extinguishment in the accompanying consolidated statements of operations.

On May 4, 2021, following completion of the initial public offering and satisfaction of the other applicable conditions precedent, the maximum availability of our revolving credit facility increased from $75.0 million to $200.0 million. In connection with this increase in capacity, the Company incurred debt issuance costs of $1.6 million, which were capitalized and included in other long-term assets.

On July 15, 2021 the Company entered into an Extension Amendment ("the Extension Amendment") to its First Lien Credit Agreement with Barclays Bank, as administrative agent, the collateral agent, a letter of credit issuer, and swingline lender, and the lenders and other agents party thereto from time to time (as amended to date, the "First Lien Credit Agreement"). The Extension Amendment converted outstanding balances under all remaining first lien term loans into a single term loan in an aggregate principal amount of $860.0 million (the "2021 Extended Term Loan"), and extended the maturity date to July 2028. In accordance with ASC 470-50-40, *Debt Modification and Extinguishments*, the Extension Amendment was accounted for as a modification of

debt for the lenders that remained in the syndicate, while the portions of the converted loans attributable to lenders who did not participate in the conversion were accounted for as an extinguishment of debt. As a result, for the remaining unamortized debt issuance costs related to the First Lien Credit Agreement, the Company recorded a $4.4 million loss on debt extinguishment and deferred $14.0 million as a direct deduction from the carrying amount of the debt. For the newly incurred deferred issuance costs on the Extension Amendment, the Company recorded a $0.4 million loss on debt extinguishment, $7.0 million of modification expense within corporate expenses on the accompanying consolidated statements of operations and deferred $8.3 million as a direct deduction from the carrying amount of the debt.

The Extension Amendment also provided for a delayed draw term loan facility (the “Delayed Draw Term Loan Facility”) in an aggregate principal amount of $200.0 million, which permits the Company to incur senior secured first lien term loans (the “Delayed Draw Term Loans”) from time to time until July 15, 2023, in each case subject to certain terms and conditions. The Delayed Draw Term Loan Facility was undrawn as of October 2, 2021, and any future draws thereunder would also mature in July 2028. In connection with this new facility, the Company incurred debt issuance costs of $2.5 million, which were capitalized and included in other long-term assets.

On August 9, 2021, the Company entered into the Seventh Amendment to its First Lien Credit Agreement, as previously amended, (the “Seventh Amendment”) to reduce the interest rates applicable to Revolving Credit Loans (as defined in the First Lien Credit Agreement). As amended, Revolving Credit Loans bear interest, at the Company's election, at a variable interest rate based on either LIBOR (subject to a minimum of 0.50%) or prime or federal funds rate ("Annual Base Rate" or "ABR") (subject to a minimum of 2.00%) for the interest period relevant to such borrowing, plus an applicable margin of 3.75% for loans accruing interest based on LIBOR and an applicable margin of 2.75% for loans accruing interest based on ABR. In connection with this amendment, the Company incurred debt issuance costs of $0.1 million, which were capitalized and included in other long-term assets.

The 2021 Extended Term Loan and any Delayed Draw Term Loans bear interest, at the Company’s election, at a variable interest rate based on either LIBOR (subject to a minimum of 0.50%), or ABR (subject to a minimum of 2.00%) for the interest period relevant to such borrowing, plus an applicable margin of 3.75% for loans accruing interest based on LIBOR and an applicable margin of 2.75% for loans accruing interest based on ABR. As of October 2, 2021, the $860.0 million principal amount of the 2021 Extended Term Loan accrued interest at a rate of 4.25%.

Debt issuance costs related to the term loans are recorded as a direct deduction from the carrying amount of the debt. The balance for debt issuance costs related to the term loans as of October 2, 2021 and January 2, 2021 was $21.7 million and $31.3 million, respectively. Debt issuance costs related to the revolving credit facility and Delayed Draw Term Loans are recorded within other long-term assets. The balance for debt issuance costs related to the revolving credit facility and Delayed Draw Term Loans as of October 2, 2021 and January 2, 2021 was $3.8 million and $0.5 million, respectively. The Company recognized interest expense related to the amortization of debt issuance costs of $1.4 million and $7.2 million during the three and nine-month periods ended October 2, 2021, respectively, and $1.9 million and $5.4 million during the three and nine-month periods ended September 26, 2020, respectively.

Issued letters of credit as of October 2, 2021 and January 2, 2021 were $19.8 million, respectively. There were no swingline loans outstanding as of October 2, 2021 and January 2, 2021, respectively. Borrowing capacity under the Company's revolving credit facility was $180.2 million as of October 2, 2021 and $55.2 million as of January 2, 2021.

The Company was in compliance with all financial covenants and restrictions at October 2, 2021 and January 2, 2021.

6. FAIR VALUE MEASUREMENTS

The carrying amounts of cash and cash equivalents, patient accounts receivable, accounts payable, accrued expenses and other current liabilities approximate their fair values due to the short-term maturities of the instruments.

The Company’s other assets and other liabilities measured at fair value are as follows (amounts in thousands):

	Fair Value Measurements at October 2, 2021			
	Level 1	Level 2	Level 3	Total
Assets:				
Interest rate cap agreement	$ -	$ 765	$ -	$ 765
Total derivative assets	$ -	$ 765	$ -	$ 765
Liabilities:				
Interest rate swap agreements	$ -	$ 22,290	$ -	$ 22,290
Total derivative liabilities	$ -	$ 22,290	$ -	$ 22,290

	Fair Value Measurements at January 2, 2021			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Interest rate swap agreements	$ -	$ 28,624	$ -	$ 28,624
Total derivative liabilities	$ -	$ 28,624	$ -	$ 28,624

The fair values of the interest rate swap and cap agreements are based on the estimated net proceeds or costs to settle the transactions as of the respective balance sheet dates. The valuations are based on commercially reasonable industry and market practices for valuing similar financial instruments. See Note 7 – Derivative Financial Instruments for further details on the Company's interest rate swap and cap agreements.

7. DERIVATIVE FINANCIAL INSTRUMENTS

The Company's earnings and cash flows are subject to fluctuations due to changes in interest rates, and the Company seeks to mitigate a portion of this risk by entering into derivative contracts. The derivatives the Company currently uses are interest rate swaps and an interest rate cap. The Company recognizes derivatives as either assets or liabilities at fair value on the accompanying consolidated balance sheets and does not designate the derivatives as hedging instruments. Changes in the fair value of derivatives are therefore recorded in earnings throughout the term of the respective derivative.

In October 2018, the Company entered into two interest rate swap agreements to limit its exposure to interest rate risk on its variable rate debt. In July 2021, the Company amended its interest rate swap agreements to extend the expiration dates to June 30, 2026 and reduce the fixed rate paid under the swaps. As amended, the Company pays a rate of 2.08% and receives the one-month LIBOR rate, subject to a 0.50% floor. The aggregate notional amount of the interest rate swaps remained unchanged at $520.0 million at October 2, 2021 and January 2, 2021, respectively. The fair value of the interest rate swaps at October 2, 2021 and January 2, 2021 was $22.3 million and $28.6 million, respectively, and is included in other long-term liabilities on the accompanying consolidated balance sheets. The Company does not apply hedge accounting to these agreements and records all mark-to-market adjustments directly to other (expense) income on the accompanying consolidated statements of operations which are included within cash flows from operating activities on the accompanying consolidated statements of cash flows. The net settlements incurred with swap counterparties under the swap agreements prior to the amendment are recognized through cash flows from operating activities on the accompanying consolidated statements of cash flows. Subsequent to the interest rate swap amendment in July 2021, the net settlements are recognized through cash flows from financing activities on the accompanying consolidated statements of cash flows due to an other-than-insignificant financing element on the interest rate swaps resulting from the amendment.

In July 2021, the Company also entered into a three-year, $340.0 million notional interest rate cap agreement with a cap rate of 1.75%. The cap agreement provides that the counterparty will pay the Company the amount by which LIBOR exceeds 1.75% in a given measurement period and expires on July 31, 2024. The one-time premium paid for this interest rate cap was $0.9 million. The fair value of the interest rate cap at October 2, 2021 was $0.8 million and is included in other long term assets on the accompanying consolidated balance sheets. The Company does not apply hedge accounting to the interest rate cap agreements and records all mark-to-market adjustments directly to other (expense) income on the accompanying consolidated statements of operations. The effects of the interest rate cap are recognized through cash flows from operating activities on the accompanying consolidated statements of cash flows.

The following gains (losses) from these derivatives not designated as hedging instruments were recognized in the Company's consolidated statements of operations for the three-month periods ended October 2, 2021 and September 26, 2020, respectively (amounts in thousands):

	Statement of Operations Classification	For the Three-Month Periods Ended	
		October 2, 2021	September 26, 2020
Interest rate cap agreement	Other (expense) income	$ (88)	$ -
Interest rate swap agreements	Other (expense) income	$ 1,481	$ 1,157

	Statement of Operations Classification	For the Nine-Month Periods Ended	
		October 2, 2021	September 26, 2020
Interest rate cap agreement	Other (expense) income	$ (88)	$ -
Interest rate swap agreements	Other (expense) income	$ 6,334	$ (6,925)

The Company does not utilize financial instruments for trading or other speculative purposes.

8. INCOME TAXES

The Company's provision for income taxes is recorded on an interim basis based upon the Company's estimate of the annual effective income tax rate for the full year applied to "ordinary" income or loss, adjusted each quarter for discrete items.

The Company recorded income tax benefit of $1.1 million and $0.6 million for the three and nine-month periods ended October 2, 2021, respectively, and income tax benefit of $0.5 million and income tax expense of $2.9 million for the three and nine-month periods ended September 26, 2020, respectively. The Company's effective tax rate was negative 111.1% and negative 7.2% for the three and nine-month periods ended October 2, 2021, respectively, and 6.0% and negative 6.6% for the three and nine-month periods ended September 26, 2020, respectively. The effective tax rates for the three and nine-month periods ended October 2, 2021 and September 26, 2020 differ from the statutory rate of 21% primarily due to the reversal in the third quarter of 2021 of a pre-acquisition tax position initially recorded through goodwill, changes in the valuation allowance recorded against certain deferred tax assets, and separate state and local income taxes on taxable subsidiaries.

9. STOCKHOLDERS' EQUITY AND STOCK-BASED COMPENSATION

Issuance of Shares

On March 19, 2020, the Company issued 5,124,995 shares of common stock as a result of equity contributions totaling $50.0 million. This transaction caused no significant changes in the Company's ownership structure. The proceeds were used to fund strategic growth initiatives and provide additional liquidity for business operations.

Change in capital structure

On April 19, 2021, the Company's Board of Directors and its stockholders approved, and the Company filed, amendments to the Company's certificate of incorporation, including the Company's Second Amended and Restated Certificate of Incorporation, which (i) eliminated Class B common stock, resulting in one class of shares of common stock authorized, issued and outstanding, (ii) effected a one-to-20.5 forward stock split and (iii) authorized 1,000,000,000 shares of common stock and 5,000,000 shares of preferred stock. The par value of each share of common stock and preferred stock was not adjusted in connection with the aforementioned forward stock split.

All share and per share information for prior periods, including options to purchase shares of common stock, deferred restricted stock units, option exercise prices, weighted average fair value of options granted, shares of common stock and additional paid-in capital accounts on the consolidated balance sheets, consolidated statements of operations and consolidated statements of stockholders' equity, including the notes to the consolidated financial statements, have been retroactively adjusted, where applicable, to reflect the stock split and the increase in authorized shares.

Initial Public Offering

On May 3, 2021, the Company completed the IPO of its common stock pursuant to a Registration Statement on Form S-1 (File No. 333-254981), which was declared effective by the SEC on April 28, 2021. In the IPO, the Company sold an aggregate of 42,236,000 shares of common stock, including 4,000,000 shares of common stock purchased by the underwriters on May 25, 2021

pursuant to the underwriters' option to purchase additional shares at the initial public offering price, less underwriting discounts and commissions. The Company received net proceeds from the IPO of $477.7 million. The Company also incurred offering expenses of $7.6 million.

Stock Incentive Plan

On April 19, 2021, the Company's Board of Directors adopted the Company's Amended and Restated 2017 Stock Incentive Plan (the "Amended Plan"). The Amended Plan (i) provides for the issuance of common stock, as opposed to the Class B common stock previously issuable under the plan, to align with the Company's Amended and Restated Certificate of Incorporation and (ii) modified the vesting terms of the existing issued performance-vesting options to vest upon the achievement of volume weighted average price ("VWAP") per share hurdles for any ninety consecutive days commencing on or after the nine-month anniversary of the IPO. On June 17, 2021 the Company established the VWAP per share hurdles for the performance-vesting options, which resulted in an accounting modification on that date.

The issuance of shares of common stock rather than Class B common stock resulted in an accounting modification on April 19, 2021 to the Company's time-vesting options; however, the incremental fair value was not material.

Performance-Vesting Options

Completion of the Company's IPO in April 2021 resulted in the Company's performance-vesting options becoming eligible to potentially vest. Upon completion of the IPO, the Company recognized compensation expense of $3.2 million, representing the time elapsed from the respective grant dates of the outstanding awards to the completion of the IPO in proportion to the total requisite service period of the awards, multiplied by the respective original grant date fair values. The compensation expense recorded was included in corporate and branch and regional administrative expenses in the accompanying consolidated statements of operations for the nine-month period ended October 2, 2021. The Company recorded compensation expense from the IPO date to the modification date of $0.4 million, which was also included in corporate and branch and regional administrative expenses in the accompanying consolidated statements of operations for the nine-month period ended October 2, 2021.

As a result of the June 17, 2021 modification, the Company calculated the fair value of the outstanding performance-vesting options immediately before and immediately after the modification using the Monte Carlo option-pricing model. The Company calculated incremental fair value of $8.8 million resulting from the modification, which, along with the unrecognized compensation expense of $4.4 million under the original terms, will be recognized prospectively over the revised remaining requisite service period. The Company recorded compensation expense for the period from the modification date through October 2, 2021 of $3.6 million, which is included in corporate and branch and regional administrative expenses in the accompanying consolidated statements of operations for the three and nine-month periods ended October 2, 2021. Unrecognized compensation expense as of October 2, 2021 associated with outstanding performance-vesting options was $6.1 million.

The Company did not incur or record any expense associated with the performance-vesting options during the three and nine-month periods ended September 26, 2020.

Deferred Restricted Stock Units

Deferred restricted stock units ("Deferred RSUs") issued prior to the Company's IPO contained a put right that is exercisable only when the participant resigns from the Board of Directors, which is outside the control of the Company. As such, the Company classified these pre-IPO Deferred RSU awards as liabilities for six months and then temporary equity thereafter. Deferred RSUs issued subsequent to the Company's IPO do not contain any put rights, vest over a one year service period, and are valued based on the fair market value of a share of common stock at grant date. The Company classified these post-IPO Deferred RSU awards as equity and included related amounts within additional paid-in capital on the accompanying consolidated balance sheet as of October 2, 2021. On June 30, 2021, the Company awarded a total of 52,545 Deferred RSUs to members of the Board of Directors. The Company recognized $0.2 million for the three and nine-month periods ended October 2, 2021. Unrecognized compensation expense as of October 2, 2021 associated with outstanding Deferred RSUs was $0.5 million.

Employee Stock Purchase Plan

On April 28, 2021, the Company's Board of Directors adopted the Aveanna Healthcare Holdings Inc. 2021 Employee Stock Purchase Plan (the "ESPP"). Initially, a maximum of 5,404,926 shares of the Company's common stock are authorized for issuance under the ESPP. Under the ESPP, shares of common stock may be purchased by eligible participants during defined

purchase periods at 85% of the lesser of the closing price of the Company's common stock on the first day or last day of each purchase period. The first purchase period for the ESPP began on August 1, 2021 and ends on December 31, 2021. The Company used a Black-Scholes option pricing model to value the common stock purchased as part of the Company's ESPP. The fair value estimated by the option pricing model is affected by the price of the common stock as well as subjective variables that include assumed interest rates, our expected dividend yield, and our expected share volatility over the term of the award. Eligible participants contributed $1.1 million during the three-month period ended October 2, 2021, which is included in accrued payroll and employee benefits in the accompanying consolidated balance sheets as of October 2, 2021. The Company recorded compensation expense of $0.4 million which is included in corporate and branch and regional administrative expenses in the accompanying consolidated statements of operations for the three and nine-month periods ended October 2, 2021. Unrecognized compensation expense as of October 2, 2021 associated with the remaining ESPP purchase period through December 31, 2021 was $0.6 million.

10. COMMITMENTS AND CONTINGENCIES

Insurance Reserves

As is typical in the healthcare industry, the Company is subject to claims that its services have resulted in patient injury or other adverse effects.

The accrued insurance reserves included in the accompanying consolidated balance sheets include estimates of the ultimate costs, in the event the Company was unable to receive funds from claims made under commercial insurance policies, for claims that have been reported but not paid and claims that have been incurred but not reported at the balance sheet dates. Although substantially all reported claims are paid directly by the Company's commercial insurance carriers, the Company is ultimately responsible for payment of these claims in the event its insurance carriers become insolvent or otherwise do not honor the contractual obligations under the malpractice policies. The Company is required under U.S. GAAP to recognize these estimated liabilities in its consolidated financial statements on a gross basis; with a corresponding receivable from the insurance carriers reflecting the contractual indemnity provided by the carriers under the related malpractice policies.

The Company maintains primary commercial insurance coverage on a claim basis for professional malpractice claims with a $1.0 million per claim deductible and $5.5 million per claim and annual aggregate limits as of October 1, 2021. Prior to October 1, 2021, the Company maintained primary commercial insurance coverage on a claim basis for professional malpractice claims with a $0.5 million per claim deductible and $6.0 million per claim and annual aggregate limits. Moreover, the Company maintains excess insurance coverage for professional malpractice claims. In addition, the Company maintains workers' compensation insurance with a $0.5 million per claim deductible and statutory limits. The Company reimburses insurance carriers for deductible losses under these policies. The Company's insurance carriers require collateral to secure the Company's obligation to reimburse insurance carriers for these deductible payments. Collateral as of October 2, 2021 and January 2, 2021 was comprised of $18.8 million of issued letters of credit, $2.9 million in cash collateral, and $2.9 million in surety bonds, respectively.

As of October 2, 2021, insurance reserves totaling $79.1 million were included on the consolidated balance sheets, representing $42.5 million and $36.6 million of reserves for professional malpractice claims and workers' compensation claims, respectively. At January 2, 2021, insurance reserves totaling $74.6 million were included on the consolidated balance sheets, representing $38.5 million and $36.1 million of reserves for professional malpractice claims and workers' compensation claims, respectively.

Litigation and Other Current Liabilities

On December 16, 2016, Aveanna Healthcare LLC (f/k/a BCPE Eagle Buyer LLC) entered into a stock purchase agreement with Epic/Freedom, LLC, Epic Acquisition, Inc., and FHH Holdings, Inc. for Aveanna Healthcare LLC to acquire Epic Acquisition, Inc. and FHH Holdings, Inc. (the "Acquisition"). The Acquisition closed on March 16, 2017. On February 19, 2020, the Company entered into a settlement agreement for a legal claim totaling $50.0 million related to the Acquisition. The settlement proceeds were included in other income in the accompanying consolidated statements of operations for the nine-month period ended September 26, 2020.

On December 24, 2018, Aveanna Healthcare LLC, an indirect wholly owned subsidiary of the Company, entered into a Stock Purchase Agreement (the "Agreement") to acquire a pediatric home health company (the "Seller"). The agreement contained a provision whereby a $75.0 million transaction termination fee (the "Break-up Fee") could be payable to the Seller under certain circumstances. On December 20, 2019, Aveanna Healthcare LLC terminated the Agreement, and the Seller demanded payment of the Break-up Fee. The Company believes the Agreement was terminated for cause and therefore no payment of the Break-up Fee is due to the Seller. The Seller has disputed this assertion. While the Company believes that litigation over this matter is unlikely at the present time, it is possible that the Company and the Seller may in the future pursue claims and counterclaims related to the termination of the Agreement and payment of the Break-up Fee. At this time, the Company is unable to predict the possible loss or range of loss, if any, associated with the resolution of any such litigation, or any potential related effect on the Company or its business or operations.

The Company is currently a party to various routine litigation incidental to the business. While management currently believes that the ultimate outcome of such proceedings, individually and in the aggregate, will not have a material adverse effect on the Company's financial position or overall trends in results of operations, litigation is subject to inherent uncertainties. Management has established provisions within other current liabilities in the accompanying consolidated balance sheets, which in the opinion of management represents the best estimate of exposure and adequately provides for such losses that may occur from asserted claims related to the provision of professional services and which may not be covered by the Company's insurance policies. Management believes that any additional unfavorable provisions would not be material to the Company's results of operations or financial position; however, if an unfavorable ruling on any asserted or unasserted claim were to occur, there exists the possibility of a material adverse impact on the Company's net earnings or financial position. The estimate of the potential impact from legal proceedings on the Company's financial position or overall results of operations could change in the future.

On August 6, 2020, the Company sued Epic/Freedom, LLC ("Seller"), Webster Capital Corporation, and Webster Equity Partners (collectively, the "Defendants") in the Delaware Superior Court. The Company asserted that the Defendants made fraudulent representations and warranties in connection with the Epic acquisition. The Company is seeking damages ranging from $24.0 million to $50.0 million. The Company also requested a declaratory judgment holding that the Defendants waived any claim to the Company's continued possession of $7.1 million in escrow funds (the "Escrow Funds") that were delivered to the Company in January 2018 by the Epic acquisition escrow agent. In response, the Defendants asserted four counterclaims: (1) specific performance of an alleged right to control a tax audit; (2) advancement of litigation fees and expenses for certain individual Defendants; (3) a declaratory judgment; and (4) breach of contract claim concerning the Escrow Funds. The Company subsequently reached an agreement with the Defendants, which (1) allowed the Defendants to take a principal role in the applicable tax audit, though the Company will continue to communicate with the Internal Revenue Service and retain the ability to make strategic decisions with respect to the audit and (2) dismissed claims against certain individual Defendants mooting Defendants' claims for advancement of litigation fees and expenses. On July 29, 2021, the Delaware Superior Court denied the Defendants' motion for judgment on the pleadings with respect to the Company's claim for fraud against the Defendants, which allows the Company to pursue discovery with respect to the alleged fraud claim. With respect to the Company's retention of certain tax refunds the Company received on behalf of Defendants, the Court denied the Company's motion for judgment on the pleadings, pursuant to which the Company sought to retain the tax refunds as matter of law. The Court also ordered Seller to refile its motion for summary judgment on the same subject and abated a ruling pending further discovery and resolution of whether the parties entered into a post-closing agreement, allowing the Company to retain the tax refunds pending the outcome of the related tax audits. Lastly, the Court denied the Company's motion for judgment on the pleadings as to its continued possession of the Escrow Funds. At this time, the Company cannot predict the ultimate resolution or estimate the amount of any loss or recovery, if any, related to this matter.

Healthcare Regulatory Matters

Starting on October 30, 2019 the Company has received grand jury subpoenas ("Subpoenas") issued by the U.S. Department of Justice, Antitrust Division (the "Antitrust Division") requiring the production of documents and information pertaining to nurse wages, reimbursement rates, and hiring activities in a few of its local markets. The Company is fully cooperating with the Antitrust Division with respect to this investigation and management believes this matter is unlikely to materially impact the Company's business, results of operations or financial condition. However, based on the information currently available to the Company, management cannot predict the timing or outcome of this investigation or predict the possible loss or range of loss, if any, associated with the resolution of this litigation.

Laws and regulations governing the government payer programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future governmental review and interpretation as well as significant regulatory action. From time to time, governmental regulatory agencies conduct inquiries and audits of the Company's practices. It is the Company's practice to cooperate fully with such inquiries. In addition to laws and regulations governing the Medicaid, Medicaid Managed

Care, and Tricare programs, there are a number of federal and state laws and regulations governing matters such as the corporate practice of medicine, fee splitting arrangements, anti-kickback statues, physician self-referral laws, false or fraudulent claims filing and patient privacy requirements. Failure to comply with any such laws or regulations could have an adverse impact on the Company's operations and financial results. The Company believes that it is in material compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of wrongdoing.

11. COVID-19

In March 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 outbreak has adversely impacted economic activity and conditions worldwide, including workforces, liquidity, capital markets, consumer behavior, supply chains and macroeconomic conditions. After the declaration of a national emergency in the United States on March 13, 2020, in compliance with stay-at-home and physical distancing orders and other restrictions on movement and economic activity intended to reduce the spread of COVID-19, the Company altered numerous clinical, operational, and business processes. While each of the states deemed healthcare services an essential business, allowing the Company to continue to deliver healthcare services to patients, the effects of the pandemic have been wide-reaching.

In response to COVID-19, the U.S. Government enacted the CARES Act on March 27, 2020. The CARES Act has impacted the Company as follows:

Provider Relief Fund ("PRF"): Beginning in April 2020, funds were distributed to health care providers who provide or provided diagnoses, testing, or care for individuals with possible or actual cases of COVID-19. During fiscal year 2020, the Company received PRF payments from the U.S. Department of Health and Human Services ("HHS") totaling $25.1 million, which were included in government stimulus liabilities on the accompanying consolidated balance sheet as of January 2, 2021. On March 5, 2021, the Company repaid these PRF payments in full.

State Sponsored Relief Funds: In fiscal year 2020, the Company received $4.8 million of stimulus funds from the Commonwealth of Pennsylvania Department of Human Services ("Pennsylvania DHS"). Such funds were not applied for or requested. The Company did not receive stimulus funds from any individual state other than Pennsylvania. The Company recognized $0.5 million of income related to these funds in fiscal year 2020, with the remaining $4.3 million included in government stimulus liabilities on the accompanying consolidated balance sheet as of January 2, 2021. On February 4, 2021, the Company repaid the remaining $4.3 million of direct stimulus funds to Pennsylvania DHS.

Deferred payment of the employer portion of social security taxes: The Company was permitted to defer payments of the employer portion of social security taxes in fiscal year 2020, which are payable in 50% increments, with the first 50% due by December 31, 2021 and the second 50% due by December 31, 2022. The Company did not defer any payroll taxes after December 31, 2020. As of October 2, 2021, the Company had deferred payment of $51.4 million of social security taxes in total, which is recorded in the current portion of deferred payroll taxes and in the deferred payroll taxes, less current portion liabilities on the accompanying consolidated balance sheet. The Company did not commence deferrals until April 1, 2020; therefore the Company did not defer any payroll taxes during the three-month period ended March 28, 2020.

Reimbursement rate increases from various state Medicaid and Medicaid Managed Care Programs: Shortly after the onset of COVID-19 in March 2020, numerous state Medicaid programs began to issue temporary rate increases and similarly directed Medicaid Managed Care programs within those states to likewise adjust rates. These temporary rate increases are paid to the Company via normal claim processing by the respective payers. Over the remainder of fiscal year 2020 and continuing into fiscal year 2021, while some states discontinued the temporary rate increases, most states issued continuations of the temporary rate increases with many state legislatures communicating support for either making such increases permanent or otherwise increasing PDS reimbursement rates.

Medicare Advances: Certain of the home health and hospice companies the Company has acquired received advance payments from the Centers for Medicare & Medicaid Services ("CMS") in April 2020, pursuant to the expansion of the Accelerated Payments Program provided for in the CARES Act. These advances became repayable beginning one year from the date on which the accelerated advance was issued. The repayments occur via offsets by CMS to current payments otherwise due from Medicare at a rate of 25% for the first eleven months. After the eleven months end, payments will be recouped at a rate of 50% for another six months, after which any remaining balance will become due. Gross advances received by acquired companies in April 2020 totaled $15.7 million. The Company began repaying the gross amount of the advances, via the offset mechanism described above, during the second quarter of 2021, and had repaid an aggregate amount of $8.8 million of such advances as of October 2, 2021.

Remaining unpaid advances as of October 2, 2021 totaled $6.9 million and are recorded in other current liabilities on the accompanying consolidated balance sheet.

Temporary Suspension of Medicare Sequestration: The Budget Control Act of 2011 requires a mandatory, across the board reduction in federal spending, called a sequestration. Medicare fee-for-service claims with dates of service or dates of discharge on or after April 1, 2013 incur a 2.0% reduction in Medicare payments. All Medicare rate payments and settlements are subject to this mandatory reduction, which will continue to remain in place through at least 2023, unless Congress takes further action. In response to COVID-19, the CARES Act temporarily suspended the automatic 2.0% reduction of Medicare claim reimbursements for the period from May 1, 2020 through December 31, 2021.

12. RELATED PARTY TRANSACTIONS

The Company had entered into an advisory services agreement with affiliates of certain stockholders of the Company (the "Management Agreement"). Under this agreement, the managers provided general and strategic advisory services and were paid a quarterly management fee plus out of pocket expenses. Upon completion of the IPO, the Management Agreement was terminated. Additionally, the managers agreed to waive the fee due to them from the Company upon the successful completion of the IPO. The Company incurred management fees and expenses totaling $0.8 million during the nine-month period ended October 2, 2021, and $0.8 million and $2.4 million during the three and nine-month periods ended September 26, 2020, respectively, which are included in corporate expenses in the accompanying consolidated statements of operations. The Company did not owe any amounts in connection with the Management Agreement as of October 2, 2021. Amounts owed by the Company in connection with the Management Agreement totaled $1.6 million as of January 2, 2021 and were included in accounts payable and other accrued liabilities on the consolidated balance sheets.

One of the Company's stockholders has an ownership interest in a revenue cycle vendor used by the Company for eligibility and clearinghouse billing services. Fees for such services totaled $0.1 million and $0.3 million during the three and nine-month periods ended October 2, 2021 and $0.1 million and $0.4 million during the three and nine-month periods ended September 26, 2020, respectively, and are included in corporate expenses in the accompanying consolidated statements of operations. The Company did not owe any amounts in connection with the expenses described above as of October 2, 2021 and January 2, 2021, respectively.

As of October 2, 2021, one of the Company's stockholders owned 6.8% of the Company's 2021 Extended Term Loan.

13. SEGMENT INFORMATION

The Company's operating segments have been identified based upon how management has organized the business by services provided to customers and how the chief operating decision maker ("CODM") manages the business and allocates resources, consistent with the criteria in ASC 280, *Segment Reporting*. The Company has three operating segments and three reportable segments, Private Duty Services, Home Health & Hospice, and Medical Solutions. The PDS segment predominantly includes private duty skilled nursing services, unskilled and personal care services, and pediatric therapy services. The HHH segment provides home health and hospice services to predominately elderly patients. Through the MS segment, the Company provides enteral nutrition and other products to adults and children, delivered on a periodic or as-needed basis.

The CODM evaluates performance using gross margin (and gross margin percentage). Gross margin includes revenue less all costs of revenue, excluding depreciation and amortization, but excludes branch and regional administrative expenses, corporate expenses and other non-field expenses. The CODM does not evaluate a measure of assets when assessing performance.

Results shown for the three and nine-month periods ended October 2, 2021 and September 26, 2020 are not necessarily those which would be achieved if each segment was an unaffiliated business enterprise. There are no intersegment transactions.

The following tables summarize the Company's segment information for the three and nine-month periods ended October 2, 2021 and September 26, 2020, respectively (amounts in thousands):

	For the Three-Month Periods Ended October 2, 2021			
	PDS	HHH	MS	Total
Revenue	$ 327,133	$ 47,000	$ 37,143	$ 411,276
Cost of revenue, excluding depreciation and amortization	226,540	24,130	20,864	271,534
Gross margin	$ 100,593	$ 22,870	$ 16,279	$ 139,742
Gross margin percentage	30.7%	48.7%	43.8%	34.0%

	For the Three-Month Periods Ended September 26, 2020			
	PDS	HHH	MS	Total
Revenue	$ 328,985	$ 4,690	$ 32,328	$ 366,003
Cost of revenue, excluding depreciation and amortization	231,454	2,774	17,645	251,873
Gross margin	$ 97,531	$ 1,916	$ 14,683	$ 114,130
Gross margin percentage	29.6%	40.9%	45.4%	31.2%

	For the Nine-Month Periods Ended October 2, 2021			
	PDS	HHH	MS	Total
Revenue	$ 1,027,640	$ 128,589	$ 108,319	$ 1,264,548
Cost of revenue, excluding depreciation and amortization	719,435	67,224	59,875	846,534
Gross margin	$ 308,205	$ 61,365	$ 48,444	$ 418,014
Gross margin percentage	30.0%	47.7%	44.7%	33.1%

	For the Nine-Month Periods Ended September 26, 2020			
	PDS	HHH	MS	Total
Revenue	$ 963,694	$ 13,823	$ 95,286	$ 1,072,803
Cost of revenue, excluding depreciation and amortization	683,492	8,273	52,738	744,503
Gross margin	$ 280,202	$ 5,550	$ 42,548	$ 328,300
Gross margin percentage	29.1%	40.2%	44.7%	30.6%

	For the Three-Month Periods Ended		For the Nine-Month Periods Ended	
Segment Reconciliation:	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Total segment gross margin	$ 139,742	$ 114,130	$ 418,014	$ 328,300
Branch and regional administrative expenses	76,370	59,641	223,462	174,455
Corporate expenses	37,873	32,493	97,673	81,039
Goodwill impairment	-	-	-	75,727
Depreciation and amortization	5,145	3,922	15,163	12,339
Acquisition-related costs	2,007	4,510	4,779	4,679
Other operating expenses	-	687	-	1,274
Operating income (loss)	18,347	12,877	76,937	(21,213)
Interest income	44	38	182	247
Interest expense	(12,106)	(19,065)	(53,793)	(58,972)
Loss on debt extinguishment	(4,784)	-	(13,702)	(73)
Other (expense) income	(511)	(1,723)	(1,088)	35,608
Income (loss) before income taxes	$ 990	$ (7,873)	$ 8,536	$ (44,403)

14. NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is calculated by dividing net income (loss) by the weighted average number of shares of common stock outstanding for the period. Diluted net income (loss) per share is calculated by dividing net income (loss) by the diluted weighted average number of shares of common stock outstanding for the period. For purposes of this calculation, outstanding stock options are considered potential dilutive shares of common stock. The following is a computation of basic and diluted net income (loss) per share (amounts in thousands, except per share amounts):

	For the Three-Month Periods Ended		For the Nine-Month Periods Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Numerator:				
Net income (loss)	$ 2,090	$ (7,402)	$ 9,148	$ (47,318)
Denominator:				
Weighted average shares of common stock outstanding [(1)], basic	184,554	142,123	165,877	140,559
Net income (loss) per share, basic	$ 0.01	$ (0.05)	$ 0.06	$ (0.34)
Weighted average shares of common stock outstanding [(1)], diluted	188,246	142,123	170,667	140,559
Net income (loss) per share, diluted	$ 0.01	$ (0.05)	$ 0.05	$ (0.34)
Dilutive securities outstanding not included in the computation of diluted net income (loss) per share as their effect is antidilutive:				
Stock options	6,885	13,950	6,360	13,950

(1) The calculation of weighted average shares of common stock outstanding includes all vested deferred restricted stock units.

15. SUBSEQUENT EVENTS

Pending acquisition

On November 14, 2021, Aveanna Healthcare, LLC, a Delaware limited liability company (“Buyer”) and indirect wholly owned subsidiary of the Company, entered into a Stock Purchase Agreement (the “Purchase Agreement”) with Dunn & Berger, Inc. d/b/a Accredited Nursing Services, a California corporation (“Accredited”), Barry R. Berger and Jill Taffy Steinfeld-Berger, Trustees of The Barry R. Berger and Jill Taffy Steinfeld-Berger Family Trust dated September 19, 2006 seller ("Seller"), and the other parties thereto, to acquire all of the issued and outstanding stock of Accredited for aggregate consideration of (i) $180.0 million in cash plus (ii) $45.0 million in cash that will be held in escrow (the “Escrowed Purchase Price”), pending final reconciliation, in accordance with the terms of the Purchase Agreement, of Accredited’s volumes for September, October, and November of 2021. Any portion of the Escrowed Purchase Price not payable to Seller will be returned to Buyer. The purchase price payable by Buyer is additionally subject to a customary purchase price adjustment mechanism providing for a normalized level of working capital and that Accredited, together with its subsidiaries, be free of cash and debt at closing. The transaction is subject to customary conditions, including the absence of legal restraints and the termination or expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

Securitization

On November 12, 2021, the Company (through a wholly owned special purpose entity, Aveanna SPV I, LLC) entered into a Receivables Financing Agreement with a bank (the “Securitization Facility”) with a termination date of November 12, 2024. The Securitization Facility effectively increases the Company’s borrowing capacity by collateralizing a portion of the Company's patient accounts receivable. The maximum amount available under the Securitization Facility is $150.0 million subject to maintaining certain borrowing base requirements. Borrowings under this facility carry variable interest rates tied to BSBY plus an applicable margin.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provides information we believe is relevant to an assessment and understanding of our results of operations, financial condition, liquidity and cash flows for the periods presented below. This discussion should be read in conjunction with the interim unaudited consolidated financial statements and related notes contained elsewhere in this Quarterly Report on Form 10-Q and in conjunction with the audited consolidated financial statements and related notes for the year ended January 2, 2021, our "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our prospectus dated April 28, 2021 (the "Prospectus"), which is deemed to be part of our Registration Statement on Form S-1 (File No. 333-254981), filed with the SEC. As discussed in the section above titled "Cautionary Note Regarding Forward-Looking Statements," the following discussion contains forward-looking statements that are based upon our current expectations, including with respect to our future revenues and operating results. Our actual results may differ materially from those anticipated in such forward-looking statements as a result of various factors. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included under Part II, Item 1A below as well as in the Prospectus.

Unless otherwise provided, "Aveanna", "we," "our" and the "Company" refer to Aveanna Healthcare Holdings Inc. and its consolidated subsidiaries.

Our fiscal year ends on the Saturday that is closest to December 31 of a given year, resulting in either a 52-week or 53-week fiscal year. "Fiscal year 2021" refers to the 52-week fiscal year ended on January 1, 2022. "Fiscal year 2020" refers to the 53-week fiscal year ended on January 2, 2021. The "three-month period ended October 2, 2021", or "third quarter 2021" refers to the 13-week fiscal quarter ended on October 2, 2021. The "three-month period ended September 26, 2020" or "third quarter 2020" refers to the 13-week fiscal quarter ended on September 26, 2020. The "nine-month period ended October 2, 2021", or "first nine-months of 2021" refers to the period from January 3, 2021 through October 2, 2021. The "nine-month period ended September 26, 2020", or "first nine-months of 2020" refers to the period from December 29, 2019 through September 26, 2020.

Overview

We are a leading, diversified home care platform focused on providing care to medically complex, high-cost patient populations. We directly address the most pressing challenges facing the U.S. healthcare system by providing safe, high-quality care in the home, the lower cost care setting preferred by patients. Our patient-centered care delivery platform is designed to improve the quality of care our patients receive, which allows them to remain in their homes and minimizes the overutilization of high-cost care settings such as hospitals. Our clinical model is led by our caregivers, primarily skilled nurses, who provide specialized care to address the complex needs of each patient we serve across the full range of patient populations: newborns, children, adults and seniors. We have invested significantly in our platform to bring together best-in-class talent at all levels of the organization and support such talent with industry leading training, clinical programs, infrastructure and technology-enabled systems, which are increasingly essential in an evolving healthcare industry. We believe our platform creates sustainable competitive advantages that support our ability to continue driving rapid growth, both organically and through acquisitions, and positions us as the partner of choice for the patients we serve.

Segments

We deliver our services to patients through three segments: Private Duty Services ("PDS"); Home Health & Hospice ("HHH"); and Medical Solutions ("MS").

The following table summarizes the revenues generated by each of our segments for the three-month periods ended October 2, 2021 and September 26, 2020, respectively:

(dollars in thousands)	**Consolidated**	**PDS**	**HHH**	**MS**
For the three-month period ended October 2, 2021	$ 411,276	$ 327,133	$ 47,000	$ 37,143
Percentage of consolidated revenue		80%	11%	9%
For the three-month period ended September 26, 2020	$ 366,003	$ 328,985	$ 4,690	$ 32,328
Percentage of consolidated revenue		90%	1%	9%

The following table summarizes the revenues generated by each of our segments for the nine-month periods ended October 2, 2021 and September 26, 2020, respectively:

(dollars in thousands)	**Consolidated**	**PDS**	**HHH**	**MS**
For the nine-month period ended October 2, 2021	$ 1,264,548	$ 1,027,640	$ 128,589	$ 108,319
Percentage of consolidated revenue		81%	10%	9%
For the nine-month period ended September 26, 2020	$ 1,072,803	$ 963,694	$ 13,823	$ 95,286
Percentage of consolidated revenue		90%	1%	9%

PDS Segment

Private Duty Services predominantly includes private duty nursing ("PDN") services, as well as pediatric therapy services. Our PDN patients typically enter our service as children, as our most significant referral sources for new patients are children's hospitals. It is common for our PDN patients to stay on our service into adulthood, as approximately 50% of our PDN patients are over the age of 18.

Our PDN services involve the provision of skilled and unskilled hourly care to patients in their homes, which is the preferred setting for patient care. PDN services typically last four to 24 hours a day, provided by our registered nurses, licensed practical nurses, home health aides, and other unskilled caregivers who are focused on providing high-quality short-term and long-term clinical care to medically fragile children and adults with a wide variety of serious illnesses and conditions. Patients who typically qualify for our PDN services include those with the following conditions:

- Tracheotomies or ventilator dependence;
- Dependence on continuous nutritional feeding through a "G-tube" or "NG-tube";
- Dependence on intravenous nutrition;
- Oxygen-dependence in conjunction with other medical needs; and
- Complex medical needs such as frequent seizures.

Our PDN services include:

- In-home skilled nursing services to medically fragile children;
- Nursing services in school settings in which our caregivers accompany patients to school;
- Services to patients in our Pediatric Day Healthcare Centers ("PDHC"); and
- Unskilled care, including programs such as Employer of Record ("EOR") support services and personal care services.

Through our pediatric therapy services, we provide a valuable multidisciplinary approach that we believe serves all of a child's therapy needs. We provide both in-clinic and home-based therapy services to our patients. Our therapy services include physical, occupational and speech services. We regularly collaborate with physicians and other community healthcare providers, which allows us to provide more comprehensive care. Additionally, our Applied Behavioral Analysis ("ABA") Therapy services previously provided children with the strategies and skills necessary to maximize their individual potential, achieve meaningful outcomes, and reach their goals to the greatest extent possible. We also provided parents with useful strategies and techniques to support their child's progress towards meeting developmental milestones in communication and behavior throughout their lifetime. In July 2020, we discontinued providing ABA Therapy services.

HHH Segment

Our Home Health and Hospice segment predominantly includes home health services, as well as hospice and specialty program services. Our HHH patients typically enter our service as seniors, and our most significant referral sources for new patients are hospitals, physicians and long-term care facilities.

Our home health services involve the provision of in-home services to our patients by our clinicians which may include nurses, therapists, social workers and home health aides. Our caregivers work with our patients' physicians to deliver a personalized plan of care to our patients in their homes. Home healthcare can help our patients recover after a hospitalization or surgery and assist patients in managing chronic illnesses. We also help our patients manage their medications. Through our care, we help our patients recover more fully in the comfort of their own homes, while remaining as independent as possible. Our home health services include: in-home skilled nursing services; physical, occupational and speech therapy; medical social services and aide services.

Our hospice services involve a supportive philosophy and concept of care for those nearing the end of life. Our hospice care is a positive, empowering form of care designed to provide comfort and support to our patients and their families when a life-limiting illness no longer responds to cure-oriented treatments. The goal of hospice is to neither prolong life nor hasten death, but to help our patients live as dignified and pain-free as possible. Our hospice care is provided by a team of specially trained professionals in a variety of living situations, including at home, at the hospital, a nursing home, or an assisted living facility.

MS Segment

Through our Medical Solutions segment, we offer a comprehensive line of enteral nutrition supplies and other products to adults and children, delivered on a periodic or as-needed basis. We provide our patients with access to one of the largest selections of enteral formulas, supplies and pumps in our industry, with more than 300 nutritional formulas available. Our registered nurses, registered

dietitians and customer service technicians support our patients 24 hours per day, 365 days per year, in-hospital, at-home, or remotely to help ensure that our patients have the best nutrition assessments, change order reviews and formula selection expertise.

Acquisitions and other Factors Affecting Results of Operations and Comparability

Acquisition-related Activities

During the third fiscal quarter of 2020, we acquired three companies that primarily deliver PDN services, in addition to medical solutions services (collectively, the "2020 PDS Acquisitions"). The 2020 PDS Acquisitions generated revenues in 2020 prior to being acquired by us of $55.0 million and $22.8 million after being acquired by us. The 2020 PDS Acquisitions generated operating income in 2020 prior to being acquired by us of $4.1 million and $1.6 million after being acquired by us. We report the results of the 2020 PDS Acquisitions in our PDS segment and MS segment.

In the fourth fiscal quarter of 2020, we acquired two companies that primarily deliver home health and hospice services, as well as PDN services (collectively, the "2020 HHH Acquisitions"). The 2020 HHH Acquisitions generated revenues in 2020 prior to being acquired by us of $104.1 million and $13.1 million after being acquired by us. The 2020 HHH Acquisitions generated operating income in 2020 prior to being acquired by us of $0.9 million and $2.6 million after being acquired by us. Home health and hospice businesses are primarily reimbursed by Medicare for services rendered and these new lines of business have accordingly begun to diversify our current payer base beyond Medicaid and Medicaid Managed Care revenue. We report the results of the 2020 HHH Acquisitions in our HHH segment and PDS segment.

On April 16, 2021, we acquired Doctor's Choice Holdings, LLC ("Doctor's Choice"), which provides home health services in the state of Florida. Prior to being acquired by us in 2021, Doctor's Choice generated revenues of $22.9 million and operating losses of $7.2 million. The 2021 operating losses in the period prior to being acquired by us resulted from one-time seller transaction costs and incentives paid in connection with completing the acquisition. Similar to the 2020 HHH Acquisitions, Doctor's Choice has further diversified our current payer base beyond Medicaid and Medicaid Managed Care revenue. We report the results of Doctor's Choice in our HHH segment.

COVID-19 Pandemic Impact on our Business

In March 2020, the World Health Organization declared COVID-19 a pandemic. We continue to monitor the impact of COVID-19 on our caregivers and support personnel, our patients and their families, and our referral sources. We have adapted our operations as necessary to best protect our people and serve our patients and our communities. We continue to take precautions to protect the safety and well-being of our employees and patients by purchasing and delivering additional supplies of personal protective equipment ("PPE") and other medical supplies to branches and regional offices across the country as necessary. We have also invested in technology and equipment that allows support personnel to provide, on a remote basis, seamless functionality and support to our clinicians who continue to care for our patients. A significant portion of our employees at our corporate support offices in Georgia, Texas and Arizona continue to work remotely at this time.

With the onset of the COVID-19 pandemic in March 2020, we began incurring incremental costs of patient services in the form of incremental compensation paid to caregivers such as hero pay, COVID-19 relief pay, incremental overtime, and other retention-related compensation to maintain our clinical workforce in the COVID-19 environment. We also incurred incremental PPE costs to support our caregivers and care for our patients. The nature of the incremental COVID-19 costs we have incurred has changed over time as dictated by the continually evolving COVID-19 environment. We believe we will continue to incur incremental COVID-19 costs through the remainder of 2021, including newly mandated medical removal protection benefits for our caregivers as required by OSHA's Emergency Temporary Standard and costs required to comply with Federal, State and Local vaccination mandates and testing requirements; retention and incentive related compensation to maintain our clinical workforce in the COVID-19 environment; as well as PPE costs.

Despite the recent surges in COVID-19 cases attributable to the Delta variant and the attendant pressures on our clinical workforce, we continue to execute on our strategic business plans to grow our services both organically and through acquisitions. As the percentage of vaccinated caregivers grows and as caregivers return to the workforce, we believe this will increase our staffed hours and allow us to meet more of the unmet patient demand for our services.

The following factors, however, could negatively impact our results of operations in the future as a result of COVID-19: a further increase in the number of cases due to the Delta or other variants; any future shelter-in-place orders; a decrease in the rate of return of confidence in our patients' families to allow our caregivers into their homes; the return of patient confidence to enter a hospital or a doctor's office; our ability to attract and retain qualified caregivers as a result of COVID-19 quarantine requirements or due to caregiver non-compliance with vaccination and testing mandates; uncertainty regarding vaccine distribution timing and efficacy; and our ability to readily access referrals from children's hospitals. Potential negative impacts of COVID-19 on our results include lower revenue or higher salary and wage expenses due to increased market rate expectations of caregivers, and any future spikes in PPE supply or

mandated COVID-19 testing costs. The impacts to revenue may consist of the following: lower volumes due to interruption of the operations of our referral sources; lower volumes due to lack of availability of caregivers in the workforce; patient unwillingness to accept services in their homes; lower reimbursement due to missed home health visits; and lower reimbursement rates due to any negative impacts to state Medicaid budgets as a result of the pandemic.

On November 4, 2021, the Occupational Safety and Health Administration ("OSHA") issued the COVID-19 Vaccination and Testing Emergency Temporary Standard ("ETS") implementing certain workplace safety elements related to Covid-19 vaccination and/or testing requirements. The ETS requires employers with 100 or more employees, to develop, implement, and enforce a mandatory COVID-19 vaccination policy or implement an alternative standard that includes weekly testing. Covered employers are required to determine the vaccination status of each employee, obtain proof of vaccination, properly maintain records and a roster of vaccination status. Covered employers must provide employees with up to four hours of supplemental paid leave for employees to receive each primary vaccination dose (up to eight hours where two shots are required), and "reasonable" time and paid leave for an employee to recover from the side effects of the COVID-19 vaccine (up to two days per vaccination dose). The ETS also includes employee notice requirements, where employees must promptly provide notice when they receive a positive COVID-19 test or are diagnosed with COVID-19 and a requirement that employers immediately remove employees with COVID-19 from the workplace. Finally, the ETS includes additional employer notice, reporting requirements, and recordkeeping requirements. The ETS is effective upon publication and employers must comply with most ETS provisions within 30 days (December 5, 2021) and with optional testing requirements within 60 days (January 4, 2022). The Fifth Circuit Court of Appeals has currently issued a stay of the effectiveness of the ETS.

Furthermore, on November 4, 2021, the Centers for Medicare & Medicaid Services ("CMS") issued an interim final rule ("IFR") requiring COVID-19 vaccinations for workers in most health care settings covered by applicable Conditions of Participation, including home health and hospice facilities, that participate in the Medicare and Medicaid programs. The IFR is effective as of November 5, 2021. Under the IRF, all covered healthcare workers and related support staff must be fully vaccinated by January 4, 2022. The vaccination requirement applies to all eligible staff working at a facility that participates in Medicare and Medicaid programs, regardless of clinical responsibility or patient care, including staff who work in offsite locations, such as homes, clinics or administrative offices. The requirement does not apply to individuals who provide services 100% remotely and have no direct contact with patients and other staff. The IRF requires health care providers to establish a process or policy to ensure covered staff, except for those individuals who are granted a religious or medical exemption, are fully vaccinated over two phases. By Phase 1, within 30 days of the IRF's publication, or by December 6, 2021, all covered staff at all applicable health care facilities must have received their first dose of a 2-shot series (Moderna or Pfizer, currently) or a single dose of a 1-shot vaccine (Johnson and Johnson, currently). Covered staff must complete this step before they can provide any care, treatment or other services for the facility and/or its patients. By Phase 2, within 60 days of the IRF's publication, or by January 4, 2022, all staff must complete the primary vaccination series. Under this vaccination requirement, all covered staff at health care facilities must be fully vaccinated. Fully vaccinated is defined by CMS as two weeks or more since the individual completed a primary vaccination series for COVID-19. Staff who complete their primary vaccination series by the Phase 2 implementation date will be considered fully vaccinated even if the two-week post-series waiting period has not elapsed. If a healthcare company is deemed to be noncompliant with the requirement, CMS has a number of enforcement tools at its disposal, including assessment of civil monetary penalties, denial of payment and termination from the Medicare and Medicaid program.

As discussed previously, vaccination and testing mandates like the ETS and IRF could negatively impact our results of operations by reducing our operational capacity as a result of fewer available caregivers or increasing salary and wage expenses in response to increased market rate expectations. These vaccination mandates could lead to additional employee turnover, including turnover caused by employees moving to smaller employers that are exempt from the ETS or to companies with service lines that are not covered by the IRF. If we are unable to continue to attract and retain employees at our current level, we could be required to increase employee compensation in an effort to prevent understaffing of our operations. The IRF and ETS also conflict with various state laws and mandates prohibiting Covid-19 vaccination mandates. The IRF and ETS requirements place the Company in the position of either violating federal regulations or applicable state laws, which could result in state agency fines and licensure revocation for possible non-compliance with state vaccine mandate prohibitions.

CARES Act

In response to COVID-19, the U.S. Government enacted the CARES Act on March 27, 2020. The CARES Act has impacted us as follows:

- *Provider Relief Fund ("PRF"):* Beginning in April 2020, funds were distributed to health care providers who provide or provided diagnoses, testing, or care for individuals with possible or actual cases of COVID-19. In fiscal year 2020, we received PRF payments from the U.S. Department of Health and Human Services ("HHS") totaling $25.1 million, which were included in government stimulus liabilities on the accompanying consolidated balance sheet as of January 2, 2021. On March 5, 2021, we repaid these PRF payments in full.
- *State Sponsored Relief Funds:* In fiscal year 2020, we received $4.8 million of stimulus funds from the Commonwealth of Pennsylvania Department of Human Services ("Pennsylvania DHS"). Such funds were not applied for or requested. We did

not receive stimulus funds from any individual state other than Pennsylvania. We recognized $0.5 million of income related to these funds in fiscal year 2020, with the remaining $4.3 million included in government stimulus liabilities on the accompanying consolidated balance sheet as of January 2, 2021. On February 4, 2021, we repaid the remaining $4.3 million of direct stimulus funds to Pennsylvania DHS.

- *Deferred payment of the employer portion of social security taxes:* We were permitted to defer payments of the employer portion of social security taxes in fiscal year 2020, which are payable in 50% increments, with the first 50% due by December 31, 2021 and the second 50% due by December 31, 2022. We did not defer any payroll taxes after December 31, 2020. As of October 2, 2021, we had deferred payment of $51.4 million of social security taxes in total, which is recorded in the current portion of deferred payroll taxes and in the deferred payroll taxes, less current portion liabilities on the accompanying consolidated balance sheet. We did not commence deferrals until April 1, 2020; therefore, we did not defer any payroll taxes during the three-month period ended March 28, 2020.
- *Reimbursement rate increases from various state Medicaid and Medicaid Managed Care Programs:* Shortly after the onset of COVID-19 in March 2020, numerous state Medicaid programs began to issue temporary rate increases and similarly directed Medicaid Managed Care programs within those states to likewise adjust rates. These temporary rate increases are paid to the Company via normal claim processing by the respective payers. Over the remainder of fiscal year 2020 and continuing into fiscal year 2021, while some states discontinued the temporary rate increases, most states issued continuations of the temporary rate increases with many state legislatures communicating support for either making such increases permanent or otherwise increasing PDS reimbursement rates. Furthermore, the focus at both the Federal and State levels on supporting the provision of care in the home, as well as expanding Federal matching funds for the Medicaid Program in recent government legislation, supports a positive outlook on Medicaid reimbursement in the future. As a result of all these factors, and based upon an evaluation of each state individually, beginning in the first fiscal quarter of 2021, we no longer treat temporary rate increases as an adjustment in calculating our Adjusted EBITDA (see “Non-GAAP Financial Measures” below).
- *Medicare Advances*: Certain of the home health and hospice companies the Company has acquired received advance payments from the Centers for Medicare & Medicaid Services (“CMS”) in April 2020, pursuant to the expansion of the Accelerated Payments Program provided for in the CARES Act. These advances became repayable beginning one year from the date on which the accelerated advance was issued. The repayments occur via offsets by Medicare to current payments otherwise due from Medicare at a rate of 25% for the first eleven months. After the eleven months end, payments will be recouped at a rate of 50% for another six months, after which any remaining balance will become due. Gross advances received by acquired companies in April 2020 totaled $15.7 million. The Company began repaying the gross amount of the advances, via the offset mechanism described above, during the second quarter of 2021, and had repaid an aggregate amount of $8.8 million of such advances as of October 2, 2021. Remaining unpaid advances as of October 2, 2021 totaled $6.9 million and are recorded in other current liabilities on the accompanying consolidated balance sheet.
- *Temporary Suspension of Medicare Sequestration:* The Budget Control Act of 2011 requires a mandatory, across the board reduction in federal spending, called a sequestration. Medicare fee-for-service claims with dates of service or dates of discharge on or after April 1, 2013 incur a 2.0% reduction in Medicare payments. All Medicare rate payments and settlements are subject to this mandatory reduction, which will continue to remain in place through at least 2023, unless Congress takes further action. In response to COVID-19, the CARES Act temporarily suspended the automatic 2.0% reduction of Medicare claim reimbursements for the period from May 1, 2020 through December 31, 2021.

Important Operating Metrics

We review the following important metrics on a segment basis and not on a consolidated basis:

PDS and MS Segment Operating Metrics

Volume

Volume represents PDS hours of care provided and MS unique patients served, which is how we measure the amount of our patient services provided. We review the number of hours of PDS care provided on a weekly basis and the number of MS unique patients served on a weekly basis. We believe volume is an important metric because it helps us understand how the Company is growing in each of these segments through strategic planning and acquisitions. We also use this metric to inform strategic decision making in determining opportunities for growth.

Revenue Rate

For our PDS and MS segments, revenue rate is calculated as revenue divided by PDS hours of care provided or the number of MS unique patients served, respectively. We believe revenue rate is an important metric because it represents the amount of revenue we receive per

PDS hour of patient service or per individual MS patient transaction and helps management assess the amount of fees that we are able to bill for our services. Management uses this metric to assess how effectively we optimize reimbursement rates.

Cost of Revenue Rate

For our PDS and MS segments, cost of revenue rate is calculated as cost of revenue divided by PDS hours of care provided or the number of unique patients served, respectively. We believe cost of revenue rate is an important metric because it helps us understand the cost per PDS hour of patient service or per individual MS patient transaction. Management uses this metric to understand how effectively we manage labor and product costs.

Spread Rate

For our PDS and MS segments, spread rate represents the difference between the respective revenue rates and cost of revenue rates. Spread rate is an important metric because it helps us better understand the margins being recognized per PDS hour of patient service or per individual MS patient transaction. Management uses this metric to assess how successful we have been in optimizing reimbursement rates, managing labor and product costs, and assessing opportunities for growth.

HHH Segment Operating Metrics

Home Health Total Admissions and Home Health Episodic Admissions

Home health total admissions represents the number of new patients who have begun receiving services. We review the number of home health admissions on a daily basis as we believe it is a leading indicator of our growth. We measure home health admissions by reimbursement structure separating them into home health episodic admissions and fee-for-service admissions (other admissions), which allows us to better understand the payor mix of our home health business.

Home Health Total Episodes

Home health total episodes represents the number of episodic admissions and episodic recertifications to capture patients who have either started to receive services or have been recertified for another episode of care. Management reviews home health total episodes on a monthly basis as to understand the volume of patients who were authorized to receive care during the month.

Home Health Revenue Per Completed Episode

Home health revenue per completed episode is calculated by dividing total payments received from completed episodes by the number of completed episodes during the period. Episodic payments are determined by multiple factors including type of referral source, patient

diagnoses, and utilization. Management tracks home health revenue per completed episode over time to evaluate both the clinical and financial profile of the business in a single metric.

Results of Operations

Three-Month Period Ended October 2, 2021 Compared to the Three-Month Period Ended September 26, 2020

The following table summarizes our consolidated results of operations for the three-month periods indicated:

	For the Three-Month Periods Ended					
(dollars in thousands)	October 2, 2021	% of Revenue	September 26, 2020	% of Revenue	Change	% Change
Revenue	$ 411,276	100.0%	$ 366,003	100.0%	$ 45,273	12.4%
Cost of revenue, excluding depreciation and amortization	271,534	66.0%	251,873	68.8%	19,661	7.8%
Gross margin	$ 139,742	34.0%	$ 114,130	31.2%	$ 25,612	22.4%
Branch and regional administrative expenses	76,370	18.6%	59,641	16.3%	16,729	28.0%
Field contribution	$ 63,372	15.4%	$ 54,489	14.9%	$ 8,883	16.3%
Corporate expenses	37,873	9.2%	32,493	8.9%	5,380	16.6%
Depreciation and amortization	5,145	1.3%	3,922	1.1%	1,223	31.2%
Acquisition-related costs	2,007	0.5%	4,510	1.2%	(2,503)	-55.5%
Other operating expenses	-	0.0%	687	0.2%	(687)	-100.0%
Operating income	$ 18,347	4.5%	$ 12,877	3.5%	$ 5,470	42.5%
Interest expense, net of interest income	(12,062)		(19,027)		6,965	-36.6%
Loss on debt extinguishment	(4,784)		-		(4,784)	-
Other (expense)	(511)		(1,723)		1,212	-70.3%
Income tax benefit	1,100		471		629	133.5%
Net income (loss)	$ 2,090		$ (7,402)		$ 9,492	-128.2%

The following table summarizes our consolidated key performance measures, including Field contribution and Field contribution margin, which are non-GAAP measures (see “Non-GAAP Financial Measures” below), for the three-month periods indicated:

	For the Three-Month Periods Ended			
(dollars in thousands)	October 2, 2021	September 26, 2020	Change	% Change
Revenue	$ 411,276	$ 366,003	$ 45,273	12.4%
Cost of revenue, excluding depreciation and amortization	271,534	251,873	19,661	7.8%
Gross margin	$ 139,742	$ 114,130	$ 25,612	22.4%
Gross margin percentage	34.0%	31.2%		
Branch and regional administrative expenses	76,370	59,641	16,729	28.0%
Field contribution	$ 63,372	$ 54,489	$ 8,883	16.3%
Field contribution margin	15.4%	14.9%		
Corporate expenses	$ 37,873	$ 32,493	$ 5,380	16.6%
As a percentage of revenue	9.2%	8.9%		
Operating income	$ 18,347	$ 12,877	$ 5,470	42.5%
As a percentage of revenue	4.5%	3.5%		

The following tables summarize our key performance measures by segment for the three-month periods indicated:

	PDS				
	For the Three-Month Periods Ended				
(dollars and hours in thousands)	October 2, 2021	September 26, 2020	Change	% Change	
Revenue	$ 327,133	$ 328,985	$ (1,852)	-0.6%	
Cost of revenue, excluding depreciation and amortization	226,540	231,454	(4,914)	-2.1%	
Gross margin	$ 100,593	$ 97,531	$ 3,062	3.1%	
Gross margin percentage	30.7%	29.6%		1.1%	(4)
Hours	8,998	9,409	(411)	-4.4%	
Revenue rate	$ 36.36	$ 34.96	$ 1.40	3.8%	(1)
Cost of revenue rate	$ 25.18	$ 24.60	$ 0.58	2.3%	(2)
Spread rate	$ 11.18	$ 10.37	$ 0.81	7.5%	(3)

	HHH				
	For the Three-Month Periods Ended				
(dollars and admissions/episodes in thousands)	October 2, 2021	September 26, 2020	Change	% Change	
Revenue	$ 47,000	$ 4,690	$ 42,310	902.1%	
Cost of revenue, excluding depreciation and amortization	24,130	2,774	21,356	769.9%	
Gross margin	$ 22,870	$ 1,916	$ 20,954	1093.6%	
Gross margin percentage	48.7%	40.9%		7.8%	(4)
Home health total admissions [5]**	11.6	**	**	**	
Home health episodic admissions [6]**	7.1	**	**	**	
Home health total episodes [7]**	10.5	**	**	**	
Home health revenue per completed episode [8]**	$ 2,894	**	**	**	

	MS				
	For the Three-Month Periods Ended				
(dollars and UPS in thousands)	October 2, 2021	September 26, 2020	Change	% Change	
Revenue	$ 37,143	$ 32,328	$ 4,815	14.9%	
Cost of revenue, excluding depreciation and amortization	20,864	17,645	3,219	18.2%	
Gross margin	$ 16,279	$ 14,683	$ 1,596	10.9%	
Gross margin percentage	43.8%	45.4%		-1.6%	(4)
Unique patients served (“UPS”)	78	70	8	11.4%	
Revenue rate	$ 476.19	$ 461.83	$ 14.36	3.5%	(1)
Cost of revenue rate	$ 267.49	$ 252.07	$ 15.42	6.8%	(2)
Spread rate	$ 208.71	$ 209.76	$ (1.06)	-0.5%	(3)

(1) Represents the period over period change in revenue rate, plus the change in revenue rate attributable to the change in volume.
(2) Represents the period over period change in cost of patient services rate, plus the change in cost of patient services rate attributable to the change in volume.
(3) Represents the period over period change in spread rate, plus the change in spread rate attributable to the change in volume.
(4) Represents the change in margin percentage year over year.
(5) Represents home health episodic and fee-for-service admissions.
(6) Represents home health episodic admissions.
(7) Represents episodic admissions and recertifications.
(8) Represents Medicare revenue per completed episode.
** We entered the home health business in the fourth fiscal quarter of 2020. The metrics presented for the three-month period ended October 2, 2021 pertain to the home health component of the HHH segment. These metrics do not pertain to the hospice portion of this segment or certain other Medicare services provided in this segment, neither of which are material in the aggregate for the period presented.

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

Summary Operating Results

Operating Income

Our operating income was $18.3 million, or 4.5% of revenue, for the three-month period ended October 2, 2021, as compared to operating income of $12.9 million, or 3.5% of revenue, for the three-month period ended September 26, 2020, an increase of $5.5 million.

Operating income for the third quarter of 2021 was positively impacted by an increase of $8.9 million, or 16.3%, in Field contribution as compared to the third quarter of 2020. The $8.9 million increase in Field contribution was delivered by a $45.3 million, or 12.4%, increase in consolidated revenue, combined with a 0.5% improvement in our Field contribution margin to 15.4% for the third quarter of 2021 from 14.9% for the third quarter of 2020.

The $5.5 million net increase in operating income was primarily attributable to the $8.9 million increase in Field contribution, in addition to the following activity:

- a $2.5 million decrease in acquisition-related costs; net of,
- a $5.4 million increase in corporate expenses over the prior year quarter.

Net Income (Loss)

The $9.5 million improvement in net income (loss) for the three-month period ended October 2, 2021, as compared to the three-month period ended September 26, 2020, resulted from the following:

- the previously discussed $5.5 million increase in operating income;
- a $7.0 million decrease in interest expense, net of interest income;
- a $4.8 million loss on debt extinguishment related to the refinancing of our remaining term loans during the three-month period ended October 2, 2021;
- a $0.5 million increase in other expense; and
- a $0.6 million increase in income tax benefit.

Revenue

Revenue was $411.3 million for three-month period ended October 2, 2021 as compared to $366.0 million for three-month period ended September 26, 2020, an increase of $45.3 million, or 12.4%. This increase resulted from the following segment activity:

- a $1.9 million, or 0.6%, decrease in PDS revenue;
- a $42.3 million, or 902.1%, increase in HHH revenue; and
- a $4.8 million, or 14.9%, increase in MS revenue.

Our PDS segment revenue decrease of $1.9 million, or 0.6%, for the three-month period ended October 2, 2021 was attributable to volume decreases of 4.4% in our skilled and unskilled businesses, net of an increase in revenue rate of 3.8%. The primary drivers of the net volume decrease were the continuing impact of the COVID-19 environment on caregiver recruitment and retention, net of new volumes contributed by the 2020 PDS Acquisitions completed in August and September of 2020.

The net 3.8% increase in PDS revenue rate for the three-month period ended October 2, 2021, compared to the three-month period ended September 26, 2020, resulted primarily from rate increases issued by various state Medicaid programs and Managed Medicaid payors.

Our HHH segment revenue growth of $42.3 million, or 902.1%, for the three-month period ended October 2, 2021 resulted from the incremental revenue generated by the 2020 HHH Acquisitions as well as the Doctor’s Choice acquisition completed on April 16, 2021.

Our MS segment revenue growth of $4.8 million, or 14.9%, for the three-month period ended October 2, 2021, as compared to the three-month period ended September 26, 2020, was attributable to 11.4% volume growth combined with an increase in revenue rate of 3.5%. Overall, our MS volumes in the third quarter of 2021 grew both as a result of the 2020 PDS Acquisitions and organically. One of the 2020 PDS Acquisitions, D&D Services, Inc. d/b/a Preferred Pediatric Home Health Care (“Preferred”), contained MS businesses in two new markets, Illinois and Oklahoma, which we have now integrated into the overall MS segment platform. The 3.5% revenue rate increase primarily resulted from a shift in product mix.

Cost of Revenue, Excluding Depreciation and Amortization

Cost of revenue, excluding depreciation and amortization, was $271.5 million for the three-month period ended October 2, 2021, as compared to $251.9 million for the three-month period ended September 26, 2020, an increase of $19.7 million, or 7.8%. This increase resulted from the following segment activity:

- a $4.9 million, or 2.1%, decrease in PDS cost of revenue;
- a $21.4 million, or 769.9%, increase in HHH cost of revenue; and
- a $3.2 million, or 18.2%, increase in MS cost of revenue.

The 2.1% decrease in PDS cost of revenue for the three-month period ended October 2, 2021 resulted from the previously noted 4.4% decrease in PDS volumes for the third quarter of 2021, net of a 2.3% increase in PDS cost of revenue rate. The increase in cost of PDS revenue rate primarily resulted from higher caregiver labor costs, including pass-through of state reimbursement rate increases, net of a decrease in COVID-19 related costs and lower professional liability and workers' compensation insurance costs compared to the third quarter of 2020.

We believe we will continue to incur incremental COVID-19 costs through the remainder of 2021, including newly mandated sick leave for our caregivers required by OSHA's Emergency Temporary Standard and costs required to comply with federal, state and local vaccination mandates and testing requirements; retention and incentive compensation to maintain our clinical workforce in the COVID-19 environment; and PPE costs, all as dictated by the continually evolving COVID-19 environment.

The 769.9% increase in HHH cost of revenue for the three-month period ended October 2, 2021 was driven by the increased volumes associated with the 2020 HHH Acquisitions as well as the Doctor’s Choice acquisition.

The 18.2% increase in MS cost of revenue for the three-month period ended October 2, 2021 was driven by the previously noted 11.4% growth in MS volumes in the third quarter of 2021, as well as a 6.8% increase in cost of revenue rate. The increase in cost of revenue rate was primarily attributable to a shift in product mix.

Gross Margin and Gross Margin Percentage

Gross margin was $139.7 million, or 34.0% of revenue, for the three-month period ended October 2, 2021, as compared to $114.1 million, or 31.2% of revenue, for the three-month period ended September 26, 2020. Gross margin increased $25.6 million, or 22.4%, year over year. The 2.8% increase in gross margin percentage for the three-month period ended October 2, 2021 resulted from the combined changes in our revenue rates and cost of revenue rates in each of our segments, which we refer to as the change in our spread rate, as follows:

- a 7.5% increase in PDS spread rate from $10.37 to $11.18, driven by the 3.8% increase in PDS revenue rate, net of the 2.3% increase in PDS cost of revenue rate;
- a 0.5% decrease in MS spread rate from $209.76 to $208.71, driven by the 3.5% increase in MS revenue rate, net of the 6.8% increase in MS cost of revenue rate; and
- our HHH segment, which increased HHH gross margin percentage by 7.8% through the 2020 HHH Acquisitions and the Doctor’s Choice acquisition.

Branch and Regional Administrative Expenses

Branch and regional administrative expenses were $76.4 million, or 18.6% of revenue, for the three-month period ended October 2, 2021, as compared to $59.6 million, or 16.3% of revenue, for the three-month period ended September 26, 2020, an increase of $16.7 million, or 28.0%.

The increase in branch and regional administrative expenses of $16.7 million, or 28.0%, exceeded revenue growth of 12.4% for the three-month period ended October 2, 2021, as compared to the three-month period ended September 26, 2020. The increase in branch and regional administrative expenses as a percentage of revenue of 2.3% was primarily driven by higher HHH branch and regional administrative expenses as a percentage of revenue than our historical consolidated averages which are necessary to support our HHH operations. While our HHH businesses have higher gross margins than our PDS businesses, they have higher branch and regional administrative expenses than our PDS businesses. The higher HHH branch and regional administrative expenses were partially offset by lower COVID-19 related expenses during the three-month period ended October 2, 2021.

Field Contribution and Field Contribution Margin

Field contribution was $63.4 million, or 15.4% of revenue, for the three-month period ended October 2, 2021 as compared to $54.5 million, or 14.9% of revenue, for the three-month period ended September 26, 2020. Field contribution increased $8.9 million, or 16.3%,

for the three-month period ended October 2, 2021, as compared to the three-month period ended September 26, 2020. The 0.5% increase in Field contribution margin for the three-month period ended October 2, 2021 resulted from the following:

- the 2.8% increase in gross margin percentage in the three-month period ended October 2, 2021, as compared to the three-month period ended September 26, 2020; net of
- the 2.3% increase in branch and regional administrative expenses as a percentage of revenue in the three-month period ended October 2, 2021, as compared to the three-month period ended September 26, 2020.

Field Contribution and Field Contribution Margin are non-GAAP financial measures. See “Non-GAAP Financial Measures” below.

Corporate Expenses

Corporate expenses as a percentage of revenue for the three-month periods ended October 2, 2021 and September 26, 2020 were as follows:

	For the Three-Month Periods Ended	
(dollars in thousands)	**October 2, 2021**	**September 26, 2020**
Revenue	$ 411,276	$ 366,003
Corporate expenses	$ 37,873	$ 32,493
As a percentage of revenue	9.2%	8.9%

Corporate expenses were $37.9 million, or 9.2% of revenue, for the three-month period ended October 2, 2021, as compared to $32.5 million, or 8.9% of revenue, for the three-month period ended September 26, 2020. The $5.4 million, or 16.6%, increase in quarter over quarter corporate expenses resulted primarily from increased professional services associated with $2.7 million of incremental debt modification expenses and a $2.6 million non-cash compensation expense charge related to performance-vesting options. We incurred debt modification expenses of $7.0 million in the third quarter of 2021 associated with the refinancing of our first lien term loans. We incurred debt modification expenses of $4.3 million in the third quarter of 2020 related to the additional $185.0 first lien debt used to fund our 2020 PDS Acquisitions and 2020 HHH Acquisitions.

Depreciation and Amortization

Depreciation and amortization were $5.1 million for the three-month period ended October 2, 2021, compared to $3.9 million for the three-month period ended September 26, 2020, an increase of $1.2 million, or 31.2%. The $1.2 million increase in depreciation and amortization in 2020 resulted from incremental capital expenditures in fiscal year 2020 that were in service for a full quarter in the third quarter 2021, and incremental depreciation and amortization associated with assets acquired in connection with the 2020 PDS Acquisitions, 2020 HHH Acquisitions, and Doctor’s Choice.

Acquisition-related Costs

Acquisition-related costs were $2.0 million for the three-month period ended October 2, 2021, compared to $4.5 million for the three-month period ended September 26, 2020. Acquisition-related costs included in the three-month period ended October 2, 2021 were primarily related to acquisition costs associated with pending acquisitions. In the third quarter of 2020, the Company incurred costs associated with the 2020 PDS Acquisitions.

Interest Expense, net of Interest Income

Interest expense, net of interest income was $12.1 million for the three-month period ended October 2, 2021, compared to $19.0 million for the three-month period ended September 26, 2020, a decrease of $7.0 million, or 36.6%. The primary drivers of the net decrease were the following:

- a decrease in interest associated with our $407.0 million aggregate repayment of first and second lien term loans in May 2021 with proceeds from our IPO; and
- a decrease in interest resulting from a reduction in the interest rate under our first lien term loan subsequent to the refinancing in July 2021.

Loss on Debt Extinguishment

Loss on debt extinguishment was $4.8 million for the three-month period ended October 2, 2021. During the three-month period ended October 2, 2021, the Company wrote off debt issuance costs in connection with the refinancing of the $860.0 first lien term loan. There were no such costs in the three-month period ended September 26, 2020.

Other Expense

Other expense was $0.5 million for the three-month period ended October 2, 2021, compared to $1.7 million for the three-month period ended September 26, 2020, a decrease of $1.2 million. Other expense during the comparable three-month periods included gains and losses to measure our interest rate derivatives at fair value, as well as the net settlements we incur with counterparties under our interest rate swap agreements. Other expense included the following:

	For the Three-Month Periods Ended	
(dollars in thousands)	**October 2, 2021**	**September 26, 2020**
Valuation gain to state interest rate derivatives at fair value	$ 1,393	$ 1,157
Net settlements incurred with swap counterparties	(1,959)	(2,770)
Other	55	(110)
Total other (expense)	$ (511)	$ (1,723)

Income Taxes

We incurred income tax benefit of $1.1 million for the three-month period ended October 2, 2021, as compared to income tax benefit of $0.5 million for the three-month period ended September 26, 2020. This increase in tax benefit was primarily driven by the reversal in the third quarter of 2021 of a pre-acquisition tax position initially recorded through goodwill, along with changes in federal and state valuation allowances and state tax expense.

Nine-Month Period Ended October 2, 2021 Compared to the Nine-Month Period Ended September 26, 2020

The following table summarizes our consolidated results of operations for the nine-month periods indicated:

	For the Nine-Month Periods Ended					
(dollars in thousands)	**October 2, 2021**	**% of Revenue**	**September 26, 2020**	**% of Revenue**	**Change**	**% Change**
Revenue	$ 1,264,548	100.0%	$ 1,072,803	100.0%	$ 191,745	17.9%
Cost of revenue, excluding depreciation and amortization	846,534	66.9%	744,503	69.4%	102,031	13.7%
Gross margin	$ 418,014	33.1%	$ 328,300	30.6%	$ 89,714	27.3%
Branch and regional administrative expenses	223,462	17.7%	174,455	16.3%	49,007	28.1%
Field contribution	$ 194,552	15.4%	$ 153,845	14.3%	$ 40,707	26.5%
Corporate expenses	97,673	7.7%	81,039	7.6%	16,634	20.5%
Goodwill impairment	-	0.0%	75,727	7.1%	(75,727)	-100.0%
Depreciation and amortization	15,163	1.2%	12,339	1.2%	2,824	22.9%
Acquisition-related costs	4,779	0.4%	4,679	0.4%	100	2.1%
Other operating expenses	-	0.0%	1,274	0.1%	(1,274)	-100.0%
Operating income (loss)	$ 76,937	6.1%	$ (21,213)	-2.0%	$ 98,150	-462.7%
Interest expense, net of interest income	(53,611)		(58,725)		5,114	-8.7%
Loss on debt extinguishment	(13,702)		(73)		(13,629)	18669.9%
Other (expense) income	(1,088)		35,608		(36,696)	-103.1%
Income tax benefit (expense)	612		(2,915)		3,527	-121.0%
Net income (loss)	$ 9,148		$ (47,318)		$ 56,466	-119.3%

The following table summarizes our consolidated key performance measures, including Field contribution and Field contribution margin, which are non-GAAP measures (see “Non-GAAP Financial Measures” below), for the nine-month periods indicated:

(dollars in thousands)	For the Nine-Month Periods Ended October 2, 2021	September 26, 2020	Change	% Change
Revenue	$ 1,264,548	$ 1,072,803	$ 191,745	17.9%
Cost of revenue, excluding depreciation and amortization	846,534	744,503	102,031	13.7%
Gross margin	$ 418,014	$ 328,300	$ 89,714	27.3%
Gross margin percentage	33.1%	30.6%		
Branch and regional administrative expenses	223,462	174,455	49,007	28.1%
Field contribution	$ 194,552	$ 153,845	$ 40,707	26.5%
Field contribution margin	15.4%	14.3%		
Corporate expenses	$ 97,673	$ 81,039	$ 16,634	20.5%
As a percentage of revenue	7.7%	7.6%		
Operating income (loss)	$ 76,937	$ (21,213)	$ 98,150	-462.7%
As a percentage of revenue	6.1%	-2.0%		

The following tables summarize our key performance measures by segment for the nine-month periods indicated:

	PDS				
	For the Nine-Month Periods Ended				
(dollars and hours in thousands)	October 2, 2021	September 26, 2020	Change	% Change	
Revenue	$ 1,027,640	$ 963,694	$ 63,946	6.6%	
Cost of revenue, excluding depreciation and amortization	719,435	683,492	35,943	5.3%	
Gross margin	$ 308,205	$ 280,202	$ 28,003	10.0%	
Gross margin percentage	30.0%	29.1%		0.9%	(4)
Hours	28,828	27,338	1,490	5.5%	
Revenue rate	$ 35.65	$ 35.25	$ 0.40	1.1%	(1)
Cost of revenue rate	$ 24.96	$ 25.00	$ (0.04)	-0.2%	(2)
Spread rate	$ 10.69	$ 10.25	$ 0.44	4.5%	(3)

	HHH				
	For the Nine-Month Periods Ended				
(dollars and admissions/episodes in thousands)	October 2, 2021	September 26, 2020	Change	% Change	
Revenue	$ 128,589	$ 13,823	$ 114,766	830.3%	
Cost of revenue, excluding depreciation and amortization	67,224	8,273	58,951	712.6%	
Gross margin	$ 61,365	$ 5,550	$ 55,815	1005.7%	
Gross margin percentage	47.7%	40.2%		7.5%	(4)
Home health total admissions [5]**	29.1	**	**	**	
Home health episodic admissions [6]**	18.0	**	**	**	
Home health total episodes [7]**	26.5	**	**	**	
Home health revenue per completed episode [8]**	$ 2,894	**	**	**	

	MS				
	For the Nine-Month Periods Ended				
(dollars and UPS in thousands)	October 2, 2021	September 26, 2020	Change	% Change	
Revenue	$ 108,319	$ 95,286	$ 13,033	13.7%	
Cost of revenue, excluding depreciation and amortization	59,875	52,738	7,137	13.5%	
Gross margin	$ 48,444	$ 42,548	$ 5,896	13.9%	
Gross margin percentage	44.7%	44.7%		0.0%	(4)
Unique patients served (“UPS”)	229	210	19	9.0%	
Revenue rate	$ 473.01	$ 453.74	$ 19.27	4.7%	(1)
Cost of revenue rate	$ 261.46	$ 251.13	$ 10.33	4.5%	(2)
Spread rate	$ 211.55	$ 202.61	$ 8.94	4.9%	(3)

(1) Represents the period over period change in revenue rate, plus the change in revenue rate attributable to the change in volume.
(2) Represents the period over period change in cost of patient services rate, plus the change in cost of patient services rate attributable to the change in volume.

(3) Represents the period over period change in spread rate, plus the change in spread rate attributable to the change in volume.
(4) Represents the change in margin percentage year over year.
(5) Represents home health episodic and fee-for-service admissions.
(6) Represents home health episodic admissions.
(7) Represents episodic admissions and recertifications.
(8) Represents Medicare revenue per completed episode.

** We entered the home health business in the fourth fiscal quarter of 2020. The metrics presented for the three-month period ended October 2, 2021 pertain to the home health component of the HHH segment. These metrics do not pertain to the hospice portion of this segment or certain other Medicare services provided in this segment, neither of which are material in the aggregate for the period presented.

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

Summary Operating Results

Operating Income (Loss)

Overall, our operating income was $76.9 million, or 6.1% of revenue, for the nine-month period ended October 2, 2021, as compared to operating loss of $21.2 million, or 2.0% of revenue, for the nine-month period ended September 26, 2020, an increase of $98.2 million.

Operating income for the first nine-months of 2021 was positively impacted by an increase of $40.7 million, or 26.5%, in Field contribution as compared to the first nine-months of 2020. The $40.7 million increase in Field contribution was delivered by a $191.7 million, or 17.9%, increase in consolidated revenue, combined with a 1.1% improvement in our Field contribution margin to 15.4% for the first nine-months of 2021 from 14.3% for the first nine-months of 2020.

The $98.2 million net increase in operating income was primarily attributable to the $40.7 million increase in Field contribution, in addition to the following activity:

- the absence in the current year of the $75.7 million non-cash charge for goodwill impairment recorded in the second fiscal quarter of 2020 related to our exit of the ABA Therapy business;
- a $16.6 million increase in corporate expenses over the prior year to date period; and
- a $2.8 million increase in depreciation expense.

Net Income (Loss)

The $56.5 million increase in net income for the nine-month period ended October 2, 2021, as compared to the nine-month period ended September 26, 2020, was primarily driven by the following:

- the previously discussed $98.2 million increase in operating income;
- a $5.1 million decrease in interest expense, net of interest income;
- the absence of $50.0 million in other income associated with a legal settlement related to an acquisition which was received in the first quarter of 2020; net of a
- $13.2 million net decrease in valuation charges associated with our interest rate swaps and net settlements incurred with swap counterparties;
- a $13.6 million increase in loss on debt extinguishment related to the repayment of certain long-term debt obligations and refinancing of our remaining $860.0 million first lien term loan during the nine-month period ended October 2, 2021; and
- a $3.5 million net decrease in income tax expense.

Revenue

Revenue was $1,264.5 million for nine-month period ended October 2, 2021 as compared to $1,072.8 million for nine-month period ended September 26, 2020, an increase of $191.7 million, or 17.9%. This increase resulted from the following segment activity:

- a $63.9 million, or 6.6%, increase in PDS revenue;
- a $114.8 million, or 830.3%, increase in HHH revenue; and
- a $13.0 million, or 13.7%, increase in MS revenue.

Our PDS segment revenue growth of $63.9 million, or 6.6%, for the nine-month period ended October 2, 2021 was attributable to volume growth of 5.5%, and an increase in revenue rate of 1.1%. The primary driver of the 5.5% PDS year over year volume increase was incremental volume growth contributed by our 2020 PDS Acquisitions. We also realized strong growth in our unskilled businesses on a comparable year to date basis, net of volume decreases in our other PDS businesses due to the continuing impact of the COVID-19 environment.

The net 1.1% increase in PDS revenue rate for the nine-month period ended October 2, 2021, compared to the nine-month period ended September 26, 2020, resulted primarily from reimbursement rate increases issued by various state Medicaid programs and Managed Medicaid payors.

Our HHH segment revenue growth of $114.8 million, or 830.3%, for the nine-month period ended October 2, 2021 resulted from the incremental revenue generated by the 2020 HHH Acquisitions and Doctor’s Choice.

Our MS segment revenue growth of $13.0 million, or 13.7%, for the nine-month period ended October 2, 2021, as compared to the nine-month period ended September 26, 2020, was attributable to 9.0% volume growth combined with an increase in revenue rate of 4.7%. Overall, our MS volumes in the first nine-months of 2021 grew both as a result of the 2020 PDS Acquisitions and organically. One of the 2020 PDS Acquisitions, Preferred, contained MS businesses in two new markets, Illinois and Oklahoma, which we have now integrated into the overall MS segment platform. The 4.7% revenue rate increase primarily resulted from a shift in product mix.

Cost of Revenue, Excluding Depreciation and Amortization

Cost of revenue, excluding depreciation and amortization, was $846.5 million for the nine-month period ended October 2, 2021, as compared to $744.5 million for the nine-month period ended September 26, 2020, an increase of $102.0 million, or 13.7%. This increase resulted from the following segment activity:

- a $35.9 million, or 5.3%, increase in PDS cost of revenue;
- a $59.0 million, or 712.6%, increase in HHH cost of revenue; and
- a $7.1 million, or 13.5%, increase in MS cost of revenue.

The 5.3% increase in PDS cost of revenue for the nine-month period ended October 2, 2021 resulted from the previously noted 5.5% growth in PDS volumes for the first nine-months of 2021, net of a 0.2% decrease in PDS cost of revenue rate. The 0.2% decrease in cost of revenue rate primarily resulted from the growth of our unskilled business, which has significantly lower cost of revenue rates than the hourly rates in the balance of our PDS businesses, together with a decrease in COVID-19 related costs and lower professional liability and workers' compensation insurance costs compared to the nine-month period ended September 26, 2020. The decreases in cost of revenue rate were partially offset by higher caregiver labor costs including pass-through of state reimbursement rate increases in the nine-month period ended October 2, 2021.

We believe we will continue to incur incremental COVID-19 costs through the remainder of 2021, including newly mandated sick leave for our caregivers required by OSHA's Emergency Temporary Standard and costs required to comply with federal, state and local vaccination mandates and testing requirements; retention and incentive compensation to maintain our clinical workforce in the COVID-19 environment; and PPE costs, all as dictated by the continually evolving COVID-19 environment.

The 712.6% increase in HHH cost of revenue for the nine-month period ended October 2, 2021 was driven by the increased volumes associated with the 2020 HHH Acquisitions and Doctor’s Choice.

The 13.5% increase in MS cost of revenue for the nine-month period ended October 2, 2021 was driven by the previously noted 9.0% growth in MS volumes during 2021, as well as a 4.5% increase in cost of revenue rate. The increase in cost of revenue rate was primarily attributable to a shift in product mix.

Gross Margin and Gross Margin Percentage

Gross margin was $418.0 million, or 33.1% of revenue, for the nine-month period ended October 2, 2021, as compared to $328.3 million, or 30.6% of revenue, for the nine-month period ended September 26, 2020. Gross margin increased $89.7 million, or 27.3%, year over year. The 2.5% increase in gross margin percentage for the nine-month period ended October 2, 2021 resulted from the combined changes in our revenue rates and cost of revenue rates in each of our segments, which we refer to as the change in our spread rate, as follows:

- a 4.5% increase in PDS spread rate from $10.25 to $10.69, driven by the 1.1% increase in PDS revenue rate and the 0.2% decrease in PDS cost of revenue rate;

- a 4.9% increase in MS spread rate from $202.61 to $211.55, driven by the 4.7% increase in MS revenue rate, net of the 4.5% increase in MS cost of revenue rate; and
- our HHH segment, which increased HHH gross margin percentage by 7.5% through the 2020 HHH Acquisitions and the Doctor's Choice acquisition.

Branch and Regional Administrative Expenses

Branch and regional administrative expenses were $223.5 million, or 17.7% of revenue, for the nine-month period ended October 2, 2021, as compared to $174.5 million, or 16.3% of revenue, for the nine-month period ended September 26, 2020, an increase of $49.0 million, or 28.1%.

The increase in branch and regional administrative expenses of $49.0 million, or 28.1%, exceeded revenue growth of 17.9% for the nine-month period ended October 2, 2021, as compared to the nine-month period ended September 26, 2020. The increase in branch and regional administrative expenses as a percentage of revenue of 1.4% was primarily driven by higher HHH branch and regional administrative expenses as a percentage of revenue than our historical consolidated averages which are necessary to support our HHH operations; net of higher costs savings as a percentage of revenue than our consolidated average resulting from our exit of the ABA Therapy business in the second fiscal quarter of 2020 and lower COVID-19 related expenses. While our HHH businesses have higher gross margins than our PDS businesses, they have higher branch and regional administrative expenses than our PDS businesses.

Field Contribution and Field Contribution Margin

Field contribution was $194.6 million, or 15.4% of revenue, for the nine-month period ended October 2, 2021 as compared to $153.8 million, or 14.3% of revenue, for the nine-month period ended September 26, 2020. Field contribution increased $40.7 million, or 26.5%, for the nine-month period ended October 2, 2021, as compared to the nine-month period ended September 26, 2020. The 1.1% increase in Field contribution margin for the nine-month period ended October 2, 2021 resulted from the following:

- the 2.5% increase in gross margin percentage in the nine-month period ended October 2, 2021, as compared to the nine-month period ended September 26, 2020; net of
- the 1.4% increase in branch and regional administrative expenses as a percentage of revenue in the nine-month period ended October 2, 2021, as compared to the nine-month period ended September 26, 2020.

Field Contribution and Field Contribution Margin are non-GAAP financial measures. See "Non-GAAP Financial Measures" below.

Corporate Expenses

Corporate expenses as a percentage of revenue for the nine-month periods ended October 2, 2021 and September 26, 2020 were as follows:

	For the Nine-Month Periods Ended	
(dollars in thousands)	**October 2, 2021**	**September 26, 2020**
Revenue	$ 1,264,548	$ 1,072,803
Corporate expenses	$ 97,673	$ 81,039
As a percentage of revenue	7.7%	7.6%

Corporate expenses were $97.7 million, or 7.7% of revenue, for the nine-month period ended October 2, 2021, as compared to $81.0 million, or 7.6% of revenue, for the nine-month period ended September 26, 2020. The $16.6 million, or 20.5%, increase in period over period corporate expenses resulted primarily from: higher non-cash compensation expense related to the performance vesting options; increased compensation and benefits expense necessary to support the integration of acquired companies; increased professional services associated with integration activities; and, incremental debt modification expenses. We incurred debt modification expenses of $7.0 million in the third quarter of 2021 associated with the refinancing of our first lien term loans. We incurred debt modification expenses of $4.3 million in the third quarter of 2020 related to the additional $185.0 first lien debt used to fund our 2020 PDS Acquisitions and 2020 HHH Acquisitions.

Depreciation and Amortization

Depreciation and amortization were $15.2 million for the nine-month period ended October 2, 2021, compared to $12.3 million for the nine-month period ended September 26, 2020, an increase of $2.8 million, or 22.9%. The $2.8 million increase in depreciation and amortization in 2021 resulted from incremental capital expenditures in fiscal year 2020 that were in service for a full nine-months during

2021, and incremental depreciation and amortization associated with assets acquired in connection with the 2020 PDS Acquisitions, 2020 HHH Acquisitions and Doctor's Choice.

Acquisition-related Costs

Acquisition-related costs were $4.8 million for the nine-month period ended October 2, 2021, compared to $4.7 million for the nine-month period ended September 26, 2020. Acquisition-related costs in 2021 were primarily associated with the Doctor's Choice acquisition, completed on April 16, 2021 and pending acquisitions. In the second quarter of 2020, the Company began to incur costs associated with the 2020 PDS Acquisitions which continued through the third quarter of 2020.

Interest Expense, net of Interest Income

Interest expense, net of interest income was $53.6 million for the nine-month period ended October 2, 2021, compared to $58.7 million for the nine-month period ended September 26, 2020, a decrease of $5.1 million, or 8.7%. The primary drivers of the net decrease were the following:

- a decrease in interest associated with our $407.0 million aggregate repayment of first and second lien term loans in May 2021 with proceeds from our IPO;
- a decrease in interest resulting from a reduction in the interest rate under our first lien term loan subsequent to the refinancing in July 2021; net of
- incremental costs associated with the $185.0 million first lien fourth amendment term loan issued in September 2020.

Loss on Debt Extinguishment

Loss on debt extinguishment was $13.7 million for the nine-month period ended October 2, 2021, compared to a loss of $0.1 million for the nine-month period ended September 26, 2020. During the nine-month period ended October 2, 2021, the Company wrote off debt issuance costs in connection with the repayment of an aggregate principal amount of $307.0 million under the Second Lien Credit Agreement, as well as $100.0 million in principal under the First Lien Credit Agreement and additional amounts associated with the refinancing of the $860.0 million first lien term loan during the third quarter of 2021.

Other (Expense) Income

Other expense was $1.1 million for the nine-month period ended October 2, 2021, compared to other income of $35.6 million for the nine-month period ended September 26, 2020, a decrease of $36.7 million. The primary driver of the change was our receipt of a legal settlement in connection with an acquisition-related matter in the first quarter of 2020. Other (expense) income included gains and losses to measure our interest rate derivatives at fair value, as well as the net settlements we incur with counterparties under our interest rate swap agreements. Our valuation adjustments under our interest rate swaps resulted in a gain of $6.2 million during the first nine-months of 2021, as compared to a $6.9 million loss in the first nine-months of 2020. Other (expense) income included the following:

	For the Nine-Month Periods Ended	
(dollars in thousands)	**October 2, 2021**	**September 26, 2020**
Valuation gain (loss) to state interest rate derivatives at fair value	$ 6,246	$ (6,925)
Net settlements incurred with swap counterparties	(7,498)	(7,474)
Proceeds from legal settlement associated with acquisition-related matters	-	50,000
Other	164	7
Total other (expense) income	$ (1,088)	$ 35,608

Income Taxes

We incurred income tax benefit of $0.6 million for the nine-month period ended October 2, 2021, as compared to income tax expense of $2.9 million for the nine-month period ended September 26, 2020. This decrease in tax expense was primarily driven by the reversal in the third quarter of 2021 of a pre-acquisition tax position initially recorded through goodwill, along with changes in federal and state valuation allowances and state tax expense.

Non-GAAP Financial Measures

In addition to our results of operations prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which we have discussed above, we also evaluate our financial performance using EBITDA, Adjusted EBITDA, Field contribution and Field contribution margin.

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are non-GAAP financial measures and are not intended to replace financial performance measures determined in accordance with U.S. GAAP, such as net income (loss). Rather, we present EBITDA and Adjusted EBITDA as supplemental measures of our performance. We define EBITDA as net income (loss) before interest expense, net; income tax (expense) benefit; and depreciation and amortization. We define Adjusted EBITDA as EBITDA, adjusted for the impact of certain other items that are either non-recurring, infrequent, non-cash, unusual, or items deemed by management to not be indicative of the performance of our core operations, including impairments of goodwill, intangible assets, and other long-lived assets; non-cash, stock-based compensation; sponsor fees; loss on extinguishment of debt; fees related to debt modifications; the effect of interest rate derivatives; acquisition-related and integration costs; legal costs and settlements associated with acquisition matters; the discontinuation of our ABA Therapy services; non-acquisition-related legal settlements; and other system transition costs, professional fees and other costs. As non-GAAP financial measures, our computations of EBITDA and Adjusted EBITDA may vary from similarly termed non-GAAP financial measures used by other companies, making comparisons with other companies on the basis of this measure impracticable.

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

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

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

The following table reconciles net income to EBITDA and Adjusted EBITDA for the periods indicated:

	For the Three-Month Periods Ended		For the Nine-Month Periods Ended	
(dollars in thousands)	**October 2, 2021**	**September 26, 2020**	**October 2, 2021**	**September 26, 2020**
Net income (loss)	$ 2,090	$ (7,402)	$ 9,148	$ (47,318)
Interest expense, net	12,062	19,027	53,611	58,725
Income tax (benefit) expense	(1,100)	(471)	(612)	2,915
Depreciation and amortization	5,145	3,922	15,163	12,339
EBITDA	18,197	15,076	77,310	26,661
Goodwill, intangible and other long-lived asset impairment	15	822	109	77,293
Non-cash stock-based compensation	4,262	436	10,142	2,176
Sponsor fees [(1)]	-	807	808	2,422
Loss on extinguishment of debt	4,784	-	13,702	73
Bank fees related to debt modifications	7,178	4,265	7,178	4,265
Interest rate derivatives [(2)]	566	1,637	1,252	14,399
Acquisition-related costs and other costs [(3)]	2,007	4,475	4,779	7,164
Integration costs [(4)]	4,364	1,996	12,482	3,841
Legal costs and settlements associated with acquisition matters [(5)]	70	2,277	1,120	(45,746)
COVID-related costs, net of reimbursement [(6)]	2,009	5,733	4,329	9,556
ABA exited operations [(7)]	-	1,917	-	4,254
Other system transition costs, professional fees and other [(8)]	2,358	529	5,178	820
Total adjustments [(9)]	$ 27,613	$ 24,894	$ 61,079	$ 80,517
Adjusted EBITDA	$ 45,810	$ 39,970	$ 138,389	$ 107,178

(1) Represents annual management fees payable to our sponsors under our Management Agreement as defined in Note 12 – Related Party Transactions within the notes accompanying our consolidated financial statements included in this Quarterly Report on Form 10-Q. The Management Agreement terminated in accordance with its terms upon completion of our initial public offering.

(2) Represents costs associated with interest rate derivatives not included in interest expense which were included in other income.

(3) Represents (i) transaction costs incurred in connection with planned, completed, or terminated acquisitions, which include investment banking fees, legal diligence and related documentation costs, and finance and accounting diligence and documentation, as presented on the Company's consolidated statements of operations, of $2.0 million and $4.8 million for the three and nine-month periods ended October 2, 2021, respectively; and $4.5 million and $4.7 million for the three and nine-month periods ended September 26, 2020, respectively, and (ii) corporate salary and severance costs in connection with our January 2020 corporate restructuring in response to a terminated transaction of $0.0 million and $2.5 million for the three and nine-month periods ended September 26, 2020, respectively; there were no such costs in 2021.

(4) Represents (i) costs associated with our Integration Management Office, which focuses solely on our integration efforts, of $0.9 million and $2.8 million of the three and nine-month periods ended October 2, 2021, respectively, and $0.9 million and $2.1 million for the three and nine-month periods ended September 26, 2020, respectively; and (ii) transitionary costs incurred to integrate acquired companies into our field and corporate operations of $3.5 million and $9.7 million for the three and nine-month periods ended October 2, 2021, respectively, and $1.1 million and $1.7 million for the three and nine-month periods ended September 26, 2020, respectively. Transitionary costs incurred to integrate acquired companies include IT consulting costs and related integration support costs; salary, severance and retention costs associated with duplicative acquired company personnel until such personnel are exited from the Company; accounting, legal and consulting costs; expenses and impairments related to the closure and consolidation of overlapping markets of acquired companies, including lease termination and relocation costs; costs associated with terminating legacy acquired company contracts and systems; and one-time costs associated with rebranding our acquired companies and locations to the Aveanna brand.

(5) Represents legal and forensic costs, as well as settlements associated with resolving legal matters arising during or as a result of our acquisition-related activities. This includes costs associated with pursuing and resolving certain claims in connection with acquisition-related legal matters, as well as a $50.0 million settlement received pertaining to one such matter in the first quarter 2020. It also includes costs of $0.1 million and $1.1 million for the three and nine-month periods ended October 2, 2021, respectively, and $0.8 million and $2.4 million for the three and nine-month periods ended September 26, 2020, respectively, to comply with the U.S. Department of Justice, Antitrust Division's grand jury subpoena related to nurse wages and hiring activities in certain of our markets, in connection with a terminated transaction.

(6) Represents costs incurred as a result of the COVID-19 environment, primarily including, but not limited to, (i) relief, vaccine, and hero pay provided to our caregivers and other incremental compensation costs; (ii) sick leave for our caregivers required by OSHA's Emergency Temporary Standard and costs required to comply with federal, state and local vaccination mandates and testing requirements; (iii) incremental PPE costs; (iv) salary, severance and lease termination costs associated with workforce reductions necessitated by COVID-19; and (v) costs of remote workforce enablement, all of which totaled $2.0 million and $4.5 million for the three and nine-month periods ended October 2, 2021, respectively, and $7.1 million and $12.7 million for the three and nine-month periods ended September 26, 2020, respectively; net of temporary reimbursement rate increases provided by certain state Medicaid and Medicaid Managed Care programs which approximated $1.4 million and $3.1 million for the three and nine-month periods ended September 26, 2020, respectively.

(7) Represents the results of operations for the periods indicated related to the ABA Therapy services business that we exited as a result of the COVID-19 environment, as well as one-time costs incurred in connection with exiting the ABA Therapy services business.

(8) Represents (i) costs associated with the implementation of, and transition to, new electronic medical record systems, billing and collection systems, business intelligence systems, customer resource management systems, duplicative system costs while such transformational projects are in-process, and other system transition costs of $1.2 million and $1.5 million for the three and nine-month periods ended October 2, 2021, respectively, and $0.2 and $0.7 million for the three and nine-month periods ended September 26, 2020, respectively; and (ii) professional fees associated with preparation for Sarbanes-Oxley compliance, advisory fees associated with preparation for and execution of our initial public equity offering, and advisory costs associated with the adoption of new accounting standards, of $0.8 million and $4.3 million for the three and nine-month periods ended October 2, 2021, respectively, and $0.4 million and $0.3 million for the three and nine-month periods ended September 26, 2020, respectively; and (iii) certain other costs or (income) that are either non-cash or non-core to the Company’s ongoing operations of $0.4 million and $(0.6) million for the three and nine-month periods ended October 2, 2021, respectively, and $(0.1) million and $(0.2) million for the three and nine-month periods ended September 26, 2020.

(9) The table below reflects the increase or decrease, and aggregate impact, to the line items included on our consolidated statements of operations based upon the adjustments used in arriving at Adjusted EBITDA from EBITDA for the periods indicated:

	Impact to Adjusted EBITDA			
	For the Three-Month Periods Ended		For the Nine-Month Periods Ended	
(dollars in thousands)	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Revenue	$ (3)	$ (1,973)	$ (153)	$ (10,122)
Cost of revenue, excluding depreciation and amortization	2,697	4,089	3,725	11,968
Branch and regional administrative expenses	1,381	4,705	3,340	11,075
Corporate expenses	16,234	11,158	34,597	21,455
Goodwill impairment	-	-	-	75,727
Acquisition-related costs	2,007	4,510	4,779	4,679
Other operating expenses	-	687	-	1,274
Loss on debt extinguishment	4,784	-	13,702	73
Other expense (income)	513	1,718	1,089	(35,612)
Total adjustments	$ 27,613	$ 24,894	$ 61,079	$ 80,517

Field contribution and Field Contribution Margin

Field contribution and Field contribution margin are non-GAAP financial measures and are not intended to replace financial performance measures determined in accordance with U.S. GAAP, such as operating income (loss). Rather, we present Field contribution and Field contribution margin as supplemental measures of our performance. We define Field contribution as operating income (loss) prior to corporate expenses and other non-field related costs, including depreciation and amortization, acquisition-related costs, and other operating expenses. Field contribution margin is Field contribution as a percentage of revenue. As non-GAAP financial measures, our computations of Field contribution and Field contribution margin may vary from similarly termed non-GAAP financial measures used by other companies, making comparisons with other companies on the basis of these measures impracticable.

Field contribution and Field contribution margin have limitations as analytical tools and should not be considered in isolation or as substitutes or alternatives to net income or loss, revenue, operating income or loss, cash flows from operating activities, total indebtedness or any other financial measures calculated in accordance with U.S. GAAP.

Management believes Field contribution and Field contribution margin are helpful in highlighting trends in our core operating performance and evaluating trends in our branch and regional results, which can vary from year to year. We use Field contribution and

Field contribution margin to make business decisions and assess the operating performance and results delivered by our core field operations, prior to corporate and other costs not directly related to our field operations. These metrics are also important because they guide us in determining whether or not our branch and regional administrative expenses are appropriately sized to support our caregivers and direct patient care operations. Additionally, Field contribution and Field contribution margin determine how effective we are in managing our field supervisory and administrative costs associated with supporting our provision of services and sale of products.

The following table reconciles operating income to Field contribution and Field contribution margin for the periods indicated:

	For the Three-Month Periods Ended		For the Nine-Month Periods Ended	
(dollars in thousands)	**October 2, 2021**	**September 26, 2020**	**October 2, 2021**	**September 26, 2020**
Operating income (loss)	$ 18,347	$ 12,877	$ 76,937	$ (21,213)
Other operating expenses	-	687	-	1,274
Acquisition-related costs	2,007	4,510	4,779	4,679
Depreciation and amortization	5,145	3,922	15,163	12,339
Goodwill impairment	-	-	-	75,727
Corporate expenses	37,873	32,493	97,673	81,039
Field contribution	$ 63,372	$ 54,489	$ 194,552	$ 153,845
Revenue	$ 411,276	$ 366,003	$ 1,264,548	$ 1,072,803
Field contribution margin	15.4%	14.9%	15.4%	14.3%

Liquidity and Capital Resources

Overview

Our principal sources of cash have historically been from operating activities. Our principal source of liquidity in excess of cash from operating activities has historically been from proceeds from our debt facilities and issuances of common stock. Most recently, we raised aggregate proceeds of $477.7 million in our initial public offering, after deducting underwriting discounts and commissions and inclusive of our underwriters' partial exercise of their overallotment option. Our principal uses of cash and liquidity have historically been for acquisitions, debt service requirements and financing of working capital.

As permitted by the CARES Act, we deferred payment of $46.8 million of payroll taxes in fiscal year 2020, which increased our net cash provided by operating activities and available cash on hand. Certain companies we acquired in 2020 and 2021 had also deferred payroll taxes of $4.6 million in aggregate in fiscal year 2020. We did not defer any payroll taxes after December 31, 2020. As of October 2, 2021, our aggregate deferred payroll taxes were $51.4 million. These deferred payroll taxes will require payments to the Internal Revenue Service of 50% on December 31, 2021 and 50% on December 31, 2022.

Certain of our acquired home health and hospice companies received advance payments from CMS in April 2020, pursuant to the CARES Act. Receipt of the advances did not increase our net cash provided by operating activities in 2020. Gross advances received by acquired companies in April 2020 totaled $15.7 million. We began repaying the gross amount of the advances during the three-month period ended July 3, 2021, and had repaid an aggregate amount of $8.8 million of such advances as of October 2, 2021. As of October 2, 2021 remaining advances to be repaid totaled $6.9 million and we expect to repay the majority of the advances in fiscal year 2021.

We believe that our operating cash flows, available cash on hand and availability under our credit facilities will be sufficient to meet our cash requirements for the next twelve months. Our future capital requirements will depend on many factors that are difficult to predict, including the size, timing and structure of any future acquisitions, future capital investments and future results of operations. We cannot assure you that cash provided by operating activities or cash and cash equivalents will be sufficient to meet our future needs. If we are unable to generate sufficient cash flows from operations in the future, we may have to obtain additional financing. If we obtain additional capital by issuing equity, the interests of our existing stockholders will be diluted. If we incur additional indebtedness, that indebtedness may contain significant financial and other covenants that may significantly restrict our operations. We cannot assure you that we could obtain refinancing or additional financing on favorable terms or at all.

We evaluate our liquidity based upon our current cash balances, the availability we have under our credit facilities in addition to the net cash (used in) or provided by operating, investing and financing activities. Specifically, we review the activity under the revolving credit facility and consider period end balances outstanding under the revolving credit facility. Based upon the outstanding borrowings and letters of credit under the revolving credit facility, we calculate the availability for borrowings under the revolving credit facility. Such amount, in addition to cash on our balance sheet, is what we consider to be our "Total Liquidity."

The following table provides a calculation of our Total Liquidity for the nine-month periods ended October 2, 2021 and September 26, 2020, respectively:

	For the Nine-Month Periods Ended	
(dollars in thousands)	**October 2, 2021**	**September 26, 2020**
Revolving credit facility rollforward		
Beginning revolving credit facility balance	$ -	$ 31,500
Draws	-	14,000
Repayments	-	(45,500)
Ending revolving credit facility balance	$ -	$ -
Calculation of revolving credit facility availability		
Revolving credit facility limit	$ 200,000	$ 75,000
Less: outstanding revolving credit facility balance	-	-
Less: outstanding letters of credit	(19,817)	(19,718)
End of period revolving credit facility availability	180,183	55,282
End of period cash balance	121,708	85,918
Total Liquidity, end of period	$ 301,891	$ 141,200

Cash Flow Activity

The following table sets forth a summary of our cash flows from operating, investing, and financing activities for the nine-month periods presented:

	For the Nine-Month Periods Ended	
(dollars in thousands)	**October 2, 2021**	**September 26, 2020**
Net cash provided by operating activities	$ 22,188	$ 118,117
Net cash used in investing activities	$ (113,508)	$ (61,501)
Net cash provided by financing activities	$ 75,683	$ 212,319

Operating Activities

Net cash provided by operating activities decreased by $95.9 million, from $118.1 million net cash provided for the nine-month period ended September 26, 2020, to $22.2 million net cash provided for the nine-month period ended October 2, 2021. The decrease was primarily due to the following items:

- an increase in net income of $56.5 million from the first nine-months of 2020 to the first nine-months of 2021;
- less the $75.7 million non-cash charge for goodwill impairment recorded in the second fiscal quarter of 2020 related to our exit of the ABA Therapy business;
- less the comparative non-cash gains of $13.2 million related to fair value adjustments on interest rate derivatives;
- plus $13.6 million of incremental losses on extinguishment of debt associated with the repayment of debt in May, 2021 with proceeds from our IPO and restructuring our remaining term loans in July, 2021;
- plus $12.5 million of other adjustments to reconcile net income (loss) to net cash provided by operating activities;
- less $13.9 million associated with accrued interest and the timing of payments made under our term loans during the quarter ended September 26, 2020;
- less $31.3 million of deferred social security payroll taxes during the second and third quarter of 2020 as permitted by the CARES Act and which ended on December 31, 2020;
- less $8.8 million of cash used in 2021 to repay a portion of the advances received from CMS by certain of our acquired home health and hospice companies in 2020 under the CARES Act. These advances reduced total consideration transferred to the sellers in the respective acquisitions. Were these advances repaid to CMS upon closing of the respective acquisitions, the related cash payments would have been treated as cash used for investing activities in our accompanying statements of cash flows; and
- usage of approximately $35.6 million related to the timing of collections of accounts receivable, payment of accounts payable and other accrued liabilities, payment of accrued payroll and other benefits, and other working capital items.

Days Sales Outstanding (“DSO”)

DSO provides us with a gauge to measure receivables, revenue, and collection activities. DSO is derived by dividing our average patient accounts receivable for the fiscal period by our average daily revenue, excluding other revenue, for the fiscal period. The following table shows our DSO for the current quarter and trailing four quarters:

	September 26, 2020	January 2, 2021	April 3, 2021	July 3, 2021	October 2, 2021
Days Sales Outstanding	37.9	38.3	40.2	41.6	43.4

Investing Activities

Net cash used in investing activities was $113.5 million for the nine-month period ended October 2, 2021, as compared to $61.5 million for the nine-month period ended September 26, 2020. The $52.0 million increase in cash used in the nine-month period ended October 2, 2021 was primarily related to the incremental purchase price for the Doctor's Choice acquisition in April, 2021 beyond the aggregate purchase price of the 2020 PDS acquisitions which occurred in the third quarter of 2020.

Financing Activities

Net cash provided by financing activities decreased by $136.6 million, from $212.3 million for the nine-month period ended September 26, 2020 to $75.7 million net cash provided for the nine-month period ended October 2, 2021. The $75.7 million net cash provided in the first nine-months of 2021 was primarily related to the following items:

- $477.7 million in net proceeds from the IPO;
- $65.3 million in proceeds from the incremental second lien term loan issued to finance the Doctor's Choice acquisition;
- $416.6 million in aggregate principal payments on our term loans and notes payable, including $407.0 million of principal payments made with proceeds from the IPO;
- the return of $29.4 million of Provider Relief Funds and state sponsored relief funds;
- payment of $13.1 million of debt issuance costs; and
- payment of $5.5 million in offering costs associated with the IPO.

The $212.3 million net cash provided in the first nine-months of 2020 was primarily related to the following items:

- $177.6 million in net proceeds from issuance of the first lien fourth amendment term loan;
- the receipt of $50.0 million of proceeds from the issuance of shares of common stock to affiliates of our sponsors, Bain Capital L.P. and J.H. Whitney Capital Partners;
- $23.8 million in proceeds from government stimulus funds; net of
- $8.4 million in principal payments on term loans and notes payable, and
- $31.5 million in net payments under the revolving credit facility during the first quarter of 2020.

Purchases of Property and Equipment (capital expenditures)

We manage our capital expenditures based upon a percentage of revenue. Our capital expenditures expressed as a percentage of revenue were as follows for the nine-month periods presented:

- $10.3 million, or 0.8% of revenue for the nine-month period ended October 2, 2021; and
- $12.2 million, or 1.1% of revenue for the nine-month period ended September 26, 2020.

Our capital expenditures for the nine-months ended October 2, 2021 were less than is typical due to the timing of current year expenditures. Our capital expenditures during the nine-months ended September 26, 2020 included $5.2 million related to our implementation and build-out of our data center, which increased our capital expenditures as compared to the current period.

Indebtedness

We typically incur term loan indebtedness to finance our acquisitions, and we borrow under our revolving credit facility from time to time for working capital purposes, as well as to finance acquisitions, as needed. The following table presents our current and long-term obligations under our credit facilities as of October 2, 2021 and September 26, 2020, as well as related interest expense for the nine-month periods ended October 2, 2021 and September 26, 2020, respectively:

(dollars in thousands)	Current and Long-term Obligations			Interest Expense	
				For the Nine-Month Periods Ended	
Instrument	**October 2, 2021**	**January 2, 2021**	**Interest Rate**	**October 2, 2021**	**September 26, 2020**
Initial First Lien Term Loan [1]	$ -	$ 563,061	L + 4.25%	$ 15,911	$ 23,569
First Lien First Amendment Term Loan [1]	-	217,133	L + 5.50%	7,599	11,160
First Lien Fourth Amendment Term Loan [1]	-	184,538	L + 6.25%	5,749	186
Second Lien Term Loan [1]	-	240,000	L + 8.00%	7,252	16,792
Incremental Second Lien Term Loan [1]	-	-	L + 8.00%	2,024	-
2021 Extended Term Loan [2]	860,000	-	L + 3.75%	8,021	
Delayed Draw Term Loans [2] [3]	-	-	L + 3.75%	-	-
Revolving Credit Facility [2]	-	-	L + 3.75%	-	540
Amortization of debt issuance costs	-	-		5,494	5,399
Total	860,000	1,204,732		$ 52,050	$ 57,646
Less: unamortized debt issuance costs	(21,726)	(31,332)			
Total current and long-term obligations, net of unamortized debt issuance costs	$ 838,274	$ 1,173,400			
Weighted Average Interest Rate	4.3%	6.5%			

(1) Variable rate debt instruments which accrue interest at a rate equal to the LIBOR rate (subject to a minimum of 1.00%), plus an applicable margin.

(2) Variable rate debt instruments which accrue interest at a rate equal to the LIBOR rate (subject to a minimum of 0.50%), plus an applicable margin.

(3) No amounts were outstanding on the Delayed Draw Term Loans at October 2, 2021, however, the Company incurred commitment fees of $0.4 million for the nine-month period ended October 2, 2021.

We were in compliance with all financial covenants and restrictions related to existing loan facilities at October 2, 2021 and January 2, 2021.

On March 11, 2021, we amended our revolving credit facility to increase the maximum availability to $200.0 million, subject to the occurrence of an initial public offering prior to December 31, 2021, which was completed on May 3, 2021. The amendment also extended the maturity date to April 29, 2026 upon completion of the IPO and subject to the completion of the refinancing of our terms loans, which occurred with the Extension Amendment.

On May 3, 2021, we completed our initial public offering, and with a portion of the proceeds received, paid an aggregate principal amount of $307.0 million to repay in full all outstanding obligations under the Second Lien Credit Agreement, including the incremental amount borrowed in connection with financing the acquisition of Doctor’s Choice, thereby terminating the Second Lien Credit Agreement. In addition, on May 4, 2021, we repaid $100.0 million in principal amount of our outstanding indebtedness under our First Lien Credit Agreement.

On May 4, 2021, following completion of the initial public offering and satisfaction of the other applicable conditions precedent, the maximum availability of our revolving credit facility increased from $75.0 million to $200.0 million. In connection with this increase in capacity, we incurred debt issuance costs of $1.6 million, which we capitalized and included in other long-term assets.

On July 15, 2021, we amended our first lien credit facility to, among other things, simplify our first lien term loan structure, reduce the overall interest rates thereunder, extend the maturity date of our resulting 2021 Extended Term Loan to July, 2028, and also provide for a $200.0 million delayed draw term loan facility. Undrawn portions of the delayed draw term loan facility incur a commitment fee of 50% of the LIBOR margin beginning 45 days after the amendment date, and the full LIBOR margin beginning 90 days after the amendment date.

On July 15, 2021, we also amended our interest rate swap agreements to extend the expiration dates to June 30, 2026 and reduce the fixed rate paid under the swaps. As amended, our swap rate decreased to 2.08% from 3.107%, with a reduction in the LIBOR floor under the swaps from 1.00% to 0.50%. The notional amount under the interest rate swaps remains at $520.0 million. We also entered into a three-year, $340.0 million notional interest rate cap agreement with a cap rate of 1.75%. in July, 2021. The cap agreement provides that the counterparty will pay us the amount by which LIBOR exceeds 1.75% in a given measurement period and expires on July 31, 2024.

On November 12, 2021, we entered into a three-year Securitization Facility which increases the Company's borrowing capacity by collateralizing a portion of our patient accounts receivable at favorable interest rates relative to our 2021 Extended Term Loan. The maximum amount available under the Securitization Facility is $150.0 million, subject to maintaining certain borrowing base requirements. Borrowings under this facility carry variable interest rates tied to BSBY plus an applicable margin. Please see Footnote 15, *Subsequent Events*, to the unaudited consolidated financial statements, contained in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion related to the Securitization Facility.

In July 2017, the U.K. Financial Conduct Authority, the regulator of the LIBOR, indicated that it will no longer require banks to submit rates to the LIBOR administrator after 2021 ("LIBOR Phaseout"). This announcement signaled that the calculation of LIBOR and its continued use could not be guaranteed after 2021 and the anticipated cessation date is June 30, 2023. A change away from LIBOR may impact our senior secured credit facilities. We continue to monitor developments related to the LIBOR transition and/or identification of an alternative, market-accepted rate. The impact related to any changes cannot be predicted at this time.

Contractual Obligations

Our contractual obligations consist primarily of long-term debt obligations, interest payments, operating and financing leases. These contractual obligations impact our short-term and long-term liquidity and capital needs. As of October 2, 2021, there were no material changes to our contractual obligations from those described in our Prospectus.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements. We enter into letters of credit in the normal course of our operations.

Critical Accounting Estimates

See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies" and our consolidated financial statements and related notes included in the Prospectus for accounting policies and related estimates we believe are the most critical to understanding our consolidated financial statements, financial condition and results of operations and which require complex management judgment and assumptions, or involve uncertainties. These critical accounting policies include patient accounts receivable; business combinations; goodwill; intangible assets, net; assessment of loss contingencies; insurance reserves; equity; revenue; and income taxes. There have been no changes to our critical accounting policies or their application since the date of the Prospectus.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have exposure to changing interest rates primarily under the revolving credit facility and our senior secured first lien term loan facility, each of which currently bears interest at variable rates based on LIBOR and, until the repayment of the second lien term loan, under our Second Lien Credit Agreement, under which interest at variable rates were based on LIBOR during our second fiscal quarter. As of October 2, 2021, the total amount of outstanding variable rate debt was $0.9 billion.

In July 2021, the Company amended its interest rate swap agreements to limit exposure to variable rate debt. The agreements expire on June 30, 2026. Under the terms of the as amended interest rate swap agreements, the Company pays a rate of 2.08%, and receives the one-month LIBOR rate, subject to a 1.00% floor. As of October 2, 2021, the total notional amounts of the interest rate swap agreements were $520.0 million.

A 1.0% interest rate change for the $340.0 million of unhedged variable rate debt as of October 2, 2021 would cause interest expense to change by approximately $3.4 million annually.

The result of the LIBOR Phaseout may impact our interest rate swap agreements. We continue to monitor developments related to the LIBOR transition and/or identification of an alternative, market-accepted rate. The impact related to any changes cannot be predicted at this time.

See Note 5 - Long-Term Obligations, and Note 15 - Subsequent Events, to the unaudited consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q for information on the material terms of our long-term debt.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures which are designed to provide reasonable assurance of achieving their objectives and to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized, disclosed and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. This information is also accumulated and communicated to our management and Board of Directors to allow timely decisions regarding required disclosure.

In connection with the preparation of this Quarterly Report on Form 10-Q, as of October 2, 2021, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures, as such term is defined under Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act.

Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of October 2, 2021, the end of the period covered by this Quarterly Report on Form 10-Q.

We have not engaged an independent registered public accounting firm to perform an audit of our internal control over financial reporting as of any balance sheet date or for any period reported in our financial statements. Presently, we are a non-accelerated filer and therefore our management is not presently required to perform an annual assessment of the effectiveness of our internal control over financial reporting. This requirement will apply in conjunction with our Annual Report on Form 10-K for the fiscal year ending December 31, 2022. Our independent registered public accounting firm will first be required to attest to the effectiveness of our internal control over financial reporting for our Annual Report on Form 10-K for the fiscal year ending December 31, 2022.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) that have occurred during the three-month period ended October 2, 2021, that have materially impacted, or are reasonably likely to materially impact, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls or our internal controls over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls' effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies and procedures. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and, based on an evaluation of our controls and procedures, our principal executive officer and our principal financial officer concluded our disclosure controls and procedures were effective at a reasonable assurance level as of October 2, 2021, the end of the period covered by this Quarterly Report on Form 10-Q.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

Information in response to this Item is included in "Part I – Item 1 - Note 10 – Commitments and Contingencies" and is incorporated by reference into this Part II Item 1 of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

There have been no material changes to the risk factors described in the Prospectus except as described below. We are updating or supplementing those risk factors with the following risk factor:

The recent federal COVID-19 vaccine mandates for certain employers could negatively impact our ability to attract and retain employees and could add increased administrative burden, which could in turn adversely affect our profitability and ability to grow.

On September 9, 2021, President Biden announced a new COVID-19 Action Plan entitled the "Path out of the Pandemic" (the "Plan"). The Plan mandates COVID-19 vaccinations or at least weekly COVID-19 testing for all U.S. employers with 100 or more employees. The United States Department of Labor's Occupational Safety and Health Administration issued on November 5, 2021 an emergency temporary standard (the "ETS") entitled "COVID-19 Vaccination and Testing: Emergency Temporary Standard" to make certain requirements of the Plan effective beginning December 5, 2021 and other requirements of the Plan effective beginning January 4, 2022, pending issuance of a permanent rule. Legal challenges to the ETS are currently underway, and additional challenges are possible, which leads to uncertainty about the potential timing of when or if the ETS might actually take effect. The Fifth Circuit Court of Appeals has currently issued a stay of the effectiveness of the ETS. Furthermore, on November 4, 2021, the Centers for Medicare & Medicaid Services ("CMS") issued an interim final rule ("IFR") requiring COVID-19 vaccinations for workers in most health care settings covered by applicable "Conditions of Participation," including home health and hospice facilities, that participate in the Medicare and Medicaid programs. The IFR is effective as of November 5, 2021. Under the IRF, all covered healthcare workers and related support staff must be fully vaccinated by January 4, 2022. The vaccination requirement applies to all eligible staff working at a facility that participates in Medicare and Medicaid programs, regardless of clinical responsibility or patient care, including staff who work in offsite locations, such as homes, clinics or administrative offices. The requirement does not apply to individuals who provide services 100% remotely and have no direct contact with patients and other staff. The IRF requires health care providers to establish a process or policy to ensure covered staff, except for those individuals who are granted a religious or medical exemption, are fully vaccinated over two phases. By Phase 1, within 30 days of the IRF's publication, or by December 6, 2021, all covered staff at all applicable health care facilities must have received their first dose of a 2-shot series (Moderna or Pfizer, currently) or a single dose of a 1-shot vaccine (Johnson and Johnson, currently). Covered staff must complete this step before they can provide any care, treatment or other services for the facility and/or its patients. By Phase 2, within 60 days of the rule's publication, or by January 4, 2022, all staff must complete the primary vaccination series.

If the ETS becomes effective, whether due to the lifting of the Fifth Circuit Court of Appeals' stay or otherwise, and/or if all of our employees covered by the IFR are required to be vaccinated by the expiration of Phase 2, it could increase the challenges of maintaining and growing our number of employees across all functions and will create operational burdens necessary to track vaccination status and enforce weekly COVID-19 testing of non-vaccinated employees. These vaccination mandates could lead to additional employee turnover, including turnover caused by employees moving to smaller employers that are exempt from the ETS or to companies with service lines that are not covered by the IRF. If we are unable to continue to attract and retain employees at our current level, we could be required to increase employee compensation in an effort to prevent understaffing of our operations. An increase in our expenses or in the number of employee vacancies could materially and adversely affect our growth and profitability. The IRF and ETS also conflict with various state laws and mandates prohibiting Covid-19 vaccination mandates. The IRF and ETS requirements place the Company in the position of either violating federal regulations or applicable state laws, which could result in state agency fines and licensure revocation for possible non-compliance with state vaccine mandate prohibitions, which could have a material and adverse effect on our results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On November 14, 2021, Aveanna Healthcare, LLC, a Delaware limited liability company (“Buyer”) and indirect wholly owned subsidiary of the Company, entered into a Stock Purchase Agreement (the “Purchase Agreement”) with Dunn & Berger, Inc. d/b/a Accredited Nursing Services, a California corporation (“Accredited”), Barry R. Berger and Jill Taffy Steinfeld-Berger, Trustees of The Barry R. Berger and Jill Taffy Steinfeld-Berger Family Trust dated September 19, 2006 seller (“Seller”), and the other parties thereto.

Pursuant to the Purchase Agreement, at the closing of the transactions contemplated thereby (the “Closing”), Buyer will purchase from Seller, and Seller will sell to Buyer, all of the issued and outstanding stock in each of the Company (the “Stock” and consummation of such purchase and sale at Closing, the “Transaction”). At Closing, Buyer will pay to Seller an aggregate consideration of (i) $180.0 million in cash plus (ii) $45.0 million in cash that will be held in escrow (the "Escrowed Purchase Price"), pending final reconciliation, in accordance with the terms of the Purchase Agreement, of Accredited's volumes for September, October, and November of 2021. Any portion of the Escrowed Purchase Price not payable to Seller will be returned to Buyer. The purchase price is payable by Buyer is additionally subject to a customary purchase price adjustment mechanism providing for a normalized level of working capital and that Accredited, together with its subsidiaries, be free of cash and debt at Closing.

Consummation of the Transaction is subject to customary conditions, including the absence of legal restraints and the termination or expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. Each party’s obligation to consummate the Transaction is also subject to the accuracy of the representations and warranties of the other parties (subject to certain exceptions) and the performance in all material respects of the other parties’ respective covenants under the Purchase Agreement. Consummation of the Transaction is not subject to a financing condition.

The Purchase Agreement contains certain customary termination rights for both Buyer, on the one hand, and Seller, on the other hand.

The foregoing description of the Purchase Agreement is only a summary and is qualified in its entirety by reference to the full text of the Purchase Agreement, which is filed as Exhibit 2.2 to this Quarterly Report on Form 10-Q and incorporated by reference herein.

The Purchase Agreement is filed with this Quarterly Report on Form 10-Q to provide security holders with information regarding its terms. It is not intended to provide any other factual information about Aveanna, Buyer, Seller, Accredited or any of the other parties to the Purchase Agreement. The representations, warranties and covenants contained in the Purchase Agreement were made solely for purposes of such agreement and as of specific dates, are solely for the benefit of the parties to the Purchase Agreement, may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made for the purpose of allocating contractual risk between the parties to the Purchase Agreement instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to security holders. Security holders should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of Aveanna, Buyer, Seller, Accredited or any of the other parties to the Purchase Agreement. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Purchase Agreement, which subsequent information may or may not be fully reflected in Aveanna’s public disclosures, except to the extent required by law.

On November 12, 2021, the Company (through a wholly owned special purpose entity, Aveanna SPV I, LLC) entered into a Receivables Financing Agreement with a bank (the “Securitization Facility”) with a termination date of November 12, 2024. The Securitization Facility effectively increases the Company’s borrowing capacity by collateralizing a portion of the Company's patient accounts receivable. The maximum amount available under the Securitization Facility is $150.0 million subject to maintaining certain borrowing base requirements. Borrowings under this facility carry variable interest rates tied to BSBY plus an applicable margin.

Item 6. Exhibits

The following exhibits are filed or furnished herewith:

Exhibit Number	Description
2.1*	Membership Interest Purchase Agreement, dated September 27, 2021, by and among Aveanna Healthcare Senior Services LLC, Comfort Care Home Health Services, LLC, Comfort Care Hospice, L.L.C., Premier Medical Housecall, LLC and other parties thereto filed as Exhibit 2.1 to the Company's Current Report on Form 8-K on October 1, 2021 and incorporated herein by reference.
2.2*	Stock Purchase Agreement, dated November 14, 2021, by and among Aveanna Healthcare LLC, Dunn & Berger, Inc. d/b/a Accredited Nursing Services and the other parties thereto.
10.1*	Extension Amendment to the Credit Agreement, dated July 15, 2021, among Aveanna Healthcare LLC, Aveanna Healthcare Intermediate Holdings, LLC, Barclays Bank PLC, as administrative agent, and the other lenders, agents, and guarantors party thereto (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on July 20, 2021 and incorporated herein by reference).
10.2	Seventh Amendment to First Lien Credit Agreement, dated as of August 9, 2021, by and among Aveanna Healthcare LLC, Aveanna Healthcare Intermediate Holdings LLC, Barclays Bank PLC, as administrative agent, and other lenders, agents, and guarantors party thereto (filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q on August 11, 2021 and incorporated herein by reference).
10.3*	Receivable Financing Agreement, dated as of November 12, 2021, by and among Aveanna SPV I, LLC, as borrower, Aveanna Healthcare LLC, as initial servicer, PNC Bank, as administrative agent, and other lenders and agents party thereto.
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Pursuant to Item 601(a)(5) of Regulation S-K, schedules and similar attachments to this exhibit have been omitted because they do not contain information material to an investment or voting decision and such information is not otherwise discussed in such exhibit. The Company will supplementally provide a copy of any omitted schedule or similar attachment to the U.S. Securities and Exchange Commission or its staff upon request.

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: November 15, 2021

By: /s/ Tony Strange
Tony Strange
Chief Executive Officer
(Principal Executive Officer)

Date: November 15, 2021

By: /s/ David Afshar
David Afshar
Chief Financial Officer
(Principal Financial and Accounting Officer)

STOCK PURCHASE AGREEMENT

by and between:

AVEANNA HEALTHCARE LLC
a Delaware limited liability company;

and

BARRY R. BERGER AND JILL TAFFY STEINFELD-BERGER,
TRUSTEES OF THE BARRY R. BERGER AND JILL TAFFY STEINFELD-BERGER
FAMILY TRUST DATED SEPTEMBER 19, 2006,

and

DUNN & BERGER, INC., DBA ACCREDITED NURSING SERVICES,
a California corporation

And

BARRY R. BERGER AND JILL TAFFY STEINFELD-BERGER
(solely for purposes of Sections 6.9 and 12.17)

Dated as of November 14, 2021

STOCK PURCHASE AGREEMENT

This **STOCK PURCHASE AGREEMENT** (this "Agreement") is made and entered into as of November 14, 2021, by and between (1) Aveanna Healthcare LLC, a Delaware limited liability company (the "Purchaser"), (2) Barry R. Berger and Jill Taffy Steinfeld-Berger, Trustees of The Barry R. Berger and Jill Taffy Steinfeld-Berger Family Trust dated September 19, 2006 (the "Seller"), and (3) Dunn & Berger, Inc. dba Accredited Nursing Services, a California corporation (the "Company"), and (4) Barry R. Berger ("B Berger") and Jill Taffy Steinfeld-Berger ("T Steinberg-Berger"), residents of the State of California, solely for purposes of Section 6.9 and Section 12.17. The Purchaser, the Seller and the Company are hereinafter sometimes referred to as a "party" and collectively as the "parties").

W I T N E S S E T H:

WHEREAS, Seller is owner, beneficially and of record, of all of the issued and outstanding shares (the "Shares") of capital stock of the Company;

WHEREAS, the Company holds all issued and outstanding shares of capital stock in the four subsidiaries identified in Section 4.4 (the "Subsidiaries"), which Subsidiaries are engaged in the Business;

WHEREAS, Seller desires to sell, and Purchaser desires to purchase, all the Shares for the consideration and on the terms set forth in this Agreement; and

WHEREAS, B Berger and T Steinfeld-Berger are beneficiaries of Seller and will benefit from the consummation of the transactions contemplated hereby.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

I.1 Certain Definitions.

(a) Except as otherwise set forth herein, the Exhibits, and the Disclosure Schedule, the following terms shall have the meanings specified in this Section 1.1:

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, and the term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise.

"Anti-Kickback Statute" means the Medicare and Medicaid Patient and Program Protection Act of 1987 (42 U.S.C. § 1320a-7b) as amended, and its implementing regulations, collectively with any amendments or successor law(s) or regulations, and includes any applicable state Law concerning the same or similar subject matter.

"Applicable Look-Back Date" means the date that is the five (5) years prior to the date of this Agreement for those representations and warranties in Section 4.11, Section 4.12 and Section 4.18, and three (3) years prior to the date of this Agreement for all other representations and warranties.

"Approval" means all notices, reports, filings, approvals, orders, authorizations, consents, licenses, Permits, qualifications or registrations or waivers of any of the foregoing, required to be obtained from or made with, or any notice, statement or other communications required to be filed with or delivered to, any Governmental Body or any other Person.

"Average EOR Hours" means the average of the Employer of Record hours of the Company and its Subsidiaries for September, October and November of 2021, calculated by averaging the actual non-agency Employer of Record hours billed up through the date that is ninety (90) days following the Closing relating to the services provided in the months of September, October and November 2021.

"Average EOR Hours Escrow Amount" means Forty-Five Million Dollars and No/100 ($45,000,000.00).

"Average EOR Hours Escrow Fund" means the balance of the Average EOR Hours Escrow Amount, and any interest earned thereon, held in an account by the Escrow Agent pursuant to the Escrow Agreement.

"Business" means, individually and collectively, the business of the Company and the Subsidiaries, as currently conducted, including the provision of (i) private duty nursing homecare services (skilled and non-skilled) and related homecare and home health services, (ii) employer of record services, (iii) respite services, and (iv) financial management services related to Medi-Cal and employer of record services.

"Business Day" means any day of the year on which national banking institutions in California are open to the public for conducting business and are not required or authorized to close.

"Business Employees" shall have the meaning assigned to it in Section 4.11(a).

"Business Participation" means with respect to participation in or conduct on behalf of the Business, Company, or any Subsidiary.

"Business Services" means all services to patients and clients provided by the Business.

"CARES Act" means the Coronavirus Aid, Relief, and Economic Security Act of 2020, or Pub.L.116-136 and applicable rules and regulations, as amended from time to time.

"CARES Act Provider Relief Fund" means the funds distributed to Medicare providers by the U.S. Department of Health and Human Services pursuant to the Public Health and Social Services Emergency Fund in the CARES Act and subsequent amendments.

"Cash" means cash and cash equivalents (as determined in accordance with GAAP) of the Company and its Subsidiaries excluding (i) amounts held in escrow or as security, or deposits with third parties (including landlords), or if usage of or access to such cash or cash equivalents is restricted by Law, Contract or otherwise and (ii) all uncleared checks, checks-in-transit, wire transfer, and drafts written by the Company or any Subsidiary but not yet cleared.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company Benefit Plan" means all "employee benefit plans", as defined in Section 3(3) of ERISA, and all other employee benefit plans, programs, agreements, arrangements or payroll practices, including, without limitation, bonus plans, employment consulting or other compensation agreements, incentive, equity or equity-based compensation, or deferred compensation arrangements, stock purchase, severance pay, sick leave, vacation pay, salary continuation, disability, hospitalization, medical insurance, life insurance, scholarship programs, in each case, sponsored, maintained, or contributed to by the Company, its Subsidiaries and/or its ERISA Affiliates, or under which the Company, its Subsidiaries and/or its ERISA Affiliates could have any obligation or liability.

"Company Personnel" means, individually and collectively, all Persons who are the directors, officers, managers, employees, contractors, and agents of each of the Company or any of its Subsidiaries, as applicable.

"Confidential Information" means information that is not available in the public domain, including books and records, with respect to the Business, including, methods of operation, lists of patients/clients/customers, patient/client/customer records, products, prices, fees, costs, finances, Technology, inventions, Trade Secrets, know-how, software, marketing methods, plans, personnel, suppliers, competitors, markets or other specialized information and proprietary information of the Company and any Subsidiary.

"Contract" means any contract, agreement, indenture, note, bond, loan, warrant, instrument, lease, license, security agreement, sales and purchase orders, commitment or other arrangement or agreement, whether written or oral, including any amendments, modifications, or supplements thereto.

"COVID-19" means the coronavirus SARS-CoV-2 and coronavirus disease commonly referred to as COVID-19.

"COVID Relief Benefit" means any subsidy, grant, participation, note, bond, debenture or other debt security, or any rebate, deferral or abatement of Taxes, issued or granted by any Governmental Body to the Company or its Subsidiaries pursuant to any economic relief program or Law enacted as a result of the COVID-19 pandemic, including the Paycheck Protection Program administered by the U.S. Small Business Administration, the Coronavirus Aid, Relief, and Economic Security Act and the Accelerated & Advanced Payment Program, the Main Street Lending Program, or any other similar federal, state or local Government Reimbursement Program.

"Disclosure Schedule" shall have the meaning assigned to it in Article IV.

"Environmental Law" means any foreign, federal, state or local statute, regulation, ordinance, rule of common law or other legal requirement, as now or hereafter in effect, in any way relating to the protection of human health and safety, the environment or natural resources including, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. App. § 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.) the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.), and the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), as each has been or may be amended and the regulations promulgated pursuant thereto.

"ERISA" means the Employment Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any trade or business (whether or not incorporated) which are or have ever been under common control, or which are or have ever been treated as a single employer, with the Company and/or any Subsidiary under Section 414(b), (c), (m) or (o) of the Code and/or Section 4001(b)(1) of ERISA.

"Escrow Account" means the escrow account(s) set up pursuant to the Escrow Agreement.

"Escrow Agreement" means the Escrow Agreement between Purchaser, Seller and PNC Bank as escrow agent (the "Escrow Agent"), substantially in the form of Exhibit B hereto.

"Escrow Amount" means (a) the Indemnification Escrow Amount, *plus* (b) the Net Working Capital Holdback, *plus* (c) the Average EOR Hours Escrow Amount.

"Excluded Status" means (i) excluded, suspended or debarred from (or deemed ineligible for participation under) any Government Reimbursement Program or from other programs funded in whole or in part by any Governmental Body, including the Department of Health and Human Services, Office of Inspector General "List of Excluded Individuals/Entities," or similar lists maintained by state or local Governmental Body, including any state Medicaid program exclusion list.

"Estimated Purchase Price" shall have the meaning assigned to it in Section 3.5.

"FTC" means the United States Federal Trade Commission.

"GAAP" means generally accepted accounting principles in the United States as of the date hereof as applied by the Company and its Subsidiaries, consistently applied.

"Governmental Body" means any government or governmental or statutory or regulatory body thereof, or political subdivision thereof, whether federal, state, local or foreign, or any agency, instrumentality or authority or agent or representative thereof, or any court or arbitrator (public or private).

"Government Reimbursement Program" or "Government Reimbursement Programs" means the Medicare program, TriCare/CHAMPUS, any state Medicaid program, any other federal healthcare program (as defined in 42 U.S.C. §1320a-7b(F)), and other similar federal, state and local programs for which a Governmental Body pays in whole or in part, directly or indirectly, for the provision of services or goods, including Business Services, to beneficiaries of the applicable program, and includes the California state Medi-Cal program, the California Department of Developmental Services/Regional Center program, and any other governmental program responsible for payment or reimbursement for medical and home aid or home health services.

"Hazardous Material" means any substance, material or waste that is regulated, classified, or otherwise characterized under or pursuant to any Environmental Law as "hazardous," "toxic," "pollutant," "contaminant," "radioactive," or words of similar meaning or effect, including petroleum and its by-products, asbestos, polychlorinated biphenyls, radon, mold, and urea formaldehyde insulation.

"Health Care Laws" means any and all Laws uniquely pertaining to the business, including the Business, of providing and payment for health care services and/or items, including such Laws related to or constituting (i) the relationships among providers, payors, vendors, and consumers in the health care industry; (ii) the delivery, purchase, sale or support of health care services and/or items; (iii) the licensure, certification, registration, qualification, or authority to provide health care services and/or items (including home health, hospice, and medical housecalls); (iv) fraud and abuse (including the following statutes, as amended, modified or supplemented from time to time and any successor statutes thereto and regulations

promulgated from time to time thereunder: the Anti-Kickback Statute, the Stark Law, the Federal False Claims Act (31 U.S.C. §§ 3729 et seq.), the Federal Civil Monetary Penalties Law (42 U.S.C. § 1320a -7a), the Health Care Fraud Statute (18 U.S.C. § 1347), the Federal Program Fraud Civil Remedies Act (31 U.S.C. § 3801 et seq. and similar state Laws); (v) participation in Government Reimbursement Programs and Private Programs; (vi) quality, safety certification, and accreditation standards and requirements; (vii) the billing, coding or submission of claims or collection of accounts receivable or refund of overpayments; (viii) HIPAA and all other Laws relating to the privacy and security of health information.

"Health Care Practitioner" means each of the Company Personnel who is health care physician, nurse, physician assistant, medical technician, physical/occupational/speech therapists or other clinical or health care provider.

"HIPAA" means, collectively, (i) the Health Insurance Portability and Accountability Act of 1996, and its implementing regulations, including the HIPAA Privacy Rule and the HIPAA Security Rule, and (ii) applicable provisions of the Health Information Technology for Economic and Clinical Health Act as incorporated in the American Recovery and Reinvestment Act of 2009 and any implementing regulations, as the foregoing (i) and (ii) may, from time -to- time, be amended.

"HIPAA Privacy Rule" means the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R., Parts 160 and 164, subparts A, D and E, and all related regulations.

"HIPAA Security Rule" means the HIPAA Security Standards (45 C.F.R. Parts 160, and 164, subparts A and C), and all related regulations.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"HSR Clearance" shall have the meaning assigned to it in Section 6.8.

"Indebtedness" of any Person means, without duplication, (i) the principal of and premium (if any) in respect of (A) indebtedness of such Person for money borrowed (including intercompany and related party (including shareholder) payables net of intercompany and related party receivables) and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable; (ii) all obligations of such Person issued or assumed as the deferred purchase price of property or services (including earn-out payments and obligations that are non-recourse to the credit of such Person but are secured by the assets of such Person, but excluding trade accounts payable included in the calculation of Net Working Capital), all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement; (iii) all obligations of such Person under leases required to be capitalized in accordance with GAAP; (iv) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction; (v) the liquidation value of all redeemable preferred stock of such Person; (vi) all obligations of the type referred to in clauses (i) through (v) of any Persons for the payment of which such Person is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including guarantees of such obligations; (vii) all obligations of the type referred to in clauses (i) through (vi) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person); (viii) the aggregate amount of all Liabilities to any shareholder of the Company or any Affiliate of the Company (whether or not due and owing); (ix) any Liability of the Company or any Subsidiary in respect of amounts due under any incentive plan (for stock appreciation rights) or any severance plan or arrangement (including, without limitation, any accrued and unpaid severance obligations related to acquisitions) accrued and unpaid prior to the Closing Date; (x) any forgiveness of any Liability that remains subject to any condition or obligation, including any Tax increment financing, economic incentive or

similar item; (xi) accrued and unpaid obligations under any deferred compensation or employee bonus plan or arrangement or any pre-Closing vacation or paid time off ("PTO") balances; (xii) credit balances, arising out of overpayments to the Company or any Subsidiary, due to patients or to payors under any Government Reimbursement Programs; (xiii) obligations of such Person under any interest rate, currency swap or other hedging arrangement; (xiv) liabilities for accrued and unpaid pre-Closing Taxes (excluding (A) any liabilities or reserves in respect of any deferred Taxes attributable to timing differences, and (B) any liabilities or reserves for contingent or uncertain Taxes, (xv) any accrued interest, premiums, fees, expenses, penalties or guarantees for the benefit of another Person on any of the foregoing; (xvi) all other liabilities classified as non-current liabilities in accordance with GAAP; (xvii) accrued workers compensation balances; (xviii) the amount of any Medicare Advanced Payments under Medicare that are required to be repaid or recouped after Closing; and (xix) any and all payroll Taxes deferred pursuant to the CARES Act PPP, the Families First Coronavirus Response Act or federal executive order. To the extent any of the foregoing are considered a Transaction Cost they shall not also be deemed Indebtedness (and vice versa).

"Indemnification Escrow Amount" shall have the meaning assigned to it in Section 3.3.

"Indemnification Escrow Fund" means the balance of the Indemnification Escrow Amount, and any interest earned thereon, held in an account by the Escrow Agent pursuant to the Escrow Agreement.

"Indemnified Taxes" means any (a) Taxes of or with respect to the Company or its Subsidiaries or their assets or operations for any Pre-Closing Tax Period (including the amount of Taxes relating to the portion of any Straddle Period ending on the Closing Date pursuant to Section 11.4); (b) Transfer Taxes for which Seller is responsible pursuant to Section 11.3; (c) Taxes for which Seller is responsible pursuant to Section 11.1; (d) Taxes imposed on Seller and any owner or Affiliate of Seller for any Taxable period (including for this purpose any withholding Taxes imposed on Purchaser or any of its Affiliates with respect to any payment to Seller); (e) the amount of payroll Tax liabilities deferred until after the Closing (including the employer portion of social security tax deferred under Section 2302 of the CARES Act with respect to any Pre-Closing Tax Period), (f) Taxes of any other Person for which the Company or its Subsidiaries is liable, including as a transferee, successor, withholding or collection agent, by contract, by reason under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign Law) or being a member of any consolidated, affiliated, unitary or other combined group, or pursuant to any Law and (g) Taxes related to a breach of any representation made in Section 4.10.

"Independent Auditor" shall mean such independent accounting firm of national reputation as may be mutually acceptable to the Seller and Purchaser.

"Intellectual Property Licenses" means (i) any grant to a third Person of any right to use any of the Purchased Intellectual Property, and (ii) any grant to the Company and Subsidiaries of a right to use a third Person's intellectual property rights used in the Business or which is necessary for the use of any Purchased Intellectual Property.

"Inventory" means all merchandise and inventory owned and intended for resale in connection with the Business, all manufactured and purchased parts, goods in process, raw materials, supply and packing materials and finished goods and other tangible personal property that is used in connection with the Business, wherever located, in each case as of the Closing Date.

"IRS" means the Internal Revenue Service.

"Knowledge" means (i) with respect to the Seller, the knowledge after due inquiry of B Berger" and T Steinfeld-Berger, and (ii) with respect to the Company, the knowledge after due inquiry of

B Berger, T Steinfeld-Berger, Neil Rotter (Chief Strategy Officer of the Company), and Millette Arredondo (Chief Operating Officer of the Company).

"Law" or "Laws" means any federal, state or local (including common law), statute, code, ordinance, rule, regulation or other requirement, policy guideline, directive or Permit enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body.

"Legal Proceeding" means any and all judicial, administrative or arbitral actions, litigation, suits, charges, audits, examinations, investigations, orders, motions, complaints, demands, inquiries, surveys, arbitrations, mediations, claims or proceedings by or before any Person (in each case, whether civil, criminal, administrative, judicial or investigative, whether formal or informal, and whether public or private, whether by or for a Governmental Body or any other Person).

"Liability" means any debt, loss, damage, adverse claim, fines, penalties, liability or obligation (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due, and whether in contract, tort, strict liability or otherwise), and including all costs and expenses relating thereto (including reasonable legal fees and disbursements and costs to the extent actually incurred by a party to this Agreement whether or not involving a third-party claim).

"Lien" means any lien, pledge, mortgage, deed of trust, security interest, mortgage, equitable interest, community property interest, claim, lease, charge, option, right of first refusal or other preferential purchase right, condemnation award, easement, encroachment, right of way, servitude, proxy, voting trust or agreement, transfer restriction under any shareholder or similar agreement, encumbrance or any other restriction or limitation whatsoever.

"Losses" means any and all debts, losses, liabilities, obligations, damages, Taxes, costs, fines, penalties, interest and expenses, including all reasonable attorneys', accountants' and experts' fees, disbursements and costs of investigations, deficiencies, levies, duties and imposts actually suffered or incurred by a Person whether or not involving a third-party claim.

"Material Adverse Effect" means any change, event, development or circumstance that is or would reasonably be expected to have, individually or in the aggregate (i) a material adverse effect on the historical, near-term or long-term projected business, assets, properties, results of operations, condition (financial or otherwise) or prospects of the Company and the Subsidiaries, or of the Business, or (ii) a material adverse effect on the ability of Seller or the Company to consummate the transactions contemplated by this Agreement or perform its obligations under this Agreement or any applicable Transaction Documents in accordance with their respective terms and applicable Law.

"Medicaid" means Title XIX of the Social Security Act, codified at 42 U.S.C. 1396 et seq.

"Medicare" means Title XVIII of the Social Security Act, codified at 42 U.S.C. 1396 et seq.

"National Provider Identifier" means a unique, 10-position numeric health identifier issued to a covered health care provider, as that term is defined at 45 C.F.R. § 162.406, by the National Provider System, as that term is used in 45 C.F.R. § 162.408.

"Net Working Capital" means, as of any certain date, (x) current assets (excluding Cash) less (y) current liabilities (other than Indebtedness) as of such date of the Company and the Subsidiaries, on a consolidated basis, calculated in accordance with the Seller's Reference Statement.

"Net Working Capital Holdback" shall have the meaning assigned to it in Section 3.3.

"Non-Competition Agreement" shall mean the non-competition agreement substantially in the form of Exhibit A attached hereto, to be executed by Seller, B Berger and T Steinfeld-Berger.

"Order" means any order, injunction, consent, subpoena, verdict, judgment, decree, ruling, writ, assessment or arbitration award of a Governmental Body or entered into with any Governmental Body.

"Ordinary Course of Business" means the ordinary and usual course of day-to-day operations of the Business through the date hereof consistent with past practice.

"Permit" or "Permits" means any approvals, authorizations, consents, licenses, permits or certificates issued by any Person, including any permit, license, identifier number, approval, certificate, certificate of need, registration, notification, exemption, accreditation, and other authorization available from or required by or from any Governmental Body under Law or any accreditation body, and all amendments and modifications of any of the foregoing and all pending initial and renewal applications therefor.

"Permitted Exceptions" means (i) all defects, exceptions, restrictions, easements, rights of way and encumbrances disclosed in policies of title insurance which have been made available to the Purchaser; (ii) statutory liens for current Taxes, assessments or other governmental charges not yet delinquent or the amount or validity of which is being contested in good faith by appropriate proceedings, provided an appropriate reserve is established therefor on the Financial Statements; (iii) mechanics', carriers', workers', repairers' and similar Liens that are not material to the Business so encumbered and that are not resulting from a breach, default or violation by the Company and its Subsidiaries of any Contract or any Law; (iv) zoning, entitlement and other land use and environmental regulations by any Governmental Body, provided that such regulations have not been violated; and (v) such other imperfections in title, charges, easements, restrictions and encumbrances which do not materially detract from the value of or materially interfere with the present use or occupancy of any properties currently used or proposed to be used in connection with the Business.

"Person" means (i) any individual, and (ii) limited liability company, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Body or other entity.

"Personal Property Leases" shall have the meaning assigned to it in Section 4.14.

"PPP Loan" means any loan received by the Company or any Subsidiary pursuant to the Paycheck Protection Program under the Small Business Administration 7(a) Loan Program, as implemented by the CARES Act, including any interest, penalties or other amounts with respect thereto.

"Pre-Closing Tax Period" means any taxable period (or portion thereof) that ends on or before the Closing Date, including the portion of any Straddle Period ending on the Closing Date.

"PRF Payments" has the meaning assigned to it in Section 4.26(d).

"Private Program" means contractual arrangements with private third-party payors or self-payors that are not a Governmental Body such as managed care companies, managed care organizations, insurance companies, provider networks, health maintenance organizations, third-party payor reimbursement and insurance programs, and employer of record programs, and includes such third-party payors that contract with any Governmental Body to administer or pay reimbursement to providers or

beneficiaries funded in whole or in part by a Government Reimbursement Program such as Medicare Advantage plans and state Medicaid managed care plans.

"Purchased Intellectual Property" means all intellectual property rights used by the Company and its Subsidiaries in connection with the Business arising from or in respect of the following, whether protected, created or arising under the laws of the United States or any other jurisdiction: (i) all patents and applications therefor, including continuations, divisionals, continuations-in-part, or reissues of patent applications and patents issuing thereon (collectively, "Patents"), (ii) all trademarks, service marks, trade names, service names, brand names, trade dress rights, logos, corporate names and general intangibles of a like nature, together with the goodwill associated with any of the foregoing, and all applications, registrations and renewals thereof, (collectively, "Marks"), (iii) copyrights and registrations and applications therefor, works of authorship and mask work rights (collectively, "Copyrights"), (iv) discoveries, concepts, ideas, research and development, know-how, formulae, inventions, compositions, manufacturing and production processes and techniques, technical data, procedures, designs, drawings, specifications, databases, and other proprietary and confidential information, including customer lists, supplier lists, pricing and cost information, and business and marketing plans and proposals of the Company and its Subsidiaries, in each case excluding any rights in respect of any of the foregoing that comprise or are protected by Copyrights or Patents (collectively, "Trade Secrets"); (v) all Internet domain names (collectively, "Domain Names"); and (vi) all software and Technology of the Company and its Subsidiaries used in connection with the Business.

"Release" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, or leaching into the indoor or outdoor environment, or into or out of any property.

"Remedial Action" means all actions to (i) clean up, remove, treat or in any other way address any Hazardous Material; (ii) prevent the Release of any Hazardous Material so it does not endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (iii) perform pre-remedial studies and investigations or post-remedial monitoring and care; or (iv) to correct a condition of noncompliance with Environmental Laws.

"Stark Law" means the Federal Physician Self-Referral Law, Section 1877 of the Social Security Act (42 U.S.C. § 1395nn), and its implementing regulations, as amended, collectively with any successor law or regulations.

"Straddle Period" means any taxable period that includes, but does not end on, the Closing Date.

"Subsidiary" means any Person of which a majority of the outstanding voting securities or other voting equity interests are owned or controlled, directly or indirectly, by the Company or any direct or indirect Subsidiary, or of which the Company or any Subsidiary has the power, directly or indirectly, whether through ownership of equity securities, by contract or otherwise, to direct or manage its business or affairs. A list of the Subsidiaries is set forth in Section 4.4 of the Disclosure Schedule.

"Tail Policy" or "Tail Policies" shall be each of (a) the three-year professional liability insurance "tail" coverage, (b) three-year EPL insurance "tail" coverage and (c) the three-year directors' and officers' liability insurance "tail" coverage.

"Target Amount" in relation to Net Working Capital, means Eleven Million Three Hundred Seventy-Two Thousand Dollars ($11,372,000.00)

"Taxes" means (i) all federal, state, local or foreign taxes, charges, fees, imposts, levies or other assessments, including all net income, gross receipts, capital, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, environmental, escheat, unclaimed property, occupation, property and estimated taxes, customs duties, fees, assessments and any other taxes or charges of any kind whatsoever imposed by any Taxing Authority or other Governmental Body, (ii) all interest, penalties, fines, additions to tax or additional amounts paid or payable in connection with any item described in clause (i) above, and (iii) any liability in respect of any items described in clauses (i) and/or (ii) of any other Person payable by reason of contract, assumption, transferee liability, operation of Law, Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof of any analogous or similar provision under Law) or otherwise.

"Taxing Authority" means the IRS and any other Governmental Body responsible for the administration of any Tax.

"Tax Return" means any return, report or statement required to be filed with respect to any Tax (including any attachments thereto, and any amendment thereof) including any information return, claim for refund, amended return or declaration of estimated Tax, and including, where permitted or required, combined, consolidated or unitary returns for any group of entities that includes the Company or any of its Subsidiaries.

"Technology" means, collectively, all designs, formulae, algorithms, procedures, methods, techniques, ideas, know-how, research and development, technical data, programs, subroutines, tools, materials, specifications, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), apparatus, creations, improvements, works of authorship and other similar materials, and all recordings, graphs, drawings, reports, analyses, and other writings, and other tangible embodiments of the foregoing, in any form whether or not specifically listed herein, and all related technology, that are used in, incorporated in, embodied in, displayed by or relate to, or are used by the Company or any Subsidiary.

"Total Purchase Price" means the Base Purchase Price (as defined in Section 3.1), plus the amount, if any, received by Seller in accordance with Section 3.4(c).

"Transaction Costs" means, with respect to the Seller (a) the aggregate amount of all fees, costs and expenses incurred or payable by the Seller or the Company and its Subsidiaries to service providers (including any brokers or investment advisory firms) or otherwise in connection with the transactions contemplated by this Agreement that, as of the Closing Date, remain unpaid; (b) any sale, transaction, change of control, stay, retention or similar bonuses or any success fees, severance or other payments payable to employees, contractors, consultants, officers or members of the board of directors of the Company or any Subsidiaries as a result of the consummation of the transactions contemplated hereby, including such bonuses set forth on Section 4.9(b)(iii) of the Disclosure Schedule to the extent not paid prior to Closing, and the aggregate amount of the employer portion of any payroll or other employment Taxes related thereto; (c) any fees or expenses associated with obtaining the release and termination of any Liens (to the extent not included in the calculation of Indebtedness); (d) 100% of the premium(s) payable for the Tail Policies; and (e) fifty percent (50%) of all fees, costs and expenses of the Escrow Agent.

"Transaction Documents" means (i) the Seller Documents, (ii) the Purchaser Documents, (iii) the Non-Competition Agreement and (iv) all other agreements, conveyances, documents, instruments and certificates delivered at or prior to the Closing pursuant to this Agreement.

"TriCare/CHAMPUS" means the program addressed at 32 CFR 199.17 and in related regulations.

"WARN Act" means the Worker Adjustment and Retraining Notification Act of 1988, as amended, and similar state and local laws related to plant closings, relocations, mass layoffs and employment losses.

(b) Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply:

(i) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day;

(ii) any reference in this Agreement to $ and dollars shall mean U.S. dollars;

(iii) the Exhibits, the Disclosure Schedule and the other schedules to this Agreement are hereby incorporated and made a part hereof and are an integral part of this Agreement; all Exhibits, the Disclosure Schedule and the other schedules attached hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein; any capitalized terms used in any schedule, the Disclosure Schedule, or Exhibit but not otherwise defined therein shall be defined as set forth in this Agreement;

(iv) any reference in this Agreement to gender shall include all genders, and words imparting the singular number only shall include the plural and vice versa, unless the context otherwise requires;

(v) the provision of a Table of Contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in construing or interpreting this Agreement;

(vi) all references in this Agreement to any "Section" are to the corresponding Section of this Agreement unless otherwise specified;

(vii) accounting terms which are not otherwise defined in this Agreement have the meanings given to them under GAAP. To the extent that the definition of an accounting term defined in this Agreement is inconsistent with the meaning of such term under GAAP, the definition set forth in this Agreement will control;

(viii) the words such as "herein," "hereinafter," "hereof," and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires; and

(ix) the word "including" or any variation thereof means "including, without limitation" and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

(c) The parties hereto have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall

be construed as jointly drafted by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

(d) Any document or item will be deemed "delivered," "provided," or "made available" by a party to another party within the meaning of this Agreement if such document or item is included in the Company's electronic data room and the other party and its authorized representatives had unrestricted access thereto prior to 5:00 p.m. Pacific Standard Time on the date that is at least two (2) days immediately prior to the date of this Agreement.

ARTICLE II

PURCHASE AND SALE OF SHARES

II.1 Purchase and Sale of Shares. Subject to the terms and conditions of this Agreement, and in reliance upon the representations, warranties and covenants contained in this Agreement, at the Closing (as defined below), Purchaser shall purchase and accept the Shares from Seller, and Seller shall sell, assign, transfer and deliver the Shares to Purchaser, free and clear of any Lien.

II.2 Closing. The consummation of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Yong Gruber Associates, LLP, 8939 S. Sepulveda Blvd. Suite 514, Los Angeles, California at 10:00 a.m. (Pacific Standard Time) on the date within three (3) days after the Purchaser and Seller have completed or received waivers for their respective conditions to closing under Article VIII below (other than conditions that, by their nature, are to be satisfied on the Closing Date) or at such other time or on such other date as the Seller and the Purchaser may agree upon in writing (such date, the "Closing Date"); provided that, the Purchaser and the Seller agree that the Closing shall be no later than December 30, 2021 (the "End Date") unless otherwise mutually agreed. By mutual agreement of the parties, the Closing may take place by conference call and electronic (i.e., e-mail/PDF) or facsimile deliveries.

ARTICLE III

CONSIDERATION

III.1 Consideration. The aggregate consideration for the Shares shall be (a) an amount equal to One Hundred Eighty Million Dollars ($180,000,000.00) (the "Base Purchase Price"). The Base Purchase Price shall be further adjusted as follows and as set forth in Section 3.5 (as so further adjusted, the "Purchase Price"):

(a) plus the total amount of Cash as of 11:59 pm on the Closing Date,

(b) minus the outstanding amount of Indebtedness as of immediately prior to the Closing,

(c) minus the unpaid Seller Transaction Costs as of immediately prior to the Closing,

(d) plus the amount, if any, by which the Net Working Capital as of 11:59 pm on the Closing Date exceeds the Target Amount, and

(e) minus the amount, if any, by which the Net Working Capital as of 11:59 pm on the Closing Date is less than the Target Amount (the amount in Section 3.1(d) or Section 3.1(e), as applicable, the "Working Capital Adjustment Amount").

III.2 Intentionally Omitted.

III.3 Closing Payment. Immediately prior to the Closing, the Purchaser shall deposit by wire transfer (i) the Estimated Purchase Price (as adjusted in accordance with Section 3.5(a)), plus (ii) the Average EOR Hours Escrow Amount in immediately available funds into the Escrow Account (the "Closing Payment"). The Escrow Agreement shall provide for the release to the Seller on Closing, an amount equal to the Closing Payment *less* disbursements and allocations referenced in Section 6(a) of the Escrow Agreement (which allocations to be retained by the Escrow Agent shall include (a) an amount equal to Thirteen Million Five Hundred Thousand Dollars ($13,500,000.00), as retained escrow amount for purposes of Article X (the "Indemnification Escrow Amount"), *plus* (b) an amount equal to Two Million Two Hundred Seventy-Four Thousand Four Hundred Dollars ($2,274,400.00) as net working capital holdback ("Net Working Capital Holdback), *plus* (c) an amount equal to the Average EOR Hours Escrow Amount.

III.4 Average EOR Hours Calculation. Following the Closing Date, Seller and Purchaser shall calculate and finalize the Average EOR Hours as set forth in this Section 3.4.

(a) Purchaser Average EOR Hours Statement. On the date that is ninety (90) days following the Closing, Purchaser shall prepare, or cause to be prepared, (i) a statement (the "Average EOR Hours Statement") setting forth its determination of the Average EOR Hours. The Seller shall have a period of up to thirty (30) days from the receipt of the Average EOR Hours Statement to review such Average EOR Hours Statement, during which period the Purchaser shall cause the Company to make available to the Seller relevant books and records in the Purchaser's possession or control and personnel with knowledge of information relevant to the determination of the Average EOR Hours. If as a result of such review, the Seller disagrees with the Average EOR Hours Statement, the Seller shall deliver to the Purchaser a written notice of disagreement (an "Average EOR Hours Dispute Notice") prior to the expiration of such thirty (30) day review period setting forth the basis for such dispute. If the Seller does not disagree with the Average EOR Hours Statement, the Seller shall deliver a written statement to the Purchaser within the thirty (30) day period following receipt of the Average EOR Hours Statement accepting the Average EOR Hours Statement (an "Average EOR Hours Acceptance Notice"), in which case the Purchaser's determination of the Average EOR Hours as shown on the Average EOR Hours Statement shall be final and binding on the parties, effective as of the date on which the Purchaser receives the Average EOR Hours Acceptance Notice. If the Seller does not deliver an Average EOR Hours Dispute Notice or an Average EOR Hours Acceptance Notice within such thirty (30) day period, then the Purchaser's determination of the Average EOR Hours as shown on the Average EOR Hours Statement shall be final and binding on the parties, effective as of the first Business Day after the expiration of such thirty (30) day review period.

(b) Resolution of Average EOR Hour Disputes. If the Seller delivers an Average EOR Hour Dispute Notice to the Purchaser in a timely manner, then the Purchaser and the Seller shall attempt in good faith to resolve such dispute within thirty (30) days from the date of the Purchaser's receipt of the Average EOR Hour Dispute Notice. If the Purchaser and the Seller cannot reach agreement within such thirty (30) day period (or such longer period as they may mutually agree), then either party may refer the dispute to the Independent Auditor for binding resolution. The Independent Auditor, acting as an expert and not an arbitrator, shall determine the Average EOR Hours (which amount must be within the range of Average EOR Hours as set forth in the Seller's Average EOR Hours Dispute Notice and the Purchaser's Average EOR Hours Statement) in accordance with the provisions of this Agreement as promptly as may be reasonably practicable and shall endeavor to complete such process within a period of no more than thirty (30) days. The Independent Auditor may conduct such proceedings as the Independent Auditor, in its sole discretion, determines will assist in the determining the Average EOR Hours and shall deliver to the Purchaser and the Seller concurrently a written report setting forth a final determination of the Average EOR Hours calculated in accordance with the provisions of this Agreement. The determination of the Independent Auditor shall be final and binding on the Purchaser and the Seller, effective as of the date the Independent Auditor's written report is received by the Purchaser and the Seller. The Seller and the

Purchaser shall each be responsible for one-half of the costs and expenses of the Independent Auditor. The Seller and the Purchaser shall each bear their own legal, accounting and other fees and expenses of participating in such dispute resolution procedure. The Average EOR Hours as finally determined pursuant to clause (a) or clause (b) of this Section 3.4, is referred to as the "Final Average EOR Hours."

(c) Average EOR Hours Payment.

(i) If the Final Average EOR Hours are equal to or greater than 290,000, then Seller and the Purchaser shall, within five (5) Business Days after determination of the Final Average EOR Hours, issue joint written instructions directing the Escrow Agent promptly (and in any event within two (2) Business Days after the delivery of such joint written instructions) to pay to Seller all of the Average EOR Hours Escrow Fund.

(ii) If the Final Average EOR Hours are at least 270,000 but less than 290,000 hours, then Seller and the Purchaser shall, within five (5) Business Days after determination of the Final Average EOR Hours, issue joint written instructions directing the Escrow Agent promptly (and in any event within two (2) Business Days after the delivery of such joint written instructions) to pay from the Average EOR Hours Escrow Fund (a) to the Seller, Thirty-Two Million Five Hundred Thousand Dollars and No/100 ($32,500,000.00) and any earnings on such amount, and (b) to the Purchaser, Twelve Million Five Hundred Thousand Dollars ($12,500,000.00) and any earnings on such amount..

(iii) If the Final Average EOR Hours are at least 250,000 but less than 270,000 hours, then Seller and the Purchaser shall, within five (5) Business Days after determination of the Final Average EOR Hours, issue joint written instructions directing the Escrow Agent promptly (and in any event within two (2) Business Days after the delivery of such joint written instructions) to pay from the Average EOR Hours Escrow Fund (a) to the Seller, Twenty Million Dollars ($20,000,000.00) and any earnings on such amount, and (b) to the Purchaser, Twenty-Five Million Dollars ($25,000,000.00) and any earnings on such amount.

(iv) If the Final Average EOR Hours are less than 250,000 hours, then Seller and the Purchaser shall, within five (5) Business Days after determination of the Final Average EOR Hours, issue joint written instructions directing the Escrow Agent promptly (and in any event within two (2) Business Days after the delivery of such joint written instructions) to pay to the Purchaser all of the Average EOR Hours Escrow Fund.

(v) All joint written payment instructions addressed to the Escrow Agent shall include wire instructions and account information for each of the party receiving payment as necessary to facilitate payment by wire transfer.

(vi) Any and all payments made pursuant to this Section 3.4 shall be consistently treated as adjustments to the Purchase Price for all Tax Purposes by the Seller and the Purchaser.

III.5 Adjustment of Base Purchase Price for Net Working Capital.

(a) Seller's Reference Statement. At least three (3) but not more than five (5) Business Days prior to the Closing Date, the Company will prepare and deliver to the Purchaser its good faith estimate of the Estimated Purchase Price along with a written statement (the "Estimated Closing Statement") setting forth the Company's good faith estimate of (i) Cash, as of 11:59 pm on the Closing Date ("Estimated Cash"), (ii) Net Working Capital, as of 11:59 pm on the Closing Date, ("Estimated Net Working Capital") and Estimated Working Capital Adjustment Amount (the "Estimated Net Working Capital Adjustment Amount"), (iii) Indebtedness ("Estimated Indebtedness"), as of immediately prior to

the Closing, and (iv) unpaid Seller Transaction Costs as of immediately prior to the Closing ("Estimated Transaction Costs"), together with such schedules and data with respect to the determination of the foregoing as may be appropriate to support the calculations set forth in the Estimated Closing Statement. The term "Estimated Purchase Price" shall mean the Base Purchase Price plus the Estimated Cash, minus the Estimated Indebtedness minus the Estimated Transaction Costs and plus or minus the Estimated Net Working Capital Adjustment Amount, as applicable. Following the delivery of the Estimated Closing Statement, the Company shall make available to the Purchaser and its representatives such information as the Purchaser may reasonably request in connection with its review of the Estimated Closing Statement. The Company will review any comments proposed by the Purchaser with respect to the Estimated Closing Statement and will consider, in good faith, any appropriate changes. The Company shall calculate the Estimated Net Working Capital in accordance with GAAP consistent with past practice and in good faith from the books and records of the Company and the Subsidiaries using the same accounting methods, policies, practices, procedures, classifications, judgments or estimation methodologies used in the example calculation set forth on Schedule 3.5(a) (the "Seller's Reference Statement").

(b) Closing Statement. 90 days following the Closing Date, the Purchaser shall prepare and deliver to the Seller (i) an unaudited, consolidated balance sheet of the Company as of the Closing (the "Closing Balance Sheet") and (ii) the Purchaser's calculation of the following amounts in clauses (1) – (4) herein to determine the Purchase Price (together, the "Closing Statement"). The Closing Statement will set forth Purchaser's calculation of (1) Cash, as of 11:59 pm on the Closing Date, (2) Net Working Capital, as of 11:59 pm on the Closing Date, and the applicable Working Capital Adjustment Amount, (3) Indebtedness as of immediately prior to the Closing, and (4) unpaid Seller Transaction Costs as of immediately prior to the Closing, together with such schedules and data with respect to the determination of the foregoing as may be appropriate to support the calculations set forth in the Closing Statement. The Purchaser or Company shall calculate the Net Working Capital in a manner consistent with the Seller's Reference Statement. The Seller shall have a period of up to thirty (30) days from the receipt of the Closing Statement to review the Purchaser's Closing Statement, during which period the Purchaser shall cause the Company to, make available to the Seller relevant books and records in the Purchaser's possession or control and personnel with knowledge of information relevant to the preparation of the Closing Statement. If as a result of such review, the Seller disagrees with the Closing Statement, the Seller shall deliver to the Purchaser a written notice of disagreement (a "Dispute Notice") prior to the expiration of such thirty (30) day review period setting forth the disputed items and basis for such dispute.

(c) Acceptance; Failure to Respond. If the Seller does not disagree with the Purchaser's Closing Statement, the Seller shall deliver a written statement to the Purchaser within such thirty (30) day period accepting the Closing Statement (an "Acceptance Notice"), in which case the Closing Statement shall be final and binding on the parties. If the Seller does not deliver a Dispute Notice or an Acceptance Notice within such thirty (30) day period, then the Purchaser's Closing Statement shall be final and binding on the parties.

(d) Resolution of Disputes. If the Seller delivers a Dispute Notice to the Purchaser in a timely manner, then the Purchaser and the Seller shall attempt in good faith to resolve such dispute within thirty (30) days from the date of the Dispute Notice. If the Purchaser and the Seller cannot reach agreement within such thirty (30) day period (or such longer period as they may mutually agree), then either party may refer the dispute to the Independent Auditor for binding resolution. The Independent Auditor, acting as an expert and not an arbitrator, shall determine the disputed items set forth in the Dispute Notice as of the Closing Date (which amount must be within the range of values as set forth in the Seller's Dispute Notice and the Purchaser's Closing Statement) in accordance with the provisions of this Agreement as promptly as may be reasonably practicable and shall endeavor to complete such process within a period of no more than sixty (60) days. The Independent Auditor may conduct such proceedings as the Independent Auditor, in its sole discretion, determines will assist in the determining such disputed items as of the Closing Date

and shall deliver to the Purchaser and the Seller concurrently a written report setting forth a final determination of the disputed items as of the Closing Date calculated in accordance with the provisions of this Agreement. The determination of the Independent Auditor shall be final and binding on the Purchaser and the Seller, effective as of the date the Independent Auditor's written report is received by the Purchaser and the Seller. The Seller and the Purchaser shall each be responsible for one-half of the costs and expenses of the Independent Auditor. The Seller and the Purchaser shall each bear their own legal, accounting and other fees and expenses of participating in such dispute resolution procedure. The Purchase Price as finally determined pursuant to this Section 3.5, is referred to as the "Final Purchase Price."

(e) Final Settlement of Disputes.

(i) If the Final Purchase Price is less than the Estimated Purchase Price, then, subject to the following sentence, the Seller shall, within five (5) Business Days of the date of final determination of the Final Purchase Price, pay to the Purchaser the amount equal to the absolute value of the difference between the Estimated Purchase Price and the Final Purchase Price ("Purchase Price Shortfall True-up Amount"). The Seller may elect to apply all or part the Net Working Capital Holdback towards satisfaction of the Purchase Price Shortfall True-up Amount, in which case, the parties shall provide written authorization to the Escrow Agent (i) to pay the Purchase Price Shortfall True-up Amount to Purchaser out of the Net Working Capital Holdback and, (ii) subject to satisfaction of the Purchase Price Shortfall True-up Amount, release the balance if any of the Net Working Capital Holdback to Seller, all as contemplated in Section 6(b)(ii) of the Escrow Agreement. If no Purchase Price Shortfall True-up Amount is due to Purchaser, the parties shall provide written authorization to the Escrow Agent to release the whole of Net Working Capital Holdback and any earnings thereon to Seller. In the event that the Purchase Price Shortfall True-up Amount is more than the Net Working Capital Holdback, Purchaser shall be entitled to recover the portion of the Purchase Price Shortfall True-up Amount exceeding the Net Working Capital Holdback from Seller.

(ii) Purchaser acknowledges that if the Final Purchase Price exceeds the Estimated Purchase Price, Seller shall be solely entitled to the excess amount (the "Purchase Price Surplus"). Purchaser shall pay the Purchase Price Surplus to Seller by wire transfer of immediately available funds, to an account or accounts designated by Seller, within five (5) Business Days of such determination. In addition, the parties shall provide written authorization to the Escrow Agent to release the whole of Net Working Capital Holdback and any earnings thereon to Seller.

(f) Adjustment for Tax Purposes. Any and all payments made pursuant to Section 3.5 shall be consistently treated as adjustments to the Purchase Price for all Tax Purposes by the Seller and the Purchaser.

III.6 Escrow. The Escrow Amount shall be held, invested and disbursed by the Escrow Agent in accordance with the terms of the Escrow Agreement, with the funds comprising each of the Average EOR Hours Escrow Amount, the Net Working Capital Holdback, and the Indemnification Escrow Amount to be kept in three (3) segregated accounts.

III.7 Withholding. Notwithstanding anything in this Agreement to the contrary, any Person making any payment or providing any consideration in connection with this Agreement or the transactions contemplated hereby, including the Purchaser, the Company and the Escrow Agent, as applicable, shall be entitled to deduct and withhold from the amount of any such payment or consideration, including the Purchase Price and any adjustments thereto, such amounts as the payer is required to deduct and withhold with respect to the making of such payment under the Code or any applicable provision of state, local or foreign tax Law, as determined by the payer in good faith. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes of this Agreement as having

been paid to the Person in respect of which such deduction and withholding was made, and the payer shall disburse such deducted or withheld amounts to the applicable Governmental Body. Each of Purchaser, the Company, and Seller agree and acknowledge that unless there is a change in applicable Law after the date hereof, Purchaser and the Company shall not deduct or withhold any federal income Taxes from the Purchase Price provided that Seller has delivered to Purchaser a properly executed IRS Form W-9.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE SELLER AND THE COMPANY

Except as specifically set forth in the disclosure schedule prepared by the Seller and the Company, dated as of the date hereof, and delivered to the Purchaser concurrently with the parties' execution of this Agreement setting forth specific exceptions to the Seller's and Company's representations and warranties set forth in accordance with Article IV and covenants set forth in Articles VI and VII (collectively, the "Disclosure Schedule"), the Seller and the Company, jointly and severally, represent and warrant to the Purchaser as of the date hereof and through the Closing Date, as follows:

IV.1 Organization and Good Standing.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has all requisite corporate power and authority to own, lease and operate its properties, to carry on its business as now conducted, to own or use its assets, and to perform all its obligations under applicable Contracts.

(b) The Seller has delivered to the Purchaser accurate and complete copies of the certificate of incorporation and bylaws of the Company as amended to date and currently in effect, and there has been no violation of any of the provisions of the Company's certificate of incorporation or bylaws.

(c) The Company has not conducted business under or otherwise used, for any purpose or in any jurisdiction, any legal, fictitious, assumed, or trade name other than "Dunn & Berger, Inc. dba Accredited Nursing Services".

(d) The Company does not conduct any business (including the Business) or own any assets outside the State of California.

IV.2 Authorization; Due Execution.

(a) Seller and the Company have the absolute and unrestricted right, power, authority and full legal capacity to execute and deliver this Agreement and each other agreement, document, or instrument or certificate contemplated by this Agreement to which he, she, or it is a party in connection with the consummation of the transactions contemplated by this Agreement (together with this Agreement, the "Seller Documents"), and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and each of the Seller Documents by Seller and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all required corporate action on the part of the Company, its board of directors and stockholders, and no other corporate proceedings on the part of the Company are necessary to authorize the execution, delivery and performance of this Agreement and the Seller Documents by the Company or the Seller or to consummate the transactions contemplated hereby or thereby.

(b) This Agreement has been, and each of the Seller Documents will be at or prior to the Closing, duly and validly executed and delivered by Seller and the Company and, assuming the due

authorization, execution and delivery by the other parties hereto and thereto, this Agreement constitutes, and each of the Seller Documents when so executed and delivered will constitute, legal, valid and binding obligations of Seller and the Company, enforceable against the Seller and the Company in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

(c) With respect to Seller, the trustees (the "Trustees") who have signed this Agreement and any Seller Document on behalf of Seller are the duly appointed trustees of Seller and they have not been removed or replaced from such positions as of the date hereof. The Trustees have all the power and authority necessary to act on behalf of Seller in entering into and delivering this Agreement and each other Seller Document executed or delivered by Seller and to consummate the transactions contemplated hereby and thereby on behalf of Seller. Seller maintains its situs within the State of California. Seller has provided or otherwise made available to Purchaser a redacted copy of the applicable Trust instrument, as currently in effect.

IV.3 Conflicts; Consents of Third Parties.

(a) The execution and delivery by the Seller and the Company of this Agreement or the Seller Documents, the consummation of the transactions contemplated hereby or thereby, or the compliance by the Seller and the Company with any of the provisions hereof or thereof will not (i) contravene, conflict with or result in any violation or breach of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or give rise to any obligation of the Company to make any payment under, or to the increased, additional, accelerated or guaranteed rights or entitlements of any Person under, or result in the creation of any Liens upon the Shares (other than restrictions on transfer under applicable securities Law) or any Liens upon any of the properties or assets of the Company under, any provision of (A) the certificate of incorporation and bylaws of the Company; (B) any material Contract or Permit to which the Company or any Subsidiaries is a party or by which any of the properties or assets of Business or the Company or any Subsidiaries are bound; (C) any Order of any Governmental Body applicable to the Business or the Company or any Subsidiaries, or any of the properties or assets of the Business or the Company as of the date hereof; or (D) any applicable Law; or (ii) give any Governmental Body or any Person the right to prevent or delay any of the transactions contemplated by this Agreement or the Seller Documents.

(b) Other than as set forth in Section 4.3(b) of the Disclosure Schedule, no consent from, waiver, Order, Permit or authorization of, or declaration or filing with, or notification to, any Person, Governmental Body, or any counterparty to a Contract is required on the part of the Seller or Company or any Subsidiaries in connection with (i) the execution and delivery of this Agreement or the Seller Documents, the compliance by the Seller with any of the provisions hereof, or the consummation of the transactions contemplated hereby, or (ii) the continuing validity and effectiveness immediately following the Closing of any Permit or Contract of the Company or any Subsidiaries.

IV.4 Subsidiaries. Section 4.4 of the Disclosure Schedule sets forth the four (4) Subsidiaries whose issued and outstanding shares are wholly-owned on record and beneficially by the Company. Save as set forth in Section 4.4 of the Disclosure Schedule, the Company does not have, and has never had, any other subsidiaries; and Company does not own or hold any shares of capital stock or other security or interest in any other Person or any rights to acquire any such security or interest.

(a) Each of the Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the California and has all requisite corporate power and authority to own, lease

and operate its properties and to carry on its business as now conducted, to own or use its assets, to perform all its obligations under applicable Contracts. The Subsidiaries do not conduct any Business outside the State of California.

(b) The Seller has delivered to the Purchaser accurate and complete copies of the certificate of incorporation and bylaws of each Subsidiary as amended to date and currently in effect, and there has been no violation of any of the provisions of such Subsidiary's certificate of incorporation or bylaws.

(c) The Subsidiaries have not conducted business under or otherwise used, for any purpose or in any jurisdiction, any legal, fictitious, assumed, or trade name other than (i) "Accredited Respite Services, Inc.", (ii) "Accredited FMS, Inc.", (iii) "Barry & Taffy, Inc. dba Accredited Home Health Services", (iv) "Berger, Inc. dba Accredited Nursing Care", and (v) "Berger, Inc. dba Accredited Home Care", respectively.

(d) Except as set forth in Section 4.4 of the Disclosure Schedule, there are no outstanding (a) shares of any Subsidiary, (b) securities convertible or exchangeable into capital stock of any Subsidiary, (c) options, warrants, purchase rights, subscription rights, preemptive rights, conversion rights, exchange rights, calls, puts, rights of first refusal or other contracts that require any Subsidiary to issue, sell or otherwise cause to become outstanding or to acquire, repurchase or redeem shares of any Subsidiary or (d) stock appreciation, phantom stock, profit participation or similar rights with respect to any Subsidiary.

(e) There are no restrictions on the ability of any Subsidiary to make distributions of cash to the Company (other than restrictions under applicable Law with respect to payment of distributions or dividends to equity holders).

IV.5 Outstanding Shares; No Restrictions.

(a) The authorized equity securities of the Company consist of seven thousand five hundred (7,500) shares of Common Stock, of which 3,100 shares of Common Stock, constituting the Shares, are all of the issued and outstanding shares of Common Stock. Seller is the owner (of record and beneficially) of all of the Shares free and clear of all Liens, including any restriction on the right of any to transfer the Shares to Purchaser pursuant to this Agreement. The assignments, endorsements, stock powers, or other instruments of transfer to be delivered by Seller to Purchaser at the Closing shall be sufficient to transfer, and will transfer, to Purchaser Seller's entire interest in the Shares (of record and beneficially) owned by Seller. Upon transfer to Purchaser of the certificates representing the Shares, Purchaser will receive good and valid title to the Shares, of record and beneficially free and clear of all Liens.

(b) The Company does not own nor is it a party to or bound by any Contract to acquire, any shares or other security of any Person or any direct or indirect equity or ownership interest in any other business. The Company is not obligated to provide funds to or make any investment (whether in the form of a loan, capital contribution, or otherwise) in any other Person.

(c) There are no outstanding options, warrants, and/or convertible securities pertaining to or issued by the Company. The Company only authorized and issued one (1) class of common stock and the Shares comprise all of the issued and outstanding shares of such class of stock.

(d) All issued and outstanding Shares of the Company (and each Subsidiary) have been duly authorized, validly issued and are fully paid and non-assessable and free of pre-emptive rights or similar rights and rights of first refusal and authorized and issued in compliance with all applicable Laws.

IV.6 Financial Statements and Records.

(a) Section 4.6(a) of the Disclosure Schedule contains a true and complete copy of the following unaudited financial statements of the Company: (i) the balance sheets and related statements of income and of cash flows of the Company and the Subsidiaries, consolidated and individually, for the calendar year ending March 31 for each of 2020 and, 2021 and (ii) the balance sheets and the related statements of income and cash flows of the Company and the Subsidiaries, consolidated and individually for the four (4) month period ended July 31, 2021 (the "Interim Financial Statements") (all such statements, including the related notes and schedules thereto, are referred to herein as the "Financial Statements").

(b) Save as set forth in Section 4.6(b) of Disclosure Schedule, each of the Financial Statements is complete and correct in all material respects, has been prepared in accordance with GAAP consistently applied by the Company (subject to, with respect to the Interim Financial Statements (i) the absence of footnote disclosures and other presentation items, (ii) changes resulting from year-end adjustments which, in the aggregate, will not be inconsistent in any material respect with past practice or materially adverse, and (iii) changes associated with consolidation) without modification of the accounting principles used in the preparation thereof throughout the periods presented and presents fairly in all material respects the financial position, results of operations and cash flows of the Company and the Subsidiaries as of the dates and for the periods indicated therein. The Financial Statements referred to in this Section 4.6(a) have been prepared from, and are consistent with, the books and records of the Company.

(c) The Company makes and keeps books, records and accounts which, accurately and fairly reflect the transactions and dispositions of its assets. The Company maintains systems of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit the preparation of financial statements in conformity with GAAP and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the actual levels at reasonable intervals and appropriate action is taken with respect to any differences.

(d) The minute books of the Company contain complete and correct records of all meetings held, and actions taken by written consent, of the holders of voting securities, the board of directors or Persons exercising similar authority, and committees of the board of directors or such Persons of the Company, and no meeting of any such holders, board of directors, Persons, or committee has been held, and no other action has been taken, for which minutes or other evidence of action have not been prepared and are not contained in such minute books. The Company has at all times maintained complete and correct records of all issuances and transfers of its shares. At the Closing, all such minute books and records will be in the possession of the Company and located at its principal office (and will be delivered to Purchaser).

(e) Section 4.6(e) of the Disclosure Schedule sets forth (i) the amount of all outstanding Indebtedness of the Company and the Subsidiaries, (ii) any Liens with respect to such Indebtedness (other than Permitted Exceptions), and (iii) a list of each material instrument or agreement governing such Indebtedness (accurate and correct copies of which have been provided or made available to the Purchaser).

(f) Except as set forth on Section 4.6(f) of the Disclosure Schedule, no material capital expenditure is required by the Company or any Subsidiary over the twelve (12)-month period following the Closing Date in order for the Business to be conducted in all material respects in the manner in which it was conducted prior to the Closing Date.

IV.7 No Undisclosed Liabilities. In addition to the representation in Section 4.6(b) regarding incurred but not reported Liabilities, as of the date of this Agreement the Company has no Liabilities (whether accrued, absolute, contingent or otherwise) whether or not required by GAAP to be set forth on a consolidated balance sheet of the Company, except for those Liabilities: (i) reflected or reserved against in the Interim Financial Statements or which are disclosed on Section 4.7 of the Disclosure Schedules; (ii) incurred subsequent to the date of the Interim Financial Statements in the Ordinary Course of Business (none of which is material individually or in the aggregate and none of which is a liability resulting from breach of contract, breach of warranty, tort, infringement, claim or lawsuit); (iii) incurred under or in connection with Contracts entered into by the Company in the Ordinary Course of Business that are not required under GAAP to be reflected in the Financial Statements (none of which is a liability resulting from breach of contract, breach of warranty, tort, infringement, claim or lawsuit); (iv) included in the calculation of Net Working Capital; and (v) incurred under, or contemplated by, the transactions to occur in connection with this Agreement.

IV.8 Condition and Sufficiency of Assets.

(a) To Seller's Knowledge, the buildings, equipment, and other assets (whether real or personal, tangible or intangible) owned or leased or licensed by the Company and the Subsidiaries are structurally sound, in good operating condition and repair, and adequate for the uses to which they are being put, and none of such buildings, equipment or other assets is in need of maintenance or repairs other than ordinary, routine maintenance that is not material in nature or cost.

(b) The assets owned and leased or licensed (whether real or personal, tangible or intangible) by the Company and the Subsidiaries constitute all the assets used in connection with the Business. Such assets constitute all the assets necessary for the Company and the Subsidiaries to continue to conduct the Business from and after the Closing Date without interruption as it has been conducted by the Company and the Subsidiaries prior to the date of this Agreement.

(c) Purchaser acknowledges and agrees to Seller retaining certain personal property items listed in Section 4.8 of the Disclosure Schedule, which items are not material to the operation of the Business, and shall be excluded from the transaction herein.

IV.9 Absence of Certain Developments.

(a) Except as expressly contemplated by this Agreement or as set forth on Section 4.9(a) of the Disclosure Schedule, since July 31, 2021, (i) the Company and the Subsidiaries have conducted the Business only in the Ordinary Course of Business, (ii) there has not been any damage, destruction or loss with respect to any material property or asset of the Business, (iii) there has not been any issuance, reissuance, reclassification, recapitalization, split or exchange of, or change in the authorized or issued shares of the Company or its Subsidiaries; purchase, redemption, retirement, or other acquisition by the Company of any shares of the Company; or the declaration or payment of any dividend or other distribution or payment in respect of the Shares or any other security of the Company, and (iv) there has not been any event, change, occurrence or circumstance that has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Without limiting the generality of the foregoing and except as set forth on Section 4.9(b) of the Disclosure Schedule, since July 31, 2021, none of the Company or any of its Subsidiaries has:

(i) declared, set aside or paid any dividend or made any other distribution in respect of any shares of capital stock (or other equity interest) of the Company;

(ii) repurchased, redeemed or acquired any outstanding shares of capital stock (or other equity interest) or other securities of, or other ownership interest in, the Company or any of its Subsidiaries;

(iii) awarded or paid any bonuses to any directors, officers, employees, independent contractors, agents or representatives of the Company or any of its Subsidiaries, other than in the Ordinary Course of Business as set forth in Section 4.9(b)(iii) of the Disclosure Schedule;

(iv) entered into any employment, consulting, deferred compensation, severance or similar agreement (nor amended any such agreement) or agreed to increase the compensation or benefits payable or to become payable by it to any directors, officers, employees, consultants, independent contractors, agents or representatives of the Company or any of its Subsidiaries, or agreed to increase the coverage or benefits available under the Company Benefit Plan;

(v) entered into any noncompete, customer or referral source nonsolicitation, or similar restrictive covenant, other than such agreements entered into in the Ordinary Course of Business or between the Company or any of its Subsidiaries, as applicable, and its respective employees and/or independent contractors (for the benefit of the Company or such Subsidiaries);

(vi) changed its accounting or Tax reporting principles, methods or policies;

(vii) made or rescinded any election relating to Taxes, settled or compromised any claim relating to Taxes;

(viii) failed to promptly pay and discharge current Liabilities except where disputed in good faith by appropriate proceedings;

(ix) made any loans, advances to, guarantees for the benefit of, or capital contributions to, or investments in, any Person (except immaterial advances to employees in the Ordinary Course of Business), or paid any fees or expenses to any director, officer, partner, stockholder or Affiliate;

(x) suffered damage to or destruction or loss of any portion of any material asset or property, whether or not covered by insurance, materially and adversely affecting the properties, assets, business, or financial condition of the Company or any of its Subsidiaries;

(xi) had any termination, suspension, or amendment or threatened termination, suspension, or amendment, of any Material Contract (as defined in Section 4.16(a)), or Permit necessary for the operation of the Business as it is presently conducted;

(xii) issued, created, incurred, assumed or guaranteed any Indebtedness;

(xiii) waived, canceled or compromised any material right or claim of the Company or any of its Subsidiaries that is, or but for such action would be, part of any asset or property of the Company or any of its Subsidiaries;

(xiv) paid any Losses, or settled any Legal Proceeding in excess of One Hundred Fifty Thousand Dollars ($150,000.00), pending or threatened against the Company or any of its Subsidiaries, or any asset or property of the Company or any of its Subsidiaries other than (i) workers' compensation claims in the Ordinary Course of Business; (ii) payments made in connection with the purchase of goods and services in the Ordinary Course of Business and (iii) payments of Indebtedness;

(xv) sold (other than sales in the Ordinary Course of Business), transferred, leased, or otherwise disposed of any material asset or property of the Company or any of its Subsidiaries or mortgaged, pledged, or imposed any Lien on any material property or asset of the Company or any of its Subsidiaries (other than Permitted Exceptions);

(xvi) applied for or accepted any additional COVID Relief Benefits; agreed, committed, arranged or entered into any agreement to do any of the foregoing; or

(xvii) agreed, committed, arranged or entered into any agreement to do any of the foregoing or engaged in any action that, if taken after the date of this Agreement and prior to the Closing, would require the prior written consent of Purchaser pursuant to Section 6.2(b).

(c) The Company and the Subsidiaries will maintain Net Working Capital as of the Closing Date in the Target Amount.

IV.10 Taxes.

(a) The Company and the Subsidiaries (i) have timely filed all Tax Returns required to be filed by or on behalf of the Company and its Subsidiaries and such Tax Returns have been duly, properly and timely filed in accordance with applicable Law with the appropriate Taxing Authority in all jurisdictions in which such Tax Returns are required to be filed (after giving effect to any valid extensions of time in which to make such filings), and all such Tax Returns are true, complete and correct in all material respects; and (ii) have fully and timely paid all Taxes payable by or on behalf of the Company and the Subsidiaries, whether or not such Taxes are reported or shown on any Tax Return. With respect to any period for which Tax Returns have not yet been filed or for which Taxes are not yet due or owing, the Company and its Subsidiaries have made due and sufficient accruals for such Taxes in the Financial Statements and its books and records. The aggregate unpaid Taxes of the Company and its Subsidiaries (i) did not, as of July 31, 2021, materially exceed the reserve for Tax liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the balance sheet included as part of the Interim Financial Statements and (ii) do not materially exceed that reserve as adjusted for the passage of time through the Closing in accordance with the past custom and practice of the Company and its Subsidiaries in preparing financial statements and accruing for Tax liabilities. All required estimated Tax payments sufficient to avoid any underpayment penalties have been made by or on behalf of the Company and its Subsidiaries.

(b) The Company and its Subsidiaries have complied in all material respects with all applicable Laws relating to the collection, payment and remittance and withholding of Taxes, including without limitation with respect to withholding, payroll or other Taxes relating to payments to any equity owner, employee, creditor, vendor or other Person, and sales and other Taxes relating to amounts received from any customer or other Person and have duly and timely withheld, collected and paid over to the appropriate Taxing Authority all amounts required to be so withheld, collected and paid under in accordance with all applicable Laws. The Company and its Subsidiaries have complied in all material respects with all reporting and record keeping requirements related to the matters described in the preceding sentence, including filing of Forms W-2 and 1099s (or other applicable forms). No claim has been made by a Taxing Authority in a jurisdiction where the Company or any Subsidiary does not file Tax Returns such that it is or may be subject to taxation by that jurisdiction.

(c) All deficiencies asserted or assessments made as a result of any examinations by any Taxing Authority of the Tax Returns of, or including, the Company and its Subsidiaries have been fully paid, and there are no other audits or investigations relating to or affecting the Company or its Subsidiaries by any Taxing Authority in progress. The Company and its Subsidiaries have not received any notice from

any Taxing Authority that it intends to conduct such an audit or investigation. No issue has been raised by a Taxing Authority in any prior examination of the Company or any of its Subsidiaries which, by application of the same or similar principles, could reasonably be expected to result in a proposed deficiency for any subsequent taxable period. The Company and its Subsidiaries have not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency that, in either case, remains in effect. No extensions of time for the filing of Tax Returns of the Company and its Subsidiaries are currently in effect other than extensions of time of not more than six months granted in accordance with applicable Laws which were obtained in the Ordinary Course of Business.

(d) Neither the Company nor any of its Subsidiaries is a party to any Tax sharing, allocation, indemnity, gross-up or other similar Tax agreement or arrangement (whether or not written) pursuant to which it will have any obligation to make any payments after the Closing. There are no Liens as a result of any unpaid Taxes upon any of the assets of the Company or its Subsidiaries.

(e) The Company and its Subsidiaries are not and shall not be required to include an item of income, or exclude an item of deduction for Tax purposes, for any period or portion of any period after the Closing Date as a result of (i) an installment sale transaction occurring on or before the Closing governed by Section 453 of the Code (or any similar provision of state, local or non-U.S. applicable Laws); (ii) a transaction occurring on or before the Closing reported as an open transaction for U.S. federal income Tax purposes (or any similar doctrine under state, local, or non-U.S. applicable Laws); (iii) any prepaid amounts, deposits or advance payments received on or prior to the Closing Date; (iv) a change in method of accounting requested or occurring on or prior to the Closing Date or the use of a cash or improper method of accounting on or prior to the Closing Date (including for the avoidance of doubt any adjustments under Section 481 of the Code relating to any of the foregoing); (v) an agreement entered into with any Governmental Body (including a "closing agreement" under Section 7121 of the Code) on or prior to the Closing Date; (vi) an income inclusion under Sections 951 or 951A of the Code or Subchapter K of the Code relating to income accruing prior to the Closing with respect to any interest held by the Company or any Subsidiary in a "controlled foreign corporation" (as defined in Section 957 of the Code) or entity classified as a partnership at or prior to the Closing; (vii) any deferred intercompany gain or any excess loss account described in Treasury Regulations under Code Section 1502 (or any corresponding or similar provision of state, local or non-U.S. law); or (viii) any election to defer income under the Code (or any corresponding or similar provision of applicable Law) made by the Company or its Subsidiaries on or prior to the Closing Date. The Company and its Subsidiaries are not and shall not be required to include any amount in income pursuant to Section 965 of the Code or pay any installment of the "net tax liability" or any other Tax pursuant to Section 965 of the Code. The Company and its Subsidiaries have not deferred until after the Closing the payment of any payroll Taxes the due date for the original payment of which was at or prior to the Closing.

(f) The Company and its Subsidiaries (i) have never been members of any group of Persons filing affiliated, consolidated, unitary or other combined Tax Returns, other than a group consisting only of the Company or its Subsidiaries, and (ii) do not have any liability for the Taxes of any other Persons under Treasury Regulations Section 1.1502-6 (or any similar provision of applicable Law) or by reason of being a member of any affiliated, consolidated, unitary or other combined group, as a transferee or successor, or by any contract, any applicable Law, or otherwise.

(g) None of the assets of the Company and its Subsidiaries are an interest in an entity or arrangement classified as a partnership, trust, pass-through entity or foreign corporation for U.S. federal, state, or local income Tax purposes.

(h) The Company and its Subsidiaries have not participated in any "reportable transaction" within the meaning of Section 6707A(c)(1) of the Code or Treasury Regulations Section 1.6011-4(b).

(i) None of the Company and its Subsidiaries has distributed stock of another Person, or has had its stock distributed by another Person, in a transaction within the two-year period ending on the date of this Agreement that was purported to be governed in whole or in part by Section 355 of the Code.

(j) The Company is currently classified as a "C corporation" within the meaning of Code Section 1361(a)(2), and no election to change such classification has been made or is currently pending. The classification for federal Tax and state and local Tax purposes of each Subsidiary of the Company is as set forth in Section 4.4 of the Disclosure Schedule and no election to change any such classification has been made or is currently pending.

IV.11 Business Employees.

(a) Section 4.11(a) of the Disclosure Schedule contains a complete and accurate list of all Persons who are employees, independent contractors or consultants (whether under common law, statutory law, or otherwise) of the Company, each Subsidiary, and the Business as of the date hereof (collectively, the "Business Employees"), and sets forth for each such individual the following: (i) name; (ii) title or position (including whether full or part time); (iii) hire date; (iv) location; (v) current hourly rate or annual base compensation rate (as applicable); (vi) commission, bonus or other incentive-based compensation; (vii) exemption classification, if any; (viii) whether on any leave of absence status, and if so, the anticipated return date (if known); (ix) identification of employing or contracting entity; (x) a description of the fringe benefits provided to each such individual as of the date hereof; (xi) identification of employment status (employee vs. independent contractor/consultant); and (xii) with respect to the independent contractors/consultants, identify expected termination date (if known). Except as set forth on Section 4.11(a) of the Disclosure Schedule, as of the date hereof, all compensation, including wages (including minimum wage, overtime, meal period and rest break penalties, and waiting time penalties), commissions and bonuses, payable to all employees, independent contractors or consultants of the Business for services performed on or prior to the date hereof have been paid in full (or accrued in full in the Business' Financial Statements) and there are no outstanding agreements, understandings or commitments of the Business with respect to any additional compensation, commissions or bonuses. To Seller's Knowledge, except as disclosed in Section 4.11(a) of the Disclosure Schedule, no Business Employee with a base salary of $100,000 and no group of Business Employees has given notice, or expressed an intent to provide such notice, of termination of employment. For the avoidance of doubt, all references to employees include employees employed under an "Employer of Record" arrangement.

(b) To Seller's Knowledge, no Person has claimed or has reason to claim that any Business Employee or other Person affiliated with the Company and the Subsidiaries: (i) is in violation of any term of any employment Contract, patent disclosure agreement, noncompetition agreement or any restrictive covenant with such Person; (ii) has disclosed or utilized any Trade Secret or proprietary information or documentation of such Person; or (iii) has interfered in the employment relationship between such Person and any of its present or former employees. To the Knowledge of the Seller, no Business Employee or other Person affiliated with the Company and the Subsidiaries has used or proposed to use any Trade Secret, information or documentation proprietary to any former employer or violated any confidential relationship with any Person in connection with the development, manufacture or sale of any product or proposed product, or the development or sale of any service or proposed service, of the Company and the Subsidiaries.

(c) Each independent contractor and consultant of the Business who has performed services for the Company or any of its Subsidiaries since the Applicable Look-Back Date while classified as an independent contractor (each, an "Independent Contractor" and collectively, the "Independent Contractors") has satisfied the requirements of applicable Laws to be so classified, and the Company and each of its Subsidiaries has not incurred any liability arising from misclassification. The Business has fully and accurately reported such Independent Contractors' compensation on IRS Forms 1099 or other applicable tax forms for independent contractors when required to do so. The Business has not received any notice from any Governmental Body disputing any classification in respect of the Independent Contractors.

(d) All employees of the Company and any of its Subsidiaries that have been classified as exempt from overtime under the Fair Labor Standards Act and/or similar state and local wage and hour Laws at any time since the Applicable Look-Back Date are and have been properly classified under all applicable Laws.

(e) The Business has not engaged in any unfair labor practice, and there is not now, nor since the Applicable Look-Back Date has there been, any unfair labor practice complaint pending or, to the Seller's Knowledge, threatened, against the Business before the United States National Labor Relations Board or any other comparable foreign or domestic authority or any workers' council.

(f) The Business is not, and has not been since the Applicable Look-Back Date, a party to, bound by, or negotiating any collective bargaining agreement or other Contract with a union, works council or labor organization (collectively, "Union"), and there is not, and has not been since the Applicable Look-Back Date, any Union representing or purporting to represent any employee of the Business. To the Seller's Knowledge, no Union or group of employees is seeking or has sought to organize employees for the purpose of collective bargaining. There has never been, nor has there been any threat of, any strike, slowdown, work stoppage, lockout, concerted refusal to work overtime or other similar labor disruption or dispute affecting the Business or any of its employees. The Business has no duty to bargain with any Union.

(g) The Company and each of its Subsidiaries are in compliance with and has complied at all times with the requirements of the Immigration Reform Control Act of 1986, including but not limited to all applicable requirements with respect to collecting, verifying and retaining complete and accurate copies of U.S. Citizenship and Immigration Services Form I-9 for each of its current and former employees, and any applicable mandatory E-Verify obligations. No Business Employee is employed pursuant to a visa, work permit or other work authorization that is time limited, and the Company and each of its Subsidiaries has not entered into any contractual obligations with any employee or prospective employee to assist in obtaining permanent residence on behalf of such Person.

(h) All employees of the Company and each of its Subsidiaries are employed on an at-will basis and their employment can be terminated at any time for any lawful reason, without notice or penalty amounts being owed to such employee; except that the Company and its Subsidiaries, as a matter of management policy and practice have been paying severance pay as follows: (i) one to two years of service, one month of severance, (ii) over two years and up to five years of service, three months of severance, and (iii) over five years of service, five months of severance.

(i) The Company and its Subsidiaries: (i) is and has been in compliance with all applicable Laws, in all material respects, with respect to engagement of independent contractors and consultants, employment, employment practices, terms and conditions of employment, mass layoffs, employment losses and plant closings (including the WARN Act), immigration, and wages and hours, including any such Laws respecting employment discrimination, harassment, retaliation, other fair employment practices, employee classification, pay equity, workers' compensation and unemployment

benefits, family and medical leave, wage and hour issues (including but not limited to payment of wages, meal and rest breaks, and timekeeping), prevailing wage issues, required trainings (including but not limited to harassment and health/safety), privacy, background checks, drug and medical screenings, expense reimbursements, restrictive covenants, immigration, occupational safety and health requirements (including workers' compensation and COVID-19 prevention protocols and requirements), and other employment (including pre-employment and post-employment) practices; (ii) has withheld and reported all amounts required by Law or by agreement to be withheld and reported from the wages, salaries and other payments to Business Employees; (iii) has no liability for any arrears of wages or any Taxes or any penalty for failure to comply with any of the foregoing; and (iv) has no liability for any payment to any trust or other fund or to any Governmental Body, with respect to unemployment compensation benefits, social security or other benefits for employees (other than routine payments to be made in the normal course of business and consistent with past practice).

(j) Except for participation in the EOR Program with the Regional Centers, and the services provided by Accredited FMS, Inc. to the Company and the other Subsidiaries, the Company and its Subsidiaries have complied with all applicable Laws so as to not establish a joint employer, single employer, or joint venture relationship with each other or any other entity with respect to any employees of another employer, company, or entity. Save as excepted above, the Company and its Subsidiaries do not represent to any third-party that it has established, created, or is a party to any joint employer, single employer, or joint venture relationship.

(k) Except as set forth in Section 4.11(k) of the Disclosure Schedule, there are no pending or, to the Seller's Knowledge, threatened, or anticipated actions, claims, lawsuits, charges, grievances, demands, investigations, audits, inspection orders, notices of a violation or noncompliance, litigation, proceedings, arbitration, appeals or other disputes, whether civil, criminal, administrative or otherwise (collectively, "Actions") by any Governmental Body, employee of the Business, or independent contractor of the Business against the Business under or arising out of any Law relating to discrimination, harassment, retaliation, or other fair employment practices, employment misclassification, wage and hour issues, occupational safety in employment, or other employment practices, there have been no such Actions pending or threatened since the Applicable Look-Back Date, and there are no circumstances that exist which might give rise to any such Action.

(l) since the Applicable Look-Back Date, the Company and each of its Subsidiaries have complied in all respects with the WARN Act, and none has any plans as of the date hereof to undertake any action in the future that would impose liabilities or obligations under the WARN Act.

(m) Regarding each Government Reimbursement Program, the Company and each of its Subsidiaries is and has been in compliance with Executive Order 11246, Section 503 of the Rehabilitation Act of 1973, or the Vietnam Era Veterans' Readjustment Assistance Act, and Executive Order 13706, each including all implementing regulations and applicable guidance.

(n) The Company and each of its Subsidiaries has provided or made available to Purchaser all material written policies, rules and procedures applicable to the Business Employees that have been adopted by the Company and each of its Subsidiaries.

(o) To the Seller's Knowledge, since January 1, 2014, (i) the Company and each of its Subsidiaries have promptly, thoroughly and impartially investigated all sexual harassment allegations made by or about any Business Employee, (ii) with respect to each such allegation with potential merit, the Company or each applicable Subsidiary has taken prompt corrective action that is reasonably calculated to prevent further harassment, (iii) the Company and each of its Subsidiaries do not reasonably expect any liabilities or losses with respect to any such sexual harassment allegation; and (iv) the Company and each

of its Subsidiaries has not entered into any settlement agreements related to allegations of sexual harassment made by or about any Business Employee.

IV.12 Company Benefit Plans.

(a) Section 4.12(a) of the Disclosure Schedule sets forth a complete and correct list of all Company Benefit Plans.

(b) True, correct, current and complete copies of the following documents, with respect to each of the Company Benefit Plans (as applicable), have been delivered to the Purchaser (i) the governing plan document, related trust documents, all amendments thereto and material contracts relating thereto, (ii) the most recent Forms 5500 for the past three (3) years and schedules thereto, (iii) the most recent financial statements and actuarial valuations for the past three (3) years, (iv) the most recent IRS determination letter, (v) the most recent summary plan descriptions and summary of material modifications thereto (including letters or other documents updating such descriptions), (vi) written descriptions of all non-written agreements relating to the Company Benefit Plans, (vii) copies of the non-discrimination testing results for the three (3) most recent plan years, and (viii) all non-routine correspondence from any Governmental Body with respect to each Company Benefit Plan within the past three (3) years.

(c) Except as set forth on Section 4.12(c) of the Disclosure Schedule, no Company Benefit Plan is or was since the Applicable Look-Back Date, and neither the Company, any Subsidiary nor any of their ERISA Affiliates has or reasonably expects to have any liability or obligation under (including current or potential withdrawal liability) (i) any "multiemployer plan" (as that term is defined in Section 3(37) of ERISA); (ii) any employee plan which is a "defined benefit plan" (as that term is defined in Section 3(35) of ERISA), whether or not terminated; (iii) a "multiple employer plan" as described in Section 413(c) of the Code, or (iv) a "multiple employer welfare arrangement" as described in Section 3(40) of ERISA.

(d) Each Company Benefit Plan intended to qualify under Section 401 of the Code ("Qualified Plans") is so qualified and the trusts maintained thereto are exempt from federal income taxation under Section 501 of the Code, and nothing has occurred with respect to the operation of any such Qualified Plan which could cause the loss of such qualification or exemption or the imposition of any liability, penalty or tax under ERISA or the Code.

(e) All contributions and premiums required by law or by the terms of any Company Benefit Plan or any agreement relating thereto have been timely made (without regard to any waivers granted with respect thereto) to any funds or trusts established thereunder or in connection therewith, and no accumulated funding deficiencies exist in any of such plans subject to Section 412 of the Code, and all contributions for any period ending on or before the Closing Date which are not yet due will have been paid or accrued on the Company's balance sheet on or prior to the Closing Date.

(f) The benefit liabilities, as defined in Section 4001(a)(16) of ERISA, of each of the Company Benefit Plans subject to Title IV of ERISA using the actuarial assumptions that would be used by the Pension Benefit Guaranty Corporation (the "PBGC") in the event it terminated each such plan do not exceed the fair market value of the assets of each such plan. The liabilities of each Company Benefit Plan that has been terminated or otherwise wound up, have been fully discharged in full compliance with applicable Law.

(g) There has been no "reportable event" as that term is defined in Section 4043 of ERISA and the regulations thereunder with respect to any of the Company Benefit Plans subject to Title IV of ERISA which would require the giving of notice, or any event requiring notice to be provided under Section 4041(c)(3)(C) or 4063(a) of ERISA.

(h) None of the Company, any ERISA Affiliate or any organization to which the Company is a successor or parent corporation, within the meaning of Section 4069(b) of ERISA, has engaged in any transaction, within the meaning of Section 4069 of ERISA.

(i) No Company Benefit Plan which is a "welfare benefit plan" within the meaning of Section 3(1) of ERISA provides, and neither the Company nor any of its Subsidiaries have any obligation to provide, for continuing medical, health, life insurance or other welfare type benefits or coverage for any participant or any beneficiary of a participant post-termination of employment except as may be required under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") and at the expense of the participant or the participant's beneficiary.

(j) Each of the Company and any ERISA Affiliate which maintains a "group health plan" within the meaning of Section 5000(b)(1) of the Code has complied with (i) the notice and continuation requirements, and all other requirements, of Section 4980B of the Code, COBRA, Part 6 of Subtitle B of Title I of ERISA and the regulations thereunder and (ii) the affordability and minimum essential coverage requirements, and all other requirements, of the Patient Protection and Affordable Care Act of 2010, as amended.

(k) There has been no violation of ERISA or the Code with respect to the filing of applicable returns, reports, documents and notices regarding any of the Company Benefit Plans with the Secretary of Labor or the Secretary of the Treasury or the furnishing of such notices or documents to the participants or beneficiaries of the Company Benefit Plans.

(l) There are no pending Legal Proceedings which have been asserted, instituted, pending or, to the Seller's Knowledge, threatened against any of the Company Benefit Plans, the assets of any such plans or the Company, or the plan administrator or any fiduciary of the Company Benefit Plans with respect to the operation of such plans (other than routine, uncontested benefit claims), and there are no facts or circumstances which could form the basis for any such Legal Proceeding.

(m) Each of the Company Benefit Plans has been established and maintained, in all material respects, in accordance with its terms and all provisions of applicable Law. All amendments and actions required to bring each of the Company Benefit Plans into conformity in all material respects with all of the applicable provisions of ERISA and other applicable Laws have been made or taken except to the extent that such amendments or actions are not required by Law to be made or taken until a date after the Closing Date and are disclosed on Section 4.12(m) of the Disclosure Schedule.

(n) Each Company Benefit Plan that is a "nonqualified deferred compensation plan" (as defined in Code Section 409A(d)(1) and applicable regulations) has been maintained and operated in compliance with, and the document(s) evidencing such arrangement comply with, the requirements of Section 409A of the Code and regulations and other guidance promulgated thereunder, and no additional Tax under Section 409A of the Code has been or could be incurred by a service provider of the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries has an obligation (whether pursuant to a Company Benefit Plan or otherwise) to indemnify, "gross-up", reimburse or otherwise compensate any individual with respect to the additional Taxes or interest imposed pursuant to Section 409A of the Code.

(o) None of the Company or any ERISA Affiliate or any organization to which any is a successor or parent corporation, has divested any business or entity maintaining or sponsoring a defined benefit pension plan having unfunded benefit liabilities (within the meaning of Section 4001(a)(18) of ERISA) or transferred any such plan to any person other than the Seller or any ERISA Affiliate since the Applicable Look-Back Date.

(p) Neither the Company nor any "party in interest" or "disqualified person" with respect to the Company Benefit Plans has engaged in a non-exempt "prohibited transaction" within the meaning of Section 4975 of the Code or Section 406 of ERISA.

(q) None of the Company or any ERISA Affiliate has terminated any Company Benefit Plan subject to Title IV of ERISA or incurred any outstanding liability under Section 4062 of ERISA to the Pension Benefit Guaranty Corporation or to a trustee appointed under Section 4042 of ERISA.

(r) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) entitle any current or former employee, director, manager, officer, consultant, independent contractor, contingent worker, or leased employee (or any dependents, spouses, or beneficiaries thereof) of the Company and its Subsidiaries to any bonuses, severance pay or any other transaction related payments; (ii) increase any benefits otherwise payable under any Company Benefit Plan; or (iii) accelerate the time of payment or vesting, or increase the amount of compensation and/or benefits due to such individual.

(s) The Company is not a party to any contract, plan or commitment, whether legally binding or not, to create any additional Company Benefit Plan, or to modify any existing Company Benefit Plan.

(t) No stock or other security issued by the Company forms or has formed a material part of the assets of any Company Benefit Plan.

(u) No amount paid or payable (whether in cash, in property, or in the form of benefits) in connection with the transactions contemplated by this Agreement (either solely as a result thereof or as a result of such transactions in conjunction with any other event) would constitute a "parachute payment" within the meaning of Section 280G of the Code.

(v) Any individual who performs services for the Company (other than through a contract with an organization other than such individual) and who is not treated as an employee for federal income Tax purposes by the Company is not an employee for such purposes.

IV.13 Real Property.

(a) Each of the Company and the Subsidiaries does not own (and has never owned) any real property. Section 4.13(a) of the Disclosure Schedule sets forth a list of all real property currently leased by the Company and the Subsidiaries or otherwise used or occupied by the Company and the Subsidiaries for the operation of the Business (the "Leased Real Properties"). Except as set forth on Section 4.13(a) of the Disclosure Schedule, the leases for the Leased Real Properties are unmodified and in full force and effect, and the Company and its Subsidiaries hold a valid and existing leasehold interest under each such lease, in each case, free and clear of any Liens, except for Permitted Exceptions.

(b) To the Seller's Knowledge, each of the Leased Real Properties is (i) in good operating condition and repair, and is free from structural, physical and mechanical defects; (ii) maintained in a manner consistent with standards generally followed with respect to similar properties; and (iii) available for use in and sufficient for the purposes and current demands of the Business and operation of the Company and the Subsidiaries as currently conducted.

(c) None of the Company nor any of its Subsidiaries, and to the Knowledge of the Company, no other party to any lease of the Leased Real Properties, is in default in any material respect under any of such leases. None of the Company nor any of its Subsidiaries are aware of, nor has received

any written notice of, any other party to any lease requesting a termination or material modification of the terms thereof.

(d) None of the Company nor any of its Subsidiaries has subleased, licensed or otherwise granted to any Person the right to use or occupy any Leased Real Property or any portion thereof.

(e) The Company has provided or otherwise made available to Purchaser an accurate and complete copy of each lease (and any modifications thereof) in effect on the date hereof, each of which is listed on Section 4.13(a) of the Disclosure Schedule.

IV.14 Tangible Personal Property. Section 4.14 of the Disclosure Schedule sets forth (i) all leases or licenses of personal property ("Personal Property Leases") involving annual payments in excess of $12,000 relating to personal property used in the Business or to which the Company or a Subsidiary is a party or by which the properties or assets relating to the Business are bound and (ii) all items of tangible personal property which, individually or in the aggregate, are material to the operation of the Business. The Company and the Subsidiaries, as applicable, have good and marketable title to, or a valid leasehold or license interest, which affords the Company or a Subsidiary possession in, all of the items of tangible personal property reflected on Section 4.14 of the Disclosure Schedule, free and clear of any and all Liens, other than the Permitted Exceptions. Each of the Company and the Subsidiaries has a valid and enforceable leasehold or license interest under each of the Personal Property Leases to which it is a party, and each of the Personal Property Leases is in full force and effect. There is no default under any Personal Property Lease by the Company or the Subsidiary party thereto or, to the Knowledge of the Seller, by any other party thereto, and no event has occurred that with the lapse of time or the giving of notice or both would constitute a default thereunder. No party to any of the Personal Property Leases has exercised any termination rights with respect thereto. Execution of this Agreement and consummation of the transactions contemplated herein does not constitute a breach or a default under any of the Personal Property Leases, except as explicitly noted on Section 4.3 of the Disclosure Schedule, for which Company shall obtain the necessary consents prior to the Closing Date. All of the tangible personal property reflected on Section 4.14 of the Disclosure Schedule are in good condition and repair, ordinary wear and tear excepted and are usable in the Ordinary Course of Business. None of the Property listed on Section 4.14 of the Disclosure Schedule is in the possession, custody or control of any Person other than the Company or a Subsidiary.

IV.15 Intellectual Property.

(a) Section 4.15(a) of the Disclosure Schedule sets forth an accurate and complete list of all (i) Patents, (ii) Marks, (iii) Copyrights, and (iv) Domain Names, in each instance, owned, filed by or registered to the Company or its Subsidiaries (collectively, the "Registered Intellectual Property"), and with respect to any of the foregoing, specifying, in each case, as applicable, (a) the applicable owner or registrant of such item; (b) the application or registration/issuance number of such item; (c) the date of application, registration or issuance of such item; and (d) the jurisdiction in which such item is registered, issued or pending. The Company or a Subsidiary is the sole and exclusive owner of all Registered Intellectual Property. The Registered Intellectual Property is valid, subsisting, and enforceable, and all necessary registration, maintenance and renewal fees in connection with such Registered Intellectual Property have been paid and all necessary documents and certificates in connection with such Registered Intellectual Property have been filed with the relevant authorities in the United States or foreign jurisdictions, as the case may be, for the purposes of prosecuting, maintaining, and perfecting such Registered Intellectual Property.

(b) Except as disclosed in Section 4.15(b) of the Disclosure Schedule, the Company or a Subsidiary is the sole and exclusive owner of, or has valid and continuing rights to use, sell and license, as the case may be, all Purchased Intellectual Property used, sold or licensed by the Company in the

Business as presently conducted and as currently proposed to be conducted, free and clear of all Liens or obligations to others.

(c) Section 4.15(c) of the Disclosure Schedule sets forth an accurate and complete list of all Intellectual Property Licenses. Except with respect to licenses of commercial off-the-shelf software, none of the Company and the Subsidiaries is required, obligated, or under any Liability whatsoever, to make any payments by way of royalties, fees or otherwise to any owner, licensor of, or other claimant to any Purchased Intellectual Property, or other third party, with respect to the use thereof or in connection with the conduct of the Business.

(d) No Trade Secret or any other non-public, proprietary information material to the Business has been authorized to be disclosed or, to the Knowledge of the Seller, has been actually disclosed by the Company and the Subsidiaries to any employee or any third party other than pursuant to a non-disclosure agreement restricting the disclosure and use of the Purchased Intellectual Property. The Company has taken commercially reasonable security measures to protect the secrecy, confidentiality and value of all the Trade Secrets of the Business and any other confidential information, including invention disclosures, not covered by any patents owned or patent applications filed by the Company, which measures are reasonable in the industry in which the Company operates.

(e) The Company is not the subject of any pending or, to the Knowledge of the Seller, threatened Legal Proceedings which involve a claim of infringement, unauthorized use, or violation by any Person against the Company or challenging the ownership, use, validity or enforceability of, any Purchased Intellectual Property. To the Knowledge of the Seller, no Person is infringing, violating, misusing or misappropriating any material Purchased Intellectual Property used in the Business. No such claims have been made against any Person by the Company. There are no Orders to which the Company is a party or by which the Company is bound which restrict, in any material respect, the rights to use any of the Purchased Intellectual Property.

(f) All Technology and any other computer systems, including the software, firmware, hardware, networks, interfaces, platforms and related systems owned or currently used in the conduct of the Business (collectively, the "Company Systems"): (i) are in satisfactory working order in all material respects; (ii) have commercially reasonable security, backups, disaster recovery arrangements and hardware and software support and maintenance that are designed to minimize the risk of error, breakdown, failure or security breach occurring to ensure if such event does occur it does not cause a material disruption to any portion of the Business; and (iii) since the Applicable Look-Back Date, have not suffered any material failures, breakdowns or other material adverse events that have caused or could reasonably be expected to result in the substantial and material disruption or interruption in or to the use of the Company Systems and/or the conduct of the Business, except in each case as would not reasonably be expected to be, individually or in the aggregate, material to the Company.

(g) No present or former employee of the Company or any Subsidiary has any right, title, or interest, directly or indirectly, in whole or in part, in any material Purchased Intellectual Property. No employee, consultant or independent contractor of the Company or any Subsidiary is, as a result of or in the course of such employee's, consultant's or independent contractor's engagement by the Company, in default or breach of any material term of any employment agreement, non-disclosure agreement, assignment of invention agreement or similar agreement.

IV.16 Material Contracts.

(a) Section 4.16(a) of the Disclosure Schedule sets forth all of the following Contracts to which the Company or a Subsidiary is a party or by which the Company or such Subsidiary or any of their respective assets is bound (collectively, the "Material Contracts"):

(i) any Contract with a licensed healthcare service plan or other payor program;

(ii) any Contract with any Governmental Body (excluding the Scheduled Permits) or any third-party payor including Government Reimbursement Programs or Private Programs;

(iii) any Contract that provides for the referral of any patient for the provision of goods and services by the Company, or payments by the Company or any of its Subsidiaries as a result of any referrals of patients to the Company or any of its Subsidiaries (excluding Contracts with Governmental Bodies);

(iv) Contracts with any current or former officer, director, stockholder or Affiliate of the Company or any of its Subsidiaries;

(v) Contracts for the sale of any of assets of any of the Company and the Subsidiaries, or for the grant to any person of any preferential rights to purchase any of such assets;

(vi) Contracts relating to the acquisition by the Company or any of its Subsidiaries of any operating business or equity or ownership interest of another Person (by asset sale, stock sale, merger or otherwise) or relating for joint ventures, strategic alliances or partnerships;

(vii) Contracts that purport to limit the freedom of the Company to compete in any line of business or with any Person or to conduct business in any geographic location, including, without limitation, any Contract containing a non-competition covenant, any customer or referral source non-solicitation covenant or any similar restrictive covenant or covenant that requires most favored nation or equivalent rights;

(viii) Contracts relating to any bonds, debentures, notes, loans, credit or loan agreements or loan commitments, mortgages, indentures, the incurrence, assumption or guarantee of any Indebtedness or imposing a Lien on any of assets of the Company and the Subsidiaries, or other contracts relating to any Indebtedness, any Contract creating a capital lease obligation or any Contract constituting a guarantee of Indebtedness of any other Person;

(ix) Contracts under which the Company and the Subsidiaries have made advances or loans to any other Person, including, any Contract with respect to lending or investing of funds to or in other Persons, including, any other Company or Subsidiary;

(x) any Contract creating a Lien on the Shares;

(xi) Contracts providing for severance, retention, change in control or other similar payments to any Business Employee;

(xii) Contracts for the employment, engagement or consultancy of any individual on a full-time, part-time or consulting or other basis;

(xiii) Contracts with any labor union or association or other Person representing or seeking to represent any employee of the Company or any other individual who provides services to the Company including, without limitation, any collective bargaining agreement;

(xiv) any bonus, pension, profit sharing, retired or deferred compensation plan, stock purchase, option, phantom compensation, change in control plan or payments (including, without limitation, to any manager, officer, employee or contractor), profits interest plan or similar plan or practice;

(xv) any management Contracts (or similar arrangements), medical director Contracts, skilled nursing facility Contracts, assisted living facility Contracts, hospital Contracts, and other clinical Contracts;

(xvi) Contracts for the provision of goods or services involving consideration in excess of $25,000 annually or $100,000 in the aggregate over the term of the Contract;

(xvii) Contracts (or group of related contracts) which involve the expenditure of more than $25,000 annually or $100,000 in the aggregate or require performance by any party more than one year from the date hereof;

(xviii) Contracts that provide for the purchase, sale or lease of real property or the lease (including any master lease covering multiple items of personal property) of any item or items of personal property with a rental expense under such lease (whether for a single item or multiple items) exceeding $150,000 over its remaining term;

(xix) any Contract providing for the deferred payment of any purchase price including any "earn out" or other contingent fee arrangement which remains outstanding on the date hereof;

(xx) any Intellectual Property Licenses (excluding licenses granted to the Company to use off the shelf computer software);

(xxi) all non-disclosure, confidentiality, or non-solicitation agreements between the Company or any of its Subsidiaries and any of its respective current or former employees, consultants or agents;

(xxii) Contracts between the Company or any of its Subsidiaries, on the one hand, and any Affiliate of the Company or any of its Subsidiaries, on the other hand, including any Contract providing for the indemnification of such Affiliate by the Company;

(xxiii) Contracts pursuant to which the Company or any of its Subsidiaries will have the obligation to indemnify any manager, member, officer or employee for acts or omissions in such capacity;

(xxiv) any Contract granting to any Person an option, a right of first refusal, first offer or other right to purchase any of the Company's assets or the Shares; and

(xxv) Contracts otherwise material to the Business.

(b) Each Material Contract is in full force and effect and is the legal, valid and binding obligation of the Company or Subsidiary (as applicable), enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity). None of the Company and the Subsidiaries is in default under any Material Contract, and to the Knowledge of Seller no other party to any Material Contract is in default thereunder. No event has occurred that with the lapse of time or the giving of notice or both would constitute a default under any Material Contract. No party to any of

the Material Contracts has exercised any termination rights with respect thereto. The Company has delivered or otherwise made available to the Purchaser true, correct and complete copies of all of the Material Contracts, together with all amendments, modifications or supplements thereto. The Company has not received written notice of any cancellation or material amendment or modification of any Material Contract from the other parties thereto. Execution of this Agreement and consummation of the transactions contemplated herein does not constitute a breach or a default under any of the Material Contracts, except as explicitly noted on Section 4.3(b) of the Disclosure Schedule, for which Company shall obtain the necessary consents prior to the Closing Date.

(c) Largest Payors. Section 4.16(c) of the Disclosure Schedule sets forth a list of the ten largest payors of each of the Company and its Subsidiaries (whether a Government Reimbursement Program or Private Program) as measured by the dollar amount of payments therefrom, during the twelve (12) months year ended June 30, 2021, showing the approximate total payments received by the Company or any Subsidiary from each such payor and the Material Contracts associated therewith. During the last twelve (12) months, none of the Company or any of its Subsidiaries has not received any written notice from any of those payors listed that such Person intends to (i) cease paying claims to the Company or any of its Subsidiaries, or (ii) materially limit or reduce such payments to any Company or Subsidiary.

IV.17 Litigation.

(a) Except as disclosed in Section 4.17(a) of the Disclosure Schedule, as of the date of this Agreement there are, and since the Applicable Look-Back Date there has been, no Legal Proceeding pending or, to the Knowledge of Seller, threatened, at law or in equity, against the Company or any of its Subsidiaries, the Seller or Business Employees with respect to their business activities on behalf of the Company and the Subsidiaries, or to which the Company and the Subsidiaries or the Seller is otherwise a party before any Governmental Body, nor is there any reasonable basis for any such Legal Proceeding.

(b) There are, and since the Applicable Look-Back Date there have been, no (i) Orders or unsatisfied penalties or awards against the Company or any of its Subsidiaries, or (ii) conciliation or settlement agreements (except as disclosed in Section 4.17(a) related to any litigation, in each case with respect to which Company or any of its Subsidiaries has ongoing obligations that are, individually or in the aggregate, material to Company or any of its Subsidiaries.

(c) The litigation set forth on Section 4.17(a) of the Disclosure Schedule are not covered by the Insurance Policies.

(d) The Company and its Subsidiaries have made available to Purchaser all material complaints, answers, motions, responses and other documentation relating to any Litigation set forth on Section 4.17(a) of the Disclosure Schedule.

IV.18 Compliance with Laws; Permits.

(a) Compliance. None of the Company and its Subsidiaries, and to the Seller's Knowledge, none of the Company Personnel with respect to their Business Participation, have failed to comply with or violated any Law applicable to the Business, including Environmental Laws and Healthcare Laws. The Sellers, Company, each Subsidiary, and to the Seller's Knowledge, each of the Company Personnel with respect to their Business Participation are currently, and have been since the Applicable Look-Back Date, in compliance in all material respects with all Laws, including Healthcare Laws, applicable to the conduct or operation of the Business. No Legal Proceeding by any Governmental Body is pending or, to the Seller's Knowledge, has been threatened against, any of the Sellers, the Company, the Subsidiaries, or, to the Seller's Knowledge, any of the Company Personnel with respect to their Business

Participation. No event has occurred, and no condition or circumstance exists, that (with or without notice or lapse of time or both) will or is reasonably likely to constitute or result in a violation of any applicable Law, including Healthcare Laws, by Seller, the Company, any Subsidiary, or to the Seller's Knowledge, any of the Company Personnel with respect to their Business Participation. Except as may be set forth on Section 4.18(a) of the Disclosure Schedule, none of the Sellers, the Company or any Subsidiary has ever received any notice or other communication from any Person regarding any actual or possible violation of, or failure to comply with, any applicable Law, including Healthcare Laws, in each case, pertaining to actions or conduct taken (or not taken) by or on behalf the Company or its Subsidiaries. Except as set forth on Section 4.18(a) of the Disclosure Schedule, none of Sellers, the Company, any Subsidiary or to the Seller's Knowledge, any of the Company Personnel, since the Applicable Look-Back Date, have been the subject of or participant in any Legal Proceeding relating to a material allegation of a Health Care Laws violation. None of the Seller (and its trustee(s)), the Company, any Subsidiary, or any Company Personnel are or ever have been in Excluded Status.

(b) Orders. There is no Order binding upon the Company or any of its Subsidiaries or to which the Business and any assets owned or used by the Company and the Subsidiaries is subject, including any Orders or Contracts with respect to (i) Environmental Laws, (ii) Remedial Action or (iii) any Release or threatened Release of a Hazardous Material, and (iii) Healthcare Laws. The Seller is not subject to any Order that prohibits Seller from engaging in or continuing any conduct, activity or practice relating to the Business.

(c) Permits. Each of the Company and the Subsidiaries holds, to the extent required by applicable Law, including Healthcare Laws, all Permits from, and has made all declarations, applications, and other filings required by Law and any Governmental Body for the operation of Business and delivery of Business Services as presently conducted, including the sale, transport, export, import or shipment of any items or materials (whether in tangible form or otherwise) to any jurisdiction. No Legal Proceeding is pending or, to the Seller's Knowledge, threatened, to modify, suspend, revoke, withdraw, terminate, fail to renew, or otherwise limit or restrict any such Permits, and each such Permit is valid and in full force and effect, and each of the Company and the Subsidiaries is and always has been in compliance with the terms of such Permits. Section 4.18(c) of the Disclosure Schedule provides an accurate and complete list of all Permits used, held or owned by the Company or by any Subsidiary (the "Scheduled Permits", in each case specifying the applicable Company or Subsidiary), and the Company has delivered to the Purchaser accurate and complete copies of each such Permit. None of the Company and the Subsidiaries has received any notice or other communication from any Governmental Body regarding: (i) any actual or possible violation of or failure to comply with any term or requirement of any Permit; or (ii) any actual or possible revocation, withdrawal, suspension, cancellation, termination or modification of any Permit. To the Seller's Knowledge, no event has occurred, or circumstance exists that is reasonably likely to result in a Legal Proceeding by any Governmental Body to modify, suspend, revoke, withdraw, terminate, or otherwise materially limit or restrict any such Permits. All applications and other filings required for the renewal of any such Permits have been duly and timely filed with the appropriate Governmental Body. Neither the Company nor any Subsidiary home health agency (as "home health agency" is defined in 42 U.S.C. § 1395x(o)) during the immediately preceding thirty-six (36) months prior to the date of this Agreement engaged in an arrangement or transaction covered by 42 C.F.R. § 424.550(b)(1).

(d) Government Reimbursement Programs. Each of the Subsidiaries as listed in Section 4.18(d) of the Disclosure Schedule is certified for and qualified for participation in and has current and valid provider contracts with the Government Reimbursement Programs and/or their intermediaries or carriers and complies with the conditions of participation therein. Each of those Government Reimbursement Programs are set forth on Section 4.18(d) of the Disclosure Schedule (the "Scheduled Programs") along with (i) an identification of the applicable Subsidiary, and (ii) for each Subsidiary, as applicable, its current National Provider Identifiers, provider numbers and as applicable, accrediting body

numbers for each of the Scheduled Programs (the "Provider Numbers"). Each of the Subsidiaries is entitled to payment under the Government Reimbursement Programs for services rendered to qualified beneficiaries. Except to the extent the Subsidiaries' Liabilities and contractual adjustments under the Government Reimbursement Programs have been properly reflected and adequately reserved in the Financial Statements, the Subsidiaries have not received or submitted any false or misleading claim for payment and none of the Subsidiaries have received written notice of any dispute or claim by any Governmental Body, carrier or other Person regarding the Government Reimbursement Programs or such Subsidiary's participation therein. Since the Applicable Look-Back Date, the Company and each Subsidiary and to the Knowledge of the Company, each of the Company Personnel with respect to their Business Participation, have been in material compliance with the Laws, conditions of participation, terms and conditions, program memorandums and manuals of the applicable Scheduled Programs. Except as set forth on Section 4.18(d) of the Disclosure Schedule, no Legal Proceeding is pending, or, to the Seller's Knowledge, threatened, applicable to such participation in any Scheduled Program (which, for the avoidance of doubt, excludes any written notice or claim relating to payment refunds or adjustments received in the Ordinary Course of Business). Except as set forth on Section 4.18(d) of the Disclosure Schedule, there are not and have never been any other Provider Numbers in the name of the Company or any Subsidiary.

(e) Private Programs. Each of the Company and its Subsidiaries that receive reimbursement under or from any Private Program is, and has been since the Applicable Look-Back Date, in compliance, in all material respects, with the terms and conditions applicable to the participation of any such Private Program. There is no Legal Proceeding which is pending, or, to the Knowledge of the Company, which is threatened, applicable to such participation in any Private Program or any Private Program agreement (which, for the avoidance of doubt, excludes any written notice or claim relating to payment refunds or adjustments received in the Ordinary Course of Business).

(f) Billing and Collection Practices. Except as set forth on Section 4.18(f) of the Disclosure Schedule, all billing and collection practices of the Company and its Subsidiaries with respect to all third-party payors, including any Government Reimbursement Programs and Private Programs, have been and are conducted in compliance in all material respects with all Laws and the billing guidelines of such third-party payors, and there are no pending, or to the Seller's Knowledge, threatened, Legal Proceedings related to such billing and collection practices. Except as set forth on Section 4.18(f) of the Disclosure Schedule, neither the Company nor any Subsidiary has any liability relating to claims filed since the Applicable Look-Back Date under any Government Reimbursement Program or Private Program for any material refund, overpayment, discount or adjustment.

(g) Reports. The Company or each Subsidiary, as applicable, has filed or caused to be filed timely all cost reports, forms, statements and other documents required to be filed with each applicable Governmental Body ("Reports") or with respect to Government Reimbursement Programs or Private Programs, including the report to the United Stated Department of Health and Human Services with respect to the PRF Payments. The Reports were prepared in all material respects in accordance with the requirements of all applicable Laws and no deficiencies have been asserted with respect to any such Reports. Except for Reports not yet due, there are no Reports required to be filed by the Company or any Subsidiary in order for any of them to be reimbursed under, or otherwise participate in, any Government Reimbursement Programs, Private Program, or other third-party payor program.

(h) HIPAA. Except as set forth on Section 4.18(h) of the Disclosure Schedule, the Company and its Subsidiaries: (i) are, and at all times since the Applicable Look-Back Date have been, in compliance in all material respects with the applicable privacy, security, transaction standards, breach notification, and other provisions and requirements of HIPAA and any similar state Laws; and (ii) have

established and implemented such policies, programs, procedures, contracts, and systems as are reasonably necessary to comply, in all material respects, with HIPAA.

(i) Health Care Practitioners. At all times since the Applicable Look-Back Date during which a Health Care Practitioner has provided any health care services to or on behalf of the Company or its Subsidiaries requiring the Health Care Practitioner to be licensed by a Governmental Body, each such Health Care Practitioner has been and is duly licensed and holds all other necessary Permits and is otherwise qualified under Laws to provide such health care services in each applicable jurisdiction where the services are or were rendered. To the Knowledge of the Company, no event has occurred, and no fact, circumstance or condition exists that has or reasonably may be expected to result in the denial, loss, revocation, suspension, or rescission of any such license or other Permit.

(j) Compliance Program. The Company and its Subsidiaries have and does maintain a compliance plan and program, applicable to the Company, its Subsidiaries, and Business as a whole and to all Company Personnel, that materially satisfies all of the compliance plan elements recommended by the United States Department of Health and Human Services, Office of Inspector General. The Business is and has been conducted in all material respects in accordance with such compliance plan and program and any of its predecessors and related policies and procedures. The Company has provided Purchaser with true and correct copies of the Company's compliance plan and program and related policies and procedures.

(k) Health Care Regulatory Approvals. Section 4.18(k) of the Disclosure Schedule sets forth the Approvals, including Approvals related to any Permits or Scheduled Programs, required by any Laws in connection with the transactions and Closing contemplated by this Agreement (the "Health Care Regulatory Filings") which, for avoidance of doubt shall be, to the extent authorized by Law and the applicable Governmental Body, the sole responsibility of Purchaser to secure, but in cooperation and consultation with the Company and each of its Subsidiaries (including by and through their counsel) in accordance with this Agreement. Purchaser, on the one hand, and each the Company and each of its Subsidiaries, on the other hand, shall use reasonable best efforts to cooperate with the other to prepare and file, or cause to be prepared and filed, as soon as reasonably practicable, the Health Care Regulatory Filings. All filing fees imposed by a Governmental Body in connection with the Health Care Regulatory Filings shall be borne by Purchaser.

IV.19 Inventory. The Inventory of the Subsidiaries shown on the Balance Sheets of the Interim Financial Statements or acquired since the date thereof do not include any items below standard quality, not any damaged or spoiled items or items not usable in the usual and Ordinary Course of Business of the Subsidiaries as currently conducted, the value of which, taken as a whole, has not been fully written down or reserved against in the Balance Sheets.

IV.20 Accounts and Notes Receivable. All accounts and notes receivable of the Company and the Subsidiaries are valid, have arisen from bona fide transactions consistent with past practice and are payable on ordinary trade terms. All such accounts and notes receivable reflected on the Interim Financial Statements and on the accounting records of the Company and its Subsidiaries are good and collectible at the aggregate recorded amounts thereof, net of any applicable reserve for returns or doubtful accounts reflected thereon, which reserves are adequate and were calculated in a manner consistent with past practice and in accordance with GAAP consistently applied. All accounts and notes receivable arising after the date of the Interim Financial Statements are good and collectible at the aggregate recorded amounts thereof, net of contractual allowances, any applicable reserve for returns or doubtful accounts, which reserves are adequate and were calculated in a manner consistent with past practice and in accordance with GAAP consistently applied. None of such accounts or the notes receivable (i) are subject to any setoffs, defenses or counterclaims, or (ii) represent obligations for goods sold on consignment, on approval or on a sale-or-return basis or subject to any other repurchase or return arrangement. All cash collected or received by or

on behalf of the Company and the Subsidiaries with respect to any accounts and notes receivable has been accurately recorded and applied to such outstanding accounts and notes receivable as of the date hereof and as of the Closing Date.

IV.21 Related Party Transactions. Except as set forth in Section 4.21 of the Disclosure Schedule, no director, officer, partner, stockholder (including Seller) or Affiliate of the Company ("Related Party") owns any direct or indirect interest of any kind in, or controls or is a director, officer, employee or partner of, or consultant to, or lender to or borrower from or has the right to participate in the profits of, any Person which is (a) a competitor, supplier, customer, landlord, tenant, creditor or debtor of the Business, or (b) engaged in a business related to the Business. Except as set forth in Section 4.21 of the Disclosure Schedule, none of (a) the Company nor any Subsidiary is obligated to pay in the future any amounts to Seller or any Affiliate of Seller, and neither Seller nor any of its Affiliates is obligated to pay currently or in the future any amounts to the Company, and(b) since the date of the Interim Financial Statements, the Company and the Subsidiaries have not purchased, transferred or leased any real or personal property from or for the benefit of, paid any fee, commission, salary or bonus to or for the benefit of, any Related Party other than salaries and employee-related benefits or fees paid to employees or consultants in the Ordinary Course of Business of the Company and the Subsidiaries, and the Company and the Subsidiaries have not sold, transferred or leased any real or personal property to any Related Party.

IV.22 Financial Advisors. Except for the Braff Group, no Person has acted, directly or indirectly, as a broker, finder, agent or financial advisor for the Company, its Subsidiaries, or Seller in connection with the transactions contemplated by this Agreement (or any other acquisition, disposition, recapitalization or similar transaction), and no Person is entitled to any fee or commission or like payment in respect thereof for which the Company or any of its Subsidiaries, Purchaser or any of their respective Affiliates could become liable or obligated.

IV.23 Insurance. Each of the Company and its Subsidiaries has insurance policies in full force and effect for such amounts as are sufficient for all requirements of Law and all agreements to which the Company or any of its Subsidiaries is a party or by which it is bound, including professional liability policies covering Business Services provided by all applicable Business Employees. Set forth on Section 4.23 of the Disclosure Schedule is a true, complete and correct list of all insurance policies, binders, insurance contracts and all fidelity bonds held by or under which the Company and its Subsidiaries is a named insured (including all property and liability insurance, workers' compensation, errors and omissions and cyber-network policies) and setting forth, in respect of each such policy, the policy name, policy number, carrier, term, named insured, type and amount of coverage, deductibles, limits of insurance, annual premium, and expiration date (the "Insurance Policies"). To the Seller's Knowledge, the Insurance Policies are provided by financially solvent insurers. No event relating to the Company and the Subsidiaries has occurred which could reasonably be expected to result in a retroactive upward adjustment in premiums under any such Insurance Policies or which could reasonably be expected to result in a prospective upward adjustment in such premiums. All premiums due and payable under all such Insurance Policies have been paid and all such Insurance Policies are in full force and effect in accordance with their terms as of the date hereof and during the five (5) years immediately preceding the date hereof (excluding insurance policies that have expired and been replaced in the Ordinary Course of Business. To the Knowledge of the Seller, no threat has been made to cancel any Insurance Policy of the Company and the Subsidiaries during such period. All such Insurance Policies will remain in full force and effect at Closing and all such Insurance Policies are assignable or transferable to the Purchaser. No event has occurred, including, without limitation, the failure by the Company and the Subsidiaries to give any notice or information or the Company and the Subsidiaries giving any inaccurate or erroneous notice or information, which limits or impairs the rights of the Company and the Subsidiaries under any Insurance Policies. The Company has not received any notice of default, cancellation or non-renewal with respect to any such Insurance Policies. The Company has not entered into any self-insuring agreement concerning their liabilities. Except as disclosed on Section 4.23 of the

Disclosure Schedule, no pending claims made by or on behalf of the Company or any of its Subsidiaries under such policies have been denied or are being defended against third parties under a reservation of rights by an insurer of the Company and its Subsidiaries. Section 4.23 of the Disclosure Schedule lists any insurance policy that is not considered finalized from a premium audit, retrospective premium adjustment or experienced-based liability perspective. No premium audit, retrospective premium adjustment or experienced-based liability adjustment is pending or due by the Company or any of its Subsidiaries that would reasonably be expected to result in a material retroactive upward adjustment in premium, liability or losses under the Insurance Policies. Section 4.23 of the Disclosure Schedule contains a true and complete list of all material current and open or known claims related to the Business under any of the policies listed in Section 4.23 of the Disclosure Schedule. The limits of insurance of the Insurance Policies have not been materially eroded by the payment of claims. The Insurance Policies are of the type and in the amounts customarily carried by Persons conducting a business similar to the Business of the Company and the Subsidiaries and are sufficient for compliance with all applicable Laws and Contracts to which the Company and its Subsidiaries are a party or by which it or their respective assets and properties are bound.

IV.24 Banks. Section 4.24 of the Disclosure Schedule contains a complete and correct list of the names and locations of all banks, savings institutions and other financial institutions in which the Company and the Subsidiaries have accounts or safe deposit boxes and the names of all persons authorized to draw thereon or to have access thereto.

IV.25 Power of Attorney. Except as disclosed on Section 4.25 of the Disclosure Schedule, no person holds a power of attorney to act on behalf of Company and the Subsidiaries.

IV.26 COVID-19.

(a) Except as disclosed in Section 4.26(a) of the Disclosure Schedule, neither the Company nor any of its Subsidiaries has received, or issued, any written notice seeking (i) to excuse a non-performance or delay a performance under any Contract, due to interruptions caused by COVID-19 (through invocation of force majeure or similar provisions, or otherwise) or (ii) to modify any existing Contract due to COVID-19.

(b) Section 4.26(b) of the Disclosure Schedule sets forth all COVID Relief Benefits received or requested by the Company, including any PPP Loans (together with any PRF Payments, Medicare Advanced Payments, additional or other COVID Relief Benefits received by the Company). The Company is in compliance in all material respects with the terms and conditions of the COVID Relief Benefits received and all related certifications, and all such related certifications were, when made, and are currently, true and correct in all material respects. Except as set forth on Section 4.26(b) of the Disclosure Schedule, the Company has used the proceeds of the COVID Relief Benefits only in compliance under the applicable Laws, and guidance promulgated under the CARES Act or other rulemaking with respect to the COVID Relief Benefits.

(c) Except as set forth on Section 4.26(c) of the Disclosure Schedule, neither the Company or any of its Subsidiaries has applied for or received an acceleration of Medicare payments under the Accelerated & Advanced Payment Program ("Medicare Advanced Payments") or received any payment with respect thereto.

(d) Section 4.26(d) of the Disclosure Schedule sets forth all grants received by the Company and its Subsidiaries from the United States Department of Health and Human Services under the CARES Act Provider Relief Fund (the "PRF Payments"). Each such recipient was qualified to receive the PRF Payments. The Company has submitted all attestation documentation required, with respect to receipt and retention of the PRF Payments and has complied in all material respects with all applicable Laws with

respect to the PRF Payments. Seller has provided Purchaser with copies of all materials supporting such compliance. Except as set forth on Section 4.26(d) of the Disclosure Schedule, the Company has not applied for any additional payments from the CARES Act Provider Relief Fund other than the PRF Payments already received.

(e) Other than the COVID Relief Benefits disclosed above in this Section 4.26, the Company has not received any other loan, grant, or funding from any Governmental Body or any other third person as a result of, or in connection with, COVID-19

(f) Section 4.26(f) of the Disclosure Schedule sets forth the total amount of Taxes of the Company, the payment of which has been deferred by the Company under the authority of Section 2302 of the CARES Act or IRS Notice 2020-65 (implementing President Trump's August 8, 2020 Executive Memorandum allowing employers to defer the employee's share of Social Security taxes) (the "Deferred Payroll Tax Liability"). Section 4.26(f) of the Disclosure Schedule shall be updated by the Company to reflect such amount as of the Closing.

(g) None of the Company nor any of its Subsidiaries has not utilized the Employee Retention Tax Credit under the CARES Act to either offset tax deposits or receive an advance Tax refund.

(h) Except as set forth on Section 4.26(h) of the Disclosure Schedule, none of the Company nor any of its Subsidiaries has not received any written complaints (i) about the Company or any of its Subsidiaries, reporting, or failing to report, to employees, contractors, patients, vendors, or the public, the presence of employees or contractors who have tested positive for, or exhibited symptoms of, COVID-19, or other potential means of exposure to COVID-19 to the extent required by applicable Law, or (ii) alleging that the Company or any of its Subsidiaries failed to provide a safe working environment, appropriate equipment or accommodation in relation to COVID-19 as required by applicable Law.

I.2 Full Disclosure. This Agreement (including the Disclosure Schedule) does not: (i) contain any representation, warranty or information that is false or misleading with respect to any material fact; or (ii) omit to state any material fact necessary in order to make the representations, warranties and information contained herein and therein (in the light of the circumstances under which such representations, warranties and information were made or provided) not false or misleading. The Company and Seller, jointly and severally, have no Knowledge of any information or other fact that is or may become materially adverse to the Business, condition (financial or otherwise), assets, capitalization, Purchased Intellectual Property, Liabilities, operations, results of operations or financial performance of the Company and the Subsidiaries that has not been set forth in this Agreement or in the Disclosure Schedule.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser hereby represents and warrants to the Seller that:

V.1 Organization and Good Standing. The Purchaser is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware, and has all requisite limited liability company power and authority to own, lease and operate properties and carry on its business as currently conducted.

V.2 Authorization.

(a) The Purchaser has all requisite limited liability company right, power and authority to execute and deliver this Agreement and each other agreement, document, or instrument or certificate contemplated by this Agreement to which the Purchaser is or will be a party or to be executed by the Purchaser in connection with the consummation of the transactions contemplated by this Agreement (together with this Agreement, the "Purchaser Documents"), and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and each of the other Purchaser Documents by the Purchaser and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of Purchaser, and no other organizational proceedings on the part of the Purchaser are necessary to authorize the execution, delivery and performance of this Agreement and the other Purchaser Documents by the Purchaser or to consummate the transactions contemplated hereby or thereby.

(b) This Agreement has been, and each of the other Purchaser Documents will be at or prior to the Closing, duly and validly executed and delivered by the Purchaser and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) this Agreement constitutes, and each of the other Purchaser Documents when so executed and delivered will constitute, legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

V.3 Conflicts; Consents of Third Parties. The execution and delivery by the Purchaser of this Agreement and of the other Purchaser Documents, the consummation of the transactions contemplated hereby or thereby, or the compliance by the Purchaser with any of the provisions hereof or thereof will not (i) contravene, conflict with, or result in the breach of, any provision of the organizational documents of the Purchaser, (ii) conflict with, violate, result in the breach of, or constitute a default under any note, bond, mortgage, indenture, license, agreement or other obligation to which the Purchaser is a party or by which the Purchaser or its properties or assets are bound, or (iii) violate any statute, rule, regulation or Order of any Governmental Body by which the Purchaser is bound, except, in the case of clause (ii) and (iii), for such violations, breaches or defaults as would not, individually or in the aggregate, have a material adverse effect on the ability of the Purchaser to consummate the transactions contemplated by this Agreement. No consent, waiver, Order, Permit or authorization of, or declaration or filing with, or notification to, any Person is required on the part of the Purchaser in connection with the execution and delivery of this Agreement or the Purchaser Documents or the compliance by the Purchaser with any of the provisions hereof or thereof.

V.4 Litigation. There are no Legal Proceedings pending or, to the knowledge of Purchaser, threatened that are reasonably likely to prohibit or restrain the ability of the Purchaser to enter into this Agreement or consummate the transactions contemplated hereby.

V.5 Financial Advisors. No Person has acted, directly or indirectly, as a broker, finder, agent or financial advisor for the Purchaser in connection with the transactions contemplated by this Agreement and no Person is entitled to any fee or commission or like payment in respect thereof for which the Seller or any of its Affiliates could become liable or obligated.

ARTICLE VI

COVENANTS

VI.1 Access to Information. From the date hereof until the earlier of the date of termination of this Agreement pursuant to Section 9.1 or the Closing Date (the "Interim Period"), Seller shall, and shall cause the Company and its Subsidiaries to (a) afford the Purchaser and its representatives reasonable access and the right to inspect all of the real property, assets, premises, Contracts and other documents and data related to the Company and its Subsidiaries, including the books and records of the Company and the Subsidiaries; and (b) make available to the Purchaser and its representatives such financial, tax, operating and other data and information related to the Company and the Subsidiaries as the Purchaser may reasonably request; provided, however, that any such access or furnishing of information shall be during normal business hours upon reasonable advance notice and in such a manner as not to interfere in any significant manner with the normal operations of the Company. Notwithstanding anything herein to the contrary (i) no such investigation or examination shall be permitted to the extent that it would require the Company or the Seller to disclose information subject to attorney-client privilege or conflict with any confidentiality obligations to which the Company or the Seller are bound; provided, that in each such case the applicable Company and its Subsidiaries shall reasonably cooperate with Purchaser to enable Purchaser and its representatives to enter into appropriate confidentiality, joint defense or similar arrangements so that the Purchaser and its representatives may have reasonable access to such information, and (ii) the Purchaser shall not contact any suppliers to, or patients/clients/customers or employees of, the Company and the Subsidiaries without the prior written consent of the Seller (which may not be unreasonably withheld, delayed or conditioned).

VI.2 Conduct of the Business Pending the Closing. Except (A) as set forth on Section 6.2 of the Disclosure Schedule, (B) as required by applicable Law, (C) as otherwise contemplated by this Agreement, or (D) with the prior written consent of the Purchaser (which consent may be withheld, delayed or conditioned):

(a) the Company shall and shall cause each of the Subsidiaries to, from the date hereof prior to the Closing to:

(i) conduct its respective businesses in the Ordinary Course of Business (including the maintenance of all records) and in compliance, in all material respects, with all applicable Laws;

(ii) use commercially reasonable efforts to maintain and preserve intact the rights, Permits, present operations and goodwill of the Business;

(iii) confer with Purchaser prior to implementing operation decisions of a material nature;

(iv) report to Purchaser at such times as Purchaser may reasonably request concerning the status of the Company and the Subsidiaries;

(v) maintain the assets owned or used by the Business in a state of repair and conditions that complies with the applicable Contracts of the Company and Subsidiaries, and is consistent with the requirements and normal conduct of the Company;

(vi) perform in all material respects all of the Company's and its Subsidiaries obligations under the Material Contracts; and

(vii) continue in full force and effect all insurance coverage of the Company and the Subsidiaries.

(b) The Company shall not and shall ensure that each of its Subsidiaries do not, from the date hereof prior to the Closing, do any of the following:

(i) amend or restate any of its organizational documents;

(ii) declare, set aside or pay any dividend or make any other distribution in respect of any shares of capital stock (or other equity interest) of the Company;

(iii) repurchase, redeem or acquire any outstanding shares of capital stock (or other equity interest) or other securities of, or other ownership interest in, the Company or any of its Subsidiaries;

(iv) split, issue, or authorize the issuance of any shares of capital stock (or other equity interest) or other securities of, or other ownership interest in, the Company or any of its Subsidiaries, or authorize;

(v) other than as set forth in Section 4.9(b)(iii) of Disclosure Schedule, award or pay any bonuses to any directors, officers, employees, independent contractors, agents or representatives of the Company or any of its Subsidiaries;

(vi) except for employment agreements with key personnel (on the direction of Purchaser and on terms approved by Purchaser), enter into any employment, consulting, deferred compensation, severance or similar agreement (or amend any such agreement) or agree to increase the compensation or benefits payable or to become payable by it to any directors, officers, employees, independent contractors, consultants, agents or representatives of the Company or any of its Subsidiaries, or agree to increase the coverage or benefits available under the Company Benefit Plan;

(vii) except as set forth in the Disclosure Schedule, engage in any action regarding the payment of any compensation, including but not limited to bonus, expenses or other current liabilities that has or would reasonably be expected to have the effect of delaying or deferring any payments currently owed by the Company or the Subsidiaries to post Closing periods;

(viii) change the management or other key personnel of the Company or any of its Subsidiaries;

(ix) adopt, amend or terminate any Company Benefit Plan other than as required by applicable law;

(x) change its accounting or Tax reporting principles, methods or policies, or make any material amendment to any material Tax return, fail to file any Tax return when due, or surrender any right to claim a material refund of Taxes;

(xi) make or rescind any election relating to Taxes, settle or compromise any claim relating to Taxes;

(xii) enter into any collective bargaining agreement or other Contract with any labor union or labor organization

(xiii) fail to promptly pay and discharge current Liabilities except where disputed in good faith by appropriate proceedings;

(xiv) make any loans, advances or capital contributions to, or investments in, any Person or pay any fees or expenses to any director, officer, partner, stockholder or Affiliate;

(xv) mortgage, pledge or subject to any Lien any of its assets, properties or rights relating to the Business;

(xvi) terminate, enter into, amend or extend any Material Contract;

(xvii) make or commit to make any capital expenditures in excess of $25,000 individually or $100,000 in the aggregate;

(xviii) issue, create, incur, assume or guarantee any Indebtedness (other than existing Indebtedness);

(xix) institute or settle or agree to settle any pending or threatened Legal Proceeding without Purchaser's consent; or

(xx) agree, commit, arrange or enter into any agreement to do any of the foregoing.

VI.3 Exclusive Dealing. Until this Agreement shall have been terminated pursuant to Article IX, Seller shall not, Seller shall cause the Company to not authorize or permit any of their Affiliates (including the Company and its Subsidiaries) or any of its or their representatives to, directly or indirectly, solicit, initiate, encourage, facilitate, entertain or continue any inquires or proposals from, discuss or negotiate with, provide any nonpublic information to, or consider the merits of any inquiries or proposal any Person (other than Purchaser) relating to any business combination transaction involving the Company, however structured, including the sale of the Business or assets of any merger, consolidation or similar transaction or arrangement The Seller shall immediately cease and cause to be terminated and shall cause their Affiliates (including the Company and its Subsidiaries) and all of their representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to an Acquisition Proposal. The Seller shall notify Purchaser of any such inquiry or proposal within 24 hours of receipt thereof by any Seller, the Company, or any of their respective representatives.

VI.4 Notice. Prior to the Closing Date, Seller shall promptly provide notice to Purchaser of any fact or circumstance that could make the satisfaction of any condition of Article VIII impossible or unlikely. No such notice will be deemed to have cured any breach of any covenant or affect any right or remedy of Purchaser under this Agreement.

VI.5 Further Assurances. Except as provided in Section 6.8 with respect to HSR Act matters, each of the Seller, the Company, and the Purchaser shall take all actions to obtain in a timely manner all necessary waivers, consents and approvals and to effect all necessary registrations and filings, and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement, including, without limitation, (i) cooperating in responding to inquiries from, and making presentations to, any Governmental Body and (ii) defending against and responding to any Legal Proceeding challenging or relating to this Agreement, or the transactions contemplated hereby, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Body vacated or reversed.

VI.6 Confidentiality.

(a) From the date hereof, and for five (5) years after the Closing Date, except in furtherance of the transaction described in this Agreement and as necessary in the Ordinary Course of Business, (i) the Seller shall not, and shall cause its Affiliates not to, directly or indirectly, disclose, reveal, divulge or communicate to any Person (other than authorized officers, directors and employees of the Purchaser or the Company) or use or otherwise exploit for its own benefit or for the benefit of anyone other than Purchaser or the Company, any Confidential Information relating to the Company or the Subsidiaries, and (ii) the Purchaser shall not, and shall cause its Affiliates not to, directly or indirectly, disclose, reveal, divulge or communicate to any Person (other than authorized agents of the Seller) or use or otherwise exploit for its own benefit or for the benefit of anyone other than Seller, any Confidential Information relating to the Seller; provided, however, that in the event disclosure of any Confidential Information is required by applicable Law in either clause (i) or (ii) above, the receiving party of such Confidential Information shall, to the extent reasonably possible, provide to the disclosing party with prompt notice of such requirement prior to making any disclosure so that the disclosing party may seek an appropriate protective order.

(b) For purposes of this Section 6.6, "Confidential Information" shall mean any confidential information with respect to any disclosing party, including, methods of operation, patients/clients/customers, patient/client/customer lists, products, prices, fees, costs, inventions, know-how, marketing methods, plans, personnel, suppliers, competitors, markets or other specialized information or proprietary matters; provided, however, that the term "Confidential Information" does not include, and there shall be no obligation of any receiving party hereunder with respect to, information that (i) is generally available to the public on the date of this Agreement or (ii) becomes generally available to the public other than as a result of a disclosure not otherwise permissible hereunder.

VI.7 Tail Policies. The Seller agrees at Seller's own cost to purchase and maintain the Tail Policies with respect to any claim which relates or is attributable to acts and omissions that occurred or might have occurred on or prior to the Closing Date.

VI.8 Hart-Scott-Rodino Act. The Seller, the Company and Purchaser have, prior to the execution by all parties of this Agreement, caused to be completed and filed with the FTC and the DOJ those notifications and reports required to be filed under the HSR Act with respect to the transactions contemplated herein and in the other Transaction Documents. The transaction will not close until the expiration or earlier termination of any applicable waiting periods, along with any extensions thereof ("HSR Clearance"). Promptly following the execution of this Agreement, but in no event later than ten (10) Business Days following the date of this Agreement, the parties shall make all non-HSR Act filings required by applicable Law to be made by them in order to consummate the transactions contemplated by the Transaction Documents and the documents related thereto. In addition, Purchaser and the Company shall promptly proceed to prepare and file with the appropriate Governmental Bodies such additional requests, reports or notifications as may be required or, in the reasonable opinion of the Purchaser and the Company, advisable, in connection with this Agreement. With respect to each of the above HSR Act filings, the parties shall diligently and expeditiously prosecute, and shall cooperate fully with each other in the prosecution of, such matters including subject to applicable Law, by permitting counsel for the other party to review in advance, and consider in good faith the views of the other party in connection with any such filing or any proposed written communication with any Governmental Body and by providing counsel for the other party with copies of all filings and submissions made by such party and all correspondence between such party (and its advisors) with any Governmental Body and any other information supplied by such party and such party's Affiliates to a Governmental Body or received from such a Governmental Body in connection with the transactions contemplated by this Agreement; provided, however, that (a) materials may be redacted before being provided to the other party to remove (x) references concerning the valuation

of the Company and its Subsidiaries, and (y) individual customer pricing information, as necessary to comply with contractual arrangements, and as necessary to avoid disclosure of other competitively sensitive information or to address reasonable privilege or confidentiality concerns, and copies of documents filed by a party hereto pursuant to Item 4(c) of the Notification and Report Form filed with the FTC and the DOJ shall not be required to be provided to any other party hereto. Each of Purchaser and the Company shall furnish to the other such necessary information and reasonable assistance as the other may reasonably request in connection with its preparation of any such filing or submission. Purchaser and the Company shall keep each other apprised of the status of any communications with, and any inquiries or requests for additional information from, the FTC or the DOJ. In the event an investigation or suit is threatened or instituted challenging the transactions contemplated hereby as violative of the HSR Act, the Sherman Act of 1890, as amended, the Clayton Antitrust Act of 1914, as amended, the Federal Trade Commission Act of 1914, as amended or any other federal, state or foreign law or regulation or decree designed to prohibit, restrict or regulate actions for the purpose or effect of foreign ownership, monopolization or restraint of trade (collectively, "Antitrust Laws"), Purchaser and the Company shall take all commercially reasonable action as may be required to avoid the filing of, or resist or resolve, such investigation or suit. Notwithstanding anything herein to the contrary, neither the Company nor Purchaser shall be required to take any action with respect to satisfying any Antitrust Laws which would bind either the Company or Purchaser irrespective of whether the Closing occurs. From the date hereof through the date of termination of the required waiting period under the HSR Act, neither Purchaser nor the Company shall, and shall cause their respective Affiliates not to, take any action that could reasonably be expected to hinder or delay the obtaining of clearance or the expiration of the required waiting period under the HSR Act or any other applicable Antitrust Law.

VI.9 Release As of the Closing, each of Seller, B Berger and T Steinfeld-Berger (each, a "Releasing Person") hereby releases and forever discharges each of the Purchaser, the Company and its Subsidiaries, and their respective Affiliates (each, a "Purchaser Released Person"), from all debts, demands, Legal Proceedings, covenants, torts, damages and all defenses, offsets, judgments, demands and liabilities whatsoever, of every name and nature, both at Law and in equity, known or unknown, accrued or unaccrued, that have been or could have been asserted against any Purchaser Released Person, which any Releasing Person has or ever had, that arises out of or in any way relates to events, circumstances or actions occurring, existing or taken prior to or as of the Closing but only in respect of matters relating to the Company and its Subsidiaries, including contribution rights, subrogation rights, indemnification rights, rights to advancement of expenses or similar privileges as an employee, officer, director or shareholder of, or on behalf of, the Company and its Subsidiaries, pursuant to the Company's and any of its Subsidiaries' organizational documents; provided, however, nothing in this Section 6.9 shall, in any manner, release or discharge any Purchaser Released Person with respect to any liabilities, duties or obligations of such Purchaser Released Person (a) arising under this Agreement (including any obligations of Purchaser arising under or related to Section 7.8 and Section 10.2(b) of this Agreement), or (b) involving any claim that may not be waived as a matter of Law.

Each Releasing Person:

(a) represents and warrants that it is fully aware of the provisions of California Civil Code § 1542, which provides as follows: "**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**"

(b) expressly and intentionally waives and relinquishes all rights and benefits that the Releasing Persons, as applicable, may have under applicable Law, including any state Law (including the

above referenced California Civil Code § 1542) or any common Law principles limiting waivers of unknown claims;

(c) understands that the facts and circumstances under which such party gives this release and discharge of the Purchaser Released Persons, as applicable (subject to the *provisos* in Section 6.9), may hereafter prove to be different than now known or believed to be true by such party; and

(d) accepts and assumes the risk thereof and agrees that the Releasing Persons' release and discharge of the Purchaser Released Persons, with respect to the matters described in this Section 6.9 (subject to the *provisos* in Sections 6.9) shall remain effective in all respects and not be subject to termination, rescission or modification by reason of any such difference in facts and circumstances.

ARTICLE VII
POST-CLOSING COVENANTS

I.1 Access to Information. Following the Closing, to the extent the Purchaser reasonably requests, the Seller shall provide the Purchaser and its representatives with access to any books and records in Seller's possession concerning periods prior to the Closing. No investigation by the Purchaser prior to or after the date of this Agreement shall diminish or obviate any of the representations, warranties, covenants or agreements of the Seller contained in this Agreement or the Seller Documents.

I.2 Further Assurances; Further Conveyances and Assumptions; Consent of Third Parties.

(a) Following the Closing, each of the Purchaser and the Seller shall use their commercially reasonable efforts to take all actions necessary or appropriate to consummate the transactions contemplated by this Agreement. To the extent the parties determine after the Closing that any of the assets used in the Business are held by any Affiliate of the Seller (other than Company and the Subsidiaries), then the Seller shall promptly notify the Purchaser of such assets and shall cause the owner of such assets to transfer such assets to the Company without additional consideration and, upon request, to execute and deliver a bill of sale or such other instruments of transfer evidencing such transfer.

(b) From time to time following the Closing, Seller and the Purchaser shall, and shall cause the Company or their respective Affiliates to, execute, acknowledge and deliver all such further conveyances, notices, assumptions, releases and acquaintances and such other instruments, and shall take such further actions, as may be necessary or appropriate to assure fully to the Purchaser and its respective successors or assigns, all of the properties, rights, titles, interests, estates, remedies, powers and privileges intended to be conveyed to the Purchaser under this Agreement and to otherwise make effective the transactions contemplated hereby and thereby.

(c) To the extent required by the United States Department of Health and Human Services ("HHS") following the Closing, the Seller and Purchaser each covenant and agree (i) to cooperate as reasonably requested by the other Party with respect to any reporting required by HHS or confirming eligibility to retain or use the PRF Payments as required by HHS; and (ii) to use commercially reasonable efforts not to take any action that may negatively impact the Company or its Subsidiaries entitlement and eligibility to retain or use the PRF Payments in accordance with the permitted purposes. In no event shall Purchaser be liable to the Seller with respect to all or any portion of the PRF Payments that are disallowed with respect to the utilization of such funds prior to the Closing Date. The Seller shall be responsible for and shall promptly reimburse the Company for any expenses incurred by Purchaser in connection with the PRF Payments including the cost of the single audit to be completed post-Closing.

I.3 Cooperation and Proceedings; Access to Records. After the Closing, (i) Seller shall cooperate with Purchaser and its counsel and make itself and its representatives available to Purchaser, the Company and any of its Subsidiaries in connection with the institution or defense of any Legal Proceeding, whether existing, threatened, or anticipated, involving or relating to the operation of the Business prior to the Closing, the contemplated transactions, the Seller, the Company or any Subsidiary, including providing testimony, records, and other information; and (ii) Seller shall remain responsible and shall promptly reimburse Purchaser for any Losses resulting from the litigation matters set forth on Section 4.17(a) of the Disclosure Schedule ("Identified Legal Proceedings"). In connection with the Identified Legal Proceedings, Purchaser agrees to allow Seller to direct the defense and/or settlement of the same in accordance with the indemnification procedures set forth in Section 10.4, and permit Steve Davidson and Millette Arredondo (Business Employees) to provide testimony and otherwise cooperate with Seller to achieve resolution of such Identified Legal Proceedings.

I.4 Preservation of Records. The Seller and the Purchaser agree that each of them shall preserve and keep the records held by them relating to the Business for a period of five (5) years from the Closing Date and shall make such records and personnel available to the other as may be reasonably required by such party in connection with, among other things, any insurance claims by, Legal Proceedings against or governmental investigations of the Company and any of its Subsidiaries, Seller or the Purchaser or any of its Affiliates or in order to enable the Seller or the Purchaser to comply with their respective obligations under this Agreement and each other agreement, document or instrument contemplated hereby or thereby. In the event the Seller or the Purchaser wishes to destroy (or permit to be destroyed) such records after that time, such party shall first give thirty (30) days prior written notice to the other and such other party shall have the right at its option and expense, upon prior written notice given to such party within that thirty (30) day period, to take possession of the records within sixty (60) days after the date of such notice. For the avoidance of doubt, the parties acknowledge that as of the Closing all of the books and records of the Company and any of its Subsidiaries shall remain the property of the Company and its Subsidiaries, as applicable, and nothing in Section 7.1 – Section 7.4 is intended to give Seller any rights therein. The Seller will promptly deliver to the Purchaser as Closing all of the originals of such books and records.

I.5 Business Relationships.

(a) After the Closing, Seller shall cooperate with Purchaser and the Company in their efforts to continue and maintain for the benefit of Purchaser and the Company those business relationships of the Company and the Subsidiaries relating to the Business, including relationships with any patients/clients/customers, referral sources, suppliers, licensors, licensees, lessors, employees, regulatory authorities, and others. The Seller shall refer to Purchaser and the Company all inquiries and communications received by Seller relating to the Company, a Subsidiary or the Business after the Closing.

(b) After the Closing, no Seller shall take any action, either directly or indirectly, that could diminish the value of the Company or interfere with the Business.

I.6 Retention of Employees. Purchaser shall retain all Business Employees as of the Closing Date. Purchaser shall recognize and honor the tenure attained by each such Business Employee for purposes of eligibility, vesting and level of benefits under any employee benefit plans sponsored or maintained by Purchaser or its Affiliates (including the Company following the Closing Date) (subject to the terms of such plans), but excluding benefit accrual under any defined benefit pension plan, any equity or equity-based compensation plan and any such credit that would result in a duplication of benefits. Should the services of any such Business Employee be terminated post-Closing, Purchaser agrees that any post-closing severance will be subject to Purchaser's prevailing severance policy. Notwithstanding the foregoing, nothing herein, expressed or implied, shall be construed to create any third-party beneficiary rights in any

employee, or any right of any employee to employment or continued employment or service for any specified period or to a particular term or condition of employment, and no provision of this Section 7.6 shall preclude or limit the ability of Purchaser to terminate the employment or service of any Business Employee at any time or amend the terms or conditions of employment or service of any Business Employee.

I.7 Pre-Closing Privileged Communications. Any privilege attaching as a result of Seller's counsel, Yong Gruber Associates, LLP ("Seller's Counsel"), representing Seller, the Company and the Subsidiaries in connection with the transactions contemplated by this Agreement shall survive the Closing and shall remain in effect; provided that such privilege shall be assigned to and controlled by B Berger (or his legal representative in the event of his death). In furtherance of the foregoing sentence, each of the parties hereto agrees to take the steps necessary to ensure that any privilege attaching as a result of Seller's Counsel representing Seller, the Company and the Subsidiaries in connection with the transactions contemplated by this Agreement shall survive the Closing, remain in effect and be assigned to and controlled by B Berger. As to any privileged attorney client communications between Seller's Counsel and any of Seller, the Company or the Subsidiaries prior to the Closing Date (collectively, the "Privileged Communications"), Purchaser, together with any of its Affiliates, successors or assigns (including, after the Closing, the Company and the Subsidiaries) agree that no such party may use or rely on any of the Privileged Communications in any action or claim against or involving any of the parties hereto after the Closing. Purchaser, together with any of its Affiliates, successors or assigns (including, after the Closing, the Company and the Subsidiaries) further agree not to assert that the privilege has been waived as to the Privileged Communications that may be located in the records or email server(s) (or in the knowledge of the officers and employees) of the Company or the Subsidiaries. Notwithstanding the foregoing, in the event a dispute arises between Purchaser, the Company or any Subsidiary on the one hand and a Person other than Seller, B Berger and T Steinberg-Berger on the other hand after the Closing, the Company or such Subsidiary may assert the attorney-client privilege to prevent disclosure of confidential communications by Seller's Counsel to such Person; provided, however, that the Company or such Subsidiary may not waive such privilege without the prior written consent of B Berger (or his legal representative in the event of his death or disability). In the event that Purchaser or any of its Affiliates (including Company or any of its Subsidiaries) is required by a Governmental Body to access or obtain a copy of all or a portion of the Privileged Communications, to the extent permitted by applicable Law, then Purchaser shall notify B Berger (or his legal representative in the event of his death or disability) in writing so that B Berger (or his legal representative in the event of his death or disability) can seek a protective order. Notwithstanding anything in this Section 7.7 to the contrary, in any such case, the parties hereto shall reasonably cooperate to seek to provide for access in a manner that does not violate any such privilege or applicable Law.

I.8 Purchaser Indemnity in favor of B Berger. Purchaser acknowledges that B Berger is contractually obligated to perform (as guarantor or as co-tenant) under the leases for certain of the Leased Real Property, specifically leases (the "Subject Leases") for the offices located in Costa Mesa, Upland and Pasadena which are currently occupied solely by the Company and the Subsidiaries. Purchaser agrees that it shall cause the Company and the Subsidiaries to perform fully all their obligations under the Subject Leases (including the timely payment of rent) as they fall due, for the remainder of the term of the Subject Leases. Further, Purchaser will ensure that the Company and the Subsidiaries do not renew any of the Subject Leases without first removing B Berger as a guarantor or co-tenant (as the case may be). Purchaser shall keep B Berger whole and fully indemnified against any Losses that might arise from the failure by the Company and the Subsidiaries to perform under the terms of the Subject Leases after the Closing Date.

I.9 Release of Funds by Workers Comp Carrier. Purchaser and Seller acknowledge that Crum & Forster ("C&F"), the workers compensation insurance carrier, has issued a policy covering the workers compensation liabilities of the Company and the Subsidiaries (the "WC Policy"). Seller shall pay

C&F a fixed sum to buy out the WC Policy at the Closing. Once all claims under the WC Policy have been finalized, C&F will be releasing the balance of funds held in reserve to the Company and the Subsidiaries. Purchaser acknowledges that all such released funds shall belong to Seller, and agrees to notify promptly Seller of such release, and transfer (or cause to be transferred) all such funds to Seller upon receipt from C&F.

I.10 Calculation of Average EOR Hours. Purchaser agrees that, in determining the Average EOR Hours required under Section 3.4 of this Agreement, Purchaser will cause the Company and the Subsidiaries to require employee time card submissions, and prepare and submit bills for the EOR hours, all in a timely manner consistent with past practices.

ARTICLE VIII

CONDITIONS TO CLOSING

VIII.1 Conditions Precedent to Obligations of the Purchaser. The obligation of the Purchaser to consummate the transactions contemplated by this Agreement is subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by the Purchaser in whole or in part in its sole discretion):

(a) Representations and Warranties. The representations and warranties of the Seller contained in Article IV that are true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made at and as of the Closing Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all respects, on and as of such earlier date);

(b) Performance of Covenants. Each of the Company and the Seller shall have performed and complied in all respects with all covenants and agreements required in this Agreement to be performed or complied with by each of them at or prior to the Closing Date;

(c) Hart-Scott-Rodino Act Compliance. HSR Clearance has been obtained or achieved;

(d) No Orders. There shall not be in effect any Order restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby;

(e) No Material Adverse Effect. After the date of this Agreement, no event shall have occurred and be in existence and continuing as of the Closing Date that, singularly or in the aggregate, has had a Material Adverse Effect;

(f) Non-Competition Agreements. The Seller shall have delivered to the Purchaser a counterpart of the non-competition agreement in the form of Exhibit A hereto duly executed by Seller, B Berger and T Steinfeld-Berger;

(g) Certificates for the Shares. The Seller shall have delivered, or caused to be delivered, to the Purchaser the certificates representing the Shares, duly endorsed in blank or accompanied by duly executed stock transfer powers in form and substance reasonably acceptable to Purchaser;

(h) Escrow Agreement. The Seller shall have delivered to the Purchaser a counterpart of the Escrow Agreement in the form of Exhibit B, duly executed by the Seller and the Escrow Agent;

(i) Officers Certificate. The Seller shall have delivered to the Purchaser a certificate executed by an officer of the Company confirming (i) the accuracy of its representations and warranties as of the date hereof and as of the Closing Date as set forth in Section 8.1(a); (ii) the performance of and compliance with its covenants, and obligations to be performed or complied with at or prior to the Closing Date, as set forth in Section 8.1(b); and (iii) that Cash sufficient to cover outstanding checks is in the Company's accounts as of the Closing Date and is available for immediate use.

(j) Secretary Certificate. The Seller shall have delivered to the Purchaser a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of the Company certifying (i) that attached thereto are true and complete copies of all resolutions adopted by the board of directors and stockholders of the Company authorizing the execution, delivery and performance of this Agreement and the other Sellers Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby, (ii) the names and signatures of the officers of the Company authorized to sign this Agreement, the Seller Documents and the other documents to be delivered hereunder and thereunder, and (iii) that attached thereto are copies of the certificate of incorporation, bylaws and good standing certificate of the Company;

(k) Form W-9. The Seller shall have delivered to the Purchaser a duly completed and executed IRS Form W-9, in form and substance reasonably acceptable to the Purchaser;

(l) Release of Liens; Cancellation of Credit Facilities. The Seller shall have delivered a letter from Mission Valley Bank in form reasonably acceptable to Purchaser confirming that (i) all UCC-1 and other Liens on the assets of the Company and the Subsidiaries have been released, (ii) the outstanding letter of credit issued by Zions Bankcorporation, N.A. at request of Mission Valley Bank (as security for the WC Policy) has been cash collateralized or cancelled, and (iii) there are no outstanding balances or other amounts owed by the Company and its Subsidiaries to such Banks;

(m) Required Consents. The Seller shall have delivered to the Purchaser copies of all consents from any Governmental Body or any Person as listed on Section 4.3(b) of the Disclosure Schedule in each case in a form and substance reasonably satisfactory to the Purchaser and its counsel;

(n) Tail Policies. The Seller shall have delivered to the Purchaser evidence that the Company has procured each Tail Policy, to be purchased and bound upon payment of the premiums out of the Escrow Account at the Closing;

(o) Resignations. The Seller shall have delivered to the Purchaser resignations in writing (effective as of the Closing Date) of all officers, managers and directors of each Company and its Subsidiaries and, to the extent Purchaser requests prior to the Closing, any managers, directors and officers appointed or designated by the Company or any of its Subsidiary to a board or governing body of another entity;

(p) Termination of Braff Engagement. The Seller shall have delivered to the Purchaser evidence, reasonably acceptable to Purchaser, of the assignment to Seller of the engagement letter between the Company and The Braff Group with respect to all fees, expenses and compensation payable as of the Closing (and any other liabilities that may be payable post-closing);

(q) Termination of Employees with Excluded Status. The Seller shall have delivered to the Purchaser evidence that each Company and its Subsidiaries has terminated any employee or contractor, including ARC division caregivers, who has Excluded Status identified by Purchaser; and

(r) Other Documents. The Seller shall have delivered to the Purchaser such other documents or instruments as the Purchaser or its counsel shall reasonably request and are reasonably necessary to consummate the transactions contemplated by this Agreement.

VIII.2 Conditions Precedent to Obligations of the Seller. The obligations of the Seller to consummate the transactions contemplated by this Agreement are subject to the fulfillment, prior to or on the Closing Date, of each of the following conditions (any or all of which may be waived by the Seller in whole or in part in their sole discretion):

(a) Representations and Warranties. The representations and warranties of the Purchaser set forth in Article V that are true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made at and as of the Closing Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all respects on and as of such earlier date);

(b) Performance of Covenants. The Purchaser shall have performed and complied in all material respects with all covenants, and agreements required in this Agreement to be performed or complied with by the Purchaser on or prior to the Closing Date;

(c) Hart-Scott Rodino Act Compliance. HSR Clearance has been obtained or achieved;

(d) No Orders. There shall not be in effect any Order restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby;

(e) Escrow Agreement. The Purchaser shall have delivered to the Seller, a counterpart of the Escrow Agreement in the form of Exhibit B, duly executed by the Purchaser and the Escrow Agent;

(f) Non-Competition Agreements. The Purchaser shall have delivered to the Purchaser a counterpart of the non-competition agreement in the form of Exhibit A hereto duly executed by Seller, B Berger and T Steinfeld-Berger;

(f) Officers Certificate. The Purchaser shall have delivered to the Seller a certificate executed by an officer of the Purchaser confirming (i) the accuracy of its representations and warranties as of the date hereof and as of the Closing Date as set forth in Section 8.2(a) and (ii) the performance of and compliance with its covenants, and obligations to be performed or complied with at or prior to the Closing Date as set forth in Section 8.2(b).

(g) Secretary Certificate. The Purchaser shall have delivered to the Seller a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Purchaser certifying (i) that attached thereto are true and complete copies of all resolutions adopted by the board of managers, board of directors or other similar governing body of Purchaser authorizing the execution, delivery and performance of this Agreement and the other Purchaser Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby, (ii) the names and signatures of the officers of Purchaser authorized to sign this Agreement, the Purchaser Documents and the other documents to be delivered hereunder and thereunder, and (iii) that attached thereto are copies of the articles or organization, operating agreement and good standing certificate of Purchaser;

(h) Payment into Escrow. The Purchaser shall have paid the Estimated Purchase Price, plus the Average EOR Hours Escrow Amount into the Escrow Account; and

(i) Other Documents. The Purchaser shall have delivered to the Seller such other documents or instruments as the Seller or its counsel shall reasonably request and are reasonably necessary to consummate the transactions contemplated by this Agreement.

ARTICLE IX
TERMINATION

IX.1 Termination. Subject to Section 9.2, by notice given prior to or at the Closing, this Agreement may be terminated as follows:

(a) by mutual consent of the Purchaser and Seller;

(b) by Purchaser, by written notice to the Seller, if a material breach of, or failure to perform, any of Seller's or Company's respective representations, warranties, covenants or other agreements contained in this Agreement has been committed by Seller or the Company and such breach or failure to perform has given, or would give, rise to the failure of any condition set forth in Section 8.1 and is not waived in writing by the Purchaser; provided, however, that any such condition relating to a breach or a failure to perform a representation, warranty, covenant or other agreement prior to the Closing Date shall be a cause for termination of this Agreement only if such breach or failure cannot be or has not been cured within fifteen (15) days after the giving of written notice of such breach or failure to the Seller, such notice to be given promptly after Purchaser becomes aware of such breach or failure, provided, however, that the right to terminate this Agreement pursuant to this Section 9.1(b) will not be available to Purchaser if Purchaser is then in breach of this Agreement and such breach would give rise to the failure of any of the conditions set forth in Section 8.2(a) or Section 8.2(b);

(c) by Seller, by written notice to Purchaser if a material breach of, or failure to perform, any of Purchaser's respective representations, warranties, covenants or other agreements contained in this Agreement has been committed by Purchaser and such breach or failure to perform has given, or would give, rise to the failure of any condition set forth in Section 8.2 and is not waived in writing by the Seller; provided, however, that any such condition relating to a breach or a failure to perform a representation, warranty, covenant or other agreement prior to the Closing Date shall be a cause for termination of this Agreement only if such breach or failure cannot be or has not been cured within fifteen (15) days after the giving of written notice of such breach or failure to Purchaser, such notice to be given promptly after Seller becomes aware of such breach or failure, provided, however, that the right to terminate this Agreement pursuant to this Section 9.1(c) will not be available to Seller if Seller or the Company is then in breach of this Agreement and such breach would give rise to the failure of any of the conditions set forth in Section 8.1(a) or Section 8.1(b);

(d) by Purchaser if the Closing has not occurred on or before the End Date, unless Purchaser is in material breach of its representations, warranties, or obligations under this Agreement in any manner that would give rise to the failure of any of the conditions set forth in Section 8.2(a) or Section 8.2(b) or has resulted in the failure to consummate the Closing by such date;

(e) by Seller if the Closing has not occurred on or before the End Date, unless Seller is in material breach of its representations, warranties, or obligations under this Agreement in any manner that would give rise to the failure of any of the conditions set forth in Section 8.1(a) or Section 8.1(b) or has resulted in the failure to consummate the Closing by such date; or

IX.2 Effect of Termination. Each party's right of termination under Section 9.1 is in addition to any other right it may have under this Agreement or otherwise and the exercise of a party's right of termination will not constitute an election of remedies. If this Agreement is terminated pursuant to

Section 9.1, this Agreement will be of no further force or effect; provided, however, that (i) this Section 9 and Article XII will survive the termination of this Agreement and will remain in full force and effect, and (ii) the termination of this Agreement will not relieve any party from any liability for any breach of this Agreement prior to termination or for Fraud.

ARTICLE X

SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

X.1 Survival of Representations and Warranties. The representations and warranties of the parties contained in Articles IV and V of this Agreement shall survive the Closing for the duration specified below (in each case, the "Survival Period"); provided, however, that any obligations to indemnify and hold harmless shall not terminate with respect to any Losses as to which the Person to be indemnified shall have given notice (stating in reasonable detail the basis of the claim for indemnification) to the indemnifying party in accordance with Section 10.4(a)) before the termination of the applicable Survival Period in which event such claim shall survive, and the applicable Survival Period, shall not expire with respect to any such claim, until finally resolved in accordance with this Agreement:

(a) The following Seller representations and warranties (the "Fundamental Representations") shall have a Survival Period from the Closing until the date that is thirty (30) days after the expiration of the applicable statute of limitations, in each case giving effect to any waiver, mitigation, tolling or extension thereof and subject to the proviso in Section 10.1:

(i) Section 4.1 (Organization and Good Standing),

(ii) Section 4.2 (Authorization; Due Execution),

(iii) Section 4.5 (Outstanding Shares; No Restrictions),

(iv) Section 4.8 (Condition and Sufficiency of Assets),

(v) Section 4.10 (Taxes),

(vi) Section 4.14 (Tangible Personal Property),

(vii) Section 4.22 (Financial Advisors), and

(viii) Section 4.26 (COVID-19).

(b) The following Seller representations and warranties (the "Special Representations") shall have a Survival Period of 48 months from the Closing, in each case subject to the proviso in Section 10.1:

(i) Section 4.11 (Business Employees),

(ii) Section 4.12 (Company Benefit Plans); and

(iii) Section 4.18 (Compliance with Laws; Permits).

(c) All other Seller representations and warranties in this Agreement, excluding those referenced in paragraphs (a) and (b) above (the "Routine Representations") shall have a Survival Period of 18 months from the Closing, in each case subject to the proviso in Section 10.1.

(d) The (i) representations and warranties of the Purchaser shall have a Survival Period of eighteen (18) months and (ii) covenants and agreements of the Purchaser contained in this Agreement, and covenants and agreements of the Seller (which, for the sake of clarity, shall exclude the representations and warranties set forth in paragraphs (a), (b) and (c) above) required to be performed at or following the Closing shall survive the execution and delivery of this Agreement and the Closing in accordance with their respective terms. Covenants and agreements required to be performed prior to Closing shall have a Survival Period of two (2) years from the Closing unless explicitly specified otherwise therein.

Subject to the provisions of this Section 10.1, the parties acknowledge and agree that the Survival Periods set forth in this Section 10.1 and the limitation on the parties' right to make claims for recovery of Losses in connection therewith are in lieu of all applicable statutes of limitations.

X.2 Indemnification.

(a) Subject to Section 10.1 and Section 10.3, from and after the Closing, the Seller shall indemnify, defend and hold the Purchaser, the Company and its Subsidiaries and their respective directors, officers, employees, Affiliates, stockholders, agents, attorneys, representatives, successors, heirs, and assigns (collectively, the "Purchaser Indemnified Parties") harmless from and against and in respect of any and all Losses, based upon, attributable to, or resulting from:

(i) any inaccuracy in or breach of the representations and warranties made by the Seller or the Company set forth in this Agreement or in any Seller Document;

(ii) any breach of, or failure to perform, any covenant or other agreement on the part of the Seller or the Company under this Agreement or any Seller Document; and

(iii) any Indemnified Taxes, solely to the extent not otherwise indemnified for under clause (i) above or otherwise included in the calculation of the Purchase Price.

(b) Subject to Sections 10.1 and 10.3, from and after the Closing the Purchaser hereby agrees to indemnify, defend and hold the Seller, B Berger, their agents, attorneys, representatives, successors, heirs, and assigns (collectively, the "Seller Indemnified Parties") harmless from and against any and all Losses, based upon, attributable to or resulting from:

(i) any inaccuracy in or breach of any representation or warranty of the Purchaser set forth in this Agreement or in any Purchaser Document; and

(ii) any breach of, or failure to perform, any covenant or other agreement on the part of the Purchaser under this Agreement or any Purchaser Document.

X.3 Limitations on Indemnification for Breaches of Representations and Warranties.

(a) The Seller shall have no liability under Section 10.2(a)(i) hereof for breach of a Routine Representation unless and until the aggregate amount of Losses to the Purchaser Indemnified Parties finally determined to arise thereunder based upon, attributable to or resulting from the inaccuracy of or the breach of any such Routine Representations exceeds Nine Hundred Thousand Dollars ($900,000.00) (the "Basket") and, in the event aggregate Losses exceed the amount of the Basket, the Seller

shall be required to pay the excess amount of such Losses up to the amount remaining in the Indemnification Escrow Fund to the applicable Purchaser Indemnified Parties. Following the Seller's payment out of the Indemnification Escrow Fund of such excess amount up to the balance remaining in the Indemnification Escrow Fund, the Seller shall have no obligation to satisfy any claim by, or Losses incurred by, any Purchaser Indemnified Party under Sections 10.2(a)(i) with respect to Routine Representations. The Basket shall not be applicable with respect to (i) Losses resulting from a breach of any Fundamental Representation, or (ii) Losses resulting from a breach of any Special Representation.

(b) If Purchaser Indemnified Parties are entitled to indemnification pursuant to Section 10.2(a)(i) as a result of a breach of the Special Representations (i) first the Purchaser Indemnified Parties shall seek recovery from the Indemnification Escrow Fund and (ii) thereafter the Purchaser Indemnified Parties shall seek recovery from the Seller; provided the Seller's maximum aggregate liability for any Losses under Section 10.2(a)(i) hereof for breach of Special Representations shall not exceed twenty-five percent (25%) of the Total Purchase Price.

(c) If Purchaser Indemnified Parties are entitled to indemnification pursuant to Section 10.2(a)(i) as a result of a breach of the Fundamental Representations (i) first the Purchaser Indemnified Parties shall seek recovery from the Indemnification Escrow Fund and (ii) thereafter the Purchaser Indemnified Parties shall seek recovery from the Seller; provided the Seller's maximum aggregate liability for any Losses under Section 10.2(a)(i) hereof for breach of Fundamental Representations shall not exceed the Total Purchase Price.

(d) Notwithstanding any provision to the contrary in this Agreement, the Seller's maximum aggregate liability for any Losses under this Article X shall not exceed the Total Purchase Price.

(e) For purposes of this Article X, any calculation of the amount of any Losses arising from any breach of any representation or warranty shall be determined without regard to any materiality, Material Adverse Effect or other similar qualification contained in or otherwise applicable to such representation or warranty.

X.4 Indemnification Procedures.

(a) Third Party Claims. In the event that any Legal Proceedings shall be instituted or that any claim or demand shall be asserted by any Person (not a party to this Agreement or an Affiliate thereof) in respect of which indemnification may be sought under Section 10.2 hereof (regardless of the limitations set forth in Section 10.3) ("Indemnification Claim"), the indemnified party shall promptly cause written notice of the assertion of any Indemnification Claim of which it has knowledge which is covered by this indemnity to be forwarded to the indemnifying party. The Indemnification Claim notice shall specify in reasonable detail the specific nature of the Indemnification Claim and, if known, the estimated amount of such Losses. The indemnifying party shall have the right, at its sole expense, to be represented by counsel of its choice, which must be reasonably satisfactory to the indemnified party, and to defend against, negotiate, settle or otherwise deal with any Indemnification Claim which relates to any Losses indemnified against hereunder; provided that the indemnifying party shall have acknowledged in writing to the indemnified party its unqualified obligation to indemnify the indemnified party as provided hereunder; provided, further, that if the indemnifying party is the Seller, then such indemnifying party shall not have the right to defend or direct the defense of any such Indemnification Claim that (1) is asserted directly by or on behalf of a Person that is a Governmental Body (including a Tax Contest governed by Article 11 or with respect to a material Permit), healthcare service plan, other payor, vendor, supplier or customer of the Business, (2) seeks an injunction or other equitable or non-monetary relief against the indemnified party, (3) involves a claim which would be materially detrimental to or materially injure the indemnified party's reputation, employees, customers, payors or other material business relations, (4) involves a claim which,

upon petition by the indemnified party, the appropriate court rules that the indemnifying party failed or is failing to vigorously prosecute or defend, (5) involves criminal allegations against the indemnified party, (6) seeks Losses reasonably likely to be in excess of the indemnifying party's cap on liability for Losses arising in connection therewith, or (7) is one in which the indemnifying party (or if Seller is the indemnifying party, B Berger or T Steinfeld Berger) is also a party and joint representation would be, as determined in good faith by the indemnified party's counsel, inappropriate due to conflicts of interest or that there may be legal defenses available to the indemnified party which are different from or additional to those available to the indemnifying party. If the indemnifying party elects to defend against, negotiate, settle or otherwise deal with any Indemnification Claim which relates to any Losses indemnified against hereunder, it shall within five (5) days (or sooner, if the nature of the Indemnification Claim so requires) notify the indemnified party of its intent to do so. If the indemnifying party (i) elects not to defend against, negotiate, settle or otherwise deal with any Indemnification Claim which relates to any Losses indemnified against hereunder, (ii) fails to notify the indemnified party of its election as herein provided, (iii) contests its obligation to indemnify, in whole or in part, the indemnified party for such Losses under this Agreement, or (iv) fails to diligently prosecute the defense of such Indemnification, then the indemnified party may pay, compromise, defend against, negotiate or otherwise deal with such Indemnification Claim and obtain indemnification from the indemnifying party for any and all Losses based upon, arising from or relating to such Indemnification Claim. If the indemnified party defends any Indemnification Claim, then the indemnifying party shall reimburse the indemnified party for the expenses of defending such Indemnification Claim upon submission of periodic bills. If the indemnifying party shall assume the defense of any Indemnification Claim, the indemnified party may participate, at his or its own expense, in the defense of such Indemnification Claim; provided, however, that such indemnified party shall be entitled to participate in any such defense with separate counsel at the expense of the indemnifying party if (i) so requested by the indemnifying party to participate or (ii) in the reasonable opinion of counsel to the indemnified party, a conflict or potential conflict exists between the indemnified party and the indemnifying party that would make such separate representation advisable; and provided, further, that, in such event, the indemnifying party shall not be required to pay for more than one such counsel for all indemnified parties in connection with the applicable Indemnification Claim. The parties shall fully cooperate with each other in all reasonable respects in connection with the defense of any Indemnification Claim, including making available (subject to the provisions of Section 10.1) records relating to such Indemnification Claim and furnishing without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Indemnification Claim. Notwithstanding anything in this Section 10.4 to the contrary, neither the indemnifying party nor the indemnified party shall, without the written consent of the other party (which consent may not be unreasonably withheld, conditioned or delayed), settle or compromise any Indemnification Claim or permit a default or consent to entry of any judgment unless (x) the claimant and such party provide to such other party a complete and unqualified release from all obligation or liability in respect of the Indemnification Claim (with any monetary amount to be fully paid by the indemnifying party), (y) does not involve any finding or admission of any violation of Laws or admission of any wrongdoing by the indemnified party, and (z) does not impose any injunctive or other equitable relief that would encumber any of the assets of the indemnified party or restrict any indemnified party or the conduct of any indemnified party's business

(b) *Direct Claims.* Any claim by an indemnified party on account of Losses that do not result from an Indemnification Claim (asserted by any Person not a party to this Agreement or an Affiliate thereof) (a "Direct Claim") shall be asserted by the indemnified party by giving the indemnifying party reasonably prompt written notice thereof; (a "Direct Claim Notice"). Such Direct Claim Notice shall describe the Direct Claim in reasonable detail and shall indicate the estimated amount, if reasonably practicable, of the Losses that have been or may be sustained by the indemnified party. The indemnifying party shall have thirty (30) days after its receipt of such Direct Claim Notice to respond in writing to such Direct Claim, and either concede or deny liability for the claim set forth in such Direct Claim Notice (a

"Claim Response"). If an indemnifying party fails to timely deliver a Claim Response within such thirty (30) calendar day period by 5:00 p.m., Pacific Standard Time, on the last day of such period, such indemnifying party shall be deemed to have conceded, subject only to the limitations set forth herein, the entire amount of such Direct Claim and, subject to the limitations set forth in this Article X, the indemnified party shall be entitled to the entire amount of such indemnity Losses. In such event, the indemnified party shall forward to the indemnifying party notice of any sums due and owing by the indemnifying party pursuant to this Agreement with respect to such Direct Claim and the indemnifying party shall be required to pay all of the sums so due and owing to the indemnified party, subject to the limitations set forth in this Article X, by wire transfer of immediately available funds within ten (10) Business Days after the date of such notice. If an indemnifying party denies liability for a Direct Claim, in whole or in part, the Purchaser and the Seller shall attempt to resolve such dispute as promptly as possible. If the Purchaser and the Seller fail to resolve such dispute within thirty (30) calendar days after receipt of the Claim Response corresponding to such dispute, any party may initiate arbitration pursuant to the terms of Section 12.2.

(c) Delay in Notice. The failure of the indemnified party to give reasonably prompt notice of any Indemnification Claim or Direct Claim shall not release, waive or otherwise affect the indemnifying party's obligations with respect thereto except to the extent that the indemnifying party can demonstrate actual loss and prejudice as a result of such failure.

X.5 Effect of Knowledge or Waiver of Closing Condition. The representations, warranties and covenants of the indemnifying party, and the indemnified party's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of the indemnified party (including by any of its representatives) or by reason of the fact that the indemnified party or any of its representatives knew or should have known that any such representation or warranty is, was or might be inaccurate. The waiver of any closing condition based on the accuracy of any representation or warranty will not affect the right to indemnification, payment of Losses, or other remedy based on such representations and warranties.

X.6 Exclusive Remedies Subject to Closing. Except in the case of fraud and with respect to amounts payable under Article III, the parties acknowledge and agree that if the Closing occurs, the remedies provided in this Article X shall constitute the sole and exclusive remedies available to any party (whether at law or in equity or whether in contract or in tort or otherwise) (a) for any breach of the representations or warranties in this Agreement or other Transaction Document, (b) for any failure to perform or comply with any covenant or agreements in this Agreement or any other Transaction Document, or (c) otherwise in connection with, arising under, deriving from, involving or relating to this Agreement or any other Transaction Document. The foregoing shall not limit the rights of a party to seek or obtain injunctive or equitable relief based upon the breach of any covenant contained in this Agreement or to enforce each of the covenants contained in this Agreement, pursuant to the terms of this Agreement.

X.7 Tax Treatment of Indemnity Payments. The Seller and the Purchaser agree to treat any indemnity payment made pursuant to this Article X as an adjustment to the purchase price for federal, state, local and foreign income Tax purposes and shall not file any Tax Returns or take any positions inconsistently with the foregoing treatment. If, notwithstanding the treatment required by the preceding sentence, any indemnification payment under Article X (including this Section 10.7) is determined to be taxable to the party receiving such payment by any Taxing Authority, the paying party shall also indemnify the party receiving such payment for any Taxes incurred by reason of the receipt of such payment and any expenses incurred by the party receiving such payment in connection with such Taxes (or any asserted deficiency, claim, demand, action, suit, proceeding, judgment or assessment, including the defense or settlement thereof, relating to such Taxes).

ARTICLE XI

TAX MATTERS

XI.1 Prorations. The Seller shall bear and be responsible for the payment of all property and ad valorem Tax liability with respect to the Company's assets if the Lien or assessment date arises on or prior to the Closing Date irrespective of the reporting and payment dates of such Taxes. All other real property Taxes, personal property Taxes, or ad valorem obligations and similar recurring Taxes for taxable periods beginning before, and ending after, the Closing Date, shall be prorated between the Purchaser and the Seller as of end of the day on the Closing Date (the "Calculation Time"), and the Seller shall bear and be responsible the payment of such Taxes which are pro rated and allocable to the portions of such periods ending at the Calculation Time. With respect to Taxes described in this Section 11.1, the Seller shall timely file all Tax Returns due before the Closing Date with respect to such Taxes and the Purchaser shall prepare and timely file all Tax Returns due after the Closing Date with respect to such Taxes. If one party remits to the appropriate Taxing Authority payment for Taxes, which are subject to proration under this Section 11.1 and such payment includes the other party's share of such Taxes for which the other party is responsible, such other party shall promptly indemnify and reimburse the remitting party for its share of such Taxes.

XI.2 Cooperation on Tax Matters. The Purchaser and the Seller shall furnish or cause to be furnished to each other, as promptly as practicable, such information and assistance relating to the assets of the Company and its Subsidiaries as is reasonably necessary for the preparation and filing of any Tax Return, claim for refund or other required or optional filings relating to Tax matters, for the preparation for any Tax audit, for the preparation for any Tax protest, for the prosecution or defense of any suit or other proceeding relating to Tax matters.

XI.3 Transfer Taxes. All federal, state, local, non-U.S. transfer, excise, sales, use, value added, registration, stamp, recording, property and similar Taxes or fees applicable to, imposed upon, or arising out of the transactions contemplated by this Agreement and all related interest and penalties (collectively, "Transfer Taxes") shall be paid and borne equally by Seller and Purchaser.

XI.4 Straddle Periods. To the extent permissible under applicable Laws, the parties agree to elect (and have the Company and each of its Subsidiaries elect) to have each Tax year or other period of the Company and each of its Subsidiaries to end on the Closing Date and, if such election is not permitted or required in a jurisdiction with respect to a specific Tax such that the Company or any of its Subsidiaries is required to file a Tax Return for a Straddle Period, to utilize the following conventions for determining the amount of Taxes relating and attributable to the portion of the Straddle Period ending on the Closing Date: (i) in the case of Taxes covered by Section 11.1 above, the amount of Taxes relating and attributable to the portion of the Straddle Period ending on the Closing Date shall be the portion of such Taxes for which Seller is responsible under Section 11.1; (ii) in the case of Taxes not covered by clause (i) above or clause (iii) below, the amount relating and attributable to the portion of the Straddle Period ending on the Closing Date shall equal the Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of calendar days in the portion of the Straddle Period ending on the Closing Date and the denominator of which is the number of calendar days in the entire Straddle Period; and (iii) in the case of income Taxes, sales Taxes, employment Taxes, payroll Taxes, withholding and other Taxes determined by reference to levels of income, sales, receipts, payroll, payments or other levels of activity, the amount relating and attributable to the portion of the Straddle Period ending on the Closing Date shall be determined as if the Company or its Subsidiaries filed a separate Tax Return with respect to such Taxes for the portion of the Straddle Period ending as of the end of the day on the Closing Date using a closing of the books methodology (and with respect to Taxes attributable to any entity in which the Company or of its

Subsidiaries owns an interest such Taxes shall also be determined by applying a similar closing of the books methodology to such entity).

XI.5 Tax Contests.

(a) If any Governmental Body issues to the Seller, the Company or any of its Subsidiaries (A) a notice of its intent to audit or conduct another legal proceeding with respect to or affecting Taxes or Tax Returns of the Company or any of its Subsidiaries for any Pre-Closing Tax Period or Straddle Period or (B) a notice of deficiency for Taxes for any Pre-Closing Tax Period or Straddle Period, the Company shall notify the Seller, or the Seller shall notify Purchaser, as applicable, of its receipt of such communication from the Governmental Body within ten (10) days of receipt; provided, however, that the failure of the Company to give such notice to Seller within such time frame shall not affect indemnification obligations under this Agreement except to the extent the Seller is materially prejudiced thereby. The Company or its applicable Subsidiary shall control any audit or other legal proceeding in respect of any Taxes or Tax Returns of the Company or any of its Subsidiaries (a "Tax Contest") at the direction of the Purchaser; provided, however, (X) the Seller, at its sole cost and expense, shall have the right, at its election, to control or participate in any Tax Contest (including the settlement or resolution thereof) to the extent it relates to a Pre-Closing Tax Period (but not a Straddle Period) for which the Seller provides timely notice as provided in Section 11.5(b) below; provided that the Seller shall maintain Purchaser and the Company fully and timely informed of all matters relating to such Tax Contest and shall not settle any such Tax Contest without the prior written consent of Purchaser, which consent shall not be unreasonably withheld, conditioned or delayed; and (Y) the Seller, at its sole cost and expense, shall have the right to participate in any Tax Contest to the extent it relates to a Straddle Period.

(b) If the Seller elects to control a Tax Contest for a Pre-Closing Tax Period, (A) the Seller shall notify Purchaser of such intent within ten (10) days of receiving notice of the Tax Contest; and (B) prior to the Seller taking control, Purchaser shall control, or cause the Company or its applicable Subsidiary to control, such Tax Contest in good faith. If the Seller does not elect to control such Tax Contest, Purchaser shall have the sole right to control such Tax Contest; *provided however, that*, Purchaser shall not, and shall cause the Company and its Subsidiaries not to, enter into any settlement of any such Tax Contest that would increase the Tax liability of the Seller without the prior written consent of the Seller, which consent shall not be unreasonably withheld, conditioned or delayed.

(c) Notwithstanding Section 10.4 or any other provisions of this Agreement, the provisions of this Section 11.5 shall be controlling with respect to any Tax Contest.

XI.6 Tax Treatment. The parties agree that the purchase of Shares contemplated by this Agreement shall be treated as a sale subject to Code Section 1001 and shall file all Tax Returns consistently with said treatment and shall not take any position inconsistent therewith.

XI.7 Tax Returns. The Purchaser shall cause the Company and its Subsidiaries to prepare and file their Tax Returns with respect to any Pre-Closing Tax Period and any Straddle Period that are to be filed after the Closing Date. Such Tax Returns shall be prepared in a manner consistent with the most recent past practices of the Company and its Subsidiaries unless otherwise required by applicable Law. Prior to filing such Tax Returns, the Purchaser shall provide the Seller with copies of such Tax Returns together with a written statement showing the amount payable by the Seller as provided in the following sentence. The Seller shall pay to the Purchaser the entire amount of Taxes due with respect to such Tax Returns, except that with respect to a Straddle Period, the amount payable by the Seller to Purchaser shall be the amount of Taxes relating to the portion of the Straddle Period ending on the Closing Date as determined under Section 11.4. The Seller shall pay the amounts provided in the preceding sentence to the Purchaser

within five (5) days after Purchaser provides to the Seller the copies of such Tax Returns and the written statement of Taxes payable by Seller provided for above.

ARTICLE XII

MISCELLANEOUS

XII.1 Expenses. Except as otherwise provided in this Agreement, the Seller and the Purchaser shall bear their own fees, costs and expenses incurred in connection with the negotiation, execution and performance of this Agreement and each other agreement, document and instrument contemplated by this Agreement and the consummation of the transactions contemplated hereby and thereby. The Seller will also be responsible for and shall bear the fees, costs and expenses incurred prior to or as of the Closing by the Company and the Subsidiaries in connection with the negotiation, execution and performance of this Agreement and each other agreement, document and instrument contemplated by this Agreement and the consummation of the transactions contemplated hereby and thereby, including all Indebtedness or Transaction Costs not paid at Closing or not included in the post-Closing Net Working Capital Adjustment.

XII.2 Arbitration. Any controversy, dispute or claim arising out of, in connection with, or related to the interpretation, performance or breach of this Agreement shall be resolved by final and binding arbitration ("Arbitration") initiated and administered by and in accordance with the then existing Rules of Practice and Procedures of the Judicial Arbitration and Mediation Services, Inc. ("JAMS"). The Arbitration shall be held in Los Angeles County, California; the exact time and location to be decided by a sole arbitrator selected by mutual agreement of the parties or in accordance with the then existing Rules of Practice and Procedures of JAMS. The arbitrator shall have the power to grant all legal and equitable remedies provided by Delaware or federal law; provided, however, that said arbitrator shall be bound by applicable statutory and case law in rendering a decision, and provided, further, that said arbitrator shall not have the power to award punitive or exemplary damages. The decision of the arbitrator shall be final and unreviewable except for those grounds set forth in California Code of Civil Procedure Section 1286.2. Judgment upon any award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof, and the award may be judicially enforced. The prevailing party in any Arbitration hereunder shall be awarded reasonable attorneys' fees, expert and nonexpert witness fees and costs, and expenses incurred directly or indirectly with said Arbitration, including but not limited to the fees and expenses of the arbitrator and any other expenses of the Arbitration.

XII.3 Third-Party Beneficiaries. This Agreement is solely for the benefit of the parties and their successors and assigns permitted under this Agreement, and no provisions of this Agreement will be deemed to confer upon any other Person any remedy, claim, liability, reimbursement, cause of action or other right except as expressly provided in this Agreement including with respect to the Purchaser Indemnified Parties and the Seller Indemnified Parties.

XII.4 Entire Agreement. This Agreement (including the schedules and exhibits hereto, the Documents) represents the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings among or between any of the parties relating to the subject matter hereof and thereof.

XII.5 Amendment; Waiver; Remedies. This Agreement can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by the party against whom enforcement of any such amendment, supplement, modification or waiver is sought. No action taken pursuant to this Agreement, including any investigation by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any

party hereto of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law, except as otherwise provided in this Agreement.

XII.6 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed in such state.

XII.7 Notices. Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received: (i) if delivered by hand, when delivered; (ii) if sent on a Business Day by facsimile transmission or by e-mail of a pdf document before 5:00 p.m. (recipient's time) on the day sent and receipt is confirmed, when sent; (iii) if sent by facsimile transmission or by e-mail of a PDF document on a day other than a Business Day and receipt is confirmed, or if sent by facsimile transmission or by email of a PDF document on a Business Day after 5:00 p.m. (recipient's time) on the day sent and receipt is confirmed, on the Business Day following the date on which receipt is confirmed; (iv) if sent by registered, certified or first class mail, the third Business Day after being sent; and (v) if sent by overnight delivery via a national courier service, one Business Day after being delivered to such courier (except if the date delivered to the courier is not a Business Day, then the next Business Day), in each case to the address, facsimile telephone number or e-mail address set forth beneath the name of such party below (or to such other address, facsimile telephone number or e-mail address as such party shall have specified in a written notice given to the other parties hereto):

If to the Purchaser, to:

Aveanna Healthcare LLC
400 Interstate North Parkway, SE
Suite 1600
Atlanta, Georgia 30339
Attention: Shannon Drake, General Counsel
Phone: (678) 385-4005
Facsimile: (678) 784-4705
E-mail: sdrake@Aveanna.com

with a copy (which shall not constitute notice) to:

Greenberg Traurig, LLP
3333 Piedmont Road NE
Suite 2500
Atlanta, GA 30305
Telephone: 678-553-2121
Facsimile: 678-553-2120
Attention: Gary E. Snyder
E-mail: SnyderG@GTLAW.com

If to the Seller:

The Barry R. Berger and Jill Taffy Steinfeld-Berger Family Trust
dated September 19, 2006
638 Lindero Canyon Road, #387
Oak Park, CA 91377
Attention: Barry R. Berger, Trustee
brberger@sbcglobal.net

with a copy (which shall not constitute notice) to:

Yong Gruber Associates, LLP
8939 S. Sepulveda, Suite 514
Los Angeles, CA 90045
Attention: Jindy Gruber (jgruber@ygalaw.com)
Phone & Facsimile: (818) 539-7872

XII.8 Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any law or public policy, all other terms or provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

XII.9 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Nothing in this Agreement shall create or be deemed to create any third-party beneficiary rights in any person or entity not a party to this Agreement except as provided below. No assignment of this Agreement or of any rights or obligations hereunder may be made by either the Seller or the Purchaser (by operation of law or otherwise) without the prior written consent of the other parties hereto and any attempted assignment without the required consents shall be void; provided, however, that the Purchaser may assign this Agreement and any or all rights or obligations hereunder (including the Purchaser's rights to seek indemnification hereunder) to any Affiliate of the Purchaser or for collateral security purposes to any lender providing financing to Purchaser or the Company.

XII.10 Non-Recourse. No past, present or future director, officer, employee, incorporator, member, partner, stockholder, Affiliate, agent, attorney or representative of the Purchaser shall have any liability for any obligations or liabilities of the Purchaser under this Agreement or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby.

XII.11 Counterparts. This Agreement may be executed in several counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement. The exchange of a fully executed Agreement (in counterparts or otherwise) by electronic transmission in PDF format or by facsimile shall be sufficient to bind the parties to the terms and conditions of this Agreement.

XII.12 Purchaser's Right of Set Off. The Purchaser may set off any amount to which it may be entitled under this Agreement or any other agreement, document, instrument or certificate executed in connection with the consummation of the transactions contemplated by this Agreement against amounts otherwise payable to the Seller under this Agreement or any other agreement, document, instrument or certificate executed in connection with the consummation of the transactions contemplated by this Agreement. Neither the exercise of nor the failure to exercise such right of set off will constitute an election

of remedies or limit the Purchaser in any way in the enforcement of any other remedies that may be available to it.

XII.13 Disclosure Schedule The Disclosure Schedule shall be arranged in separate parts corresponding to the numbered and lettered sections and subsections contained in this Agreement, and the information disclosed in any numbered or lettered part shall be deemed to relate to and to qualify only the particular representation or warranty set forth in the corresponding numbered or lettered section or subsection of this Agreement, except to the extent that such information is cross-referenced in another part of the Disclosure Schedule or it is reasonably apparent from the face of such disclosure that it is relevant to any part of the Disclosure Schedule. Nothing in the Disclosure Schedule shall be deemed adequate to disclose an exception to a representation or warranty made in this Agreement, unless the applicable part of the Disclosure Schedule identifies the exception with reasonable particularity and describes the relevant facts in reasonable detail. The mere listing of a document or other item in, or attachment of a copy thereof to, the Disclosure Schedule will not be deemed adequate to disclose an exception to a representation or warranty made in this Agreement (unless the representation or warranty pertains directly to the existence of the document or other item itself). No reference to or disclosure of any item or other matter in the Disclosure Schedule shall be construed as an admission or indication that such item or other matter is material or that such item or other matter is required to be referred to or disclosed in the Disclosure Schedule. No disclosure in the Disclosure Schedule relating to any possible breach or violation of any Contract or Law shall be construed as an admission or indication that any such breach or violation occurred or exists. In disclosing the information set forth in the Disclosure Schedule, the Seller does not waive, and expressly reserves, any attorney-client privilege associated with such information or any protection afforded by the work-product doctrine with respect to any of the matters disclosed or discussed herein.

XII.14 Tax and Government Reimbursement Program Effect. None of the parties (nor such parties' counsel or accountants) has made or is making in this Agreement any representation to any other party (or such party's counsel or accountants) concerning any of the Tax or Government Reimbursement Program effects or consequences on the other party in connection with the transactions contemplated by this Agreement. Each party represents that it has obtained, or may obtain, independent advice concerning the Tax and Government Reimbursement Program with respect thereto and upon which it, if so obtained, has solely relied.

XII.15 Public Announcements. No party to this Agreement (nor any Affiliate thereof) shall make any public announcements or press releases in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other party (which will not be unreasonably withheld), except as required by a court of competent jurisdiction or applicable Law, including applicable securities laws and regulations and rules of applicable stock exchanges, and except for disclosures to its representatives to the extent necessary to obtain their services or for disclosures required to be made in the financial statements of Purchaser or any of its Affiliates, in publicly filed documents necessary to effect the transactions contemplated by this Agreement and the other Transaction Documents (and accompanying press releases that may include the purchase price) or necessary in connection with any consents or Approvals or any financing to consummate the transactions contemplated hereby.

XII.16 Remedies. The parties hereto acknowledge and agree that the failure of any party to perform its agreements and covenants hereunder, including such party's failure to take all actions as are necessary on such party's part in accordance with the terms and conditions of this Agreement to consummate the transactions contemplated hereby, will cause irreparable injury to the other parties, for which damages, even if available, will not be an adequate remedy. Accordingly, each party hereby consents to the issuance of injunctive relief by any court of competent jurisdiction to compel performance of such party's obligations and to the granting by any such court of the remedy of specific performance of such

party's obligations hereunder. In seeking an injunction or injunctions to prevent breaches of this Agreement by a party y or to enforce specifically the terms and provisions of this Agreement, the other party shall not be required to provide, furnish or post any bond or other security in connection with or as a condition to obtaining any such order or injunction. If any Litigation should be brought in equity pursuant to this Section 12.16 to enforce the provisions of this Agreement, no party shall allege, and such party waives the defense, that there is an adequate remedy at law.

XII.17 Seller Guaranty of Trust Obligations.

(a) To induce Purchaser to enter into this Agreement, B Berger and T Steinfeld-Berger (each a "Seller Guarantor", and collectively, the "Seller Guarantors", by executing this Agreement, as Trustees of the Seller irrevocably, absolutely and unconditionally:

(i) guarantee to Purchaser, jointly and severally, on the terms and subject to the conditions of this Section 12.17 (the "Guarantee"), the prompt performance and payment of all obligations (including under Article X) of Seller (the "Guaranteed Obligations") strictly in accordance with the terms and conditions hereof; and

(ii) waives any requirement that Purchaser exhaust any right, remedy or take any action against the applicable Trust before proceeding hereunder.

(b) Each Seller Guarantor shall remain liable for the payment and for the performance of its guarantee obligations pursuant to this Section 12.17, notwithstanding any act, omission or event that might, but for this sentence, otherwise operate as a legal or equitable discharge or defense of such Seller Guarantor. Notwithstanding the foregoing, each Seller Guarantor hereby reserves the right to raise and assert any defenses, claims, counterclaims, set-offs, cross claims, recoupments or limitations (including limitations on and exclusions of certain damages) that could be raised or asserted by Seller pursuant to this Agreement or applicable Law with respect to any obligation owed or claimed to be owed by Seller to Purchaser under this Agreement.

(c) Each Seller Guarantor hereby waives any and all notice of the creation, renewal, extension or accrual of the Guaranteed Obligations (other than notices to the Seller Guarantors and the Seller required to be provided or otherwise delivered pursuant to this Agreement) and notice of or proof of reliance by Purchaser upon this Guarantee or acceptance of this Guarantee. Each Seller Guarantor acknowledges that Purchaser entered into this Agreement in reliance upon this Guarantee.

(d) Each Seller Guarantor's undertakings under this Agreement shall remain in full force and effect until final performance in full of the Guaranteed Obligations under this Agreement notwithstanding any intermediate payment or performance of the Guaranteed Obligations.

(e) The obligations of each Seller Guarantor hereunder will not be discharged by: (i) any modification of, or amendment or supplement to, this Agreement approved in writing in accordance with this Agreement, in each case except to the extent expressly set forth therein, (ii) any change in the structure of Seller; or (iii) any insolvency, bankruptcy, reorganization, arrangement, composition, liquidation, dissolution, or similar proceedings with respect to Seller. In the event that any payment to Purchaser in respect of any Guaranteed Obligation is rescinded or must otherwise be returned to a Seller Guarantor for any reason whatsoever other than the fact that Purchaser was not in fact entitled to the payment, to the extent such amount is actually returned to such Seller Guarantor, such Seller Guarantor shall remain fully liable hereunder with respect to such Seller Guarantor's Guaranteed Obligation as if such payment had not been made.

I.2 Attorneys' Fees. The non-prevailing party in any action or proceeding related to this Agreement shall pay to the prevailing party reasonable fees and costs incurred in such proceeding or action, including attorneys' fees and costs and the fees and costs of experts and consultants. The prevailing party shall be the party who is entitled to recover its costs of suit (as determined by the court of competent jurisdiction or arbitrator or mediator), whether or not the action or proceeding proceeds to final judgment or award.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, the parties hereto have executed or caused this Agreement to be executed by its officers thereunto duly authorized, as of the date first written above.

PURCHASER:

AVEANNA HEALTHCARE LLC,
a Delaware limited liability company

By: /s/ Rodney Windley
Name: Rodney D. Windley
Its: Executive Chairman

COMPANY:

DUNN & BERGER, INC. dba
Accredited Nursing Services,
a California corporation

By: **/s/** Barry Berger
Name: Barry Berger
Its: President

SELLER:

THE BARRY R. BERGER AND JILL TAFFY STEINFELD-BERGER FAMILY TRUST DATED SEPTEMBER 19, 2006

By: /s/ Barry Berger
Barry R. Berger, Trustee

By: /s/ Taffy Steinfeld-Berger
Jill Taffy Steinfeld-Berger, Trustee

SELLER GUARANTORS:

/s/ Barry Berger
Barry R. Berger

/s/ Taffy Steinfeld-Berger
Jill Taffy Steinfeld-Berger

Exhibit A

Form of Non-Competition Agreement
(Seller, B Berger and T Steinfeld-Berger)

Exhibit B

Form of Escrow Agreement

Schedule 3.5(a)

Seller’s Reference Statement

Disclosure Schedule

Section 4.3(b); Required Consent, Waiver, Order, Permit, Authorization

Section 4.4; Subsidiaries and Tax Classification

Section 4.6(a); Financial Statements

Section 4.6(b); Financial Statements

Section 4.6(e); Financial Statements

Section 4.6(f); Financial Statements

Section 4.7; Undisclosed Liabilities

Section 4.8; List of Personal Property Items Being Retained by Seller

Section 4.9(a), Section 4.9(b) and Section 4.9(iii); Developments since July 31, 2021

Section 4.11(a); List of Business Employees, Position, Hire Date, Compensation, Fringe Benefits

Section 4.11(k); Employment Actions

Section 4.12(a); Company Benefit Plans

Section 4.12(c); Company Benefit Plans Liabilities

Section 4.12(m); Company Benefit Plans Post-Closing Amendment and Actions

Section 4.13(a); List of Leased Real Properties

Section 4.14; List of Leased Personal Property

Section 4.15(a); List of Registered Intellectual Property

Section 4.15(b); Exceptions to Purchased Intellectual Property

Section 4.15(c); Intellectual Property Licenses

Section 4.16(a); Material Contracts

Section 4.16(c); Largest Payors

Section 4.17(a); Litigation Disclosure

Section 4.18(a); Compliance with Laws

Section 4.18(c); List of Permits held

Section 4.18(d); Government Reimbursement Programs

Section 4.18(f); Bill and Collection Practices

Section 4.18(h); HIPAA

Section 4.18(k); Health Care Regulatory Approval

Section 4.21; Disclosure of Related Party Transactions

Section 4.23; List of Insurance Policies and Fidelity Bonds

Section 4.24; List of Banks and Locations; Authorized Signatories

Schedule 4.25; Power of Attorney

Section 4.26(a); Covid-19

Section 4.26(b); Covid-19

Section 4.26(c); Covid-19

Section 4.26(d); Covid-19

Section 4.26(f); Covid-19

Section 4.26(h); Covid-19

Section 6.2; Conduct of Business Pending Closing

RECEIVABLES FINANCING AGREEMENT

Dated as of November 12, 2021

by and among

AVEANNA SPV I, LLC,
as Borrower,

THE PERSONS FROM TIME TO TIME PARTY HERETO,
as Lenders,

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent,

AVEANNA HEALTHCARE LLC,
as initial Servicer,

and

PNC CAPITAL MARKETS LLC,
as Structuring Agent

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EXHIBITS

EXHIBIT A	–	Form of Loan Request
EXHIBIT B	–	Form of Reduction Notice
EXHIBIT C	–	Form of Assignment and Acceptance Agreement
EXHIBIT D	–	Form of Assumption Agreement
EXHIBIT E	–	Credit and Collection Policy
EXHIBIT F	–	Form of Information Package
EXHIBIT G	–	Form of Compliance Certificate
EXHIBIT H	–	Closing Memorandum
EXHIBIT I	–	Forms of Interim Reports

SCHEDULES

SCHEDULE I	–	Commitments
SCHEDULE II	–	Lock-Boxes, Collection Accounts and Collateral Account Banks
SCHEDULE III	–	Notice Addresses

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This RECEIVABLES FINANCING AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time, this "Agreement") is entered into as of November 12, 2021, by and among the following parties:

(i) AVEANNA SPV I, LLC, a Delaware limited liability company, as Borrower (together with its successors and assigns, the "Borrower");

(ii) the Persons from time to time party hereto as Lenders;

(iii) PNC BANK, NATIONAL ASSOCIATION ("PNC"), as Administrative Agent;

(iv) AVEANNA HEALTHCARE LLC, a Delaware limited liability company, in its individual capacity ("Aveanna") and as initial Servicer (in such capacity, together with its successors and assigns in such capacity, the "Servicer"); and

(v) PNC CAPITAL MARKETS LLC, a Pennsylvania limited liability company, as Structuring Agent.

PRELIMINARY STATEMENTS

The Borrower has acquired, and will acquire from time to time, Receivables from the Transferor pursuant to the Second Tier Sale and Contribution Agreement. The Transferor has acquired, and will acquire from time to time, Receivables from the Originators pursuant to the First Tier Sale Agreement. The Borrower has requested that the Lenders make Loans from time to time to the Borrower, on the terms, and subject to the conditions set forth herein, secured by, among other things, the Receivables.

In consideration of the mutual agreements, provisions and covenants contained herein, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Account Control Agreement" means each agreement, in form and substance reasonably satisfactory to the Administrative Agent, among the Borrower, the Servicer (if applicable), the Administrative Agent and a Collateral Account Bank, governing the terms of the related Collateral Accounts that (i) provides the Administrative Agent with control within the meaning of the UCC over the deposit accounts subject to such agreement and (ii) by its terms, may not be terminated or canceled by the related Collateral Account Bank without the written consent of the Administrative Agent or upon no less than sixty (60) days prior written notice to the Administrative Agent, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Accrual Period" means, with respect to each Loan, (i) initially, the period commencing on the date such Loan is made pursuant to Section 2.01 (or in the case of any fees payable hereunder, commencing on the Closing Date) and ending on (but not including) the next Settlement Date and (ii) thereafter, each period commencing on such Settlement Date and ending on (but not including) the next Settlement Date.

"Administrative Agent" means PNC, in its capacity as contractual representative for the Credit Parties, and any successor thereto in such capacity appointed pursuant to Article XI or Section 14.03(f).

"Adverse Claim" means any ownership interest or claim, mortgage, deed of trust, pledge, lien, security interest, hypothecation, charge or other encumbrance or security arrangement of any nature whatsoever, whether voluntarily or involuntarily given, including, but not limited to, any conditional sale or title retention arrangement, and any assignment, deposit arrangement or lease intended as, or having the effect of, security and any filed financing statement or other notice of any of the foregoing (whether or not a lien or other encumbrance is created or exists at the time of the filing); it being understood that any of the foregoing in favor of, or assigned to, the Administrative Agent (for the benefit of the Secured Parties) shall not constitute an Adverse Claim.

"Advisors" has the meaning set forth in Section 14.06(c).

"Affected Person" means each Credit Party and each of their respective Affiliates.

"Affiliate" means, as to any Person: (a) any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person or (b) who is a director or officer: (i) of such Person or (ii) of any Person described in clause (a). For purposes of this definition, control of a Person shall mean the power, direct or indirect: (x) to vote 25% or more of the securities having ordinary voting power for the election of directors or managers of such Person or (y) to direct or cause the direction of the management and policies of such Person, in either case whether by ownership of securities, contract, proxy or otherwise.

"Aggregate Principal" means, at any time of determination, the aggregate outstanding Principal of all Lenders at such time.

"Aggregate Interest" means, at any time of determination, the aggregate accrued and unpaid Interest on the Loans of all Lenders at such time.

"Agreement" has the meaning set forth in the preamble to this Agreement.

"Anti-Corruption Laws" means the United States Foreign Corrupt Practices Act of 1977, as amended, the UK Bribery Act 2010, and any other similar anti-corruption Laws or regulations administered or enforced in any jurisdiction in which the Parent or any of its Subsidiaries conduct business.

"Anti-Terrorism Law" means any Law in force or hereinafter enacted related to terrorism, money laundering, or economic sanctions, including the Bank Secrecy Act, 31 U.S.C. § 5311 *et seq.*, the USA PATRIOT Act, the International Emergency Economic Powers Act, 50 U.S.C. 1701,

et seq., the Trading with the Enemy Act, 50 U.S.C. App. 1, *et seq.*, 18 U.S.C. § 2332d, and 18 U.S.C. § 2339B.

"Applicable Law" means, with respect to any Person, any Law (x) that is applicable to such Person or any of its property, (y) to which such Person is a party or (z) by which any of such Person's property is bound. For the avoidance of doubt, FATCA shall constitute an "Applicable Law" for all purposes of this Agreement.

"Assignment and Acceptance Agreement" means an assignment and acceptance agreement entered into by a Lender, an Eligible Assignee and the Administrative Agent, and, if required, the Borrower, pursuant to which such Eligible Assignee may become a party to this Agreement, in substantially the form of Exhibit C hereto.

"Assumption Agreement" has the meaning set forth in Section 14.03(i).

"Attorney Costs" means and includes all reasonable and documented out-of-pocket fees, costs, expenses and disbursements of (i) any one (or such greater number determined by any Borrower Indemnified Party while an Unmatured Event of Default or an Event of Default has occurred and is continuing) primary law firm or other external counsel to the Borrower Indemnified Parties, taken as a whole, and (ii) any one (or such greater number determined by any Borrower Indemnified Party while an Unmatured Event of Default or an Event of Default has occurred and is continuing) additional law firm or other external counsel to the Borrower Indemnified Parties, taken as a whole, engaged to act as local counsel in each material relevant jurisdiction.

"Aveanna Party" means each of Borrower, the Servicer, the Transferor, Holdings, Performance Guarantor, the Parent or any Originator

"Bankruptcy Code" means the United States Bankruptcy Reform Act of 1978 (11 U.S.C. § 101, et seq.), as amended from time to time.

"Base Rate" means, for any day and any Lender, a fluctuating interest rate per annum as shall be in effect from time to time, which rate shall be at all times equal to the highest of:

(a) the Prime Rate; and

(b) 0.50% per annum above the latest Overnight Bank Funding Rate; and

(c) 1.00% per annum above the Daily BSBY Floating Rate, so long as Daily BSBY Floating Rate is offered, ascertainable and not unlawful;

provided, however, if the Base Rate as determined above would be less than zero, then such rate shall be deemed to be zero.

"Base Rate Option" means the option of the Borrower to have Loans bear interest at the rate and under the terms specified in Section 3.01(a)(i).

"Benchmark Replacement" has the meaning set forth in Section 3.04(d).

"Beneficial Owner" means, for the Borrower, each of the following: (a) each individual, if any, who, directly or indirectly, owns 25% or more of the Borrower's Capital Stock; and (b) a single individual with significant responsibility to control, manage, or direct the Borrower.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets or any such "employee benefit plan" or "plan".

"Bloomberg" means Bloomberg Index Services Limited (or a successor administrator).

"Borrower" has the meaning specified in the preamble to this Agreement.

"Borrower Indemnified Amounts" has the meaning set forth in Section 13.01(a).

"Borrower Indemnified Party" has the meaning set forth in Section 13.01(a).

"Borrower Obligations" means all present and future indebtedness, reimbursement obligations, and other liabilities and obligations (howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, or due or to become due) of the Borrower to any Credit Party, Borrower Indemnified Party and/or any Affected Person, arising under or in connection with this Agreement or any other Transaction Document or the transactions contemplated hereby or thereby, and shall include, without limitation, all Principal and Interest on the Loans, all Fees and all other amounts due or to become due under the Transaction Documents (whether in respect of fees, costs, expenses, indemnifications or otherwise), including, without limitation, interest, fees and other obligations that accrue after the commencement of any Insolvency Proceeding with respect to the Borrower (in each case whether or not allowed as a claim in such proceeding).

"Borrowing Base" means, at any time of determination, the amount equal to the lesser of (a) the Facility Limit and (b) the amount equal to (i) the Net Receivables Pool Balance at such time, minus (ii) the Total Reserves at such time.

"Borrowing Base Deficit" means, at any time of determination, the amount, if any, by which (a) the Aggregate Principal at such time, exceeds (b) the Borrowing Base at such time.

"Borrowing Tranche" means specified portions of Loans outstanding as follows: (a) any Loans to which a BSBY Rate Option applies under the same Loan Request by the Borrower and which have the same Interest Period shall constitute one Borrowing Tranche, (b) all Loans to which a Daily BSBY Floating Rate Option applies shall constitute one Borrowing Tranche and (c) all Loans to which a Base Rate Option applies shall constitute one Borrowing Tranche.

"Breakage Fee" means (i) for any Interest Period for which Interest is computed by reference to the BSBY Rate Option and a reduction of Principal is made for any reason on any day other than the last day of the related Interest Period or (ii) to the extent that the Borrower shall for any reason, fail to borrow on the date specified by the Borrower in connection with any request

for funding pursuant to Article II of this Agreement, the amount, if any, by which (A) the additional Interest (calculated without taking into account any Breakage Fee or any shortened duration of such Interest Period pursuant to the definition thereof) which would have accrued during such Interest Period on the reductions of Principal relating to such Interest Period had such reductions not been made (or, in the case of clause (ii) above, the amounts so failed to be borrowed or accepted in connection with any such request for funding by the Borrower), exceeds (B) the income, if any, received by the applicable Lender from the investment of the proceeds of such reductions of Principal (or such amounts failed to be borrowed by the Borrower). A certificate as to the amount of any Breakage Fee (including the computation of such amount) shall be submitted by the affected Lender to the Borrower and shall be conclusive and binding for all purposes, absent manifest error.

"BSBY Floor" means a rate of interest equal to zero basis points (0.00%).

"BSBY Rate" means, with respect to Loans comprising any Borrowing Tranche to which the BSBY Rate Option applies for any Interest Period, the rate per annum determined by the Administrative Agent by dividing (the resulting quotient rounded upwards, at the Administrative Agent's discretion, to the nearest 1/100th of 1%) (a) the BSBY Screen Rate two (2) Business Days prior to the first day of such Interest Period and having a term comparable to such Interest Period; provided that if the rate is not published on such determination date, then the rate per annum for purposes of this clause (a) shall be the BSBY Screen Rate on the first Business Day immediately prior thereto, by (b) a number equal to 1.00 minus the BSBY Reserve Percentage; provided, further, that if the BSBY Rate, determined as provided above, would be less than the BSBY Floor, then the BSBY Rate shall be deemed to be the BSBY Floor.

The BSBY Rate shall be adjusted with respect to any Loan to which the BSBY Rate Option applies that is outstanding on the effective date of any change in the BSBY Reserve Percentage as of such effective date and the Administrative Agent shall give prompt notice to the Borrower of the BSBY Rate as determined or adjusted in accordance herewith, which determination shall be conclusive absent manifest error.

"BSBY Rate Loan" means a Loan that bears interest based on the BSBY Rate.

"BSBY Rate Option" means the option of the Borrower to have Loans bear interest at the rate and under the terms specified in Section 3.01(a)(ii).

"BSBY Reserve Percentage" shall mean, as of any day, the maximum effective percentage in effect on such day, if any, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to BSBY Screen Rate funding.

"BSBY Screen Rate" means the Bloomberg Short-Term Bank Yield Index rate administered by Bloomberg and published by Bloomberg (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time).

"Business Day" means any day (other than a Saturday or Sunday) on which banks are not authorized or required to close in Pittsburgh, Pennsylvania or New York City, New York; provided

that, for purposes of any direct or indirect calculation or determination of the BSBY Screen Rate, the term "Business Day" means any such day that is also a U.S. Government Securities Business Day.

"Capital Stock" means, with respect to any Person, any and all common shares, preferred shares, interests, participations, rights in or other equivalents (however designated) of such Person's capital stock, partnership interests, limited liability company interests, membership interests or other equivalent interests and any rights (other than debt securities convertible into or exchangeable for capital stock), warrants or options exchangeable for or convertible into such capital stock or other equity interests.

"CARES Act" means the Coronavirus Aid, Relief, and Economic Security Act of 2020 (Pub. L. 116–136), as amended and in effect from time to time, and any successor statute(s), together with any rules and regulations promulgated in connection therewith, any rulings or orders issued by any applicable Governmental Authorities (including, without limitation, the U.S. Small Business Administration) thereunder, or the application or official interpretation of any of the foregoing.

"Certificate of Beneficial Ownership" means, for the Borrower, a certificate in form and substance acceptable to the Administrative Agent (as amended or modified by the Administrative Agent from time to time in its sole discretion), certifying, among other things, the Beneficial Owner of the Borrower.

"Change in Control" means the occurrence of any of the following:

(a) Transferor ceases to own, directly, 100% of the issued and outstanding Capital Stock and all other equity interests of the Borrower free and clear of all Adverse Claims;

(c) The Parent ceases to own, directly or indirectly, 100% of the issued and outstanding Capital Stock, membership interests or other equity interests of the Servicer, Transferor or any Originator;

(d) The occurrence of any "Change of Control" under and as defined in either the First Lien Credit Agreement or the Second Lien Credit Agreement, in each case, as in effect on the Closing Date and without giving effect to any amendment or modification thereto or any termination thereof. For purposes of this clause (c) terms incorporated by reference from the First Lien Credit Agreement or the Second Lien Credit Agreement, as applicable, shall have the respective meaning assigned to such terms (including all defined terms used within such terms) in the First Lien Credit Agreement or Second Lien Credit Agreement, as applicable, as in effect on the Closing Date and without giving effect to any amendment or modification thereto or any termination thereof; or

(e) The occurrence of any "Change of Control" under and as defined in either the First Lien Credit Agreement or the Second Lien Credit Agreement, in each case, as in effect on the relevant date of determination.

"Change in Law" means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law,

rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to the agreements reached by the Basel Committee on Banking Supervision in "Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems" (as amended, supplemented or otherwise modified or replaced from time to time), shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Closing Date" means November 12, 2021.

"CMS" means Centers for Medicare & Medicaid Services of the Department of Health and Human Services, and any successor agency.

"CMS Advances" means all advance payments from Medicare under the CARES Act to the extent payments have commenced with respect thereto.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Collateral" has the meaning set forth in Section 5.04(a).

"Collateral Account" means each account listed on Schedule II to this Agreement (as such schedule may be modified from time to time in connection with the closing or opening of any Collateral Account in accordance with the terms hereof) (in each case, in the name of the Borrower) and maintained at a bank or other financial institution acting as a Collateral Account Bank pursuant to an Account Control Agreement for the purpose of receiving Collections.

"Collateral Account Bank" means any of the banks or other financial institutions holding one or more Collateral Accounts.

"Collection Account" means each account listed on a supplemental Schedule II to this Agreement (as may be further modified from time to time in connection with the closing or opening of any Collection Account in accordance with the terms hereof) (in each case, in the name of an Originator) for the purpose of receiving Collections.

"Collections" means, with respect to any Pool Receivable: (a) all funds that are received by any Originator, the Borrower, the Servicer or any other Person on their behalf in payment of any amounts owed in respect of such Pool Receivable (including purchase price, service charges, finance charges, interest, fees and all other charges), or applied to amounts owed in respect of such Pool Receivable (including, if any, insurance payments, proceeds of drawings under supporting letters of credit and net proceeds of the sale or other disposition of repossessed goods or other collateral or property of the related Obligor or any other Person directly or indirectly liable for the payment of such Pool Receivable and available to be applied thereon), (b) all Deemed Collections,

(c) all proceeds of all Related Security with respect to such Pool Receivable and (d) all other proceeds of such Pool Receivable.

"Commitment" means, with respect to any Lender, the maximum aggregate amount of Principal which such Person is obligated to lend or pay hereunder on account of all Loans, on a combined basis, as set forth on Schedule I or in the Assumption Agreement or other agreement pursuant to which it became a Lender, as such amount may be modified in connection with any subsequent assignment pursuant to Section 14.03 or in connection with a reduction in the Facility Limit pursuant to Section 2.02(e). If the context so requires, "Commitment" also refers to a Lender's obligation to make Loans hereunder in accordance with this Agreement.

"Concentration Percentage" means (i) for any Group A Obligor, 15.00%, (ii) for any Group B Obligor, 12.00%, (iii) for any Group C Obligor, 8.00%, (iv) for any of the three largest Group D Obligors (by Obligor Percentage), 4.00%, and (v) for any other Group D Obligor, 2.00%.

"Concentration Reserve Percentage" means, at any time of determination, the largest of: (a) the sum of the five (5) largest Obligor Percentages of the Group D Obligors, (b) the sum of the three (3) largest Obligor Percentages of the Group C Obligors, (c) the sum of the two (2) largest Obligor Percentages of the Group B Obligors and (d) the largest Obligor Percentage of the Group A Obligors, in each case excluding Government-Pay Healthcare Receivables.

"Conforming Changes" means, with respect to the BSBY Screen Rate or any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Base Rate," the definition of "Business Day," the definition of "Accrual Period" or "Interest Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of the BSBY Screen Rate or such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of the BSBY Screen Rate or the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Transaction Documents).

"Contract" means, with respect to any Receivable, any and all contracts, instruments, agreements, leases, invoices, notes or other writings pursuant to which such Receivable arises or that evidence such Receivable or under which an Obligor becomes or is obligated to make payment in respect of such Receivable.

"Controlled Group" means all members of a controlled group of corporations or other business entities and all trades or businesses (whether or not incorporated) under common control which, together with Parent or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

"Covered Entity" means (a) each Aveanna Party and each of Parent's Subsidiaries and (b) each Person that, directly or indirectly, controls a Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the direct or indirect (x) ownership of, or power to vote, 25% or more of the issued and outstanding equity interests having ordinary voting power for the election of directors of such Person or other Persons performing similar functions for such Person, or (y) power to direct or cause the direction of the management and policies of such Person whether by ownership of equity interests, contract or otherwise.

"Credit and Collection Policy" means, as the context may require, those receivables credit and collection policies and practices of the Originators in effect on the Closing Date and described in Exhibit E, as modified in compliance with this Agreement.

"Credit Extension" means the making of any Loan.

"Credit Party" means each Lender, the Structuring Agent and the Administrative Agent.

"Daily BSBY Floating Rate" means, for any day, the rate per annum determined by the Administrative Agent by dividing (the resulting quotient rounded upwards, at the Administrative Agent's discretion, to the nearest 1/100th of 1%) (a) the BSBY Screen Rate for such day for a one (1) month period, by (b) a number equal to 1.00 minus the BSBY Reserve Percentage; provided, that if the Daily BSBY Floating Rate, determined as provided above, would be less than the BSBY Floor, then the Daily BSBY Floating Rate shall be deemed to be the BSBY Floor. The rate of interest will be adjusted automatically as of each Business Day based on changes in the Daily BSBY Rate without notice to the Borrower.

"Daily BSBY Floating Rate Loan" means a Loan that bears interest based on Daily BSBY Floating Rate.

"Daily BSBY Floating Rate Option" means the option of the Borrower to have Loans bear interest at the rate and under the terms specified in Section 3.01(a)(iii).

"Days' Sales Outstanding" means, for any Fiscal Month, an amount computed as of the last day of such Fiscal Month equal to: (a) the average of the Outstanding Balance of all Pool Receivables (other than Unbilled Receivables) as of the last day of each of the three most recent Fiscal Months ended on the last day of such Fiscal Month, divided by (b) (i) the aggregate initial Outstanding Balance of all Pool Receivables (other than Unbilled Receivables)generated by the Originators during the three most recent Fiscal Months ended on the last day of such Fiscal Month, divided by (ii) 90.

"Debt" means, as to any Person at any time of determination, any and all indebtedness, obligations or liabilities (whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, or joint or several) of such Person for or in respect of: (i) borrowed money, (ii) amounts raised under or liabilities in respect of any bonds, debentures, notes, note purchase, acceptance or credit facility, or other similar instruments or facilities, (iii) reimbursement obligations (contingent or otherwise) under any letter of credit, (iv) any other transaction (including production payments (excluding royalties), installment purchase agreements, forward sale or purchase agreements, capitalized leases and conditional sales agreements) having the commercial effect of a borrowing of money entered into by such Person to finance its operations

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or capital requirements (but not including accounts payable incurred in the ordinary course of such Person's business payable on terms customary in the trade), (v) all net obligations of such Person in respect of interest rate or currency hedges or (vi) any Guaranty of any such Debt.

"Deemed Collections" has the meaning set forth in Section 4.01(d).

"Default Ratio" means the ratio (expressed as a percentage and rounded to the nearest 1/100 of 1%, with 5/1000th of 1% rounded upward) computed as of the last day of each Fiscal Month by dividing: (a) the aggregate Outstanding Balance of all Pool Receivables that became Defaulted Receivables during such Fiscal Month, by (b) the aggregate initial Outstanding Balance of all Pool Receivables (other than Unbilled Receivables) generated by the Originators during the Fiscal Month that is eight (8) Fiscal Months before such Fiscal Month.

"Defaulted Receivable" means a Receivable (without duplication):

(a) as to which any payment, or part thereof, remains unpaid for more than 240 days from the original invoice date for such payment;

(b) as to which an Insolvency Proceeding shall have occurred with respect to the Obligor thereof or any other Person obligated thereon or owning any Related Security with respect thereto;

(c) that has been written off the applicable Originator's or the Borrower's books as uncollectible; or

(d) that, consistent with the Credit and Collection Policy, should be written off the applicable Originator's or the Borrower's books as uncollectible;

provided, however, that in each case above such amount shall be calculated without giving effect to any netting of credits that have not been matched to a particular Receivable for the purposes of aged trial balance reporting.

"Defaulting Lender" means any Lender that (a) has failed, within two (2) Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans or (ii) pay over to any Aveanna Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a Loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three (3) Business Days after request by the Borrower, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans.

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"Delinquency Ratio" means the ratio (expressed as a percentage and rounded to the nearest 1/100 of 1%, with 5/1000th of 1% rounded upward) computed as of the last day of each Fiscal Month by dividing: (a) the aggregate Outstanding Balance of all Pool Receivables that were Delinquent Receivables on such day, by (b) the aggregate Outstanding Balance of all Pool Receivables on such day.

"Delinquent Receivable" means a Receivable as to which any payment, or part thereof, remains unpaid for more than 180 days from the original invoice date for such payment; provided, however, that such amount shall be calculated without giving effect to any netting of credits that have not been matched to a particular Receivable for the purposes of aged trial balance reporting.

"Dilution Horizon Ratio" means, for any Fiscal Month, the ratio (expressed as a percentage and rounded to the nearest 1/100th of 1%, with 5/1000th of 1% rounded upward) computed as of the last day of such Fiscal Month by dividing: (a) the aggregate initial Outstanding Balance of all Pool Receivables (other than Unbilled Receivables) generated by the Originators during such Fiscal Month, by (b) the Net Receivables Pool Balance as of the last day of such Fiscal Month. Within thirty (30) days of the completion and the receipt by the Administrative Agent of the results of any annual audit or field exam of the Receivables and the servicing and origination practices of the Servicer and the Originators, the numerator of the Dilution Horizon Ratio may be adjusted by the Administrative Agent upon not less than ten (10) Business Days' notice to the Borrower to reflect such number of Fiscal Months as the Administrative Agent reasonably believes best reflects the business practices of the Servicer and the Originators and the actual amount of dilution and Deemed Collections that occur with respect to Pool Receivables based on the weighted average dilution lag calculation completed as part of such audit or field exam.

"Dilution Ratio" means, for any Fiscal Month, the ratio (expressed as a percentage and rounded to the nearest 1/100th of 1%, with 5/1000th of 1% rounded upward), computed as of the last day of each Fiscal Month by dividing: (a) the aggregate amount of Deemed Collections during such Fiscal Month, by (b) the aggregate initial Outstanding Balance of all Pool Receivables (other than Unbilled Receivables) generated by the Originators during the prior Fiscal Month.

"Dilution Reserve Percentage" means, at any time of determination, the product (expressed as a percentage and rounded to the nearest 1/100th of 1%, with 5/1000th of 1% rounded upward) of (a) the Dilution Horizon Ratio, multiplied by (b) the sum of (x) 2.25 times the average of the Dilution Ratios for the twelve (12) most recent Fiscal Months and (y) the Dilution Volatility Component.

"Dilution Volatility Component" means, for any Fiscal Month, the product (expressed as a percentage) and rounded to the nearest 1/100th of 1%, with 5/1000th of 1% rounded upward) of:

(a) the positive difference, if any, between: (i) the highest Dilution Ratio for any Fiscal Month during the twelve (12) most recent Fiscal Months and (ii) the arithmetic average of the Dilution Ratios for such twelve (12) Fiscal Months; multiplied by

(b) the quotient of (i) the highest Dilution Ratio for any Fiscal Month during the twelve (12) most recent consecutive Fiscal Months divided by (ii) the arithmetic average of the Dilution Ratios for such twelve (12) consecutive Fiscal Months.

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"Dollars" and "$" each mean the lawful currency of the United States of America.

"Eligible Assignee" means (i) any Lender or any of its Affiliates, (ii) any Person managed by a Lender or any of its Affiliates and (iii) any other financial or other institution.

"Eligible Receivable" means, at any time of determination, a Pool Receivable:

(a) the Obligor of which is: (i) a U.S. Obligor; (ii) not a Sanctioned Person; (iii) not an Affiliate of any Aveanna Party; (iv) not placed on hold pursuant to the Credit and Collection Policy; (v) not a member of an unknown payor group, (vi) [reserved] and (vii) not a material supplier to any Originator or an Affiliate of a material supplier;

(b) for which an Insolvency Proceeding shall not have occurred with respect to the Obligor thereof or any other Person obligated thereon or owning any Related Security with respect thereto;

(c) that is denominated and payable only in Dollars in the United States of America, and the Obligor with respect to which has been instructed to remit Collections in respect thereof directly to a Lock-Box or Collection Account in the United States of America);

(d) [reserved];

(e) that (i) arises under a Contract for the sale of goods or services in the ordinary course of the applicable Originator's business and (ii) does not constitute a loan or other similar financial accommodation being provided by the applicable Originator;

(f) that arises under a duly authorized Contract that (i) is in full force and effect, (ii) is governed by the law of the United States of America or of any State thereof, (iii) is a legal, valid and binding obligation of the related Obligor, enforceable against such Obligor in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity regardless of whether enforceability is considered in a proceeding in equity or at law and (iv) the payments thereunder are free and clear of any withholding Taxes;

(g) that has been transferred (i) by an Originator to the Transferor pursuant to the First Tier Sale Agreement with respect to which transfer all conditions precedent under the First Tier Sale Agreement have been met and (ii) by the Transferor to the Borrower pursuant to the Second Tier Sale and Contribution Agreement with respect to which transfer all conditions precedent under the Second Tier Sale and Contribution Agreement have been met;

(h) that, together with the Contract related thereto, conforms in all material respects with all Applicable Laws (including any applicable laws relating to usury, truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy);

(i) with respect to which all consents, licenses, approvals or authorizations of, or registrations or declarations with or notices to, any Governmental Authority or other Person required to be obtained, effected or given by an Originator in connection with the creation of such Receivable, the execution, delivery and performance by such Originator of the related Contract or the assignment thereof under each Sale and Contribution Agreement have been duly obtained, effected or given and are in full force and effect;

(j) that is not subject to any existing dispute, right of rescission, set-off, counterclaim, any other defense against the applicable Originator (or any assignee of such Originator) or Adverse Claim (including, without limitation, all CMS Advances to such Originator that have not been (i) previously offset by CMS against reimbursement requests submitted by such Originator, (ii) voluntarily repaid or (iii) forgiven or otherwise discharged by CMS as of such time of determination), and the Obligor of which holds no right as against the applicable Originator to cause such Originator to repurchase the goods or merchandise, the sale of which shall have given rise to such Receivable, provided that if such dispute, set-off, counterclaim, or defense affects only a portion of the Outstanding Balance of such Receivable, the Outstanding Balance of such Receivable which is not so affected shall not be deemed ineligible under this clause (j);

(k) that satisfies in all material respects all applicable requirements of the Credit and Collection Policy;

(l) that, together with the Contract related thereto, has not been modified, waived or restructured since its creation, except as permitted pursuant to Section 9.02 of this Agreement;

(m) in which the Borrower owns good and marketable title, free and clear of any Adverse Claims, and that is freely assignable without condition (including without any consent of the related Obligor or any Governmental Authority) unless such condition has been satisfied, and the payments thereon are free and clear of any, or increased to account for any applicable, withholding Taxes;

(n) for which the Administrative Agent (on behalf of the Secured Parties) shall have a valid and enforceable first priority perfected security interest therein and in the Related Security and Collections with respect thereto, in each case free and clear of any Adverse Claim;

(o) that (x) constitutes an “account” or “general intangible” (as defined in the UCC), (y) is not evidenced by instruments or chattel paper and (z) does not constitute, or arise from the sale of, as-extracted collateral (as defined in the UCC);

(p) that is neither a Defaulted Receivable nor a Delinquent Receivable;

(q) for which no Aveanna Party has established any offset or netting arrangements (including customer deposits and advance payments (including payments relating to unearned revenues)) with the related Obligor in connection with the ordinary course of payment of such Receivable;

(r) that represents amounts earned and payable by the Obligor that are not subject to the performance of additional services by the Originator thereof or by the Borrower and the related goods or merchandise shall have been shipped and/or services performed, other than, in the case of an Eligible Unbilled Receivable, the billing or invoicing of such Receivable; *provided*, that if such Receivable is subject to the performance of additional services, only the portion of such Receivable attributable to such additional services shall be ineligible;

(s) which (i) does not arise from a sale of accounts made as part of a sale of a business or constitute an assignment for the purpose of collection only, (ii) is not a transfer of a single account made in whole or partial satisfaction of a preexisting indebtedness or an assignment of a right to payment under a contract to an assignee that is also obligated to perform under the contract and (iii) is not a transfer of an interest in or an assignment of a claim under a policy of insurance;

(t) which does not relate to the sale of any consigned goods or finished goods which have incorporated any consigned goods into such finished goods;

(u) for which the related Originator has recognized the related revenue on its financial books and records in accordance with GAAP; and

(v) for which neither the related Originator nor any Affiliate thereof is holding any deposits received by or on behalf of the related Obligor; provided that only the portion of such Pool Receivable in an amount equal to such deposits shall be ineligible; and

(w) that, if such Receivable is an Unbilled Receivable, is an Eligible Unbilled Receivable;

"Eligible Unbilled Receivable" means, at any time, any Unbilled Receivable that satisfies each of the following: (a) the related Originator has recognized the related revenue on its financial books and records under GAAP and (b) if the Outstanding Balance of such Unbilled Receivable were included in the definition of Modified Days' Sales Outstanding, Modified Days' Sales Outstanding would not exceed the Maximum Term; provided, however, for purposes of exclusion of any Unbilled Receivable pursuant to this clause (b), Unbilled Receivables shall be excluded in order based on the Outstanding Balance (with the smallest amount excluded first). For purposes of this definition of "Eligible Unbilled Receivable", "Maximum Term" means Days' Sales Outstanding at such time plus 60 days.

"Embargoed Property" means any property; (a) beneficially owned, directly or indirectly, by a Sanctioned Person; (b) that is due to or from a Sanctioned Person; (c) in which a Sanctioned Person otherwise holds any interest; (d) that is located in a Sanctioned Jurisdiction; or (e) that otherwise would cause any actual or possible violation by the Lenders or Administrative Agent of any applicable Anti-Terrorism Law if the Lenders were to obtain an encumbrance on, lien on, pledge of, or security interest in such property, or provide services in consideration of such property.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

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"ERISA Affiliate" means, with respect to any Person, any corporation, trade or business which together with the Person is a member of a controlled group of corporations or a controlled group of trades or businesses and would be deemed a "single employer" within the meaning of Sections 414(b), (c), (m) or (o) of the Code or Section 4001(b) of ERISA.

"Euro-Rate Reserve Percentage" means, the maximum effective percentage in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including without limitation, supplemental, marginal, and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as "Eurocurrency Liabilities").

"Event of Default" has the meaning specified in Section 10.01. For the avoidance of doubt, any Event of Default that occurs shall be deemed to be continuing at all times thereafter unless and until waived in accordance with Section 14.01.

"Excess Concentration" means the sum of the following amounts, without duplication:

(i) with respect to Receivables other than Government-Pay Health Care Receivables, the sum of the amounts calculated for each of the Obligors equal to the excess (if any) of (i) the aggregate Outstanding Balance of the Eligible Receivables of such Obligor, over (ii) the product of (x) such Obligor's Concentration Percentage, multiplied by (y) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool; plus

(ii) at any time any Subject Collection Account Milestones are not then satisfied, an amount equal to the product of (x) the ratio (expressed as a percentage) of (A) Collections received in a Subject Account during the most recently ended Fiscal Month to (B) all Collections received during the most recently ended Fiscal Month, times (y) the aggregate Outstanding Balance of all Eligible Receivables; plus

(iii) the excess (if any) of (i) the aggregate Outstanding Balance of the Eligible Receivables the Obligor of which is a natural person, over (ii) the product of (x) 2.50%, multiplied by (y) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool; plus

(iv) the excess (if any) of (i) the aggregate Outstanding Balance of all Eligible Receivables that are Unbilled Receivables, over (ii) the product of (x) 50.00%, multiplied by (y) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool; plus

(v) the excess (if any) of (i) the aggregate Outstanding Balance of all Eligible Receivables that have remained unpaid for more than 90 days but less than 121 days after the original invoice date for such Receivable, over (ii) the product of (x) 15.00%, multiplied by (y) the aggregate initial Outstanding Balance of all Pool Receivables (other than Unbilled Receivables) generated by the Originators during the month that is three (3) Fiscal Months before the then-current Fiscal Month as of the date of determination; plus

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(vi) the excess (if any) of (i) the aggregate Outstanding Balance of all Eligible Receivables that have remained unpaid for more than 120 days but less than 151 days after the original invoice date for such Receivable, over (ii) the product of (x) 10.00%, multiplied by (y) the aggregate initial Outstanding Balance of all Pool Receivables (other than Unbilled Receivables) generated by the Originators during the month that is four (4) Fiscal Months before the then-current Fiscal Month as of the date of determination; plus

(vii) the excess (if any) of (i) the aggregate Outstanding Balance of all Eligible Receivables that have remained unpaid for more than 150 days but less than 181 days after the original invoice date for such Receivable, over (ii) the product of (x) 7.50%, multiplied by (y) the aggregate initial Outstanding Balance of all Pool Receivables (other than Unbilled Receivables) generated by the Originators during the month that is five (5) Fiscal Months before the then-current Fiscal Month as of the date of determination.

"Exchange Act" means the Securities Exchange Act of 1934, as amended or otherwise modified from time to time.

"Excluded Receivable" means any Receivable (as defined without giving effect to the *proviso* in the definition thereof) the Obligor of which and the Originator of which has been agreed to in writing between the Administrative Agent and the Borrower as constituting an "Excluded Receivable".

"Excluded Taxes" means any of the following Taxes imposed on or with respect to an Affected Person or required to be withheld or deducted from a payment to an Affected Person: (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes and branch profits Taxes, in each case, (i) imposed as a result of such Affected Person being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in the Loans or Commitment pursuant to a law in effect on the date on which (i) such Lender makes a Loan or its Commitment or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 5.03, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Affected Person's failure to comply with Section 5.03(f) and (d) any withholding Taxes imposed pursuant to FATCA.

"Facility Limit" means $150,000,000 as reduced from time to time pursuant to Section 2.02(e). References to the unused portion of the Facility Limit shall mean, at any time of determination, an amount equal to (x) the Facility Limit at such time, minus (y) the Aggregate Principal at such time.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any applicable intergovernmental agreement entered into between the United States and any other Governmental

Authority in connection with the implementation of the foregoing and any fiscal or regulatory legislation, rules or official practices adopted pursuant to any such intergovernmental agreement.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System, or any entity succeeding to any of its principal functions.

"Fee Letter" has the meaning specified in Section 3.07.

"Fees" has the meaning specified in Section 3.07.

"Final Maturity Date" means the date that (i) is one hundred fifty (150) days following the Scheduled Termination Date or (ii) such earlier date on which the Aggregate Principal and all other Borrower Obligations become due and payable pursuant to Section 10.01.

"Final Payout Date" means the date on or after the Termination Date when (i) the Aggregate Principal and Aggregate Interest have been paid in full, (ii) all Borrower Obligations shall have been paid in full, (iii) all other amounts owing to the Credit Parties and any other Borrower Indemnified Party or Affected Person hereunder and under the other Transaction Documents have been paid in full and (iv) all accrued Servicing Fees have been paid in full.

"Financial Officer" of any Person means, the chief executive officer, the chief financial officer, the chief accounting officer, the principal accounting officer, the controller, the treasurer or the assistant treasurer or other similar officer of such Person.

"First Lien Credit Agreement" means that certain First Lien Credit Agreement, dated as of March 16, 2017 (and as amended and restated from time to time), among Aveanna, as borrower, Holdings, as holdings, and Barclays Bank PLC, as administrative agent.

"First Tier Sale Agreement" means the First Tier Sale Agreement, dated as of the Closing Date, among the Servicer, the Originators and the Transferor, as such agreement may be amended, supplemented or otherwise modified from time to time.

"Fiscal Month" means (1) with respect to period beginning on the first day of each Fiscal Quarter, a four calendar week period (the "First Fiscal Month"), (2) with respect to the period beginning on the day immediately following the last day of the First Fiscal Month, a four calendar week period (the "Second Fiscal Month"), and (3) with respect to the period beginning on the day immediately following the last day of the Second Fiscal Month, a five calendar week period ending on the last Saturday of such five week period.

"Fiscal Quarter" means, (1) with respect to the period beginning on the applicable date occurring the first week of January of the applicable year, a thirteen calendar week period (the "First Quarter"), and (2) with respect to the period beginning on the day immediately following the last day of the First Quarter, a thirteen calendar week period (the "Second Quarter"), (3) with respect to the period beginning on the day immediately following the last day of the Second Quarter, a thirteen calendar week period (the "Third Quarter"), and (4) with respect to the period beginning on the day immediately following the last day of the Third Quarter, a thirteen calendar week period (the "Fourth Quarter").

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"GAAP" means generally accepted accounting principles in the United States of America, consistently applied.

"Government-Pay Health Care Receivable" means any Receivable owing by a Governmental Authority relating to payments governed under the Social Security Act (42 U.S.C. § 1395, et seq.), including payments under Medicare, Medicaid and TRICARE, and payments administered or regulated by CMS.

"Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

"Group A Obligor" means any Obligor (or its parent or majority owner, as applicable, if such Obligor is not rated) with a short-term rating as of the last day of the most recently ended Fiscal Month of at least: (a) "A-1" by S&P, or if such Obligor does not have a short-term rating from S&P, a rating of "A+" or better by S&P on such Obligor's, its parent's, or its majority owner's (as applicable) long-term senior unsecured and uncredit-enhanced debt securities, and (b) "P 1" by Moody's, or if such Obligor does not have a short-term rating from Moody's, "Al" or better by Moody's on such Obligor's, its parent's or its majority owner's (as applicable) long-term senior unsecured and uncredit-enhanced debt securities; provided, however, if such Obligor (or its parent or majority owner, as applicable, if such Obligor is not rated) is rated by only one of such rating agencies, then such Obligor will be a "Group A Obligor" if it satisfies either clause (a) or clause (b) above. Notwithstanding the foregoing, any Obligor that is a Subsidiary of an Obligor that satisfies the definition of "Group A Obligor" shall be deemed to be a Group A Obligor and shall be aggregated with the Obligor that satisfies such definition for the purposes of determining the "Concentration Reserve Percentage" and clause (a) of the definition of "Excess Concentration" for such Obligors, unless such deemed Obligor separately satisfies the definition of "Group B Obligor", or "Group C Obligor", in which case such Obligor shall be separately treated as a Group B Obligor or a Group C Obligor, as the case may be, and shall be aggregated and combined for such purposes with any of its Subsidiaries that are Obligors.

"Group B Obligor" means an Obligor (or its parent or majority owner, as applicable, if such Obligor is not rated) that is not a Group A Obligor, with a short-term rating as of the last day of the most recently ended Fiscal Month of at least: (a) "A 2" by S&P, or if such Obligor does not have a short-term rating from S&P, a rating of "BBB+" or better by S&P on such Obligor's, its parent's or its majority owner's (as applicable) long-term senior unsecured and uncredit-enhanced debt securities, and (b) "P 2" by Moody's, or if such Obligor does not have a short-term rating from Moody's, "Baal" or better by Moody's on such Obligor's, its parent's or its majority owner's (as applicable) long-term senior unsecured and uncredit-enhanced debt securities; provided, however, if such Obligor (or its parent or majority owner, as applicable, if such Obligor is not rated) is rated by only one of such rating agencies, then such Obligor will be a "Group B Obligor"

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if it satisfies either clause (a) or (b) above. Notwithstanding the foregoing, any Obligor that is a Subsidiary of an Obligor that satisfies the definition of "Group B Obligor" shall be deemed to be a Group B Obligor and shall be aggregated with the Obligor that satisfies such definition for the purposes of determining the "Concentration Reserve Percentage" and clause (i) of the definition of "Excess Concentration" for such Obligors, unless such deemed Obligor separately satisfies the definition of "Group A Obligor" or "Group C Obligor", in which case such Obligor shall be separately treated as a Group A Obligor or a Group C Obligor, as the case may be, and shall be aggregated and combined for such purposes with any of its Subsidiaries that are Obligors.

"Group C Obligor" means an Obligor (or its parent or majority owner, as applicable, if such Obligor is not rated) that is not a Group A Obligor or a Group B Obligor, with a short-term rating as of the last day of the most recently ended Fiscal Month of at least: (a) "A 3" by S&P, or if such Obligor does not have a short-term rating from S&P, a rating of "BBB-" or better by S&P on such Obligor's, its parent's or its majority owner's (as applicable) long-term senior unsecured and uncredit-enhanced debt securities, and (b) "P 3" by Moody's, or if such Obligor does not have a short-term rating from Moody's, "Baa3" or better by Moody's on such Obligor's, its parent's or its majority owner's (as applicable) long-term senior unsecured and uncredit-enhanced debt securities; provided, however, if such Obligor (or its parent or majority owner, as applicable, if such Obligor is not rated) is rated by only one of such rating agencies, then such Obligor will be a "Group C Obligor" if it satisfies either clause (a) or clause (b) above. Notwithstanding the foregoing, any Obligor that is a Subsidiary of an Obligor that satisfies the definition of "Group C Obligor" shall be deemed to be a Group C Obligor and shall be aggregated with the Obligor that satisfies such definition for the purposes of determining the "Concentration Reserve Percentage", and clause (i) of the definition of "Excess Concentration" for such Obligors, unless such deemed Obligor separately satisfies the definition of "Group A Obligor" or "Group B Obligor" in which case such Obligor shall be separately treated as a Group A Obligor or Group B Obligor, as the case may be, and shall be aggregated and combined for such purposes with any of its Subsidiaries that are Obligors.

"Group D Obligor" means any Obligor that is not a Group A Obligor, Group B Obligor or Group C Obligor; provided, that any Obligor (or its parent or majority owner, as applicable, if such Obligor is unrated) that is not rated by both Moody's and S&P shall be a Group D Obligor.

"Guaranty" means, with respect to any Person, any obligation of such Person guarantying or in effect guarantying any Debt, liability or obligation of any other Person in any manner, whether directly or indirectly, including any such liability arising by virtue of partnership agreements, including any agreement to indemnify or hold harmless any other Person, any performance bond or other suretyship arrangement and any other form of assurance against loss, except endorsement of negotiable or other instruments for deposit or collection in the ordinary course of business.

"Health Care Laws" means all Applicable Laws relating to fraud and abuse, including without limitation, the federal Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b)) and HIPAA, each as amended, modified or supplemented from time to time and any successor statutes thereto and regulations promulgated from time to time thereunder.

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"HIPAA" means the (a) Health Insurance Portability and Accountability Act of 1996; (b) the Health Information Technology for Economic and Clinical Health Act (Title XIII of the American Recovery and Reinvestment Act of 2009); and (c) any state and local laws regulating the privacy and/or security of individually identifiable information, including state laws providing for notification of breach of privacy or security of individually identifiable information, in each case with respect to the laws described in clauses (a), (b) and (c) of this definition, as the same may be amended, modified or supplemented from time to time, any successor statutes thereto, any and all rules or regulations promulgated from time to time thereunder.

"Holdings" means Aveanna Healthcare Holdings Inc., a Delaware corporation.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower or any of its Affiliates under any Transaction Document and (b) to the extent not otherwise described in clause (a) above, Other Taxes.

"Independent Director" has the meaning set forth in Section 8.03(c).

"Information Package" means a report, in substantially the form of Exhibit F.

"Insolvency Proceeding" means (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors or (b) any general assignment for the benefit of creditors of a Person, composition, marshaling of assets for creditors of a Person, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors, in each of clauses (a) and (b) undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

"Intended Tax Treatment" has the meaning set forth in Section 14.14.

"Interest" means, for each Loan for any day during any (or portion thereof), the amount of interest accrued on the Principal of such Loan during such Accrual Period (or portion thereof) in accordance with Article III.

"Interest Period" means the period of time selected by the Borrower in connection with (and to apply to) any election permitted hereunder by the Borrower to have Loans bear interest under the BSBY Rate Option. Subject to the last sentence of this definition, such period shall be one or three Months. Such Interest Period shall commence on the effective date of such BSBY Rate Option, which shall be (i) the date of such Loan if the Borrower is requesting new Loans, or (ii) the date of renewal of or conversion to the BSBY Rate Option if the Borrower is renewing or converting to the BSBY Rate Option applicable to outstanding Loans. Notwithstanding the second sentence hereof: (A) any Interest Period which would otherwise end on a date which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (B) the Borrower shall not select, convert to or renew an Interest Period for any portion of the Loans that would end after the Scheduled Termination Date.

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"Interest Rate Option" means any BSBY Rate Option, Daily BSBY Floating Rate Option or Base Rate Option.

"Interim Report" means each Weekly Report.

"Investment Company Act" means the Investment Company Act of 1940, as amended or otherwise modified from time to time.

"LCR Security" means any commercial paper or security (other than equity securities issued to any Person that is a consolidated subsidiary of Parent under GAAP) within the meaning of Paragraph __.32(e)(viii) of the final rules titled Liquidity Coverage Ratio: Liquidity Risk Measurement Standards, 79 Fed. Reg. 197, 61440 et seq. (October 10, 2014).

"Law" means any law(s) (including common law), constitution, statute, treaty, regulation, rule, ordinance, opinion, issued guidance, release, ruling, order, executive order, injunction, writ, decree, bond, judgment, authorization or approval, lien or award of or any settlement arrangement, by agreement, consent or otherwise, with any Governmental Authority, foreign or domestic.

"Lenders" means PNC and each other Person that is or becomes a party to this Agreement in the capacity of a "Lender".

"Loan" means any loan made by a Lender pursuant to Section 2.02.

"Loan Request" means a letter in substantially the form of Exhibit A hereto executed and delivered by the Borrower to the Administrative Agent and the Lenders pursuant to Section 2.02(a).

"Lock-Box" means each locked postal box with respect to any Collection Account for the purpose of retrieving and processing payments made on the Receivables and which is listed on Schedule II (as such schedule may be modified from time to time in connection with the addition or removal of any Lock-Box in accordance with the terms hereof).

"Loss Horizon Unbilled Component" means the lesser of (a) 2 and (b) an amount equal to (i) Modified Days' Sales Outstanding minus Days' Sales Outstanding, divided by (ii) 30.

"Loss Horizon Ratio" means, at any time of determination, the ratio (expressed as a percentage and rounded to the nearest 1/100 of 1%, with 5/1000th of 1% rounded upward) computed by dividing:

(a) the aggregate initial Outstanding Balance of all Pool Receivables (other than Unbilled Receivables) generated by the Originators during the number of most recently ended Fiscal Months equal to the sum of 3.575 plus the Loss Horizon Unbilled Component; by

(b) the Net Receivables Pool Balance as of such date.

"Loss Reserve Percentage" means, at any time of determination, the product (expressed as a percentage and rounded to the nearest 1/100th of 1%, with 5/1000th of 1% rounded upward) of

(a) 2.25, multiplied by (b) the highest average of the Default Ratios for any three (3) consecutive Fiscal Months during the twelve (12) most recent Fiscal Months, multiplied by (c) the Loss Horizon Ratio.

"Majority Lenders" means Lenders representing more than 50% of the aggregate Commitments of all Lenders (or, if the Commitments have been terminated, Lenders representing more than 50% of the aggregate outstanding Principal held by all the Lenders).

"Material Adverse Effect" means relative to any Person (*provided* that if no particular Person is specified, "Material Adverse Effect" shall be deemed to be relative to both (i) the Performance Guarantor, the Servicer and the Originators, in the aggregate and (ii) the Borrower) with respect to any event or circumstance, a material adverse effect on any of the following:

(a) the assets, operations, business or financial condition of the Servicer, the Performance Guarantor or any Originator, taken as a whole;

(b) the assets, operations, business or financial condition of the Borrower;

(c) the ability of the Borrower, the Servicer, the Performance Guarantor or any Originator to perform in any material respects its respective obligations under this Agreement or any other Transaction Document to which it is a party;

(d) the validity or enforceability of this Agreement or any other Transaction Document, or the validity, enforceability, value or collectibility of any material portion of the Pool Receivables;

(e) the status, perfection, enforceability or priority of the Administrative Agent's security interest in any material portion of the Collateral; or

(f) the rights and remedies of any Credit Party under the Transaction Documents or associated with its respective interest in any material portion of the Collateral.

"Medicaid" means, collectively, the health care assistance program established by Title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) and any statutes succeeding thereto, and all laws, rules, regulations, manuals, orders or requirements pertaining to such program, including (a) all federal statutes affecting such program; (b) all state statutes and plans for medical assistance enacted in connection with such program and federal rules and regulations promulgated in connection with such program; and (c) all applicable provisions of all rules, regulations, manuals, orders and administrative, reimbursement, and requirements of all Governmental Authorities promulgated in connection with such program (whether or not having the force of law), in each case as the same may be amended, supplemented or otherwise modified from time to time.

"Medicare" means, collectively, the health insurance program for the aged and disabled established by Title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) and any statutes succeeding thereto, and all laws, rules, regulations, manuals, orders or requirements pertaining to such program including (a) all federal statutes (whether set forth in Title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) or elsewhere) affecting such program; and (b) all applicable provisions of all rules, regulations, manuals, orders, administrative, reimbursement and

requirements of all Governmental Authorities promulgated in connection with such program (whether or not having the force of law), in each case as the same may be amended, supplemented or otherwise modified from time to time.

"Minimum Dilution Reserve Percentage" means, at any time of determination, the product (expressed as a percentage and rounded to the nearest 1/100th of 1%, with 5/1000th of 1% rounded upward) of (a) the average of the Dilution Ratios for the twelve (12) most recent Fiscal Months, multiplied by (b) the Dilution Horizon Ratio.

"Minimum Funding Threshold" means, on any day, an amount equal to the lesser of (a) the product of (i) 80.00% times (ii) the Facility Limit at such time and (b) the Borrowing Base at such time.

"Modified Days' Sales Outstanding" means, for any Fiscal Month, an amount computed as of the last day of such Fiscal Month equal to: (a) the average of the Outstanding Balance of all Pool Receivables as of the last day of each of the three most recent Fiscal Months ended on the last day of such Fiscal Month, divided by (b) (i) the aggregate initial Outstanding Balance of all Pool Receivables originated by the Originators during the three most recent Fiscal Months ended on the last day of such Fiscal Month, divided by (ii) 90.

"Month", with respect to an Interest Period under the BSBY Rate Option, means the interval between the days in consecutive calendar months numerically corresponding to the first day of such Interest Period. If any BSBY Rate Interest Period begins on a day of a calendar month for which there is no numerically corresponding day in the month in which such Interest Period is to end, the final month of such Interest Period shall be deemed to end on the last Business Day of such final month.

"Monthly Settlement Date" means the twenty-fifth (25th) day of each calendar month (or if such day is not a Business Day, the next occurring Business Day).

"Moody's" means Moody's Investors Service, Inc. and any successor thereto that is a nationally recognized statistical rating organization.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the any Aveanna Party or any of their respective ERISA Affiliates (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code) is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Net Receivables Pool Balance" means, at any time of determination: (a) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool, minus (b) the Excess Concentration.

"Obligor" means, with respect to any Receivable, the Person obligated to make payments pursuant to the Contract relating to such Receivable.

"Obligor Percentage" means, at any time of determination, for each Obligor, a fraction, expressed as a percentage, (a) the numerator of which is the aggregate Outstanding Balance of the

Eligible Receivables of such Obligor and its Affiliates less the amount (if any) then included in the calculation of the Excess Concentration with respect to such Obligor and its Affiliates and (b) the denominator of which is the aggregate Outstanding Balance of all Eligible Receivables at such time.

"OFAC" means the U.S. Department of Treasury's Office of Foreign Assets Control.

"Originator" and "Originators" have the meaning set forth in the First Tier Sale Agreement, as the same may be modified from time to time by adding new Originators or removing Originators, in each case in accordance with the prior written consent of the Administrative Agent.

"Other Connection Taxes" means, with respect to any Affected Person, Taxes imposed as a result of a present or former connection between such Affected Person and the jurisdiction imposing such Tax (other than connections arising from such Affected Person having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Transaction Document, or sold or assigned an interest in any Loan or Transaction Document).

"Other Taxes" means any and all present or future stamp, court or documentary, excise, property, intangible, recording, filing or similar Taxes that arise from any payment made hereunder or from the execution, delivery, filing, recording or enforcement of, or otherwise in respect of, this Agreement, the other Transaction Documents and the other documents or agreements to be delivered hereunder or thereunder, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

"Outstanding Balance" means, at any time of determination, with respect to any Receivable, the then outstanding principal balance thereof (excluding contractual allowances calculated at the time of the initial invoice).

"Overnight Bank Funding Rate" means for any day, the rate comprised of both overnight federal funds and overnight eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York, as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the Federal Reserve Bank of New York (or by such other recognized electronic source (such as Bloomberg) selected by the Administrative Agent for the purpose of displaying such rate); provided, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Administrative Agent at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the Borrower.

"Parent" means Aveanna Healthcare Holdings, Inc.

"Parent Group" has the meaning set forth in Section 8.03(c).

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"Participant" has the meaning set forth in Section 14.03(d).

"Participant Register" has the meaning set forth in Section 14.03(e).

"PATRIOT Act" has the meaning set forth in Section 14.15.

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Pension Plan" means a pension plan as defined in Section 3(2) of ERISA that is subject to Title IV of ERISA with respect to which any Originator, the Borrower or any other member of the Controlled Group may have any liability, contingent or otherwise.

"Percentage" means, at any time of determination, with respect to any Lender, a fraction (expressed as a percentage), (a) the numerator of which is (i) prior to the termination of all Commitments hereunder, its Commitment at such time or (ii) if all Commitments hereunder have been terminated, the aggregate outstanding Principal of all Loans being funded by the Lenders at such time and (b) the denominator of which is (i) prior to the termination of all Commitments hereunder, the aggregate Commitments of all Lenders at such time or (ii) if all Commitments hereunder have been terminated, the Aggregate Principal at such time.

"Performance Guarantor" means each of Holdings and Aveanna.

"Performance Guaranty" means the Performance Guaranty, dated as of the Closing Date, by the Performance Guarantor in favor of the Administrative Agent for the benefit of the Secured Parties, as such agreement may be amended, restated, supplemented or otherwise modified from time to time.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or any Governmental Authority.

"Pledge Agreement" means that certain Pledge Agreement, dated as of the date hereof, made by Transferor in favor of the Administrative Agent.

"PNC" has the meaning set forth in the preamble to this Agreement.

"Pool Receivable" means a Receivable in the Receivables Pool.

"Prime Rate" means the interest rate per annum announced from time to time by the Administrative Agent at its main offices in Pittsburgh, Pennsylvania as its then prime rate, which rate may not be the lowest or most favorable rate then being charged to commercial borrowers or others by the Administrative Agent and may not be tied to any external rate of interest or index. Any change in the Prime Rate shall take effect at the opening of business on the day such change is announced.

"Principal" means, with respect to any Lender, the aggregate amounts paid to, or on behalf of, the Borrower in connection with all Loans made by such Lender pursuant to Article II, as reduced from time to time by Collections distributed and applied on account of such Principal

pursuant to Section 4.01; provided, that if such Principal shall have been reduced by any distribution and thereafter all or a portion of such distribution is rescinded or must otherwise be returned for any reason, such Principal shall be increased by the amount of such rescinded or returned distribution as though it had not been made.

"Receivable" means any right to payment of a monetary obligation, whether or not earned by performance, owed to any Originator or the Borrower (as assignee of an Originator), whether constituting an account, chattel paper, payment intangible, instrument or general intangible, in each instance arising in connection with the sale of goods that have been or are to be sold or for services rendered or to be rendered, and includes, without limitation, the obligation to pay any service charges, finance charges, interest, fees and other charges with respect thereto; provided, however, that no Excluded Receivable shall constitute a "Receivable". Any such right to payment arising from any one transaction, including, without limitation, any such right to payment represented by an individual invoice or agreement, shall constitute a Receivable separate from a Receivable consisting of any such right to payment arising from any other transaction.

"Receivables Pool" means, at any time of determination, all of the then outstanding Receivables transferred (or purported to be transferred) to the Borrower pursuant to the Second Tier Sale and Contribution Agreement prior to the Termination Date.

"Register" has the meaning set forth in Section 14.03(b).

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

"Related Rights" has the meaning set forth in Section 1.1 of each Sale and Contribution Agreement.

"Related Security" means, with respect to any Receivable:

(a) all of the Borrower's and each Originator's interest in any goods (including Returned Goods), and documentation of title evidencing the shipment or storage of any goods (including Returned Goods), the sale of which gave rise to such Receivable;

(b) all instruments and chattel paper that may evidence such Receivable;

(c) all letter of credit rights, other security interests or liens and property subject thereto from time to time purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all UCC financing statements or similar filings relating thereto;

(d) solely to the extent applicable to such Receivable, all of the Borrower's and each Originator's rights, interests and claims under the related Contracts and all guaranties, indemnities, insurance and other agreements (including the related Contract) or arrangements of whatever character from time to time supporting or securing payment of such Receivable or otherwise relating to such Receivable, whether pursuant to the Contract related to such Receivable or otherwise;

(e) all books and records of the Borrower and each Originator to the extent related to any of the foregoing, and all rights, remedies, powers, privileges, title and interest (but not obligations) in and to each Lock-Box, Collection Account and Collateral Accounts, into which any Collections or other proceeds with respect to such Receivables may be deposited, and any related investment property acquired with any such Collections or other proceeds (as such term is defined in the applicable UCC);

(f) all of the Borrower's rights, interests and claims under each Sale and Contribution Agreement and the other Transaction Documents; and

(g) all Collections and other proceeds (as defined in the UCC) of any of the foregoing.

"Release" has the meaning set forth in Section 4.01(a).

"Reportable Compliance Event" means that: (a) any Covered Entity becomes a Sanctioned Person, or is charged by indictment, criminal complaint, or similar charging instrument, arraigned, custodially detained, penalized or the subject of an assessment for a penalty, or enters into a settlement with a Governmental Authority in connection with any economic sanctions or other Anti-Terrorism Law or Anti-Corruption law, or any predicate crime to any anti-Terrorism Law or Anti-Corruption Law, or has knowledge of facts or circumstances to the effect that it is reasonably likely that any aspect of its operations represents a violation of any Anti-Terrorism Law or Anti-Corruption Law and implicates the Covered Entities, Lenders or Administrative Agent; (b) any Covered Entity engages in a transaction that has caused or may cause the Lenders or Administrative Agent to be in violation of any Anti-Terrorism Laws, including a Covered Entity's use of any proceeds of the facilities to fund any operations in, finance any investments or activities in, or, make any payments to, directly or, knowingly, indirectly, a Sanctioned Person or Sanctioned Jurisdiction or (c) any Collateral becomes Embargoed Property.

"Reportable Event" means any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder with respect to a Pension Plan (other than a Pension Plan maintained by an ERISA Affiliate which is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code).

"Representatives" has the meaning set forth in Section 14.06(c).

"Restricted Payments" has the meaning set forth in Section 8.01(r).

"Returned Goods" means all right, title and interest in and to returned, repossessed or foreclosed goods and/or merchandise the sale of which gave rise to a Receivable; provided that such goods shall no longer constitute Returned Goods after a Deemed Collection has been deposited in a Collateral Account with respect to the full Outstanding Balance of the related Receivables.

"S&P" means S&P Global Ratings, a division of S&P Global Inc., and any successor thereto that is a nationally recognized statistical rating organization.

"Sale and Contribution Agreement" means each of the First Tier Sale Agreement and the Second Tier Sale and Contribution Agreement.

"Sale and Contribution Termination Event" has the meaning set forth in the applicable Sale and Contribution Agreement.

"Sanctioned Jurisdiction" means any country, territory, or region that is the subject of comprehensive sanctions administered by OFAC (as of the Closing Date, Cuba, Iran, North Korea, Syria, and the Crimea region of Ukraine).

"Sanctioned Person" means (a) a Person that is the subject of sanctions administered by OFAC or the U.S. Department of State ("State"), including by virtue of being (i) named on OFAC's list of "Specially Designated Nationals and Blocked Persons"; (ii) organized under the Laws of, ordinarily resident in, or physically located in a Sanctioned Jurisdiction; (iii) owned or controlled 50% or more in the aggregate, by one or more Persons that are the subject of sanctions administered by OFAC; (b) a Person that is the subject of sanctions maintained by the European Union ("E.U."), including by virtue of being named on the E.U.'s "Consolidated list of persons, groups and entities subject to E.U. financial sanctions" or other, similar lists; (c) a Person that is the subject of sanctions maintained by the United Kingdom ("U.K."), including by virtue of being named on the "Consolidated List Of Financial Sanctions Targets in the U.K." or other, similar lists; or (d) a Person that is the subject of sanctions imposed by any Governmental Authority of a jurisdiction whose Laws apply to this Agreement.

"Scheduled Termination Date" means November 12, 2024.

"SEC" means the U.S. Securities and Exchange Commission or any governmental agencies substituted therefor.

"Second Lien Credit Agreement" has the meaning assigned thereto in the First Lien Credit Agreement.

"Second Tier Sale and Contribution Agreement" means the Second Tier Sale and Contribution Agreement, dated as of the Closing Date, among the Servicer, the Transferor and the Borrower, as such agreement may be amended, supplemented or otherwise modified from time to time.

"Secured Parties" means each Credit Party, each Borrower Indemnified Party and each Affected Person.

"Securities Act" means the Securities Act of 1933, as amended or otherwise modified from time to time.

"Servicer" has the meaning set forth in the preamble to this Agreement.

"Servicer Indemnified Amounts" has the meaning set forth in Section 13.02(a).

"Servicer Indemnified Party" has the meaning set forth in Section 13.02(a).

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"Servicing Fee" means the fee referred to in Section 9.06(a) of this Agreement.

"Servicing Fee Rate" means the rate referred to in Section 9.06(a) of this Agreement.

"Settlement Date" means with respect to any Loan for any Accrual Period or any Interest or Fees, (i) so long as no Event of Default has occurred and is continuing and the Termination Date has not occurred, the Monthly Settlement Date and (ii) on and after the Termination Date or if an Event of Default has occurred and is continuing, each day selected from time to time by the Administrative Agent (with the consent or at the direction of the Majority Lenders) (it being understood that the Administrative Agent (with the consent or at the direction of the Majority Lenders) may select such Settlement Date to occur as frequently as daily), or, in the absence of such selection, the Monthly Settlement Date.

"Solvent" means, with respect to any Person and as of any particular date, (i) the present fair market value (or present fair saleable value) of the assets of such Person is not less than the total amount required to pay the probable liabilities of such Person on its total existing debts and liabilities (including contingent liabilities) as they become absolute and matured, (ii) such Person is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and commitments as they mature and become due in the normal course of business, (iii) such Person is not incurring debts or liabilities beyond its ability to pay such debts and liabilities as they mature, (iv) no moratorium has been declared in respect of such Person's debts or other liabilities and (v) such Person is not engaged in any business or transaction, and is not about to engage in any business or transaction, for which its property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged.

"Structuring Agent" means PNC Capital Markets LLC, a Pennsylvania limited liability company.

"Subject Collection Account" means any Collection Account maintained at a bank other than PNC.

"Subject Collection Account Milestones" shall be satisfied if each of the following is satisfied: (i) either (a) not more than 90 days have elapsed since the Closing Date or (b) the Servicer has caused to be established at PNC replacement Collection Accounts for purposes of replacing each Subject Collection Account, and (ii) either (a) not more than 180 days have elapsed since the Closing Date or (b) the Servicer has directed Obligors remitting Collections to any Subject Collection Account to instead remit Collections to a Collection Account that is not a Subject Collection Account, and (iii) either (a) not more than 270 days have elapsed since the Closing Date or (b) the Servicer is taking commercially reasonable efforts to ensure that no Collections continue to be remitted by any Obligors to a Subject Collection Account.

"Sub-Servicer" has the meaning set forth in Section 9.01(d).

"Subsidiary" means, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock of each class or other interests having ordinary voting power (other than stock or other interests having such power only by reason of the happening of a contingency) to elect a majority of the Board of Directors or other managers of such entity are at the time owned, or management of which is otherwise controlled: (a) by such Person, (b) by one

or more Subsidiaries of such Person or (c) by such Person and one or more Subsidiaries of such Person.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority and all interest, penalties, additions to tax applicable thereto.

"Termination Date" means the earliest to occur of (a) the Scheduled Termination Date, (b) the date on which the "Termination Date" is declared or deemed to have occurred under Section 10.01 and (c) the date selected by the Borrower on which all Commitments have been reduced to zero pursuant to Section 2.02(e).

"Total Reserves" means, at any time of determination, an amount equal to the product of (i) the sum of: (a) the Yield Reserve Percentage, plus (b) the greater of (I) the sum of the Concentration Reserve Percentage, plus the Minimum Dilution Reserve Percentage and (II) the sum of the Loss Reserve Percentage, plus the Dilution Reserve Percentage, times (ii) the Net Receivables Pool Balance at such time.

"Transaction Documents" means this Agreement, the First Tier Sale Agreement, the Second Tier Sale and Contribution Agreement, the Account Control Agreements, the Fee Letter, the Performance Guaranty, the Pledge Agreement and all other certificates, instruments, UCC financing statements, reports, notices, agreements and documents executed or delivered under or in connection with this Agreement, in each case as the same may be amended, supplemented or otherwise modified from time to time in accordance with this Agreement.

"Transferor" means Aveanna.

"TRICARE" means a program of medical benefits covering former and active members of the uniformed services and certain of their dependents, financed and administered by the United States Defense Health Agency pursuant to 10 U.S.C. §§ 1071-1106, and all regulations promulgated thereunder including without limitation (a) all federal statutes (whether set forth in 10 U.S.C. §§ 1071-1106 or elsewhere) affecting such program and (b) all applicable provisions of all rules, regulations, manuals, orders, administrative, reimbursement and requirements of all Governmental Authorities promulgated in connection with such program (whether or not having the force of law), in each case as the same may be amended, supplemented or otherwise modified from time to time.

"UCC" means the Uniform Commercial Code as from time to time in effect in the applicable jurisdiction.

"Unbilled Receivable" means, at any time, any Receivable as to which the invoice or bill with respect thereto has not yet been sent to the Obligor thereof.

"Unmatured Event of Default" means an event that but for notice or lapse of time or both would constitute an Event of Default.

"U.S. Federal Governmental Entity" means the government of the United States of America, and any agency, authority, instrumentality, regulatory body, court, central bank or other

entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to such government.

"U.S. Government Securities Business Day" means any day except for (a) a Saturday or Sunday or (b) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"U.S. Obligor" means an Obligor that is a corporation or other business organization and is organized under the laws of the United States of America (or of a United States of America territory, district, state, commonwealth, or possession, including, without limitation, Puerto Rico and the U.S. Virgin Islands) or any political subdivision thereof.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(3) of the Internal Revenue Code.

"U.S. Tax Compliance Certificate" has the meaning set forth in Section 5.03(f)(ii)(B)(3).

"Volcker Rule" means Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and the applicable rules and regulations thereunder.

"Weekly Report" means a report, in substantially the form of Exhibit I-2.

"Weekly Reporting Date" means the second Business Day of each calendar week.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Yield Reserve Percentage" means at any time of determination:

$$\frac{1.50 \times DSO \times (BR + SFR)}{360}$$

where:

BR = the Base Rate at such time;

DSO = the Days' Sales Outstanding for the most recently ended Fiscal Month; and

SFR = the Servicing Fee Rate.

SECTION 1.02 Other Interpretative Matters. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of New York and not specifically defined herein, are used herein as defined in such Article 9. Unless otherwise expressly indicated, all references herein to "Article," "Section," "Schedule", "Exhibit" or "Annex" shall mean articles and sections of, and schedules, exhibits and annexes to,

this Agreement. For purposes of this Agreement, the other Transaction Documents and all such certificates and other documents, unless the context otherwise requires: (a) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day; (b) the words "hereof," "herein" and "hereunder" and words of similar import refer to such agreement (or the certificate or other document in which they are used) as a whole and not to any particular provision of such agreement (or such certificate or document); (c) references to any Article, Section, Schedule, Exhibit or Annex are references to Articles, Sections, Schedules, Exhibits and Annexes in or to such agreement (or the certificate or other document in which the reference is made), and references to any paragraph, subsection, clause or other subdivision within any Section or definition refer to such paragraph, subsection, clause or other subdivision of such Section or definition; (d) the term "including" means "including without limitation"; (e) references to any Applicable Law refer to that Applicable Law as amended from time to time and include any successor Applicable Law; (f) references to any agreement refer to that agreement as from time to time amended, restated or supplemented or as the terms of such agreement are waived or modified in accordance with its terms; (g) references to any Person include that Person's permitted successors and assigns; (h) headings are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof; (i) unless otherwise provided, in the calculation of time from a specified date to a later specified date, the term "from" means "from and including", and the terms "to" and "until" each means "to but excluding"; (j) terms in one gender include the parallel terms in the neuter and opposite gender; (k) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day and (l) the term "or" is not exclusive.

SECTION 1.03 Unavailability of BSBY Screen Rate. Section 3.04(d) of this Agreement provides a mechanism for determining an alternative rate of interest in the event that the BSBY Screen Rate is no longer available or in certain other circumstances. The Administrative Agent does not warrant or accept any responsibility for and shall not have any liability with respect to, the administration, submission or any other matter related to the BSBY Screen Rate or with respect to any alternative or successor rate thereto, or replacement rate therefor.

SECTION 1.04 Conforming Changes Relating to BSBY. With respect to the BSBY Screen Rate, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Transaction Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Transaction Document; provided that, with respect to any such amendment effected, the Administrative Agent shall provide notice to the Borrower and the Lenders each such amendment implementing such Conforming Changes reasonably promptly after such amendment becomes effective.

ARTICLE II

TERMS OF THE LOANS

SECTION 2.01 Loan Facility. Upon a request by the Borrower pursuant to Section 2.02, and on the terms and subject to the conditions hereinafter set forth, each lender shall, ratably in accordance with its respective Commitments, severally and not jointly, make Loans to the Borrower from time to time during the period from the Closing Date to the Termination Date.

Under no circumstances shall any Lender be obligated to make any such Loan if, after giving effect to such Loan:

(i) the Aggregate Principal would exceed the Facility Limit at such time;

(ii) the aggregate outstanding Principal of such Lender would exceed its Commitment; or

(iii) the Aggregate Principal would exceed the Borrowing Base at such time.

SECTION 2.02 Making Loans; Repayment of Loans. (a) Each Loan hereunder shall be made at the written request from the Borrower to the Administrative Agent and each Lender in the form of a Loan Request attached hereto as Exhibit A; provided that, at any time when PNC (or an Affiliate thereof) is both the Administrative Agent and the sole Group Agent hereunder, if the Borrower enters into a separate written agreement with the Administrative Agent regarding Administrative Agent's PINACLE® auto-advance service (or any similar or replacement electronic loan administration service implemented by the Administrative Agent), then any request for a Loan made using such service shall constitute a Loan Request, and each Loan made pursuant to such service shall be made on the date such Loan Request is received by the Administrative Agent. Otherwise, each such request for a Loan shall be made no later than 1:00 p.m. (New York City time) on the proposed date of such Loan (it being understood that any such request made after such time shall be deemed to have been made on the following Business Day) and shall specify (i) the amount of the Loan(s) requested (which shall not be less than $100,000 and shall be an integral multiple of $50,000), (ii) the allocation of such amount among the Lenders (which shall be ratable based on the Commitments), (iii) the account to which the proceeds of such Loan shall be distributed and (iv) the date such requested Loan is to be made (which shall be a Business Day).

(b) On the date of each Loan specified in the applicable Loan Request, the Lenders shall, upon satisfaction of the applicable conditions set forth in Article VI and pursuant to the other conditions set forth in this Article II, make available to the Borrower in same day funds an aggregate amount equal to the amount of such Loans requested, at the account set forth in the related Loan Request.

(c) Each Lender's obligation shall be several, such that the failure of any Lender to make available to the Borrower any funds in connection with any Loan shall not relieve any other Lender of its obligation, if any, hereunder to make funds available on the date such Loans are requested (it being understood, that no Lender shall be responsible for the failure of any other Lender to make funds available to the Borrower in connection with any Loan hereunder).

(d) The Borrower shall repay in full the outstanding Principal of each Lender on the Final Maturity Date. Prior thereto, the Borrower shall, on each Settlement Date, make a prepayment of the outstanding Principal of the Lenders to the extent required under Section 4.01 and otherwise in accordance therewith. Notwithstanding the foregoing, the Borrower, in its discretion, shall have the right to make a prepayment, in whole or in part, of the outstanding Principal of the Lenders (i) at any time when PNC (or an Affiliate thereof) is both the Administrative Agent and the sole Group Agent hereunder, and to the extent the Borrower has

entered into a separate written agreement with the Administrative Agent regarding Administrative Agent's PINACLE® auto-advance service (or any similar or replacement electronic loan administration service implemented by the Administrative Agent) pursuant to Section 2.02(a) hereof, on any Business Day, or (ii) upon same-day written notice no later than 3:00 p.m. (New York City time) on the proposed date of such prepayment (it being understood that any such request made after such time shall be deemed to have been made on the following Business Day) to the Administrative Agent and each Lender in the form of a Reduction Notice attached hereto as Exhibit B; provided, however, that (i) each such prepayment shall be in a minimum aggregate amount of $100,000 and shall be an integral multiple of $100,000, (ii) the Borrower shall not provide any Reduction Notice, and no such Reduction Notice shall be effective, if after giving effect thereto, the Aggregate Principal at such time would be less than an amount equal to the Minimum Funding Threshold and (iii) any accrued Interest and Fees in respect of such prepaid Principal shall be paid on the immediately following Settlement Date; provided, however that notwithstanding the foregoing, a prepayment may be in an amount necessary to reduce any Borrowing Base Deficit existing at such time to zero.

(e) The Borrower may, at any time upon at least ten (10) days' prior written notice to the Administrative Agent and each Lender, terminate the Facility Limit in whole or ratably reduce the Facility Limit in part. Each partial reduction in the Facility Limit shall be in a minimum aggregate amount of $5,000,000 or integral multiples of $1,000,000 in excess thereof, and no such partial reduction shall reduce the Facility Limit to an amount less than $50,000,000. In connection with any partial reduction in the Facility Limit, the Commitment of each Lender shall be ratably reduced.

(f) In connection with any reduction of the Commitments, the Borrower shall remit to the Administrative Agent (i) instructions regarding such reduction and (ii) for payment to the Lenders, cash in an amount sufficient to pay (A) Principal of each Lender in excess of the Commitment of such Lender and (B) all other outstanding Borrower Obligations with respect to such reduction (determined based on the ratio of the reduction of the Commitments being effected to the amount of the Commitments prior to such reduction or, if the Administrative Agent reasonably determines that any portion of the outstanding Borrower Obligations is allocable solely to that portion of the Commitments being reduced or has arisen solely as a result of such reduction, all of such portion) including, without duplication, any associated Breakage Fees. Upon receipt of any such amounts, the Administrative Agent shall apply such amounts first to the reduction of the outstanding Principal, and second to the payment of the remaining outstanding Borrower Obligations with respect to such reduction, including any Breakage Fees, by paying such amounts to the Lenders.

ARTICLE III

INTEREST RATES; FEES

SECTION 3.01 Interest Rate Options. The Borrower shall pay interest in respect of the outstanding unpaid principal amount of the Loans as selected by it from the Base Rate Option, Daily BSBY Floating Rate Option or BSBY Rate Option specified below applicable to the Loans, it being understood that, subject to the provisions of this Agreement, the Borrower may select different Interest Rate Options and different Interest Periods to apply simultaneously to the Loans

comprising different Borrowing Tranches and may convert to or renew one or more Interest Rate Options with respect to all or any portion of the Loans comprising any Borrowing Tranche; provided that there shall not be at any one time outstanding more than three (3) Borrowing Tranches; provided further that if an Event of Default exists and is continuing, the Borrower may not request, convert to, or renew the BSBY Rate Option or Daily BSBY Floating Rate Option for any Loans and the Majority Lenders may demand that all existing Borrowing Tranches bearing interest under the BSBY Rate Option or Daily BSBY Floating Rate Option shall be converted immediately to the Base Rate Option, subject to the obligation of the Borrower to pay any Breakage Fees in connection with such conversion. If at any time the designated rate applicable to any Loan made by any Lender exceeds such Lender's highest lawful rate, the rate of interest on such Lender's Loan shall be limited to such Lender's highest lawful rate.

(a) Interest Rate Options. The Borrower shall have the right to select from the following Interest Rate Options applicable to the Loans:

(i) Base Rate Option: A fluctuating rate per annum (computed on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed) equal to the Base Rate, such interest rate to change automatically from time to time effective as of the effective date of each change in the Base Rate; or

(ii) BSBY Rate Option: A rate per annum (computed on the basis of a year of 360 days and actual days elapsed) equal to the BSBY Rate as determined for each applicable Interest Period; or

(iii) Daily BSBY Floating Rate Option: A fluctuating rate per annum (computed on the basis of a year of 360 days and actual days elapsed) equal the Daily BSBY Floating Rate, such rate to change automatically from day to day and time to time in accordance with the definition thereof.

(b) Rate Quotations. The Borrower may call the Administrative Agent on or before the date on which a Loan Request is to be delivered to receive an indication of the rates then in effect, but it is acknowledged that such projection shall not be binding on the Administrative Agent or the Lenders nor affect the rate of interest which thereafter is actually in effect when the election is made.

SECTION 3.02 Interest Periods. At any time when the Borrower shall select, convert to or renew a BSBY Rate Option, the Borrower shall notify the Administrative Agent thereof at least three (3) Business Days prior to the effective date of such BSBY Rate Option by delivering a Loan Request. The notice shall specify an Interest Period during which such Interest Rate Option shall apply. Notwithstanding the preceding sentence, the following provisions shall apply to any selection of, renewal of, or conversion to a BSBY Rate Option:

(i) Amount of Borrowing Tranche. Each Borrowing Tranche of Loans under the BSBY Rate Option shall be in integral multiples of, and not less than, the respective amounts specified in Section 2.02(a); and

(ii) Renewals. In the case of the renewal of a BSBY Rate Option at the end of an Interest Period, the first day of the new Interest Period shall be the last day of the preceding Interest Period, without duplication in payment of interest for such day.

SECTION 3.03 Interest After Default. To the extent permitted by Applicable Law, upon the occurrence of an Event of Default and until such time such Event of Default shall have been cured or waived, at the discretion of the Administrative Agent or upon written demand by the Majority Lenders to the Administrative Agent:

(a) Interest Rate. The rate of interest for each Loan otherwise applicable pursuant to Section 2.05(a), shall be increased by 2.00% per annum;

(b) Other Obligations. Each other Borrower Obligation hereunder if not paid when due shall bear interest at a rate per annum equal to the sum of the rate of interest applicable to Loans under the Base Rate Option plus an additional 2.00% per annum from the time such Borrower Obligation becomes due and payable until the time such Borrower Obligation is paid in full; and

(c) Acknowledgment. The Borrower acknowledges that the increase in rates referred to in this Section 3.02(c) reflects, among other things, the fact that such Loans or other amounts have become a substantially greater risk given their default status and that the Lenders are entitled to additional compensation for such risk; and all such interest shall be payable by Borrower upon demand by Administrative Agent.

SECTION 3.04 BSBY Rate Unascertainable; Increased Costs; Illegality; Benchmark Replacement Setting.

(a) Unascertainable; Increased Costs. If, on or prior to the first day of an Interest Period:

(i) the Administrative Agent shall have determined (which determination shall be conclusive and binding absent manifest error) that (x) BSBY Rate or Daily BSBY Floating Rate Option cannot be determined because it is not available or published on a current basis; (y) adequate and reasonable means do not otherwise exist for determining any requested Interest Periods with respect to an existing or proposed BSBY Rate Loan; or (z) a fundamental change has occurred with respect to the BSBY Rate or Daily BSBY Floating Rate (including, without limitation, changes in national or international financial, political or economic conditions), and

(ii) any Lender determines that for any reason in connection with any request for a BSBY Rate Loan or Daily BSBY Floating Rate Loan or a conversion thereto or a continuation thereof that the BSBY Rate for any requested Interest Period with respect to a proposed BSBY Rate Loan or Daily BSBY Floating Rate Loan does not adequately and fairly reflect the cost to such Lender of funding such Loan,

then the Administrative Agent shall have the rights specified in Section 3.04(c).

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(b) Illegality. If at any time any Lender shall have determined that the making, maintenance or funding of any BSBY Rate Loan or Daily BSBY Floating Rate Loan has been made impracticable or unlawful by compliance by such Lender in good faith with any Applicable Law or any interpretation or application thereof by any Governmental Authority or with any request or directive of any such Governmental Authority (whether or not having the force of Applicable Law), then the Administrative Agent shall have the rights specified in Section 3.04(c).

(c) Administrative Agent's and Lender's Rights. In the case of any event specified in Section 3.04(a) above, the Administrative Agent shall promptly so notify the Lenders and the Borrower thereof, and in the case of an event specified in Section 3.04(b) above, such Lender shall promptly so notify the Administrative Agent and endorse a certificate to such notice as to the specific circumstances of such notice, and the Administrative Agent shall promptly send copies of such notice and certificate to the other Lenders and the Borrower. Upon such date as shall be specified in such notice (which shall not be earlier than the date such notice is given), the obligation of (i) the Lenders, in the case of such notice given by the Administrative Agent, or (ii) such Lender, in the case of such notice given by such Lender, to allow the Borrower to select, convert to or renew a BSBY Rate Loan or Daily BSBY Floating Rate Loan shall be suspended (to the extent of the affected Daily BSBY Floating Rate Loan, BSBY Rate Loan or Interest Periods) until the Administrative Agent shall have later notified the Borrower, or such Lender shall have later notified the Administrative Agent, of the Administrative Agent's or such Lender's, as the case may be, determination that the circumstances giving rise to such previous determination no longer exist. If at any time the Administrative Agent makes a determination under Section 3.04(a) and the Borrower has previously notified the Administrative Agent of its selection of, conversion to or renewal of a BSBY Rate Option or Daily BSBY Floating Rate Option and the BSBY Rate Option or Daily BSBY Floating Rate Option, as applicable, has not yet gone into effect, absent due notice from the Borrower of revocation, conversion or prepayment, such notification shall be deemed to provide for selection of, conversion to or renewal of the Base Rate Option otherwise available with respect to such Loans. If any Lender notifies the Administrative Agent of a determination under Section 3.04(b), the Borrower shall, subject to the Borrower's obligation to pay any Breakage Fees, as to any Loan of the Lender to which a BSBY Rate Option or Daily BSBY Floating Rate Option applies, on the date specified in such notice either convert such Loan to the Base Rate Option otherwise available with respect to such Loan or prepay such Loan in accordance with Section 2.02(d). Absent due notice from the Borrower of conversion or prepayment, such Loan shall automatically be converted to the Base Rate Option otherwise available with respect to such Loan upon such specified date.

(d) Benchmark Replacement Setting.

(i) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Transaction Document, if a Benchmark Transition Event has occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1) or (2) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Transaction Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Transaction Document and (y) if a

Benchmark Replacement is determined in accordance with clause (3) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Transaction Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Transaction Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Majority Lenders.

(ii) Benchmark Replacement Conforming Changes. In connection with the implementation and administration of a Benchmark Replacement, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Transaction Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Transaction Document.

(iii) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Lenders of (A) any occurrence of a Benchmark Transition Event and its related Benchmark Replacement Date, (B) the implementation of any Benchmark Replacement, (C) the effectiveness of any Conforming Changes, (D) the removal or reinstatement of any tenor of a Benchmark pursuant to paragraph (iv) below and (E) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Transaction Document except, in each case, as expressly required pursuant to this Section.

(iv) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Transaction Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer be compliant with, or the administrator of such Benchmark fails to be aligned with, the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks, then the Administrative Agent may modify the definition of "Accrual Period" or "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such non-compliant or non-aligned tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a

screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be compliant with, or the administration of such Benchmark fails to be aligned with, the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Accrual Period" or "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(v) Benchmark Unavailability Period. Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a Loan bearing interest based on the BSBY Screen Rate, conversion to or continuation of Loans bearing interest based on the BSBY Screen Rate to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a Loan of or conversion to Loans bearing interest under the Base Rate Option. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Base Rate.

(vi) Definitions. As used in this Section:

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if the then-current Benchmark is a term rate or is based on a term rate, any tenor for such Benchmark that is or may be used for determining the length of an Interest Period or (y) otherwise, any payment period for interest calculated with reference to such Benchmark, as applicable, pursuant to this Agreement as of such date. For the avoidance of doubt, the Available Tenor for the Daily BSBY Floating Rate is one month.

"Benchmark" means, initially, the BSBY Screen Rate; provided that if a replacement of the Benchmark has occurred pursuant to this Section titled "Benchmark Replacement Setting", then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate. Any reference to "Benchmark" shall include, as applicable, the published component used in the calculation thereof.

"Benchmark Replacement" means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date:

(1) the sum of: (A) Term SOFR and (B) the related Benchmark Replacement Adjustment;

(2) the sum of: (A) Daily Simple SOFR and (B) the related Benchmark Replacement Adjustment;

(3) the sum of (A) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any evolving or then-prevailing market convention, including any applicable recommendations made by the Relevant Governmental Body, for U.S. dollar-denominated syndicated credit facilities at such time and (B) the related Benchmark Replacement Adjustment;

provided that, in the case of clause (1), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion; provided; further that if the Benchmark Replacement as determined pursuant to clause (1), (2) or (3) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Transaction Documents.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Available Tenor for any setting of such Unadjusted Benchmark Replacement:

(1) for purposes of clauses (1) and (2) of the definition of "Benchmark Replacement," the applicable amount(s) set forth below:

Available Tenor	Benchmark Replacement Adjustment*
One-Week	0.03839% (3.839 basis points)
One-Month	0.11448% (11.448 basis points)
Two-Months	0.18456% (18.456 basis points)
Three-Months	0.26161% (26.161 basis points)
Six-Months	0.42826% (42.826 basis points)
Twelve-Months	0.71513% (71.513 basis points)
* These values represent the ARRC/ISDA recommended spread adjustment values available here: https://assets.bbhub.io/professional/sites/10/IBOR-Fallbacks-LIBOR-Cessation_Announcement_20210305.pdf	

(2) for purposes of clause (3) of the definition of "Benchmark Replacement," the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower for the applicable Corresponding Tenor giving due consideration to any evolving or then-prevailing market convention, including any applicable recommendations made by the Relevant Governmental Body, for U.S. dollar-denominated syndicated credit facilities at such time;

provided that, if the then-current Benchmark is a term rate, more than one tenor of such Benchmark is available as of the applicable Benchmark Replacement Date and the applicable Unadjusted Benchmark Replacement will not be a term rate, the Available Tenor of such Benchmark for purposes of this definition of "Benchmark Replacement Adjustment" shall be deemed to be the Available Tenor that has approximately the same

length (disregarding business day adjustments) as the payment period for interest calculated with reference to such Unadjusted Benchmark Replacement.

"Benchmark Replacement Date" means a date and time determined by the Administrative Agent, which date shall be at the end of an Interest Period and no later than the earliest to occur of the following events with respect to the then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (A) the date of the public statement or publication of information referenced therein and (B) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof);

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the later of (A) the date of the public statement or publication of information referenced therein and (B) the date specified by the administrator of such Benchmark or a Governmental Authority having jurisdiction over the Administrative Agent or such administrator on which the Benchmark is or will no longer be compliant with, or the administration of such Benchmark fails to be aligned with, the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks; or

(3) in the case of clause (4) of the definition of "Benchmark Transition Event," the first Business Day following the fifth (5th) consecutive Business Day that all Available Tenors of such Benchmark are not published.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (1), (2) and (3) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to any then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof), announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark, (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or

publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or component thereof)

(2) a public statement or publication of information by a Governmental Authority having jurisdiction over the Administrative Agent, the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) the administrator of the Benchmark or a Governmental Authority having jurisdiction over the Administrative Agent or such administrator has made a public statement identifying a specific date after which all Available Tenors of the Benchmark are or will no longer be compliant with, or the administration of all Available Tenors of the Benchmark fails to be aligned with, the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks; or

(4) all Available Tenors of the Benchmark are not published by the administrator of such Benchmark for five (5) consecutive Business Days and such failure is not the result of a temporary moratorium, embargo or disruption declared by the administrator of such Benchmark or by the regulatory supervisor for the administrator of such Benchmark

"Benchmark Unavailability Period" means the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Transaction Document in accordance with this Section titled "Benchmark Replacement Setting" and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Transaction Document in accordance with this Section titled "Benchmark Replacement Setting."

"Corresponding Tenor" with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

"Daily Simple SOFR" means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Administrative Agent in

accordance with the conventions for this rate recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for syndicated business loans; provided, that if the Administrative Agent decides that any such convention is not administratively feasible for the Administrative Agent, then the Administrative Agent may establish another convention in its reasonable discretion.

"Floor" means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to the BSBY Rate or Daily BSBY Floating Rate or, if no floor is specified, zero.

"Reference Time" means, with respect to any setting of the then-current Benchmark, the time determined by the Administrative Agent in its reasonable discretion.

"Relevant Governmental Body" means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.

"SOFR" means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate) on the website of the Federal Reserve Bank of New York, currently at http://www.newyorkfed.org (or any successor source for the secured overnight financing rate identified as such by the administrator of the secured overnight financing rate from time to time).

"Term SOFR" means, for the applicable Corresponding Tenor, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

SECTION 3.05 Selection of Interest Rate Options. If the Borrower fails to select a new Interest Period to apply to any Borrowing Tranche of Loans under the BSBY Rate Option at the expiration of an existing Interest Period applicable to such Borrowing Tranche in accordance with the provisions of Section 3.02, the Borrower shall be deemed to have converted such Borrowing Tranche to the Daily BSBY Floating Rate commencing upon the last day of the existing Interest Period. If the Borrower provides any Loan Request related to a Loan at the BSBY Rate Option but fails to identify an Interest Period therefor, such Loan Request shall be deemed to request an Interest Period of one (1) month. Any Loan Request that fails to select an Interest Rate Option shall be deemed to be a request for the Daily BSBY Floating Rate Option.

SECTION 3.06 Interest Payment Dates. Each Loan shall accrue Interest on each day when such Loan remains outstanding at the then applicable Interest Rate for the Borrowing Tranche relating to such Loan. The Borrower shall pay all Interest (including, for the avoidance of doubt, all Interest accrued on BSBY Rate Loans during an Accrual Period regardless of whether the

applicable Interest Period has ended) accrued during each Accrual Period on each Settlement Date in accordance with the terms and priorities for payment set forth in Section 4.01.

SECTION 3.07 Fees. On each Settlement Date, the Borrower shall, in accordance with the terms and priorities for payment set forth in Section 4.01, pay to each Lender, the Administrative Agent and the Structuring Agent certain fees (collectively, the "Fees") in the amounts set forth in the fee letter agreements from time to time entered into, among the Borrower, the Lenders and/or the Administrative Agent and the Structuring Agent (each such fee letter agreement, as amended, restated, supplemented or otherwise modified from time to time, collectively being referred to herein as the "Fee Letter"). Fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender as provided in Section 3.09.

SECTION 3.08 Records of Loans. Each Lender shall record in its records, the date and amount of each Loan made by such Lender hereunder, the interest rate with respect thereto, the Interest accrued thereon and each repayment and payment thereof. Subject to Section 14.03(b), such records shall be conclusive and binding absent manifest error. The failure to so record any such information or any error in so recording any such information shall not, however, limit or otherwise affect the obligations of the Borrower hereunder or under the other Transaction Documents to repay the Capital of each Lender, together with all Interest accruing thereon and all other Borrower Obligations.

SECTION 3.09 Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) Fees otherwise payable pursuant to any Fee Letter shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender.

(b) The Commitment and Principal of such Defaulting Lender shall not be included in determining whether the Majority Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 14.01); provided, that, except as otherwise provided in Section 14.01, this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender directly affected thereby (if such Lender is directly affected thereby).

(c) In the event that the Administrative Agent, the Borrower and the Servicer each agrees in writing that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then on such date such Lender shall purchase at par such of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans ratably in accordance with its applicable Commitment; provided, that no adjustments shall be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while such Lender was a Defaulting Lender, and provided, further, that except to the extent otherwise agreed by the affected parties, no change hereunder from Defaulting Lender to Lender that is not a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender having been a Defaulting Lender.

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ARTICLE IV

SETTLEMENT PROCEDURES AND PAYMENT PROVISIONS

SECTION 4.01 Settlement Procedures.

(a) So long as the Administrative Agent has not taken dominion of the Collateral Accounts, the Servicer shall set aside and hold in trust for the benefit of the Secured Parties (or, if so requested by the Administrative Agent, segregate in a separate account designated by the Administrative Agent, which shall be an account maintained and/or controlled by the Administrative Agent unless the Administrative Agent otherwise instructs in its sole discretion), for application in accordance with the priority of payments set forth below, all Collections on Pool Receivables that are actually received by the Servicer or the Borrower or received in any Lock-Box, Collection Account or Collateral Account; provided, however, that so long as each of the conditions precedent set forth in Section 6.03 are satisfied on such date, the Servicer may release to the Borrower from such Collections the amount (if any) necessary to pay (x) the purchase price for Receivables purchased by the Borrower on such date in accordance with the terms of the Second Tier Sale and Contribution Agreement and (y) any accrued and unpaid Servicing Fees owing to Aveanna (each such release, a "Release"). On each Settlement Date, so long as the Administrative Agent has not taken dominion of the Collections Accounts, the Servicer (or, following its assumption of control of the Collateral Accounts, the Administrative Agent) shall, distribute such Collections in the following order of priority; provided, however, that if the Administrative Agent has taken dominion of the Collateral Accounts, then on the Settlement Date, the Administrative Agent will direct a portion of such Collections sufficient to make all payments due by the Borrower on such Settlement Date in accordance with the below priorities for payment:

(i) first, to the Servicer for the payment of the accrued Servicing Fees payable for the immediately preceding Accrual Period to the extent not previously paid (including from proceeds of any Release), plus, if applicable, the amount of Servicing Fees payable for any prior Accrual Period to the extent such amount has not been paid to the Servicer;

(ii) second, to each Lender and other Credit Party (ratably, based on the amount then due and owing to such Persons), all accrued and unpaid Interest, Fees and Breakage Fees due to such Lender and other Credit Party for the immediately preceding Accrual Period (including any additional amounts or indemnified amounts payable under Sections 5.03 and 13.01 in respect of such payments), plus, if applicable, the amount of any such Interest, Fees and Breakage Fees (including any additional amounts or indemnified amounts payable under Sections 5.03 and 13.01 in respect of such payments) payable for any prior Accrual Period to the extent such amount has not been distributed to such Lender or Credit Party;

(iii) third, as set forth in clause (A), (B) or (C) below, as applicable:

(A) prior to the occurrence of the Termination Date, to the extent that a Borrowing Base Deficit exists on such date, to the Lenders (ratably, based on the aggregate outstanding Principal of each Lender at such time) for the payment of a portion of the outstanding Aggregate Principal at such time, in an aggregate amount equal to the amount necessary to reduce the Borrowing Base Deficit to zero ($0);

(B) on and after the occurrence of the Termination Date, to each Lender (ratably, based on the aggregate outstanding Principal of each Lender at such time) for the payment in full of the aggregate outstanding Principal of such Lender at such time; or

(C) prior to the occurrence of the Termination Date, at the election of the Borrower and in accordance with Section 2.02(d), to the payment of all or any portion of the outstanding Principal of the Lenders at such time (ratably, based on the aggregate outstanding Principal of each Lender at such time);

(iv) fourth, to the Credit Parties, the Affected Persons and the Borrower Indemnified Parties (ratably, based on the amount due and owing at such time), for the payment of all other Borrower Obligations then due and owing by the Borrower to the Credit Parties, the Affected Persons and the Borrower Indemnified Parties; and

(v) fifth, the balance, if any, to be paid to the Borrower for its own account.

(b) All payments or distributions to be made by the Servicer, the Borrower and any other Person to the Lenders (or their respective related Affected Persons and the Borrower Indemnified Parties), shall be paid or distributed to the applicable party to which such amounts are owed.

(c) If and to the extent the Administrative Agent, any Credit Party, any Affected Person or any Borrower Indemnified Party shall be required for any reason to pay over to any Person (including any Obligor or any trustee, receiver, custodian or similar official in any Insolvency Proceeding) any amount received on its behalf hereunder, such amount shall be deemed not to have been so received but rather to have been retained by the Borrower and, accordingly, the Administrative Agent, such Credit Party, such Affected Person or such Borrower Indemnified Party, as the case may be, shall have a claim against the Borrower for such amount.

(d) For the purposes of this Section 4.01:

(i) if on any day the Outstanding Balance of any Pool Receivable is reduced or adjusted as a result of any defective, rejected, returned, repossessed or foreclosed goods or services, or any revision, cancellation, allowance, rebate, credit memo, discount or other adjustment made by the Borrower, any Originator, the Servicer or any Affiliate of the Servicer, or any setoff, counterclaim or dispute between the Borrower or any Affiliate of the Borrower, an Originator or any Affiliate of an Originator, or the Servicer or any Affiliate of the Servicer, and an Obligor, the Borrower shall be deemed to have received on such day a Collection of such Pool Receivable in the amount of such reduction or adjustment and, to the extent that the effect of such reduction or adjustment is to cause a

Borrowing Base Deficit or if such reduction or adjustment occurs on or after the Termination Date, shall within two (2) Business Days pay an amount equal to (x) if such reduction or adjustment occurs prior to the Termination Date, the lesser of (A) the sum of all deemed Collections with respect to such reduction or adjustment and (B) an amount necessary to eliminate such Borrowing Base Deficit and (y) if such breach occurs on or after the Termination Date, the sum of all deemed Collections in respect thereof to a Collateral Account (or as otherwise directed by the Administrative Agent at such time) for the benefit of the Credit Parties for application pursuant to Section 4.01(a);

(ii) if on any day any of the representations or warranties in Section 7.01 is not true with respect to any Pool Receivable, the Borrower shall be deemed to have received on such day a Collection of such Pool Receivable in full and to the extent that the effect of such breach is to cause a Borrowing Base Deficit or if such breach occurs after the Termination Date, shall within two (2) Business Days immediately pay the amount equal to (x) if such breach occurs prior to the Termination Date, the lesser of (A) the sum of all deemed Collections with respect to such breach and (B) an amount necessary to eliminate such Borrowing Base Deficit and (y) if such breach occurs on or after the Termination Date, the sum of all such deemed Collections with respect to such breach to a Collateral Account (or as otherwise directed by the Administrative Agent at such time) for the benefit of the Credit Parties for application pursuant to Section 4.01(a) (Collections deemed to have been received pursuant to Sections 4.01(d)(i) and 4.01(d)(ii) are hereinafter sometimes referred to as "Deemed Collections");

(iii) except as provided in clauses (i) or (ii) above or otherwise required by Applicable Law or the relevant Contract, all Collections received from an Obligor of any Receivable shall be applied to the Receivables of such Obligor in the order of the age of such Receivables, starting with the oldest such Receivable, unless such Obligor designates in writing its payment for application to specific Receivables; and

(iv) if and to the extent the Administrative Agent, any Credit Party, any Affected Person or any Borrower Indemnified Party shall be required for any reason to pay over to an Obligor (or any trustee, receiver, custodian or similar official in any Insolvency Proceeding) any amount received by it hereunder, such amount shall be deemed not to have been so received by such Person but rather to have been retained by the Borrower and, accordingly, such Person shall have a claim against the Borrower for such amount, payable when and to the extent that any distribution from or on behalf of such Obligor is made in respect thereof.

SECTION 4.02 Payments and Computations, Etc. (a) All amounts to be paid by the Borrower or the Servicer to the Administrative Agent, any Credit Party, any Affected Person or any Borrower Indemnified Party hereunder shall be paid no later than noon (New York City time) on the day when due in same day funds to the applicable party to which such amounts are due.

(b) Each of the Borrower and the Servicer shall, to the extent permitted by Applicable Law, pay interest on any amount not paid or deposited by it when due hereunder, at an interest rate per annum equal to 2.00% per annum above the Base Rate, payable on demand.

(c) All computations of interest under subsection (b) above and all computations of Interest, Fees and other amounts hereunder shall be made on the basis of a year of 360 days (or, in the case of amounts determined by reference to the Base Rate, 365 or 366 days, as applicable) for the actual number of days (including the first but excluding the last day) elapsed. Whenever any payment or deposit to be made hereunder shall be due on a day other than a Business Day, such payment or deposit shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of such payment or deposit.

ARTICLE V

INCREASED COSTS; FUNDING LOSSES; TAXES; ILLEGALITY AND SECURITY INTEREST

SECTION 5.01 Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, liquidity, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Affected Person;

(ii) subject any Affected Person to any Taxes (except to the extent such Taxes are (A) Indemnified Taxes, (B) Taxes described in clause (b) through (d) of the definition of Excluded Taxes or (C) Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes) on its loans, loan principal, letters of credit, commitments or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Affected Person any other condition, cost or expense (other than Taxes) (A) affecting the Collateral, this Agreement, any other Transaction Document, any Loan or any participation therein or (B) affecting its obligations or rights to make Loans;

and the result of any of the foregoing shall be to increase the cost to such Affected Person of (A) acting as the Administrative Agent, or a Lender hereunder, (B) funding or maintaining any Loan or (C) maintaining its obligation to fund or maintain any Loan, or to reduce the amount of any sum received or receivable by such Affected Person hereunder, then, upon request of such Affected Person, the Borrower shall pay to such Affected Person such additional amount or amounts as will compensate such Affected Person for such additional costs incurred or reduction suffered.

(b) Capital and Liquidity Requirements. If any Affected Person determines that any Change in Law affecting such Affected Person or any lending office of such Affected Person or such Affected Person's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of (x) increasing the amount of capital required to be maintained by such Affected Person or Affected Person's holding company, if any, (y) reducing the rate of return on such Affected Person's capital or on the capital of such Affected Person's holding company, if any, or (z) causing an internal capital or liquidity charge or other imputed cost to be assessed upon

such Affected Person or Affected Person's holding company, if any, in each case, as a consequence of (A) this Agreement or any other Transaction Document, (B) the commitments of such Affected Person hereunder or under any other Transaction Document, (C) the Loans made by such Affected Person, or (D) any Principal, to a level below that which such Affected Person or such Affected Person's holding company could have achieved but for such Change in Law (taking into consideration such Affected Person's policies and the policies of such Affected Person's holding company with respect to capital adequacy and liquidity), then from time to time, upon request of such Affected Person, the Borrower will pay to such Affected Person such additional amount or amounts as will compensate such Affected Person or such Affected Person's holding company for any such increase, reduction or charge; provided that no Affected Person shall make a demand for payment hereunder unless such Affected Person is also making or has made a demand for reimbursement under one or more other trade receivables securitization facilities.

(c) Adoption of Changes in Law. The Borrower acknowledges that any Affected Person may institute measures in anticipation of a Change in Law (including, without limitation, the imposition of internal charges on such Affected Person's interests or obligations under any Transaction Document), and may commence allocating charges to or seeking compensation from the Borrower under this Section 5.01 in connection with such measures, in advance of the effective date of such Change in Law, and the Borrower agrees to pay such charges or compensation to such Affected Person, following demand therefor in accordance with the terms of this Section 5.01, without regard to whether such effective date has occurred.

(d) Certificates for Reimbursement. A certificate of an Affected Person specifying the applicable law, regulation or guideline or request causing such increased costs, and setting forth in reasonable detail a calculation of the amount or amounts necessary to compensate such Affected Person or its holding company, as the case may be, as specified in clause (a), (b) or (c) of this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall, subject to the priorities of payment set forth in Section 4.01, pay such Affected Person the amount shown as due on any such certificate on the first Settlement Date occurring after the Borrower's receipt of such certificate.

(e) Delay in Requests. Failure or delay on the part of any Affected Person to demand compensation pursuant to this Section shall not constitute a waiver of such Affected Person's right to demand such compensation; provided that the Borrower shall not be required to compensate an Affected Person pursuant to this Section for any increased costs incurred or reductions suffered more than six months prior to the date that such Affected Person notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Affected Person's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof)..

SECTION 5.02 Funding Losses.

(a) The Borrower will pay each Lender all Breakage Fees.

(b) A certificate of a Lender setting forth in reasonable detail a calculation of the amount or amounts necessary to compensate such Lender, as specified in clause (a) above and

delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall, subject to the priorities of payment set forth in Section 4.01, pay such Lender the amount shown as due on any such certificate on the first Settlement Date occurring after the Borrower's receipt of such certificate.

SECTION 5.03 Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Transaction Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of the applicable Credit Party, Affected Person or Borrower Indemnified Party) requires the deduction or withholding of any Tax from any such payment to a Credit Party, Affected Person or Borrower Indemnified Party, then the applicable Credit Party, Affected Person or Borrower Indemnified Party shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law, and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section), the applicable Credit Party, Affected Person or Borrower Indemnified Party receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or, at the option of the Administrative Agent, timely reimburse the Administrative Agent for the payment of, any Other Taxes.

(c) Indemnification by the Borrower. The Borrower shall indemnify each Affected Person, within ten days after demand therefor, for the full amount of any (I) Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Affected Person or required to be withheld or deducted from a payment to such Affected Person and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority and (II) Taxes that arise because a Loan is not treated for U.S. federal, state, local or franchise tax consistently with the Intended Tax Treatment (such indemnification will include any U.S. federal, state or local income and franchise taxes necessary to make such Affected Person whole on an after-tax basis taking into account the taxability of receipt of payments under this clause (II) and any reasonable expenses (other than Taxes) arising out of, relating to, or resulting from the foregoing). Promptly upon having knowledge that any such Indemnified Taxes have been levied, imposed or assessed, and promptly upon notice by the Administrative Agent or any Affected Person, the Borrower shall pay such Indemnified Taxes directly to the relevant taxing authority or Governmental Authority (or to the Administrative Agent or such Affected Person if such Taxes have already been paid to the relevant taxing authority or Governmental Authority); provided that neither the Administrative Agent nor any Affected Person shall be under any obligation to provide any such notice to the Borrower. A certificate as to the amount of such payment or liability delivered to the Borrower by an Affected

Person (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of an Affected Person, shall be conclusive absent manifest error.

(d) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within ten days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender or any of their respective Affiliates that are Affected Persons (but only to the extent that the Borrower and its Affiliates have not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting any obligation of the Borrower, the Servicer or their Affiliates to do so), (ii) any Taxes attributable to the failure of such Lender or any of their respective Affiliates that are Affected Persons to comply with Section 14.03(e) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender or any of their respective Affiliates that are Affected Persons, in each case, that are payable or paid by the Administrative Agent in connection with any Transaction Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender, or any of their respective Affiliates that are Affected Persons under any Transaction Document or otherwise payable by the Administrative Agent to such Lender, or any of their respective Affiliates that are Affected Persons from any other source against any amount due to the Administrative Agent under this clause (d).

(e) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 5.03, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(f) Status of Affected Persons. (i) Any Affected Person that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Transaction Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Affected Person, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Affected Person is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 5.03(f)(ii)(A), 5.03(f)(ii)(B) and 5.03(f)(ii)(D)) shall not be required if, in the Affected Person's reasonable judgment, such completion, execution or submission would subject such Affected Person to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Affected Person.

(i) Without limiting the generality of the foregoing:

(A) an Affected Person that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date such Affected Person becomes an Affected Person under this Agreement and from time to time upon the reasonable request of the Borrower or the Administrative Agent, executed originals of Internal Revenue Service Form W-9 certifying that such Affected Person is exempt from U.S. federal backup withholding tax;

(B) any Affected Person that is not a U.S. Person shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the Affected Person) on or prior to the date such Affected Person becomes an Affected Person under this Agreement and from time to time upon the reasonable request of the Borrower or the Administrative Agent, whichever of the following is applicable:

(1) in the case of such an Affected Person claiming the benefits of an income tax treaty to which the United States is a party, (x) with respect to payments of interest under any Transaction Document, executed originals of Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Transaction Document, Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed originals of Internal Revenue Service Form W-8ECI;

(3) in the case of such an Affected Person claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Affected Person is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8BEN-E, as applicable; or

(4) to the extent such Affected Person is not the beneficial owner, executed originals of Internal Revenue Service Form W-8IMY, accompanied by Internal Revenue Service Form W-8ECI, Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8BEN-E, as applicable, a U.S. Tax Compliance Certificate, Internal Revenue Service Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that, if such Affected Person is a partnership

and one or more direct or indirect partners of such Affected Person are claiming the portfolio interest exemption, such Affected Person may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner;

(C) any Affected Person that is not a U.S. Person shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient), on or prior to the date such Affected Person becomes an Affected Person under this Agreement and from time to time upon the reasonable request of the Borrower or the Administrative Agent, executed originals of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made.

(D) if a payment made to an Affected Person under any Transaction Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Affected Person were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Affected Person shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by Applicable Law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Affected Person has complied with such Affected Person's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (g), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(E) If the Administrative Agent is a U.S. Person, it shall deliver to the Borrower on or prior to the date on which it becomes the Administrative Agent under this Agreement two duly completed copies of Internal Revenue Service Form W-9. If the Administrative Agent is not a U.S. Person, it shall provide to the Borrower on or prior to the date on which it becomes the Administrative Agent under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower): (A) two executed copies of Internal Revenue Service Form W-8ECI with respect to any amounts payable to the Administrative Agent for its own account, and unless any Default or Event of Default has occurred, (B) two executed copies of Internal Revenue Service Form W-8IMY with respect to any amounts payable to the Administrative Agent for the account of others, certifying that it is entitled to receive such payments without U.S. federal withholding; provided that the Administrative Agent shall not be required to deliver any documentation

pursuant to this paragraph (g) that it is not legally eligible to deliver as a result of any change in, or in the interpretation by any Governmental Authority of, any applicable law or the method by which such Administrative Agent must comply therewith occurring after the date Administrative Agent (or any successor thereto) becomes a party to this Agreement. In the event any Default or Event of Default has occurred, an Administrative Agent that is not a U.S. Person may provide Borrowers with any properly completed IRS Form W-8 (or successor form).

(g) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 5.03 (including by the payment of additional amounts pursuant to this Section 5.03), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 5.03 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Survival. Each party's obligations under this Section 5.03 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Credit Party or any other Affected Person, the termination of the Commitments and the repayment, satisfaction or discharge of all the Borrower Obligations and the Servicer's obligations hereunder.

(i) Updates. Each Affected Person agrees that if any form or certification it previously delivered pursuant to this Section 5.03 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

SECTION 5.04 Security Interest.

(a) As security for the performance by the Borrower of all the terms, covenants and agreements on the part of the Borrower to be performed under this Agreement or any other Transaction Document, including the punctual payment when due of the Aggregate Principal and all Interest in respect of the Loans and all other Borrower Obligations, the Borrower hereby grants to the Administrative Agent for its benefit and the ratable benefit of the Secured Parties, a

continuing security interest in, all of the Borrower's right, title and interest in, to and under all of the following, whether now or hereafter owned, existing or arising (collectively, the "Collateral"): (i) all Pool Receivables, (ii) all Related Security with respect to such Pool Receivables, (iii) all Collections with respect to such Pool Receivables, (iv) the Collection Accounts, Lock-Boxes and Collateral Accounts and all amounts on deposit therein, and all certificates and instruments, if any, from time to time evidencing such Collection Accounts, Lock-Boxes and Collateral Accounts and amounts on deposit therein, (v) all rights (but none of the obligations) of the Borrower under each Sale and Contribution Agreement, (vi) all other personal and fixture property or assets of the Borrower of every kind and nature including, without limitation, all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts, chattel paper (whether tangible or electronic), deposit accounts, securities accounts, securities entitlements, letter-of-credit rights, commercial tort claims, securities and all other investment property, supporting obligations, money, any other contract rights or rights to the payment of money, insurance claims and proceeds, and all general intangibles (including all payment intangibles) (each as defined in the UCC) and (vii) all proceeds of, and all amounts received or receivable under any or all of, the foregoing.

The Administrative Agent (for the benefit of the Secured Parties) shall have, with respect to all the Collateral, and in addition to all the other rights and remedies available to the Administrative Agent (for the benefit of the Secured Parties), all the rights and remedies of a secured party under any applicable UCC. The Borrower hereby authorizes the Administrative Agent to file financing statements describing as the collateral covered thereby as "all of the debtor's personal property or assets" or words to that effect, notwithstanding that such wording may be broader in scope than the collateral described in this Agreement.

Immediately upon the occurrence of the Final Payout Date, the Collateral shall be automatically released from the lien created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent, the Lenders and the other Credit Parties hereunder shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the Borrower; provided, however, that promptly following written request therefor by the Borrower delivered to the Administrative Agent following any such termination, and at the expense of the Borrower, the Administrative Agent shall execute and deliver to the Borrower UCC-3 termination statements and such other documents as the Borrower shall reasonably request to evidence such termination.

ARTICLE VI

CONDITIONS TO EFFECTIVENESS AND CREDIT EXTENSIONS

SECTION 6.01 Conditions Precedent to Effectiveness and the Initial Credit Extension. This Agreement shall become effective as of the Closing Date when (a) the Administrative Agent shall have received each of the documents, agreements (in fully executed form), opinions of counsel, lien search results, UCC filings, certificates and other deliverables listed on the closing memorandum attached as Exhibit H hereto, in each case, in form and substance acceptable to the Administrative Agent and (b) all fees and expenses payable by the Borrower on the Closing Date to the Credit Parties have been paid in full in accordance with the terms of the Transaction Documents.

SECTION 6.02 Conditions Precedent to All Credit Extensions. Each Credit Extension hereunder on or after the Closing Date shall be subject to the conditions precedent that:

(a) the Borrower shall have delivered to the Administrative Agent and each Lender a Loan Request for such Loan, in accordance with Section 2.02(a);

(b) the Servicer shall have delivered to the Administrative Agent and each Lender all Information Packages and Interim Reports required to be delivered hereunder;

(c) the conditions precedent to such Credit Extension specified in Section 2.01(i) through (iii), shall be satisfied; and

(d) on the date of such Credit Extension the following statements shall be true and correct (and upon the occurrence of such Credit Extension, the Borrower and the Servicer shall be deemed to have represented and warranted that such statements are then true and correct):

(i) the representations and warranties of the Borrower and the Servicer contained in Sections 7.01 and 7.02 are true and correct in all material respects on and as of the date of such Credit Extension as though made on and as of such date unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date;

(ii) no Event of Default or Unmatured Event of Default has occurred and is continuing, and no Event of Default or Unmatured Event of Default would result from such Credit Extension;

(iii) no Borrowing Base Deficit exists or would exist after giving effect to such Credit Extension;

(iv) the Termination Date has not occurred; and

(v) after giving effect to such Credit Extension, the Aggregate Principal exceeds the Minimum Funding Threshold.

SECTION 6.03 Conditions Precedent to All Releases. Each Release hereunder on or after the Closing Date shall be subject to the conditions precedent that:

(a) after giving effect to such Release, the Servicer shall be holding in trust for the benefit of the Secured Parties an amount of Collections sufficient to pay the sum of (x) all accrued and unpaid Interest, Fees and Breakage Fees, in each case, through the date of such Release, (y) the amount of any Borrowing Base Deficit and (z) the amount of all other accrued and unpaid Borrower Obligations through the date of such Release;

(b) the Borrower shall use the proceeds of such Release solely to pay (x) the purchase price for Receivables purchased by the Borrower on such date in accordance with the terms of the Second Tier Sale and Contribution Agreement and (y) any accrued and unpaid Servicing Fees owing to Aveanna; and

(c) on the date of such Release the following statements shall be true and correct (and upon the occurrence of such Release, the Borrower and the Servicer shall be deemed to have represented and warranted that such statements are then true and correct):

(i) the representations and warranties of the Borrower and the Servicer contained in Sections 7.01 and 7.02 are true and correct in all material respects on and as of the date of such Release as though made on and as of such date unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date;

(ii) no Event of Default has occurred and is continuing, and no Event of Default or Unmatured Event of Default would result from such Release;

(iii) no Borrowing Base Deficit exists or would exist after giving effect to such Release; and

(iv) the Termination Date has not occurred.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES

SECTION 7.01 Representations and Warranties of the Borrower. The Borrower represents and warrants to each Credit Party as of the Closing Date, on each Settlement Date and on each day that a Credit Extension or Release shall have occurred:

(a) Organization and Good Standing. The Borrower is a limited liability company duly organized and validly existing in good standing under the laws of the State of Delaware and has full power and authority under its constitutional documents and under the laws of its jurisdiction to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted.

(b) Due Qualification. The Borrower is duly qualified to do business as a limited liability company, is in good standing as a foreign limited liability company and has obtained all necessary licenses and approvals in all jurisdictions in which the conduct of its business requires such qualification, licenses or approvals, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(c) Power and Authority; Due Authorization. The Borrower (i) has all necessary limited liability company power and authority to (A) execute and deliver this Agreement and the other Transaction Documents to which it is a party, (B) perform its obligations under this Agreement and the other Transaction Documents to which it is a party and (C) grant a security interest in the Collateral to the Administrative Agent on the terms and subject to the conditions herein provided and (ii) has duly authorized by all necessary limited liability company action such grant and the execution, delivery and performance of, and the consummation of the transactions provided for in, this Agreement and the other Transaction Documents to which it is a party.

(d) Binding Obligations. This Agreement and each of the other Transaction Documents to which the Borrower is a party constitutes legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) No Conflict or Violation. The execution, delivery and performance of, and the consummation of the transactions contemplated by, this Agreement and the other Transaction Documents to which the Borrower is a party, and the fulfillment of the terms hereof and thereof, will not (i) conflict with, result in any breach of any of the terms or provisions of, or constitute (with or without notice or lapse of time or both) a default under its organizational documents or any indenture, sale agreement, credit agreement, loan agreement, security agreement, mortgage, deed of trust, or other agreement or instrument to which the Borrower is a party or by which it or any of its properties is bound, (ii) result in the creation or imposition of any Adverse Claim upon any of the Collateral pursuant to the terms of any such indenture, credit agreement, loan agreement, security agreement, mortgage, deed of trust, or other agreement or instrument other than this Agreement and the other Transaction Documents or (iii) conflict with or violate any Applicable Law, except to the extent that any such conflict or violation referred to in clause (iii) could not reasonably be expected to have a Material Adverse Effect.

(f) Litigation and Other Proceedings. (i) There is no action, suit, proceeding or investigation pending or, to the best knowledge of the Borrower, threatened, against the Borrower before any Governmental Authority and (ii) the Borrower is not subject to any order, judgment, decree, injunction, stipulation or consent order of or with any Governmental Authority that, in the case of either of the foregoing clauses (i) and (ii), (A) asserts the invalidity of this Agreement or any other Transaction Document, (B) seeks to prevent the grant of a security interest in any Collateral by the Borrower to the Administrative Agent, the ownership or acquisition by the Borrower of any Pool Receivable or other Collateral or the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document, (C) seeks any determination or ruling that could materially and adversely affect the performance by the Borrower of its obligations under, or the validity or enforceability of, this Agreement or any other Transaction Document or (D) individually or in the aggregate for all such actions, suits, proceedings and investigations could reasonably be expected to have a Material Adverse Effect.

(g) Governmental Approvals. Except where the failure to obtain or make such authorization, consent, order, approval or action could not reasonably be expected to have a Material Adverse Effect, all authorizations, consents, orders and approvals of, or other actions by, any Governmental Authority that are required to be obtained by the Borrower in connection with the grant of a security interest in the Collateral to the Administrative Agent hereunder or the due execution, delivery and performance by the Borrower of this Agreement or any other Transaction Document to which it is a party and the consummation by the Borrower of the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party have been obtained or made and are in full force and effect.

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(h) Margin Regulations. The Borrower is not engaged, principally or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meanings of Regulations T, U and X of the Board of Governors of the Federal Reserve System).

(i) Solvency. After giving effect to the transactions contemplated by this Agreement and the other Transaction Documents, the Borrower is Solvent.

(j) Offices; Legal Name. The Borrower's sole jurisdiction of organization is the State of Delaware and such jurisdiction has not changed within four months prior to the date of this Agreement. The office of the Borrower is located at 400 Interstate North Parkway SE, Suite 1700, Atlanta, GA 30339. The legal name of the Borrower is Aveanna SPV I, LLC.

(k) Investment Company Act; Volcker Rule. The Borrower (i) is not, and is not controlled by, an "investment company" registered or required to be registered under the Investment Company Act and (ii) is not a "covered fund" under the Volcker Rule. In determining that the Borrower is not a "covered fund" under the Volcker Rule, the Borrower relies on, and is entitled to rely on, the exemption from the definition of "investment company" set forth in Section 3(c)(5) of the Investment Company Act.

(l) No Material Adverse Effect. Since the date of formation of the Borrower there has been no Material Adverse Effect with respect to the Borrower.

(m) Accuracy of Information. All Information Packages, Interim Reports, Loan Requests, certificates, reports, statements, documents and other information furnished to the Administrative Agent or any other Credit Party by or on behalf of the Borrower pursuant to any provision of this Agreement or any other Transaction Document, or in connection with or pursuant to any amendment or modification of, or waiver under, this Agreement or any other Transaction Document, is, at the time the same are so furnished, complete and correct in all material respects on the date the same are furnished to the Administrative Agent or such other Credit Party, and does not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not misleading.

(n) Sanctions and other Anti-Terrorism Laws. No: (a) Covered Entity, nor any employees, officers, directors, affiliates, consultants, brokers, or agents acting on a Covered Entity's behalf in connection with this Agreement: (i) is a Sanctioned Person; (ii) directly, or to the Covered Entity's knowledge, indirectly through any third party, is engaged in any transactions or other dealings with or for the benefit of any Sanctioned Person or Sanctioned Jurisdiction, or any transactions or other dealings that otherwise are prohibited by any Anti-Terrorism Laws; (b) Collateral is Embargoed Property.

(o) Anti-Corruption Laws. Each Covered Entity (a) conducts its business in compliance with all Anti-Corruption Laws and (b) has instituted and maintains policies and procedures reasonably designed to promote compliance with such Laws.

(p) Perfection Representations.

(i) This Agreement creates a valid and continuing security interest (as defined in the applicable UCC) in the Borrower's right, title and interest in, to and under the Collateral which (A) security interest has been perfected and is enforceable against creditors of and purchasers from the Borrower and (B) will be free of all Adverse Claims in such Collateral.

(ii) The Receivables constitute "accounts" or "general intangibles" within the meaning of Section 9-102 of the UCC.

(iii) The Borrower owns and has good and marketable title to the Collateral free and clear of any Adverse Claim of any Person.

(iv) All appropriate financing statements, financing statement amendments and continuation statements have been filed in the proper filing office in the appropriate jurisdictions under Applicable Law in order to perfect (and continue the perfection of) the sale and contribution of the Receivables and (solely to the extent perfection may be achieved by filing a financing statement under the UCC) Related Security from each Originator to the Transferor pursuant to the First Tier Sale Agreement, from Transferor to the Borrower pursuant to the Second Tier Sale and Contribution Agreement and the grant by the Borrower of a security interest in the Collateral (solely to the extent perfection may be achieved by filing a financing statement under the UCC) to the Administrative Agent pursuant to this Agreement.

(v) Other than the security interest granted to the Administrative Agent pursuant to this Agreement, the Borrower has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Collateral except as permitted by this Agreement and the other Transaction Documents. The Borrower has not authorized the filing of and is not aware of any financing statements filed against the Borrower that include a description of collateral covering the Collateral other than any financing statement (i) in favor of the Administrative Agent or (ii) that has been terminated. The Borrower is not aware of any judgment lien, ERISA lien or tax lien filings against the Borrower.

(vi) Notwithstanding any other provision of this Agreement or any other Transaction Document, the representations contained in this Section 7.01(p) shall be continuing and remain in full force and effect until the Final Payout Date.

(q) The Collection Accounts, Lock-Boxes and Collateral Accounts.

(i) Nature of Collateral Accounts. Each Collateral Account and Collection Account constitutes a "deposit account" within the meaning of the applicable UCC.

(ii) Ownership. Each Collateral Account is in the name of the Borrower, and the Borrower owns and has good and marketable title to the Collateral Accounts free and clear of any Adverse Claim. Each Lock-Box and Collection Account is in the name of the Originator who originated the Receivables into which Collection Account collections thereof are to be made, and such Originator owns and has good and

marketable title to the such Lock-Box and Collection Account free and clear of any Adverse Claim.

(iii) Perfection. The Borrower has delivered to the Administrative Agent a fully executed Account Control Agreement relating to each Collateral Account, pursuant to which each applicable Collateral Account Bank has agreed to comply with the instructions originated by the Administrative Agent directing the disposition of funds in such Collateral Account without further consent by the Borrower, the Servicer or any other Person. The Administrative Agent has "control" (as defined in Section 9-104 of the UCC) over each Collateral Account.

(iv) Instructions. No Collateral Accounts are in the name of any Person other than the Borrower. Neither the Borrower nor the Servicer has consented to the applicable Collateral Account Bank complying with instructions of any Person other than the Administrative Agent.

(v) Collection Account Instructions. The Borrower and Servicer shall cause the applicable Originator to ensure that the full amount of available funds in each Lock-Box and Collection Account (other than a Subject Collection Account) is swept daily into the applicable Collateral Account pursuant to standing sweep instructions that remain in full force and effect; provided, that the foregoing representation and warranty shall not be breached if such representation and warranty fails to be true solely due to the actions or inactions of PNC Bank, National Association in its role as a Collateral Account Bank.

(r) Ordinary Course of Business. Each remittance of Collections by or on behalf of the Borrower to the Credit Parties under this Agreement will have been (i) in payment of a debt incurred by the Borrower in the ordinary course of business or financial affairs of the Borrower and (ii) made in the ordinary course of business or financial affairs of the Borrower.

(s) Compliance with Law. The Borrower has complied in all material respects with all Applicable Laws to which it may be subject.

(t) Bulk Sales Act. No transaction contemplated by this Agreement requires compliance by it with any bulk sales act or similar law.

(u) Eligible Receivables. Each Receivable included as an Eligible Receivable in the calculation of the Net Receivables Pool Balance as of any date is an Eligible Receivable as of such date; provided that with respect to clause (b) of the definition of "Eligible Receivable", such Receivable shall satisfy clause (b) to the knowledge of the Borrower.

(v) Taxes. The Borrower has (i) timely filed or caused to be filed all tax returns (federal, state and local) required to be filed by it and (ii) paid, or caused to be paid, all taxes, assessments and other governmental charges required to have been paid by it, if any, other than taxes, assessments and other governmental charges being contested in good faith by appropriate proceedings and as to which adequate reserves have been provided in accordance with GAAP.

(w) Tax Status. The Borrower (i) is, and shall at all relevant times continue to be, a "disregarded entity" within the meaning of U.S. Treasury Regulation § 301.7701-3 for U.S.

federal income tax purposes that is wholly owned by a U.S. Person and (ii) is not and will not at any relevant time become an association (or a publicly traded partnership) taxable as a corporation for U.S. federal income tax purposes. The Borrower is not subject to any Tax in any jurisdiction outside the United States and is not subject to any material Taxes imposed by a state or local taxing authority.

(x) Opinions. The facts regarding the Borrower, the Servicer, each Originator, the Performance Guarantor, the Receivables, the Related Security and the related matters set forth or assumed in each of the opinions of counsel delivered in connection with this Agreement and the Transaction Documents are true and correct in all material respects.

(y) Other Transaction Documents. Each representation and warranty made by the Borrower under each other Transaction Document to which it is a party is true and correct in all material respects as of the date when made.

(z) Liquidity Coverage Ratio. The Borrower has not, does not and will not during this Agreement issue any LCR Security. The Borrower further represents and warrants that its assets and liabilities are consolidated with the assets and liabilities of the Parent for purposes of GAAP.

(aa) Beneficial Ownership Regulation. Certificate of Beneficial Ownership. The Certificate of Beneficial Ownership executed and delivered to the Administrative Agent and the Lenders for the Borrower on or prior to the Closing Date, as updated from time to time in accordance with this Agreement, is accurate, complete and correct as of the Closing Date and as of the date any such update is delivered.

(bb) Healthcare Matters. Except where the failure to comply with any applicable Health Care Law could not reasonably be expected to have a Material Adverse Effect, Parent and each of its Subsidiaries is, and at all times since the Closing Date has been, in compliance with all Health Care Laws applicable to it, its assets, business or operations. No circumstance exists or event has occurred with respect to a violation of any Health Care Law that could reasonably be expected to have a Material Adverse Effect. Neither Parent nor any Subsidiary thereof has received any notice of communication from any Governmental Authority alleging noncompliance with any applicable Health Care Law that could reasonably be expected to have a Material Adverse Effect. For the avoidance of doubt, no notice or any information provided by any Governmental Authority pursuant to this Section 7.01(cc) shall need to be provided to the Administrative Agent or any of the Lenders if such action would be prohibited by Applicable Law.

Notwithstanding any other provision of this Agreement or any other Transaction Document, the representations and warranties contained in this Section shall be continuing, and remain in full force and effect until the Final Payout Date.

SECTION 7.02 Representations and Warranties of the Servicer. The Servicer represents and warrants to each Credit Party as of the Closing Date, on each Settlement Date and on each day that a Credit Extension or Release shall have occurred:

(a) Organization and Good Standing. The Servicer is a duly organized and validly existing corporation in good standing under the laws of the State of Delaware, with the

power and authority under its organizational documents and under the laws of Delaware to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted.

(b) Due Qualification. The Servicer is duly qualified to do business, is in good standing as a foreign entity and has obtained all necessary licenses and approvals in all jurisdictions in which the conduct of its business or the servicing of the Pool Receivables as required by this Agreement requires such qualification, licenses or approvals, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(c) Power and Authority; Due Authorization. The Servicer has all necessary power and authority to (i) execute and deliver this Agreement and the other Transaction Documents to which it is a party and (ii) perform its obligations under this Agreement and the other Transaction Documents to which it is a party and the execution, delivery and performance of, and the consummation of the transactions provided for in, this Agreement and the other Transaction Documents to which it is a party have been duly authorized by the Servicer by all necessary action.

(d) Binding Obligations. This Agreement and each of the other Transaction Documents to which it is a party constitutes legal, valid and binding obligations of the Servicer, enforceable against the Servicer in accordance with their respective terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) No Conflict or Violation. The execution and delivery of this Agreement and each other Transaction Document to which the Servicer is a party, the performance of the transactions contemplated by this Agreement and the other Transaction Documents and the fulfillment of the terms of this Agreement and the other Transaction Documents by the Servicer will not (i) conflict with, result in any breach of any of the terms or provisions of, or constitute (with or without notice or lapse of time or both) a default under, the organizational documents of the Servicer or any indenture, sale agreement, credit agreement, loan agreement, security agreement, mortgage, deed of trust or other agreement or instrument to which the Servicer is a party or by which it or any of its property is bound, (ii) result in the creation or imposition of any Adverse Claim upon any of its properties pursuant to the terms of any such indenture, credit agreement, loan agreement, security agreement, mortgage, deed of trust or other agreement or instrument, other than this Agreement and the other Transaction Documents or (iii) conflict with or violate any Applicable Law, except to the extent that any such conflict, breach, default, Adverse Claim or violation could not reasonably be expected to have a Material Adverse Effect.

(f) Litigation and Other Proceedings. There is no action, suit, proceeding or investigation pending, or to the Servicer's knowledge threatened in writing, against the Servicer before any Governmental Authority: (i) asserting the invalidity of this Agreement or any of the other Transaction Documents; (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document; or (iii) seeking any determination or ruling that could materially and adversely affect the performance by the Servicer

of its obligations under, or the validity or enforceability of, this Agreement or any of the other Transaction Documents.

(g) No Consents. The Servicer is not required to obtain the consent of any other party or any consent, license, approval, registration, authorization or declaration of or with any Governmental Authority in connection with the execution, delivery, or performance of this Agreement or any other Transaction Document to which it is a party that has not already been obtained, except where the failure to obtain such consent, license, approval, registration, authorization or declaration could not reasonably be expected to have a Material Adverse Effect.

(h) Compliance with Applicable Law. The Servicer (i) shall duly satisfy all obligations on its part to be fulfilled under or in connection with the Pool Receivables and the related Contracts, (ii) has maintained in effect all qualifications required under Applicable Law in order to properly service in all material respects the Pool Receivables and (iii) has complied in all material respects with all Applicable Laws in connection with servicing the Pool Receivables.

(i) Accuracy of Information. All Information Packages, Interim Reports, Loan Requests, certificates, reports, statements, documents and other written information furnished to the Administrative Agent or any other Credit Party by the Servicer pursuant to any provision of this Agreement or any other Transaction Document, or in connection with or pursuant to any amendment or modification of, or waiver under, this Agreement or any other Transaction Document, is, at the time the same are so furnished when taken as a whole, complete and correct in all material respects on the date the same are furnished to the Administrative Agent or such other Credit Party, and does not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not misleading.

(j) Location of Records. The offices where the initial Servicer keeps all of its records relating to the servicing of the Pool Receivables are located at 400 Interstate North Parkway SE, Suite 1700, Atlanta, GA 30339.

(k) Credit and Collection Policy. The Servicer has complied in all material respects with the Credit and Collection Policy with regard to each Pool Receivable and the related Contracts.

(l) Eligible Receivables. Each Receivable included as an Eligible Receivable in the calculation of the Net Receivables Pool Balance as of any date is an Eligible Receivable as of such date.

(m) Servicing Programs. No license or approval is required for the Administrative Agent’s use of any software or other computer program used by the Servicer, any Originator or any Sub-Servicer in the servicing of the Pool Receivables, other than those which have been obtained and are in full force and effect.

(n) Servicing of Pool Receivables. Since the Closing Date there has been no material adverse change in the ability of the Servicer or any Sub-Servicer to service and collect the Pool Receivables and the Related Security.

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(o) Other Transaction Documents. Each representation and warranty made by the Servicer under each other Transaction Document to which it is a party (including, without limitation, the Sale and Contribution Agreements) is true and correct in all material respects as of the date when made.

(p) No Material Adverse Effect. Since December 31, 2020 there has been no Material Adverse Effect on the Servicer.

(q) Investment Company Act. The Servicer is not an "investment company," or a company "controlled" by an "investment company," within the meaning of the Investment Company Act.

(r) Sanctions and other Anti-Terrorism Laws. No: (a) Covered Entity, nor any officers, or directors acting on a Covered Entity's behalf in connection with this Agreement: (i) is a Sanctioned Person; (ii) directly, or, to the Covered Entity's knowledge, indirectly through any third party, is engaged in any transactions or other dealings with or for the benefit of any Sanctioned Person or Sanctioned Jurisdiction, or any transactions or other dealings that otherwise are prohibited by any Anti-Terrorism Laws; (b) Collateral is Embargoed Property.

(s) Anti-Corruption Laws. Each Covered Entity has (a) conducted its business in compliance with all Anti-Corruption Laws and (b) the Servicer has instituted and maintains, and each other Covered Entity is subject to, policies and procedures reasonably designed to promote compliance with such Laws.

(t) Financial Condition. The consolidated balance sheets of the Servicer and its consolidated Subsidiaries as of December 31, 2020 and the related statements of income and shareholders' equity of the Servicer and its consolidated Subsidiaries for the Fiscal Quarter then ended, copies of which have been furnished to the Administrative Agent and the Lenders, present fairly in all material respects the consolidated financial position of the Servicer and its consolidated Subsidiaries for the period ended on such date, all in accordance with GAAP.

(u) Bulk Sales Act. No transaction contemplated by this Agreement requires compliance by it with any bulk sales act or similar law.

(v) Taxes. The Servicer has (i) timely filed, or caused to be filed, all tax returns (federal, state and local) required to be filed by it and (ii) paid, or caused to be paid, all taxes, assessments and other governmental charges required to have been paid by it, if any, other than taxes, assessments and other governmental charges being contested in good faith by appropriate proceedings and as to which adequate reserves have been provided in accordance with GAAP, except in each case to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(w) Opinions. The facts regarding the Borrower, the Servicer, each Originator, the Performance Guarantor, the Receivables, the Related Security and the related matters set forth or assumed in each of the opinions of counsel delivered in connection with this Agreement and the Transaction Documents are true and correct in all material respects.

(x) Other Transaction Documents. Each representation and warranty made by the Servicer under each other Transaction Document to which it is a party is true and correct in all material respects as of the date when made.

(y) Healthcare Matters. Except where the failure to comply with any applicable Health Care Law could not reasonably be expected to have a Material Adverse Effect, Parent and each of its Subsidiaries is, and at all times since the Closing Date has been, in compliance with all Health Care Laws applicable to it, its assets, business or operations. No circumstance exists or event has occurred with respect to a violation of any Health Care Law that could reasonably be expected to have a Material Adverse Effect. Neither Parent nor any Subsidiary thereof has received any notice of communication from any Governmental Authority alleging noncompliance with any applicable Health Care Law that could reasonably be expected to have a Material Adverse Effect. For the avoidance of doubt, no notice or any information provided by any Governmental Authority pursuant to this Section 7.02(z) shall need to be provided to the Administrative Agent or any of the Lenders if such action would be prohibited by Applicable Law.

Notwithstanding any other provision of this Agreement or any other Transaction Document, the representations and warranties contained in this Section shall be continuing, and remain in full force and effect until the Final Payout Date.

ARTICLE VIII

COVENANTS

SECTION 8.01 Covenants of the Borrower. At all times from the Closing Date until the Final Payout Date:

(a) Payment of Principal and Interest. The Borrower shall duly and punctually pay Principal, Interest, Fees and all other amounts payable by the Borrower hereunder in accordance with the terms of this Agreement.

(b) Existence. The Borrower shall keep in full force and effect its existence and rights as a limited liability company under the laws of the State of Delaware, and shall obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Agreement, the other Transaction Documents and the Collateral.

(c) Financial Reporting. The Borrower will maintain a system of accounting established and administered in accordance with GAAP, and the Borrower (or the Servicer on its behalf) shall furnish to the Administrative Agent and each Lender:

(i) Annual Financial Statements of the Borrower. Promptly upon completion and in no event later than 120 days after the close of each fiscal year of the Borrower (or, if applicable, the date on which the audited financial statements of Parent are delivered in accordance with Section 8.01(c)(v)), annual unaudited financial statements of the Borrower certified by a Financial Officer of the Borrower that they fairly present in all material respects, in accordance with GAAP, the financial condition of the Borrower as of the date indicated and the results of its operations for the periods indicated.

(ii) Information Packages and Interim Reports. As soon as available and in any event (A) not later than two Business Days before the related Monthly Settlement Date, an Information Package as of the as of the most recently completed Fiscal Month and (B) not later than each Weekly Reporting Date, a Weekly Report as of the preceding Saturday.

(iii) Other Information. Such other information (including non-financial information) as the Administrative Agent or any Lender may from time to time reasonably request.

(iv) Quarterly Financial Statements of Parent. As soon as available and in no event later than 45 days following the end of each of the first three Fiscal Quarters in each of Parent's fiscal years, the unaudited consolidated balance sheet and statements of operations of Parent and its consolidated Subsidiaries as at the end of such Fiscal Quarter and the related unaudited consolidated statements of earnings and cash flows for such Fiscal Quarter and for the elapsed portion of the fiscal year ended with the last day of such Fiscal Quarter, in each case setting forth comparative figures for the corresponding Fiscal Quarter in the prior fiscal year, all of which shall be certified by a Financial Officer of Parent that they fairly present in all material respects, in accordance with GAAP (except as noted therein), the financial condition of Parent and its consolidated Subsidiaries as of the dates indicated and the results of their operations for the periods indicated, subject to normal year-end audit adjustments and the absence of footnotes.

(v) Annual Financial Statements of Parent. Within 120 days after the close of each of Parent's fiscal years, the consolidated balance sheet of Parent and its consolidated Subsidiaries as at the end of such fiscal year and the related consolidated statements of operations and cash flows for such fiscal year setting forth comparative figures for the preceding fiscal year, all reported on by independent certified public accountants of recognized national standing (without (x) a "going concern" or like qualification or exception (except to the extent such qualification or exception is solely a result of (x) the current maturity of any Credit Facility (as defined in the First Lien Credit Agreement) or any other Indebtedness (as defined in the First Lien Credit Agreement) of the Parent or any Restricted Subsidiary (as defined in the First Lien Credit Agreement), or (y) an actual or prospective default under any financial maintenance covenant in any agreement governing Indebtedness (as defined in the First Lien Credit Agreement) of the Parent or any Restricted Subsidiary) or (y) a qualification as to the scope of the audit) to the effect that such consolidated financial statements present fairly in all material respects, in accordance with GAAP, the financial condition of Parent and its consolidated Subsidiaries as of the dates indicated and the results of their operations for the periods indicated.

(vi) Other Reports and Filings. Promptly (but in any event within ten days) after the filing or delivery thereof, copies of all financial information, proxy materials and reports, if any, which Parent or any of its consolidated Subsidiaries shall publicly file with the SEC or deliver to holders (or any trustee, agent or other representative therefor) of any of its material Debt pursuant to the terms of the documentation governing the same.

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(vii) Furnishing by Public Disclosure. Notwithstanding anything herein to the contrary, any financial information, proxy statements or other material required to be delivered pursuant to this paragraph (c) shall be deemed to have been furnished to each of the Administrative Agent and each Lender on the date that such report, proxy statement or other material is posted on the SEC's website at www.sec.gov (or any other publicly accessible website designated by the United States Securities and Exchange Commission).

(d) Notices. The Borrower (or the Servicer on its behalf) will notify the Administrative Agent and each Lender in writing of any of the following events promptly upon (but in no event later than three (3) Business Days after) a Financial Officer or other officer learning of the occurrence thereof, with such notice describing the same, and if applicable, the steps being taken by the Person(s) affected with respect thereto:

(i) Notice of Events of Default or Unmatured Events of Default. A statement of a Financial Officer of the Borrower setting forth details of any Event of Default or Unmatured Event of Default that has occurred and is continuing and the action which the Borrower proposes to take with respect thereto.

(ii) Representations and Warranties. The failure of any representation or warranty made or deemed to be made by the Borrower under this Agreement or any other Transaction Document to be true and correct in any material respect when made.

(iii) Litigation. The institution of any litigation, arbitration proceeding or governmental proceeding with respect to the Borrower, the Servicer, the Performance Guarantor or any Originator, which with respect to any Person other than the Borrower, could reasonably be expected to have a Material Adverse Effect.

(iv) Adverse Claim. (A) Any Person shall obtain an Adverse Claim upon the Collateral or any material portion thereof, (B) any Person other than the Borrower, the Servicer or the Administrative Agent shall obtain any rights or direct any action with respect to any Collateral Account, (C) any Person other than the related Originator or the Administrative Agent shall obtain any rights or direct any action with respect to any Collection Account (or related Lock-Box) or (D) any Obligor shall receive any change in payment instructions with respect to Pool Receivable(s) from a Person other than the Servicer or the Administrative Agent.

(v) Name Changes. At least thirty (30) days before any change in any Originator's or the Borrower's name, jurisdiction of organization or any other change requiring the amendment of UCC financing statements.

(vi) Change in Accountants or Accounting Policy. Any change in (A) the external accountants of the Borrower or the Parent, (B) any accounting policy of the Borrower or (C) any material accounting policy of any Originator that is relevant to the transactions contemplated by this Agreement or any other Transaction Document (it being understood that any change to the manner in which any Originator accounts for the Pool Receivables shall be deemed "material" for such purpose), in the case of clauses (A) and (B) above, after such change is required to be reported under GAAP.

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(vii) Termination Event. The occurrence of a Sale and Contribution Termination Event under any Sale and Contribution Agreement.

(viii) Material Adverse Change. Promptly after the occurrence thereof, notice of any material adverse change in the business, operations, property or financial or other condition of the Borrower, the Servicer, the Performance Guarantor or any Originator that could reasonably be expected to result in a Material Adverse Effect.

(e) Conduct of Business. The Borrower will carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and will do all things necessary to remain duly organized, validly existing and in good standing as a domestic organization in its jurisdiction of organization and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

(f) Compliance with Laws. The Borrower will comply with all Applicable Laws to which it may be subject if the failure to comply could reasonably be expected to have a Material Adverse Effect.

(g) Furnishing of Information and Inspection of Receivables. The Borrower will furnish or cause to be furnished to the Administrative Agent from time to time such information with respect to the Pool Receivables and the other Collateral as the Administrative Agent or any Lender may reasonably request. The Borrower will, at the Borrower's expense, during regular business hours with prior written notice (i) permit the Administrative Agent and each Lender or their respective agents or representatives to (A) examine and make copies of and abstracts from all books and records relating to the Pool Receivables or other Collateral, (B) visit the offices and properties of the Borrower for the purpose of examining such books and records and (C) discuss matters relating to the Pool Receivables, the other Collateral or the Borrower's performance hereunder or under the other Transaction Documents to which it is a party with any of the officers, directors, employees or independent public accountants of the Borrower having knowledge of such matters and (ii) without limiting the provisions of clause (i) above, during regular business hours, at the Borrower's expense, upon prior written notice from the Administrative Agent, permit certified public accountants or other auditors acceptable to the Administrative Agent to conduct a review of its books and records with respect to such Pool Receivables and other Collateral; provided, that the Borrower shall be required to reimburse the Administrative Agent for only one (1) such review pursuant to clause (ii) above in any twelve-month period, unless an Event of Default has occurred and is continuing. Unless an Event of Default or Unmatured Event of Default has occurred and is continuing, the Administrative Agent, each Lender and their agents and representatives shall make reasonable efforts to provide ten (10) days' prior written notice of such audits, visits and inspections conducted under this Section 8.01(g), and such visits shall be combined.

(h) Payments on Receivables, Collateral Accounts. The Borrower (or the Servicer on its behalf) will, and will cause each Originator to, at all times, instruct all Obligors to deliver payments on all Pool Receivables to a Collection Account or a Lock-Box. Unless such Collection Account is a Subject Collection Account, the Borrower (or Servicer on its behalf) shall (i) at all times maintain a zero account balance arrangement or an automatic daily sweep arrangement established with PNC causing all Collections received in such Collection Account to

be transferred daily to a Collateral Account and (ii) shall not terminate or change any such automatic sweep instructions without the prior written consent of the Administrative Agent. The Borrower (or the Servicer on its behalf) will, and will cause each Originator to, at all times, maintain such books and records necessary to identify Collections received from time to time on Pool Receivables and to segregate such Collections from other property of the Servicer and the Originators. If any payments on the Pool Receivables or other Collections are received by the Borrower, the Servicer or an Originator, it shall hold such payments in trust for the benefit of the Administrative Agent, the Lenders and the other Secured Parties and promptly (but in any event within two (2) Business Day after receipt) remit such funds into a Collateral Account. The Borrower (or the Servicer on its behalf) will cause each Collateral Account Bank to comply with the terms of each applicable Account Control Agreement. The Borrower shall not permit funds other than Collections on Pool Receivables and other Collateral to be deposited into any Lock-Box, Collection Account or Collateral Account. If such funds are nevertheless deposited into any Lock-Box, Collection Account or Collateral Account, the Borrower (or the Servicer on its behalf) will within two (2) Business Days identify and transfer such funds to the appropriate Person entitled to such funds. The Borrower will not, and will not permit the Servicer, any Originator or any other Person to commingle Collections or other funds to which the Administrative Agent, any Lender or any other Secured Party is entitled, with any other funds. The Borrower shall only add a Collection Account (or a related Lock-Box) or Collateral Account or a Collateral Account Bank to those listed on Schedule II to this Agreement, if the Administrative Agent has received notice of such addition and, in the case of the addition of a Collateral Account, an executed and acknowledged copy of an Account Control Agreement (or an amendment thereto) in form and substance acceptable to the Administrative Agent from the applicable Collateral Account Bank. The Borrower shall only terminate a Collateral Account Bank or close a Collection Account (or a related Lock-Box) or Collateral Account with the prior written consent of the Administrative Agent. The Borrower shall ensure that no disbursements are made from any Collateral Account other than such disbursements that are made at for the account of the Borrower.

(i) Sales, Liens, etc. Except as otherwise provided herein, the Borrower will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Pool Receivable or other Collateral, or assign any right to receive income in respect thereof.

(j) Extension or Amendment of Pool Receivables. Except as otherwise permitted in Section 9.02, the Borrower will not, and will not permit the Servicer to, alter the delinquency status or adjust the Outstanding Balance or otherwise modify the terms of any Pool Receivable in any material respect, or amend, modify or waive, in any material respect, any term or condition of any related Contract that would have a Material Adverse Effect on any Pool Receivable included as an Eligible Receivable. The Borrower shall at its expense, timely and fully perform and comply in all material respects with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Pool Receivables, and timely and fully comply in all material respects with the Credit and Collection Policy with regard to each Pool Receivable and the related Contract.

(k) Change in Credit and Collection Policy. The Borrower will not make any material change in the Credit and Collection Policy without the prior written consent of the

Administrative Agent and the Majority Lenders. Promptly following any change in the Credit and Collection Policy, the Borrower will deliver a copy of the updated Credit and Collection Policy to the Administrative Agent and each Lender.

(l) Fundamental Changes. The Borrower shall not, without the prior written consent of the Administrative Agent and the Majority Lenders, permit itself (i) to merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person, (ii) undertake any division of its rights, assets, obligations, or liabilities pursuant to a plan of division or otherwise pursuant to Applicable Law or (iii) to be directly owned by any Person other than an Originator. The Borrower shall not, without the prior written consent of the Administrative Agent and the Majority Lenders, make any change in the Borrower's name, identity, corporate structure or location or make any other change in the Borrower's identity or corporate structure that could impair or otherwise render any UCC financing statement filed in connection with this Agreement or any other Transaction Document "seriously misleading" as such term (or similar term) is used in the applicable UCC.

(m) Books and Records. The Borrower shall maintain and implement (or cause the Servicer to maintain and implement) administrative and operating procedures (including (i) an ability to recreate records evidencing Pool Receivables and related Contracts in the event of the destruction of the originals thereof and (ii) procedures to identify and track sales with respect to, and collection on, Excluded Receivables), and keep and maintain (or cause the Servicer to keep and maintain) all documents, books, records, computer tapes and disks and other information reasonably necessary or advisable for the collection of all Pool Receivables (including records adequate to permit the daily identification of each Pool Receivable and all Collections of and adjustments to each existing Pool Receivable).

(n) Identifying of Records. The Borrower shall: (i) identify (or cause the Servicer to identify) its master data processing records relating to Pool Receivables and related Contracts with a legend that indicates that the Pool Receivables have been pledged in accordance with this Agreement and (ii) cause each Originator so to identify its master data processing records with such a legend.

(o) Change in Payment Instructions to Obligors. The Borrower shall not (and shall not permit the Servicer or any Sub-Servicer to) add, replace or terminate any Collection Account (or any related Lock-Box) or Collateral Account or make any change in its (or their) instructions to the Obligors regarding payments to be made to the Collection Accounts (or any related Lock-Box) or Collateral Accounts, other than any instruction to remit payments to a different Collection Account (or any related Lock-Box) or Collateral Account, unless the Administrative Agent shall have received (i) prior written notice of such addition, termination or change and (ii) in the case of a Collateral Account, a signed and acknowledged Account Control Agreement (or amendment thereto) with respect to such new Collateral Accounts, and the Administrative Agent shall have consented to such change in writing.

(p) Security Interest, Etc. The Borrower shall (and shall cause the Servicer to), at its expense, take all action reasonably necessary to establish and maintain a valid and enforceable first priority perfected security interest in the Collateral, in each case free and clear of

any Adverse Claim, in favor of the Administrative Agent (on behalf of the Secured Parties), including taking such action to perfect, protect or more fully evidence the security interest of the Administrative Agent (on behalf of the Secured Parties) as the Administrative Agent or any Secured Party may reasonably request. In order to evidence the security interests of the Administrative Agent under this Agreement, the Borrower shall, from time to time take such action, or execute and deliver such instruments as may be reasonably necessary (including, without limitation, such actions as are reasonably requested by the Administrative Agent) to maintain and perfect, as a first-priority interest, the Administrative Agent's security interest in the Receivables, Related Security and Collections. The Borrower shall, from time to time and within the time limits established by law, prepare and present to the Administrative Agent for the Administrative Agent's authorization and approval, all financing statements, amendments, continuations or initial financing statements in lieu of a continuation statement, or other filings necessary to continue, maintain and perfect the Administrative Agent's security interest as a first-priority interest. The Administrative Agent's approval of such filings shall authorize the Borrower to file such financing statements under the UCC without the signature of the Borrower, any Originator or the Administrative Agent where allowed by Applicable Law. Notwithstanding anything else in the Transaction Documents to the contrary, the Borrower shall not have any authority to file a termination, partial termination, release, partial release, or any amendment that deletes the name of a debtor or excludes collateral of any such financing statements filed in connection with the Transaction Documents, without the prior written consent of the Administrative Agent.

(q) Certain Agreements. Without the prior written consent of the Administrative Agent and the Majority Lenders, the Borrower will not (and will not permit any Originator or the Servicer to) amend, modify, waive, revoke or terminate any Transaction Document to which it is a party or any provision of the Borrower's organizational documents which requires the consent of the "Independent Director" (as such term is used in the Borrower's Certificate of Formation and Limited Liability Company Agreement).

(r) Restricted Payments. (i) Except pursuant to clause (ii) below, the Borrower will not: (A) purchase or redeem any of its membership interests, (B) declare or pay any dividend or set aside any funds for any such purpose, (C) prepay, purchase or redeem any Debt, (D) lend or advance any funds or (E) repay any loans or advances to, for or from any of its Affiliates (the amounts described in clauses (A) through (E) being referred to as "Restricted Payments").

(ii) Subject to the limitations set forth in clause (iii) below, the Borrower may declare and pay dividends if, both immediately before and immediately after giving effect thereto, the Borrower is Solvent.

(iii) The Borrower may make Restricted Payments only out of the funds, if any, it receives pursuant to Sections 4.01 of this Agreement; provided that the Borrower shall not pay, make or declare any Restricted Payment (including any dividend) if, after giving effect thereto, any Event of Default or Unmatured Event of Default shall have occurred and be continuing.

(s) Other Business. The Borrower will not: (i) engage in any business other than the transactions contemplated by the Transaction Documents, (ii) create, incur or permit to exist any Debt of any kind (or cause or permit to be issued for its account any letters of credit or bankers'

acceptances other than pursuant to this Agreement or (iii) form any Subsidiary or make any investments in any other Person.

(t) Use of Collections Available to the Borrower. The Borrower shall apply the Collections available to the Borrower to make payments in the following order of priority: (i) the payment of its obligations under this Agreement and each of the other Transaction Documents and (ii) other legal and valid purposes.

(u) Further Assurances; Change in Name or Jurisdiction of Origination, etc.(i) The Borrower hereby authorizes and hereby agrees from time to time, at its own expense, promptly to execute (if necessary) and deliver all further instruments and documents, and to take all further actions, that may be necessary or desirable, or that the Administrative Agent may reasonably request, to perfect, protect or more fully evidence the security interest granted pursuant to this Agreement or any other Transaction Document, or to enable the Administrative Agent (on behalf of the Secured Parties) to exercise and enforce the Secured Parties' rights and remedies under this Agreement and the other Transaction Document. Without limiting the foregoing, the Borrower hereby authorizes, and will, upon the request of the Administrative Agent, at the Borrower's own expense, execute (if necessary) and file such financing statements or continuation statements, or amendments thereto, and such other instruments and documents, that may be necessary or desirable, or that the Administrative Agent may reasonably request, to perfect, protect or evidence any of the foregoing.

(i) The Borrower authorizes the Administrative Agent to file financing statements, continuation statements and amendments thereto and assignments thereof, relating to the Receivables, the Related Security, the related Contracts, Collections with respect thereto and the other Collateral without the signature of the Borrower. A photocopy or other reproduction of this Agreement shall be sufficient as a financing statement where permitted by law.

(ii) The Borrower shall at all times be organized under the laws of the State of Delaware and shall not take any action to change its jurisdiction of organization.

(iii) The Borrower will not change its name, location, identity or corporate structure unless (x) the Borrower, at its own expense, shall have taken all action necessary or appropriate to perfect or maintain the perfection of the security interest under this Agreement (including, without limitation, the filing of all financing statements and the taking of such other action as the Administrative Agent may request in connection with such change or relocation) and (y) if requested by the Administrative Agent, the Borrower shall cause to be delivered to the Administrative Agent, an opinion, in form and substance satisfactory to the Administrative Agent as to such UCC perfection and priority matters as the Administrative Agent may request at such time.

(v) Sanctions and other Anti-Terrorism Laws; Anti-Corruption Laws.

(i) The Borrower covenants and agrees that (A) it shall promptly notify the Administrative Agent and each of the Lenders in writing upon the occurrence of a Reportable Compliance Event; and (B) if, at any time, any Collateral becomes Embargoed

Property, then, in addition to all other rights and remedies available to the Administrative Agent and each of the Lenders, upon request by the Administrative Agent or any of the Lenders, the Aveanna Parties shall provide substitute Collateral acceptable to the Lenders that is not Embargoed Property.

(ii) The Borrower shall require each Covered Entity to conduct its business in compliance with all Anti-Corruption Laws and the Servicer maintains, and the other Covered Entities are subject to, policies and procedures reasonably designed to promote compliance with such Laws.

(iii) The Borrower hereby covenants and agrees it will not: (a) become a Sanctioned Person or allow any employees, officers, directors, affiliates, consultants, brokers, or agents acting on its behalf in connection with this Agreement to become a Sanctioned Person; (b) directly, or, knowingly, indirectly through a third party, engage in any transactions or other dealings with or for the benefit of any Sanctioned Person or Sanctioned Jurisdiction, including any use of the proceeds of the facilities to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Person or Sanctioned Jurisdiction; (c) repay the facilities with Embargoed Property or funds derived from any unlawful activity; (d) knowingly permit any Collateral to become Embargoed Property; or (e) cause any Lender or Administrative Agent to violate any Anti-Terrorism Law.

(iv) The Borrower hereby covenants and agrees that it will not, and will not permit any its Subsidiaries to directly or, knowingly, indirectly, use the Loans or any proceeds thereof for any purpose which would breach any Anti-Corruption Laws in any jurisdiction in which any Covered Entity conducts business.

(w) Taxes. The Borrower will (i) timely file, or cause to be filed, all tax returns (federal, state and local) required to be filed by it and (ii) pay, or cause to be paid, all taxes, assessments and other governmental charges, if any, other than taxes, assessments and other governmental charges being contested in good faith by appropriate proceedings and as to which adequate reserves have been provided in accordance with GAAP.

(x) Borrower's Tax Status. The Borrower will remain a wholly-owned subsidiary of a U.S. Person and not be subject to withholding under Section 1446 of the Code. No action will be taken that would cause the Borrower to (i) be treated other than as a "disregarded entity" within the meaning of U.S. Treasury Regulation § 301.7701-3 for U.S. federal income tax purposes that is wholly owned by a U.S. Person or (ii) become an association (or a publicly traded partnership) taxable as a corporation for U.S. federal income tax purposes. The Borrower shall not become subject to any Tax in any jurisdiction outside the United States or become subject to any material imposed by a state or local taxing authority.

(y) Minimum Funding Threshold. At all times after December 12, 2021, the Borrower shall cause the Aggregate Principal to exceed the Minimum Funding Threshold.

(z) Liquidity Coverage Ratio. The Borrower shall not issue any LCR Security.

(aa) Certificate of Beneficial Ownership and Other Additional Information. The Borrower shall provide to the Administrative Agent and the Lenders: (i) confirmation of the accuracy of the information set forth in the most recent Certificate of Beneficial Ownership provided to the Administrative Agent and the Lenders; (ii) a new Certificate of Beneficial Ownership, in form and substance acceptable to the Administrative Agent and each Lender, when the individual(s) to be identified as a Beneficial Owner have changed; and (iii) such other information and documentation as may reasonably be requested by the Administrative Agent or any Lender from time to time for purposes of compliance by the Administrative Agent or such Lender with Applicable Laws (including, without limitation, the PATRIOT Act and other "know your customer" and anti-money laundering rules and regulations), and any policy or procedure implemented by the Administrative Agent or such Lender to comply therewith.

(bb) Healthcare Matters.

(i) The Borrower will comply in all material respects with all applicable Health Care Laws relating to the operation of the Borrower's business.

(ii) The Borrower (or Servicer on its behalf) shall maintain a corporate and health care regulatory compliance program ("CCP") which addresses the requirements of Health Care Laws. The Borrower (or Servicer on its behalf) shall modify such CCPs from time to time, as may be necessary to ensure material compliance with all applicable Health Care Laws.

(iii) The Borrower (or Servicer on its behalf) shall take steps as reasonably necessary to comply with the requirements of all applicable Health Care Laws, including without limitation HIPAA.

SECTION 8.02 Covenants of the Servicer. At all times from the Closing Date until the Final Payout Date:

(a) Existence. The Servicer shall keep in full force and effect its existence and rights as a corporation or other entity under the laws of the State of Delaware. The Servicer shall obtain and preserve its qualification to do business in each jurisdiction in which the conduct of its business or the servicing of the Pool Receivables as required by this Agreement requires such qualification, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) Financial Reporting. The Servicer will maintain a system of accounting established and administered in accordance with GAAP, and the Servicer shall furnish to the Administrative Agent and each Lender:

(i) Compliance Certificates. (a) A compliance certificate promptly upon completion of the annual report of the Parent and in no event later than 120 days after the close of the Parent's fiscal year, in form and substance substantially similar to Exhibit G signed by a Financial Officer of the Servicer stating that no Event of Default or Unmatured Event of Default has occurred and is continuing, or if any Event of Default or Unmatured Event of Default has occurred and is continuing, stating the nature and status thereof and (b) within 45 days after the close of each Fiscal Quarter of the Parent, a compliance

certificate in form and substance substantially similar to Exhibit G signed by a Financial Officer of the Servicer stating that no Event of Default or Unmatured Event of Default has occurred and is continuing, or if any Event of Default or Unmatured Event of Default has occurred and is continuing, stating the nature and status thereof.

(ii) Information Packages and Interim Reports. As soon as available and in any event (A not later than two Business Days before the related Monthly Settlement Date, an Information Package as of the as of the most recently completed Fiscal Month and (B) not later than each Weekly Reporting Date, a Weekly Report as of the preceding Saturday.

(iii) Other Information. Such other information (including non-financial information) as the Administrative Agent or any Lender may from time to time reasonably request.

(c) Notices. The Servicer will notify the Administrative Agent and each Lender in writing of any of the following events promptly upon (but in no event later than three (3) Business Days after) a Financial Officer or other officer learning of the occurrence thereof, with such notice describing the same, and if applicable, the steps being taken by the Person(s) affected with respect thereto:

(i) Notice of Events of Default or Unmatured Events of Default. A statement of a Financial Officer of the Servicer setting forth details of any Event of Default or Unmatured Event of Default that has occurred and is continuing and the action which the Servicer proposes to take with respect thereto.

(ii) Representations and Warranties. The failure of any representation or warranty made or deemed made by the Servicer under this Agreement or any other Transaction Document to be true and correct in any material respect when made or deemed made.

(iii) Litigation. The institution of any litigation, arbitration proceeding or governmental proceeding which could reasonably be expected to have a Material Adverse Effect.

(iv) Adverse Claim. (A) Any Person shall obtain an Adverse Claim upon the Collateral or any portion thereof, (B) any Person other than any Aveanna Party or any Secured Party hereunder shall obtain any rights or direct any action with respect to any Collateral Account, (C) any Person other than the Borrower, an Originator, the Servicer or the Administrative Agent shall obtain any rights or direct any action with respect to any Collection Account(or any related Lock-Box) or (D) any Obligor shall receive any change in payment instructions with respect to Pool Receivable(s) from a Person other than the Servicer or the Administrative Agent.

(v) Name Changes. At least thirty (30) days before any change in any Originator's or the Borrower's name, jurisdiction of organization or any other change requiring the amendment of UCC financing statements.

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(vi) Change in Accountants or Accounting Policy. Any change in (i) the external accountants of the Parent or the Borrower, (ii) any accounting policy of the Borrower or (iii) any material accounting policy of any Originator that is relevant to the transactions contemplated by this Agreement or any other Transaction Document (it being understood that any change to the manner in which any Originator accounts for the Pool Receivables shall be deemed "material" for such purpose), in the case of clauses (A) and (B) after such change is required to be reported under GAAP.

(vii) Termination Event. The occurrence of a Sale and Contribution Termination Event under any Sale and Contribution Agreement.

(viii) Material Adverse Change. Promptly after the occurrence thereof, notice of any change in the business, operations, property or financial or other condition of any Originator, the Servicer, the Performance Guarantor or the Borrower that could reasonably be expected to result in a Material Adverse Effect.

(d) Conduct of Business. The Servicer will carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted, and will do all things necessary to remain duly organized, validly existing and in good standing as a domestic limited liability company in its jurisdiction of organization and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted if the failure to have such authority could reasonably be expected to have a Material Adverse Effect.

(e) Compliance with Laws. The Servicer will comply with all Applicable Laws to which it may be subject if the failure to comply could reasonably be expected to have a Material Adverse Effect.

(f) Furnishing of Information and Inspection of Receivables. The Servicer will furnish or cause to be furnished to the Administrative Agent from time to time such information with respect to the Pool Receivables and the other Collateral as the Administrative Agent may reasonably request. The Servicer will, at the Servicer's expense, during regular business hours with reasonable prior written notice, (i) permit the Administrative Agent and each Lender or their respective agents or representatives to (A) examine and make copies of and abstracts from all books and records relating to the Pool Receivables or other Collateral, (B) visit the offices and properties of the Servicer for the purpose of examining such books and records and (C) discuss matters relating to the Pool Receivables, the other Collateral or the Servicer's performance hereunder or under the other Transaction Documents to which it is a party with any of the officers, directors, employees or independent public accountants of the Servicer (provided that representatives of the Servicer are present during such discussions) having knowledge of such matters and (ii) without limiting the provisions of clause (i) above, during regular business hours, at the Servicer's expense, upon prior written notice from the Administrative Agent, permit certified public accountants or other auditors acceptable to the Administrative Agent to conduct a review of its books and records with respect to the Pool Receivables and other Collateral; provided, that the Servicer shall be required to reimburse the Administrative Agent for only one (1) such review pursuant to clause (ii) above in any twelve-month period unless an Event of Default has occurred and is continuing. Unless an Event of Default or Unmatured Event of Default has occurred and is continuing, the Administrative Agent, each Lender and their agents and representatives shall make

reasonable efforts to provide ten (10) days' prior written notice of such audits, visits and inspections conducted under this Section 8.01(g), and such visits shall be combined.

(g) Payments on Receivables, Collateral Accounts. The Servicer will, and will cause each Originator to, at all times, instruct all Obligors to deliver payments on all Pool Receivables to a Collection Account or a Lock-Box. Unless such Collection Account is a Subject Collection Account, the Servicer shall (i) at all times maintain a zero account balance arrangement or an automatic daily sweep arrangement established with PNC causing all Collections received in such Collection Account to be transferred daily to a Collateral Account and (ii) shall not terminate or change any such automatic sweep instructions without the prior written consent of the Administrative Agent. The Servicer will, at all times, maintain such books and records necessary to identify Collections received from time to time on Pool Receivables and to segregate such Collections from other property of the Servicer and the Originators. If any payments on the Pool Receivables or other Collections are received by the Borrower, the Servicer or an Originator, it shall hold such payments in trust for the benefit of the Administrative Agent, the Lenders and the other Secured Parties and promptly (but in any event within two (2) Business Day after receipt) remit such funds into a Collateral Account. The Servicer shall not permit funds other than Collections on Pool Receivables and other Collateral to be deposited into any Lock-Box, Collection Account or Collateral Account. If such funds are nevertheless deposited into any Lock-Box, Collection Account or Collateral Account, the Servicer will within two (2) Business Days identify and transfer such funds to the appropriate Person entitled to such funds. The Servicer will not, and will not permit the Borrower, any Originator or any other Person to commingle Collections or other funds to which the Administrative Agent, any Lender or any other Secured Party is entitled, with any other funds. The Servicer shall only add a Collection Account (or a related Lock-Box) or Collateral Account, or a Collateral Account Bank to those listed on Schedule II to this Agreement, if the Administrative Agent has received notice of such addition and an executed and, in the case of the addition of a Collateral Account, acknowledged copy of an Account Control Agreement (or an amendment thereto) in form and substance acceptable to the Administrative Agent from the applicable Collateral Account Bank. The Servicer shall only terminate a Collateral Account Bank or close a Collection Account (or a related Lock-Box) or Collateral Account with the prior written consent of the Administrative Agent. The Servicer shall ensure that no disbursements are made from any Collateral Account other than such disbursements that are made at for the account of the Borrower.

(h) Extension or Amendment of Pool Receivables. Except as otherwise permitted in Section 9.02, the Servicer will not alter the delinquency status or adjust the Outstanding Balance or otherwise modify the terms of any Pool Receivable in any material respect, or amend, modify or waive, in any material respect, any term or condition of any related Contract that would have a Material Adverse Effect on any Pool Receivable included as an Eligible Receivable. The Servicer shall at its expense, timely and fully perform and comply in all material respects with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Pool Receivables, and timely and fully comply in all material respects with the Credit and Collection Policy with regard to each Pool Receivable and the related Contract.

(i) Change in Credit and Collection Policy. The Servicer will not make any material change in the Credit and Collection Policy without the prior written consent of the Administrative Agent. Promptly following any change in the Credit and Collection Policy, the

Servicer will deliver a copy of the updated Credit and Collection Policy to the Administrative Agent.

(j) Records. The Servicer will maintain and implement administrative and operating procedures (including an ability to recreate records evidencing Pool Receivables and related Contracts in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records, computer tapes and disks and other information reasonably necessary or advisable for the collection of all Pool Receivables (including records adequate to permit the daily identification of each Pool Receivable and all Collections of and adjustments to each existing Pool Receivable).

(k) Identifying of Records. The Servicer shall identify its master data processing records relating to Pool Receivables and related Contracts with a legend that indicates that the Pool Receivables have been pledged in accordance with this Agreement.

(l) Change in Payment Instructions to Obligors. The Servicer shall not (and shall not permit any Sub-Servicer to) add, replace or terminate any Collection Account (or any related Lock-Box) or Collateral Account or make any change in its instructions to the Obligors regarding payments to be made to the Collection Accounts (or any related Lock-Box) or Collateral Accounts, other than any instruction to remit payments to a different Collateral Account, Collection Account (or any related Lock-Box), unless the Administrative Agent shall have received (i) prior written notice of such addition, termination or change and (ii) in the case of a Collateral Account, a signed and acknowledged Account Control Agreement (or an amendment thereto) with respect to such new Collateral Accounts and the Administrative Agent shall have consented to such change in writing.

(m) Security Interest, Etc. The Servicer shall, at its expense, take all action necessary or reasonably desirable to establish and maintain a valid and enforceable first priority perfected security interest in the Collateral, in each case free and clear of any Adverse Claim in favor of the Administrative Agent (on behalf of the Secured Parties), including taking such action to perfect, protect or more fully evidence the security interest of the Administrative Agent (on behalf of the Secured Parties) as the Administrative Agent or any Secured Party may reasonably request. In order to evidence the security interests of the Administrative Agent under this Agreement, the Servicer shall, from time to time take such action, or execute and deliver such instruments as may be reasonably necessary (including, without limitation, such actions as are reasonably requested by the Administrative Agent) to maintain and perfect, as a first-priority interest, the Administrative Agent's security interest in the Receivables, Related Security and Collections. The Servicer shall, from time to time and within the time limits established by law, prepare and present to the Administrative Agent for the Administrative Agent's authorization and approval, all financing statements, amendments, continuations or initial financing statements in lieu of a continuation statement, or other filings necessary to continue, maintain and perfect the Administrative Agent's security interest as a first-priority interest. The Administrative Agent's approval of such filings shall authorize the Servicer to file such financing statements under the UCC without the signature of the Borrower, any Originator or the Administrative Agent where allowed by Applicable Law. Notwithstanding anything else in the Transaction Documents to the contrary, the Servicer shall not have any authority to file a termination, partial termination, release, partial release, or any amendment that deletes the name of a debtor or excludes collateral of any

such financing statements filed in connection with the Transaction Documents, without the prior written consent of the Administrative Agent.

(n) Further Assurances; Change in Name or Jurisdiction of Origination, etc. The Servicer hereby authorizes and hereby agrees from time to time, at its own expense, promptly to execute (if necessary) and deliver all further instruments and documents, and to take all further actions, that may be reasonably necessary or desirable, or that the Administrative Agent may reasonably request, to perfect, protect or more fully evidence the security interest granted pursuant to this Agreement or any other Transaction Document, or to enable the Administrative Agent (on behalf of the Secured Parties) to exercise and enforce their respective rights and remedies under this Agreement or any other Transaction Document. Without limiting the foregoing, the Servicer hereby authorizes, and will, upon the request of the Administrative Agent, at the Servicer's own expense, execute (if necessary) and file such financing statements or continuation statements, or amendments thereto, and such other instruments and documents, that may be reasonably necessary or desirable, or that the Administrative Agent may reasonably request, to perfect, protect or evidence any of the foregoing.

(o) Sanctions and other Anti-Terrorism Laws; Anti-Corruption Laws.

(i) The Servicer covenants and agrees that (A) it shall promptly notify the Administrative Agent and each of the Lenders in writing upon the occurrence of a Reportable Compliance Event; and (B) if, at any time, any Collateral becomes Embargoed Property to the Servicer's knowledge, then, in addition to all other rights and remedies available to the Administrative Agent and each of the Lenders, upon request by the Administrative Agent or any of the Lenders, the Servicer shall require the Borrower to provide substitute Collateral acceptable to the Lenders that is not Embargoed Property.

(ii) The Servicer shall, and shall require each Covered Entity to conduct its business in compliance with all Anti-Corruption Laws and maintain policies and procedures reasonably designed to promote compliance with such Laws.

(iii) The Servicer hereby covenants and agrees it will not: (a) become a Sanctioned Person or allow any employees, officers, directors, affiliates, consultants, brokers, or agents acting on its behalf in connection with this Agreement to become a Sanctioned Person; (b) directly, or knowingly, indirectly through a third party, engage in any transactions or other dealings with or for the benefit of any Sanctioned Person or Sanctioned Jurisdiction, including any use of the proceeds of the facilities to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Person or Sanctioned Jurisdiction; (c) repay the facilities with Embargoed Property or funds derived from any unlawful activity; (d) permit any Collateral to become Embargoed Property; or (e) cause any Lender or Administrative Agent to violate any Anti-Terrorism Law.

(iv) The Servicer hereby covenants and agrees that it will not, and will not permit any its Subsidiaries to directly or, knowingly, indirectly, use the Loans or any proceeds thereof for any purpose which would breach any Anti-Corruption Laws in any jurisdiction in which any Covered Entity conducts business.

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(p) Taxes. The Servicer will (i) timely file all tax returns (federal, state and local) required to be filed by it and (ii) pay, or cause to be paid, all taxes, assessments and other governmental charges, if any, other than taxes, assessments and other governmental charges being contested in good faith by appropriate proceedings and as to which adequate reserves have been provided in accordance with GAAP, except in each case to the extent that such failure to file or pay could not reasonably be expected to have a Material Adverse Effect.

(q) Borrower's Tax Status. The Servicer shall not take or cause any action to be taken that could result in the Borrower (i) being treated other than as a "disregarded entity" within the meaning of U.S. Treasury Regulation § 301.7701-3 for U.S. federal income tax purposes that is wholly owned by a U.S. Person, (ii) becoming an association (or a publicly traded partnership) taxable as a corporation for U.S. federal income tax purposes, (iii) becoming subject to any Tax in any jurisdiction outside the United States or (iv) becoming subject to any material Taxes imposed by a state or local taxing authority.

(r) Healthcare Matters.

(i) Servicer and each of its Subsidiaries will comply in all material respects with all material applicable Health Care Laws relating to the operation of such Person's business.

(ii) Servicer shall maintain, and the Servicer's Subsidiaries shall be subject to, a corporate and health care regulatory compliance program ("CCP") which addresses the requirements of Health Care Laws, including without limitation HIPAA. Servicer shall modify such CCPs from time to time, as may be reasonably necessary to promote material compliance with all applicable Health Care Laws.

(iii) Servicer shall take steps as reasonably necessary to comply in all material respects with the requirements of all material applicable Health Care Laws, including without limitation HIPAA.

SECTION 8.03 Separate Existence of the Borrower. Each of the Borrower and the Servicer hereby acknowledges that the Secured Parties, the Group Agents and the Administrative Agent are entering into the transactions contemplated by this Agreement and the other Transaction Documents in reliance upon the Borrower's identity as a legal entity separate from any Originator, the Servicer, the Performance Guarantor and their Affiliates. Therefore, each of the Borrower and Servicer shall take all steps specifically required by this Agreement or reasonably required by the Administrative Agent or any Group Agent to continue the Borrower's identity as a separate legal entity and to make it apparent to third Persons that the Borrower is an entity with assets and liabilities distinct from those of the Performance Guarantor, the Originators, the Servicer and any other Person, and is not a division of the Performance Guarantor, the Originators, the Servicer, its Affiliates or any other Person. Without limiting the generality of the foregoing and in addition to and consistent with the other covenants set forth herein, each of the Borrower and the Servicer shall take such actions as shall be required in order that:

(a) Special Purpose Entity. The Borrower will be a special purpose company whose primary activities are restricted in its Limited Liability Company Agreement to: (i)

purchasing or otherwise acquiring from the Originators, owning, holding, collecting, granting security interests or selling interests in the Collateral, (ii) entering into agreements for the selling, servicing and financing of the Receivables Pool (including the Transaction Documents) and (iii) conducting such other activities as it deems necessary or appropriate to carry out its primary activities.

(b) No Other Business or Debt. The Borrower shall not engage in any business or activity except as set forth in this Agreement nor, incur any indebtedness or liability other than as expressly permitted by the Transaction Documents.

(c) Independent Director. Not fewer than one member of the Borrower's board of directors (the "Independent Director") shall be a natural person who (i) has never been, and shall at no time be, an equityholder, director, officer, manager, member, partner, officer, employee or associate, or any relative of the foregoing, of any member of the Parent Group (as hereinafter defined) (other than his or her service as an Independent Director of the Borrower or an independent director of any other bankruptcy-remote special purpose entity formed for the sole purpose of securitizing, or facilitating the securitization of, financial assets of any member or members of the Parent Group), (ii) is not a customer or supplier of any member of the Parent Group (other than his or her service as an Independent Director of the Borrower or an independent director of any other bankruptcy-remote special purpose entity formed for the sole purpose of securitizing, or facilitating the securitization of, financial assets of any member or members of the Parent Group), (iii) is not any member of the immediate family of a person described in (i) or (ii) above, and (iv) has (x) prior experience as an independent director for a corporation or limited liability company whose organizational or charter documents required the unanimous consent of all independent directors thereof before such corporation or limited liability company could consent to the institution of bankruptcy or insolvency proceedings against it or could file a petition seeking relief under any applicable federal or state law relating to bankruptcy and (y) at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective businesses, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities. For purposes of this clause (c), "Parent Group" shall mean (i) the Parent, the Servicer, the Performance Guarantor and each Originator, (ii) each person that directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, five percent (5%) or more of the membership interests in the Parent, (iii) each person that controls, is controlled by or is under common control with the Parent and (iv) each of such person's officers, directors, managers, joint venturers and partners. For the purposes of this definition, "control" of a person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise. A person shall be deemed to be an "associate" of (A) a corporation or organization of which such person is an officer, director, partner or manager or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities, (B) any trust or other estate in which such person serves as trustee or in a similar capacity and (C) any relative or spouse of a person described in clause (A) or (B) of this sentence, or any relative of such spouse.

The Borrower shall (A) give written notice to the Administrative Agent of the election or appointment, or proposed election or appointment, of a new Independent Director of the Borrower, which notice shall be given not later than ten (10) Business Days prior to the date such appointment

or election would be effective (except when such election or appointment is necessary to fill a vacancy caused by the death, disability, or incapacity of the existing Independent Director, or the failure of such Independent Director to satisfy the criteria for an Independent Director set forth in this clause (c), in which case the Borrower shall provide written notice of such election or appointment within one (1) Business Day) and (B) with any such written notice, certify to the Administrative Agent that the Independent Director satisfies the criteria for an Independent Director set forth in this clause (c).

The Borrower's Limited Liability Company Agreement shall provide that: (A) the Borrower's board of directors shall not approve, or take any other action to cause the filing of, a voluntary bankruptcy petition with respect to the Borrower unless the Independent Director shall approve the taking of such action in writing before the taking of such action and (B) such provision and each other provision requiring an Independent Director cannot be amended without the prior written consent of the Independent Director.

The Independent Director shall not at any time serve as a trustee in bankruptcy for the Borrower, the Parent, the Performance Guarantor, any Originator, the Servicer or any of their respective Affiliates.

(d) Organizational Documents. The Borrower shall maintain its organizational documents in conformity with this Agreement, such that it does not amend, restate, supplement or otherwise modify its ability to comply with the terms and provisions of any of the Transaction Documents, including Section 8.01(p).

(e) Conduct of Business. The Borrower shall conduct its affairs strictly in accordance with its organizational documents and observe all necessary, appropriate and customary company formalities, including holding all regular and special members' and board of directors' meetings appropriate to authorize all company action, keeping separate and accurate minutes of its meetings, passing all resolutions or consents necessary to authorize actions taken or to be taken, and maintaining accurate and separate books, records and accounts, including payroll and intercompany transaction accounts.

(f) Compensation. The Borrower shall have no employees. The Borrower will not engage any agents other than its attorneys, auditors and other professionals, and a servicer and any other agent contemplated by the Transaction Documents for the Receivables Pool, which servicer will be fully compensated for its services by payment of the Servicing Fee.

(g) Servicing and Costs. The Borrower will contract with the Servicer to perform for the Borrower all operations required on a daily basis to service the Receivables Pool. The Borrower will not incur any indirect or overhead expenses for items shared with the Servicer (or any other Affiliate thereof) that are not reflected in the Servicing Fee. To the extent, if any, that the Borrower (or any Affiliate thereof) shares items of expenses not reflected in the Servicing Fee, such as legal, auditing and other professional services, such expenses will be allocated to the extent practical on the basis of actual use or the value of services rendered, and otherwise on a basis reasonably related to the actual use or the value of services rendered.

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(h) Operating Expenses. Other than with respect to initial organization expenses, the Borrower's operating expenses will not be paid by the Servicer, the Parent, the Performance Guarantor, any Originator or any Affiliate thereof.

(i) Stationery. The Borrower will have its own separate stationery.

(j) Books and Records. The Borrower's books and records will be maintained separately from those of the Servicer, the Parent, the Performance Guarantor, the Originators and any of their Affiliates and in a manner such that it will not be difficult or costly to segregate, ascertain or otherwise identify the assets and liabilities of the Borrower.

(k) Disclosure of Transactions. All financial statements of the Servicer, the Parent, the Performance Guarantor, the Originators or any Affiliate thereof that are consolidated to include the Borrower will disclose that (i) the Borrower's sole business consists of the purchase or acceptance through capital contributions of the Receivables and Related Rights from the Originators and the subsequent retransfer of or granting of a security interest in such Receivables and Related Rights to the Administrative Agent pursuant to this Agreement, (ii) the Borrower is a separate legal entity with its own separate creditors who will be entitled, upon its liquidation, to be satisfied out of the Borrower's assets prior to any assets or value in the Borrower becoming available to the Borrower's equity holders and (iii) the assets of the Borrower are not available to pay creditors of the Servicer, the Parent, the Performance Guarantor, the Originators or any Affiliate thereof.

(l) Segregation of Assets. The Borrower's assets will be maintained in a manner that facilitates their identification and segregation from those of the Servicer, the Parent, the Performance Guarantor, the Originators or any Affiliates thereof.

(m) Corporate Formalities. The Borrower will strictly observe limited liability company formalities in its dealings with the Servicer, the Parent, the Performance Guarantor, the Originators or any Affiliates thereof, and funds or other assets of the Borrower will not be commingled with those of the Servicer, the Parent, the Performance Guarantor, the Originators or any Affiliates thereof except as permitted by this Agreement in connection with servicing the Pool Receivables. The Borrower shall not maintain joint bank accounts or other depository accounts to which the Servicer, the Parent, the Performance Guarantor, the Originators or any Affiliate thereof (other than the Servicer solely in its capacity as such) has independent access. The Borrower is not named, and has not entered into any agreement to be named, directly or indirectly, as a direct or contingent beneficiary or loss payee on any insurance policy with respect to any loss relating to the property of the Servicer, the Parent, the Performance Guarantor, the Originators or any Subsidiaries or other Affiliates thereof. The Borrower will pay to the appropriate Affiliate the marginal increase or, in the absence of such increase, the market amount of its portion of the premium payable with respect to any insurance policy that covers the Borrower and such Affiliate.

(n) Arm's-Length Relationships. The Borrower will maintain arm's-length relationships with the Servicer, the Parent, the Performance Guarantor, the Originators and any Affiliates thereof. Any Person that renders or otherwise furnishes services to the Borrower will be compensated by the Borrower at market rates for such services it renders or otherwise furnishes to the Borrower. Neither the Borrower on the one hand, nor the Servicer, the Parent, the

Performance Guarantor, any Originator or any Affiliate thereof, on the other hand, will be or will hold itself out to be responsible for the debts of the other or the decisions or actions respecting the daily business and affairs of the other. The Borrower, on the one hand, and the Servicer, the Parent, the Performance Guarantor, the Originators and their respective Affiliates, on the other hand, will immediately correct any known misrepresentation with respect to the foregoing, and they will not operate or purport to operate as an integrated single economic unit with respect to each other or in their dealing with any other entity.

(o) Allocation of Overhead. To the extent that Borrower, on the one hand, and the Servicer, the Parent, the Performance Guarantor, any Originator or any Affiliate thereof, on the other hand, have offices in the same location, there shall be a fair and appropriate allocation of overhead costs between them, and the Borrower shall bear its fair share of such expenses, which may be paid through the Servicing Fee or otherwise.

ARTICLE IX

ADMINISTRATION AND COLLECTION OF RECEIVABLES

SECTION 9.01 Appointment of the Servicer.

(a) The servicing, administering and collection of the Pool Receivables shall be conducted by the Person so designated from time to time as the Servicer in accordance with this Section 9.01. Until the Administrative Agent gives notice to Aveanna Healthcare LLC (in accordance with this Section 9.01) of the designation of a new Servicer, Aveanna Healthcare LLC is hereby designated as, and hereby agrees to perform the duties and obligations of, the Servicer pursuant to the terms hereof. Upon the occurrence of an Event of Default, the Administrative Agent may (with the consent of the Majority Lenders) and shall (at the direction of the Majority Lenders) designate as Servicer any Person (including itself) to succeed Aveanna Healthcare LLC or any successor Servicer, on the condition in each case that any such Person so designated shall agree to perform the duties and obligations of the Servicer pursuant to the terms hereof.

(b) Upon the designation of a successor Servicer as set forth in clause (a) above, Aveanna Healthcare LLC agrees that it will terminate its activities as Servicer hereunder in a manner that the Administrative Agent reasonably determines will facilitate the transition of the performance of such activities to the new Servicer, and Aveanna Healthcare LLC shall cooperate with and assist such new Servicer. Such cooperation shall include access to and transfer of records (including all Contracts) related to Pool Receivables and use by the new Servicer of all licenses (or the obtaining of new licenses), hardware or software reasonably necessary to collect the Pool Receivables and the Related Security.

(c) Aveanna Healthcare LLC acknowledges that, in making its decision to execute and deliver this Agreement, the Administrative Agent and each Lender have relied on Aveanna Healthcare LLC's agreement to act as Servicer hereunder. Accordingly, Aveanna Healthcare LLC agrees that it will not voluntarily resign as Servicer without the prior written consent of the Administrative Agent and the Majority Lenders, except upon determination that (i) the performance of its duties hereunder is no longer permissible under Applicable Law and (ii)

there is no reasonable action which such Servicer could take to make the performance of its duties hereunder permissible under Applicable Law. Any such determination permitting the resignation of the Servicer shall be evidenced as to clause (i) above by an opinion of a nationally recognized external counsel to the Servicer and as to clause (ii) above by an officer's certificate of a Financial Officer of the Servicer, each to such effect delivered, and reasonably satisfactory in form and substance, to the Administrative Agent.

(d) The Servicer may delegate its duties and obligations hereunder to any subservicer (each a "Sub-Servicer"); provided, that, in each such delegation: (i) such Sub-Servicer shall agree in writing to perform the delegated duties and obligations of the Servicer pursuant to the terms hereof, (ii) the Servicer shall remain liable for the performance of the duties and obligations so delegated, (iii) the Borrower, the Administrative Agent, each Lender shall have the right to look solely to the Servicer for performance, (iv) the terms of any agreement with any Sub-Servicer shall provide that the Administrative Agent may terminate such agreement upon the termination of the Servicer hereunder by giving notice of its desire to terminate such agreement to the Servicer (and the Servicer shall provide appropriate notice to each such Sub-Servicer) and (v) if such Sub-Servicer is not an Affiliate of Aveanna, the Administrative Agent and the Majority Lenders shall have consented in writing in advance to such delegation (such consent not to be unreasonable withheld or delayed). As of the Closing Date, the Servicer has appointed certain Originators to act as Sub-Servicers pursuant to Article VIII of the First Tier Sale Agreement.

SECTION 9.02 Duties of the Servicer.

(a) The Servicer shall take or cause to be taken all such action as may be reasonably necessary or reasonably advisable to service, administer and collect each Pool Receivable from time to time, all in accordance with this Agreement and all Applicable Laws, with reasonable care and diligence, and in accordance with the Credit and Collection Policy and consistent with the past practices of the Originators. The Servicer shall set aside, for the accounts of each Credit Party, the amount of Collections it or its Affiliates actually receive to which each such Credit Party is entitled in accordance with Article IV hereof. The Servicer may, in accordance with the Credit and Collection Policy and consistent with past practices of the Originators, take such action, including modifications, waivers or restructurings of Pool Receivables and related Contracts, as the Servicer may reasonably determine to be appropriate to maximize Collections thereof or reflect adjustments expressly permitted under the Credit and Collection Policy or as expressly required under Applicable Laws or the applicable Contract; provided, that for purposes of this Agreement: (i) such action shall not, and shall not be deemed to, change the number of days such Pool Receivable has remained unpaid from the date of the original due date related to such Pool Receivable, (ii) such action shall not alter the status of such Pool Receivable as a Delinquent Receivable or a Defaulted Receivable or limit the rights of any Secured Party under this Agreement or any other Transaction Document and (iii) if an Event of Default has occurred and is continuing, the Servicer may take such action only upon the prior written consent of the Administrative Agent. The Borrower shall deliver to the Servicer and the Servicer shall hold for the benefit of the Administrative Agent (individually and for the benefit of each Credit Party), in accordance with their respective interests, all records and documents (including computer tapes or disks) with respect to each Pool Receivable. Notwithstanding anything to the contrary contained herein, if an Event of Default has occurred and is continuing, the Administrative Agent may direct the Servicer to commence or settle any legal action to enforce collection of any Pool Receivable that is a

Defaulted Receivable or to foreclose upon or repossess any Related Security with respect to any such Defaulted Receivable.

(b) The Servicer, if other than Aveanna Healthcare LLC or an Affiliate thereof, shall, as soon as practicable following actual receipt of collected funds, turn over to the Borrower the collections of any indebtedness that is not a Pool Receivable, less, if Aveanna Healthcare LLC or an Affiliate thereof is not the Servicer, all reasonable and appropriate out-of-pocket costs and expenses of such Servicer of servicing, collecting and administering such collections. The Servicer, if other than Aveanna Healthcare LLC or an Affiliate thereof, shall, as soon as practicable upon demand, deliver to the Borrower all records in its possession that evidence or relate to any indebtedness that is not a Pool Receivable, and copies of records in its possession that evidence or relate to any indebtedness that is a Pool Receivable.

(c) The Servicer's obligations hereunder shall terminate on the Final Payout Date. Promptly following the Final Payout Date, the Servicer shall deliver to the Borrower all books, records and related materials that the Borrower previously provided to the Servicer, or that have been obtained by the Servicer, in connection with this Agreement.

SECTION 9.03 Collateral Account Arrangements.

(a) Prior to the Closing Date, the Borrower shall have entered into Account Control Agreements with all of the Collateral Account Banks and delivered executed counterparts of each to the Administrative Agent. Upon the occurrence and during the continuance of an Unmatured Event of Default or Event of Default, the Administrative Agent may (with the consent of the Majority Lenders) and shall (upon the direction of the Majority Lenders) at any time thereafter give notice to each Collateral Account Bank that the Administrative Agent is exercising its rights under the Account Control Agreements to do any or all of the following: (a) to have the exclusive dominion and control of the Collateral Accounts transferred to the Administrative Agent (for the benefit of the Secured Parties) and to exercise exclusive dominion and control over the funds deposited therein (for the benefit of the Secured Parties), (b) to have the proceeds that are sent to the respective Collateral Accounts redirected pursuant to the Administrative Agent's instructions rather than deposited in the applicable Collateral Account and (c) to take any or all other actions permitted under the applicable Account Control Agreement. The Borrower hereby agrees that if the Administrative Agent at any time takes any action set forth in the preceding sentence, the Administrative Agent shall have exclusive control (for the benefit of the Secured Parties) of the proceeds (including Collections) of all Pool Receivables and the Borrower hereby further agrees to take any other action that the Administrative Agent may reasonably request to transfer such control. Any proceeds of Pool Receivables received by the Borrower or the Servicer thereafter shall be sent immediately to, or as otherwise instructed by, the Administrative Agent.

(b) The Borrower and the Servicer hereby irrevocably instruct the Administrative Agent on each Business Day, so long as the Administrative Agent has taken exclusive dominion and control over each of the Collateral Accounts and no Event of Default or Unmatured Event of Default exists, to transfer all available amounts on deposit in the Collateral Accounts as of the end of each Business Day and the Administrative Agent agrees that so long as no Event of Default or Unmatured Event of Default exists, that it shall not direct the application of amounts on deposit in

the Collateral Accounts except as directed by the Borrower in a manner permitted under this Agreement.

SECTION 9.04 Enforcement Rights.

(a) At any time following the occurrence and during the continuation of an Event of Default:

(i) the Administrative Agent (at the Borrower's expense) may direct the Obligors that payment of all amounts payable under any Pool Receivable is to be made directly to the Administrative Agent or its designee;

(ii) the Administrative Agent may instruct the Borrower or the Servicer to give notice of the Secured Parties' interest in Pool Receivables to each Obligor, which notice shall direct that payments be made directly to the Administrative Agent or its designee (on behalf of the Secured Parties), and the Borrower or the Servicer, as the case may be, shall give such notice at the expense of the Borrower or the Servicer, as the case may be; provided, that if the Borrower or the Servicer, as the case may be, fails to so notify each Obligor within two (2) Business Days following instruction by the Administrative Agent, the Administrative Agent (at the Borrower's or the Servicer's, as the case may be, expense) may so notify the Obligors;

(iii) the Administrative Agent may request the Servicer to, and upon such request the Servicer shall: (A) assemble all of the records necessary or desirable to collect the Pool Receivables and the Related Security, and use commercially reasonable efforts to transfer or license to a successor Servicer the use of all software necessary or desirable to collect the Pool Receivables and the Related Security, and make the same available to the Administrative Agent or its designee (for the benefit of the Secured Parties) at a place reasonably selected by the Administrative Agent and (B) segregate all cash, checks and other instruments received by it from time to time constituting Collections in a manner reasonably acceptable to the Administrative Agent and, promptly upon receipt, remit all such cash, checks and instruments, duly endorsed or with duly executed instruments of transfer, to the Administrative Agent or its designee;

(iv) the Administrative Agent may notify the Collateral Account Banks that the Borrower and the Servicer will no longer have any access to the Collateral Accounts;

(v) the Administrative Agent may (or, at the direction of the Majority Lenders shall) replace the Person then acting as Servicer; and

(vi) the Administrative Agent may collect any amounts due from an Originator under the First Tier Sale Agreement, the Transferor under the Second Tier Sale and Contribution Agreement or the Performance Guarantor under the Performance Guaranty.

For the avoidance of doubt, the foregoing rights and remedies of the Administrative Agent upon an Event of Default are in addition to and not exclusive of the rights and remedies contained herein and under the other Transaction Documents.

(b) The Borrower hereby authorizes the Administrative Agent (on behalf of the Secured Parties), and irrevocably appoints the Administrative Agent as its attorney-in-fact with full power of substitution and with full authority in the place and stead of the Borrower, which appointment is coupled with an interest, to take any and all steps in the name of the Borrower and on behalf of the Borrower necessary or desirable, in the reasonable determination of the Administrative Agent, after the occurrence and during the continuation of an Event of Default, to collect any and all amounts or portions thereof due under any and all Collateral, including endorsing the name of the Borrower on checks and other instruments representing Collections and enforcing such Collateral. Notwithstanding anything to the contrary contained in this subsection, none of the powers conferred upon such attorney-in-fact pursuant to the preceding sentence shall subject such attorney-in-fact to any liability if any action taken by it shall prove to be inadequate or invalid, nor shall they confer any obligations upon such attorney-in-fact in any manner whatsoever.

(c) The Servicer hereby authorizes the Administrative Agent (on behalf of the Secured Parties), and irrevocably appoints the Administrative Agent as its attorney-in-fact with full power of substitution and with full authority in the place and stead of the Servicer, which appointment is coupled with an interest, to take any and all steps in the name of the Servicer and on behalf of the Servicer necessary or desirable, in the reasonable determination of the Administrative Agent, after the occurrence and during the continuation of an Event of Default, to collect any and all amounts or portions thereof due under any and all Collateral, including endorsing the name of the Servicer on checks and other instruments representing Collections and enforcing such Collateral. Notwithstanding anything to the contrary contained in this subsection, none of the powers conferred upon such attorney-in-fact pursuant to the preceding sentence shall subject such attorney-in-fact to any liability if any action taken by it shall prove to be inadequate or invalid, nor shall they confer any obligations upon such attorney-in-fact in any manner whatsoever.

SECTION 9.05 Responsibilities of the Borrower.

(a) Anything herein to the contrary notwithstanding, the Borrower shall: (i) perform all of its obligations, if any, under the Contracts related to the Pool Receivables to the same extent as if interests in such Pool Receivables had not been transferred hereunder, and the exercise by the Administrative Agent, or any other Credit Party of their respective rights hereunder shall not relieve the Borrower from such obligations and (ii) pay when due any taxes, including any sales taxes payable in connection with the Pool Receivables and their creation and satisfaction. None of the Credit Parties shall have any obligation or liability with respect to any Collateral, nor shall any of them be obligated to perform any of the obligations of the Borrower, the Servicer or any Originator thereunder.

(b) Aveanna hereby irrevocably agrees that if at any time it shall cease to be the Servicer hereunder, it shall act (if the then-current Servicer so requests) as the data-processing agent of the Servicer and, in such capacity, Aveanna shall conduct the data-processing functions

of the administration of the Receivables and the Collections thereon in substantially the same way that Aveanna conducted such data-processing functions while it acted as the Servicer. In connection with any such processing functions, the Borrower shall pay to Aveanna its reasonable out-of-pocket costs and expenses from the Borrower's own funds (subject to the priority of payments set forth in Section 4.01).

SECTION 9.06 Servicing Fee.

(a) Subject to clause (b) below, the Borrower shall pay the Servicer a fee (the "Servicing Fee") for each Accrual Period equal to the sum for each day during such Accrual Period of an amount equal to the product of (i) 1.00% (the "Servicing Fee Rate"), multiplied by (ii) the aggregate Outstanding Balance of the Pool Receivables as of the close of business on such day, multiplied by (iii) 1/360. Accrued Servicing Fees not paid pursuant to the Second Tier Sale and Contribution Agreement shall be payable from Collections to the extent of available funds in accordance with Section 4.01.

(b) If the Servicer ceases to be Aveanna or an Affiliate thereof, the Servicing Fee shall be the greater of: (i) the amount calculated pursuant to clause (a) above and (ii) an alternative amount specified by the successor Servicer not to exceed 110% of the aggregate reasonable costs and expenses incurred by such successor Servicer in connection with the performance of its obligations as Servicer hereunder.

ARTICLE X

EVENTS OF DEFAULT

SECTION 10.01 Events of Default. If any of the following events (each an "Event of Default") shall occur:

(a) (i) the Borrower, any Originator, the Performance Guarantor or the Servicer shall fail to perform or observe any term, covenant or agreement under this Agreement or any other Transaction Document to which it is a party (other than any such failure which would constitute an Event of Default under clause (ii) or (iii) of this paragraph (a)), and such failure, solely to the extent capable of cure, shall continue for ten (10) days, (ii) the Borrower, any Originator, the Performance Guarantor or the Servicer shall fail to make when due (x) any payment or deposit (including with respect to segregating funds in a designated account at the Administrative Agent's request pursuant to Section 4.01(a) or otherwise) to be made by it under this Agreement or any other Transaction Document and such failure shall continue unremedied for two (2) Business Days or (iii) Aveanna shall resign as Servicer, and no successor Servicer reasonably satisfactory to the Administrative Agent shall have been appointed;

(b) any representation or warranty made or deemed made by the Borrower, any Originator, the Performance Guarantor or the Servicer (or any of their respective officers) under or in connection with this Agreement or any other Transaction Document or any information or report delivered by the Borrower, any Originator, the Performance Guarantor or the Servicer pursuant to this Agreement or any other Transaction Document, shall prove to have been incorrect or untrue in any material respect when made or deemed made or delivered such incorrect

representation or warranty, solely to the extent capable of cure, shall continue to be untrue for fifteen (15) days;

(c) the Borrower or the Servicer shall fail to deliver an Information Package or Interim Report pursuant to this Agreement, and such failure shall remain unremedied for (i) with respect to any Information Package, two (2) Business Days and (ii) with respect to any Interim Report, one (1) Business Day;

(d) this Agreement or any security interest granted pursuant to this Agreement or any other Transaction Document shall for any reason cease to create, or for any reason cease to be, a valid and enforceable first priority perfected security interest in favor of the Administrative Agent with respect to the Collateral, free and clear of any Adverse Claim;

(e) the Borrower, any Originator, the Performance Guarantor or the Servicer shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any Insolvency Proceeding shall be instituted by or against the Borrower, any Originator, the Performance Guarantor or the Servicer and, in the case of any such proceeding instituted against such Person (but not instituted by such Person), either such proceeding shall remain undismissed or unstayed for a period of sixty (60) consecutive days, or any of the actions sought in such proceeding (including the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower, any Originator, the Performance Guarantor or the Servicer shall take any corporate or organizational action to authorize any of the actions set forth above in this paragraph;

(f) (i) the average for three consecutive Fiscal Months of: (A) the Default Ratio shall exceed 5.0%, (B) the Delinquency Ratio shall exceed 16.0% or (C) the Dilution Ratio shall exceed 5.5% or (ii) the Days' Sales Outstanding shall exceed fifty-five (55) days;

(g) a Change in Control shall occur;

(h) a Borrowing Base Deficit shall occur, and shall not have been cured within two (2) Business Days;

(i) (i) the Borrower shall fail to pay any principal of or premium or interest on any of its Debt when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement, mortgage, indenture or instrument relating to such Debt (whether or not such failure shall have been waived under the related agreement); (ii) any Aveanna Party or any of their applicable Restricted Subsidiaries shall (A) default in any payment with respect to any Material Indebtedness (other than the Borrower Obligations) in the aggregate, for any Aveanna Party or any of their applicable Restricted Subsidiaries, beyond the period of grace and following all required notices, if any, provided in the instrument or agreement under which such Material Indebtedness was created or (B) default in the observance or performance of any agreement or condition relating to any such Material Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist under such instrument or agreement (after giving

effect to all applicable grace periods and delivery of all required notices) (other than, with respect to Indebtedness consisting of any Hedge Agreements, termination events or equivalent events pursuant to the terms of such Hedge Agreements (it being understood that clause (A) shall apply to any failure to make any payment in excess of the greater of (x) $50,000,000 and (y) 25.0% of Consolidated EBITDA for the most recently ended Test Period (calculated on a Pro Forma Basis) that is required as a result of any such termination or similar event and that is not otherwise being contested in good faith)), the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, any such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or (iii) without limiting the provisions of clause (ii) above, any such Indebtedness shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment or as a mandatory prepayment (and, with respect to Indebtedness consisting of any Hedge Agreements, other than due to a termination event or equivalent event pursuant to the terms of such Hedge Agreements (it being understood that clause (ii)(A) above shall apply to any failure to make any payment in excess of the greater of (x) $50,000,000 and (y) 25.0% of Consolidated EBITDA for the most recently ended Test Period (calculated on a Pro Forma Basis) that is required as a result of any such termination or equivalent event and that is not otherwise being contested in good faith)), prior to the stated maturity thereof; *provided*, that clauses (ii) and (iii) shall not apply to (x) secured Indebtedness that becomes due as a result of the sale, transfer or other disposition (including as a result of a casualty or condemnation event) of the property or assets securing such Indebtedness (to the extent such sale, transfer or other disposition is not prohibited under the First Lien Credit Agreement or is otherwise reasonably expected to be permitted), (y) Indebtedness which is convertible into Equity Interests and converts to Equity Interests in accordance with its terms and such conversion is not prohibited under the First Lien Credit Agreement, or (z) any breach or default that is (I) remedied, or being contested in good faith, by Holdings, the Borrower or the applicable Restricted Subsidiary or (II) waived (including in the form of amendment) by the required holders of the applicable item of Indebtedness, in either case, prior to the acceleration of Loans pursuant to this Article X. For purposes of this clause (i) terms used and note defined in this Agreement (including all defined terms used within such terms) shall have the respective meaning assigned to such terms, in each case, in the First Lien Credit Agreement as in effect on the Closing Date and without giving effect to any amendment or modification thereto or any termination thereof;

(j) the Performance Guarantor shall fail to perform any of its obligations under the Performance Guaranty;

(k) the Borrower shall fail (x) at any time (other than for ten (10) Business Days following notice of the death or resignation of any Independent Director) to have an Independent Director who satisfies each requirement and qualification specified in Section 8.03(c) of this Agreement for Independent Directors, on the Borrower's board of directors or (y) to timely notify the Administrative Agent of any replacement or appointment of any director that is to serve as an Independent Director on the Borrower's board of directors as required pursuant to Section 8.03(c) of this Agreement;

(l) [reserved];

(m) either (i) the Internal Revenue Service shall file notice of a lien pursuant to Section 6323 of the Code with regard to any assets of any Aveanna Party or (ii) the PBGC shall, or shall indicate its intention to, file notice of a lien pursuant to Section 4068 of ERISA with regard to any of the assets of any Aveanna Party;

(n) The occurrence of the following events or conditions, that either individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect: (i) a Reportable Event; (ii) a determination that any Pension Plan is considered an at-risk plan within the meaning of Section 430 of the Code or Section 303 of ERISA or a determination that any Multiemployer Plan is considered a plan in endangered or critical status within the meaning of Sections 431 and 432 of the Code or Sections 304 and 305 of ERISA; (iii) any noncompliance with the provisions of ERISA or the Code applicable to a Pension Plan; (iv) a termination of a Pension Plan (other than a standard termination pursuant to Section 4041(b) of ERISA); (v) an Adverse Claim on the property of the Parent, Borrower, Servicer, any Originator, or any of their respective ERISA Affiliates in favor of the PBGC or a Pension Plan; (vi) the present value of all benefit liabilities within the meaning of Section 4001(a)(16) of ERISA of a Pension Plan (based on the actuarial assumptions used in the plan's most recent actuarial valuation report) exceeds the value of the assets of such Pension Plan, determined as of the most recent annual valuation date applicable thereto for which a valuation has been completed; (vii) a complete or partial withdrawal from any Multiemployer Plan by the Parent, Borrower, Servicer, any Originator, or any of their respective ERISA Affiliates; (viii) the insolvency of any Multiemployer Plan; or (ix) the failure to satisfy the minimum funding standards of Section 412 of the Code of Section 302 of ERISA with respect to a Pension Plan. There have been no transactions that resulted or could reasonably be expected to result in any liability to the Parent, Borrower, Servicer, any Originator, or any of its ERISA Affiliates under Section 4069 of ERISA or Section 4212(c) of ERISA that singly or in the aggregate could reasonably be expected to result in a Material Adverse Effect;

(o) a Material Adverse Effect shall occur with respect to any Aveanna Party;

(p) a Sale and Contribution Termination Event shall occur under any Sale and Contribution Agreement;

(q) the Borrower shall (i) be required to register as an "investment company" within the meaning of the Investment Company Act or (ii) become a "covered fund" within the meaning of the Volcker Rule;

(r) any material provision of this Agreement or any other Transaction Document shall cease to be in full force and effect or any of the Borrower, any Originator, the Performance Guarantor or the Servicer (or any of their respective Affiliates) shall so state in writing;

(s) Aveanna (or any successor borrower or guarantor under the First Lien Credit Agreement) shall permit the Consolidated First Lien Net Leverage Ratio, as of the last day of any Test Period to exceed the level set forth in Section 10.9 of the First Lien Credit Agreement. For purposes of this clause (s) terms used and covenant levels provided for in Section 10.9 of the First Lien Credit Agreement (including all defined terms used within such terms) shall have the respective meaning assigned to such terms and the covenant levels provided for, in each case, in

the First Lien Credit Agreement as in effect on the Closing Date and without giving effect to any amendment or modification thereto or any termination thereof; or

(t) one or more final judgments or decrees shall be entered against any Aveanna Party or any Affiliate of any of the foregoing involving in the aggregate a liability (not paid or to the extent not covered by a reputable and solvent insurance company) and such judgments and decrees either shall be final and non-appealable or shall not be vacated, discharged or stayed or bonded pending appeal for any period of 30 consecutive days, and the aggregate amount of all such judgments in excess of the greater of (x) $50,000,000 and (y) 25.0% of Consolidated EBITDA for the most recently ended Test Period (calculated on a Pro Forma Basis) (or solely with respect to the Borrower, $15,775). For purposes of this clause (t) terms used and note defined in this Agreement (including all defined terms used within such terms) shall have the respective meaning assigned to such terms, in each case, in the First Lien Credit Agreement as in effect on the Closing Date and without giving effect to any amendment or modification thereto or any termination thereof;

then, and in any such event, the Administrative Agent may (or, at the direction of the Majority Lenders shall) by notice to the Borrower (x) declare the Termination Date to have occurred (in which case the Termination Date shall be deemed to have occurred), (y) declare the Final Maturity Date to have occurred (in which case the Final Maturity Date shall be deemed to have occurred) and (z) declare the Aggregate Principal and all other Borrower Obligations to be immediately due and payable (in which case the Aggregate Principal and all other Borrower Obligations shall be immediately due and payable); provided that, automatically upon the occurrence of any event (without any requirement for the giving of notice) described in subsection (e) of this Section 10.01 with respect to the Borrower, the Termination Date shall occur and the Aggregate Principal and all other Borrower Obligations shall be immediately due and payable. Upon any such declaration or designation or upon such automatic termination, the Administrative Agent and the other Secured Parties shall have, in addition to the rights and remedies which they may have under this Agreement and the other Transaction Documents, all other rights and remedies provided after default under the UCC and under other Applicable Law, which rights and remedies shall be cumulative. Any proceeds from liquidation of the Collateral shall be applied in the order of priority set forth in Section 4.01.

ARTICLE XI

THE ADMINISTRATIVE AGENT

SECTION 11.01 Appointment and Authority. Each Credit Party hereby irrevocably appoints PNC Bank, National Association to act on its behalf as the Administrative Agent hereunder and under the other Transaction Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Credit Parties and the Aveanna Parties shall not have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Transaction Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising

under agency doctrine of any Applicable Law. Instead such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties.

SECTION 11.02 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for, and generally engage in any kind of business with, any Aveanna Party or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

SECTION 11.03 Exculpatory Provisions.

(a) The Administrative Agent shall not have any duties or obligations except those expressly specified herein and in the other Transaction Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether an Unmatured Event of Default or Event of Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Transaction Documents that the Administrative Agent is required to exercise as directed in writing by the Majority Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Transaction Documents); provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Transaction Document or Applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Insolvency Proceeding or that may effect a forfeiture, modification or termination of property of a Lender in violation of any Insolvency Proceeding; and

(iii) shall not, except as expressly specified herein and in the other Transaction Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any Aveanna Party or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

(b) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Majority Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Articles X or XIV), or (ii) in

the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Unmatured Event of Default or Event of Default unless and until notice describing such Unmatured Event of Default or Event of Default is given to the Administrative Agent in writing by any Aveanna Party or a Lender.

(c) The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Transaction Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions specified herein or therein or the occurrence of any Unmatured Event of Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Transaction Document or any other agreement, instrument or document, or (v) the satisfaction of any condition precedent to a Credit Extension, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

SECTION 11.04 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Credit Extension, that by its terms must be fulfilled to the satisfaction of a Credit Party, the Administrative Agent may presume that such condition is satisfactory to such Credit Party unless the Administrative Agent shall have received notice to the contrary from such Credit Party prior to the making of such Credit Extension. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 11.05 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Transaction Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the facilities as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

SECTION 11.06 Resignation of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Credit Parties and the Borrower. Upon receipt of any such notice of resignation, the Majority Lenders shall have the right, in consultation with the Borrower (so long as no Unmatured Event of Default or Event of Default has occurred and is continuing), to appoint a successor, which shall be a bank with an office in New York, New York, or an Affiliate of any such bank with an office in New York, New York. If no such successor shall have been so appointed by the Majority Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Majority Lenders) (the "Resignation Effective Date"), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Credit Parties, appoint a successor Administrative Agent meeting the qualifications specified above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) With effect from the Resignation Effective Date (i) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Transaction Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Secured Parties under any of the Transaction Documents, the retiring or removed Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (ii) except for any indemnity payments owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Credit Party directly, until such time, if any, as the Majority Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent (other than any rights to indemnity payments owed to the retiring or removed Administrative Agent), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Transaction Documents. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Transaction Documents, the provisions of this Article and Article XIII shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

SECTION 11.07 Non-Reliance on Administrative Agent and Other Lenders. Each Credit Party acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and Issuing Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Transaction Document or any related agreement or any document furnished hereunder or thereunder.

SECTION 11.08 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the bookrunners, arrangers or structuring agent listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Transaction Documents, except in its capacity, as applicable, as the Administrative Agent or a Credit Party hereunder.

SECTION 11.09 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Insolvency Proceeding, the Administrative Agent (irrespective of whether the principal of any Credit Extension shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of any Credit Extension and all other Borrower Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Credit Parties and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Credit Parties and the Administrative Agent and their respective agents and counsel and all other amounts due the Credit Parties and the Administrative Agent allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Credit Party to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Credit Party, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent.

SECTION 11.10 No Reliance on Administrative Agent's Customer Identification Program. Each Credit Party acknowledges and agrees that neither such Credit Party, nor any of its Affiliates, participants or assignees, may rely on the Administrative Agent to carry out such Credit Party's, Affiliate's, participant's or assignee's customer identification program, or other obligations required or imposed under or pursuant to the USA PATRIOT Act or the regulations thereunder, including the regulations contained in 31 CFR 103.121 (as hereafter amended or replaced, the "CIP Regulations"), or any other Anti-Terrorism Law or any Anti-Corruption Law, including any programs involving any of the following items relating to or in connection with any of the Aveanna Parties, their Affiliates or their agents, the Transaction Documents or the transactions hereunder or contemplated hereby: (i) any identity verification procedures, (ii) any recordkeeping, (iii) comparisons with government lists, (iv) customer notices or (v) other procedures required under the CIP Regulations or such other Applicable Laws.

SECTION 11.11 ERISA Matters.

(a) Each Credit Party (x) represents and warrants, as of the date such Person became a party hereto, to, and (y) covenants, from the date such Person became a party hereto to the date such Person ceases being a party hereto, for the benefit of, Administrative Agent, and not, for the avoidance of doubt, for the benefit of Borrower or any other Aveanna Party, that at least one of the following is and will be true:

(i) such Credit Party is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Credit Party's entrance into, participation in, administration or and performance of the Loans, the Commitments, or this Agreement,

(ii) the transaction exemption set forth in one or more Prohibited Transaction Exemptions ("PTEs"), such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement,

(iii) (A) such Credit Party is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Credit Party.

(b) In addition, unless sub-clause (i) in the immediately preceding Section 11.11(a) is true with respect to a Credit Party or such Credit Party has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding Section 11.11(a), such Credit Party further (x) represents and warrants, as of the date such Person became a party hereto, and (y) covenants, from the date such Person became a party hereto to the date such Person ceases being a party hereto, for the benefit of, the Administrative Agent and its Affiliates, and not, for the avoidance of doubt, to or for the benefit of Borrower, that none of the Administrative Agent or any of its respective Affiliates is a fiduciary with respect to the assets of such Lender (including in connection with the reservation or exercise of any rights by Administrative Agent under this Agreement, any Transaction Document or any other documents related to hereto or thereto).

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SECTION 11.12 Erroneous Payments.

(a) If the Administrative Agent notifies a Credit Party or other Secured Party, or any Person who has received funds on behalf of a Credit Party or other Secured Party (any Credit Party, Secured Party or other recipient, a "Payment Recipient") that the Administrative Agent has determined in its sole discretion (whether or not after receipt of any notice under immediately succeeding clause (b)) that any funds received by such Payment Recipient from the Administrative Agent or any of its Affiliates were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Credit Party, other Secured Party or other Payment Recipient on its behalf) (any such funds, whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise, individually and collectively, an "Erroneous Payment") and demands the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment shall at all times remain the property of the Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Administrative Agent, and such Credit Party or other Secured Party shall (or, with respect to any Payment Recipient who received such funds on its behalf, shall cause such Payment Recipient to) promptly, but in no event later than two Business Days thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received), together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Administrative Agent in same day funds at the greater of the Overnight Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect. A notice of the Administrative Agent to any Payment Recipient under this clause (a) shall be conclusive, absent manifest error.

(b) Without limiting immediately preceding clause (a), each Credit Party or other Secured Party, or any Person who has received funds on behalf of a Credit Party or other Secured Party, hereby further agrees that if it receives a payment, prepayment or repayment (whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise) from the Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates), or (z) that such Credit Party or other Secured Party, or other such recipient, otherwise becomes aware was transmitted, or received, in error or by mistake (in whole or in part) in each case:

(i) (A) in the case of immediately preceding clauses (x) or (y), an error shall be presumed to have been made (absent written confirmation from the Administrative Agent to the contrary) or (B) an error has been made (in the case of immediately preceding clause (z)), in each case, with respect to such payment, prepayment or repayment; and

(ii) such Credit Party or other Secured Party shall (and shall cause any other recipient that receives funds on its respective behalf to) promptly (and, in all events, within one Business Day of its knowledge of such error) notify the Administrative Agent

of its receipt of such payment, prepayment or repayment, the details thereof (in reasonable detail) and that it is so notifying the Administrative Agent pursuant to this Section 11.12(b).

(c) Each Credit Party or other Secured Party hereby authorizes the Administrative Agent to set off, net and apply any and all amounts at any time owing to such Credit Party or other Secured Party under any Transaction Document, or otherwise payable or distributable by the Administrative Agent to such Credit Party or other Secured Party from any source, against any amount due to the Administrative Agent under immediately preceding clause (a) or under the indemnification provisions of this Agreement.

(d) In the event that an Erroneous Payment (or portion thereof) is not recovered by the Administrative Agent for any reason, after demand therefor by the Administrative Agent in accordance with immediately preceding clause (a), from any Credit Party that has received such Erroneous Payment (or portion thereof) (and/or from any Payment Recipient who received such Erroneous Payment (or portion thereof) on its respective behalf) (such unrecovered amount, an "Erroneous Payment Return Deficiency"), upon the Administrative Agent's notice to such Credit Party at any time, (i) such Credit Party shall be deemed to have assigned its Loans (but not its Commitments) in an amount equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Administrative Agent may specify) (such assignment of the Loans (but not Commitments), the "Erroneous Payment Deficiency Assignment") at par plus any accrued and unpaid interest (with the assignment fee to be waived by the Administrative Agent in such instance), and is hereby (together with the Borrower) deemed to execute and deliver an Assignment and Assumption with respect to such Erroneous Payment Deficiency Assignment, and such Credit Party shall deliver any Notes evidencing such Loans to the Borrower or the Administrative Agent, (ii) the Administrative Agent as the assignee Lender shall be deemed to acquire the Erroneous Payment Deficiency Assignment, (iii) upon such deemed acquisition, the Administrative Agent as the assignee Lender shall become a Lender hereunder with respect to such Erroneous Payment Deficiency Assignment and the assigning Lender shall cease to be a Lender hereunder with respect to such Erroneous Payment Deficiency Assignment, excluding, for the avoidance of doubt, its obligations under the indemnification provisions of this Agreement and its applicable Commitments which shall survive as to such assigning Lender and (iv) the Administrative Agent may reflect in the Register its ownership interest in the Loans subject to the Erroneous Payment Deficiency Assignment. The Administrative Agent may, in its discretion, subject to Section 14.03(g), sell any Loans acquired pursuant to an Erroneous Payment Deficiency Assignment and upon receipt of the proceeds of such sale, the Erroneous Payment Return Deficiency owing by the applicable Credit Party shall be reduced by the net proceeds of the sale of such Loan (or portion thereof), and the Administrative Agent shall retain all other rights, remedies and claims against such Credit Party (and/or against any recipient that receives funds on its respective behalf). For the avoidance of doubt, no Erroneous Payment Deficiency Assignment will reduce the Commitments of any Credit Party and such Commitments shall remain available in accordance with the terms of this Agreement. In addition, each party hereto agrees that, except to the extent that the Administrative Agent has sold a Loan (or portion thereof) acquired pursuant to an Erroneous Payment Deficiency Assignment, and irrespective of whether the Administrative Agent may be equitably subrogated, the Administrative Agent shall be contractually subrogated to all the rights and interests of the applicable Credit Party or other Secured Party under the Transaction Documents with respect to each Erroneous Payment Return Deficiency (the "Erroneous Payment Subrogation Rights").

(e) The parties hereto agree that an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by the Borrower or any other Aveanna Party, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from the Borrower or any other Aveanna Party for the purpose of making such Erroneous Payment.

(f) To the extent permitted by Applicable Law, no Payment Recipient shall assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payment received, including without limitation waiver of any defense based on "discharge for value" or any similar doctrine

(g) Each party's obligations, agreements and waivers under this Section 11.12 shall survive the resignation or replacement of the Administrative Agent, the termination of the Commitments and/or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Transaction Document.

SECTION 11.13 Collateral Matters. Each of the Secured Parties irrevocably authorizes the Administrative Agent, at its option and in its discretion to release any lien on any property granted to or held by the Administrative Agent under any Transaction Document (x) upon the Termination Date, or (y) subject to Section 14.01, if approved, authorized or ratified in writing by the Lenders. The Administrative Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Administrative Agent's lien thereon, or any certificate prepared by any Aveanna Party in connection therewith, nor shall the Administrative Agent be responsible or liable to the Lenders for any failure to monitor or maintain any portion of the Collateral.

SECTION 11.14 Indemnification of Administrative Agent. Each Lender agrees to indemnify the Administrative Agent (to the extent not reimbursed by the Borrower or any Affiliate thereof), ratably according to the respective Percentage of such Lender, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or any other Transaction Document or any action taken or omitted by the Administrative Agent under this Agreement or any other Transaction Document; provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct.

ARTICLE XII

[RESERVED]

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ARTICLE XIII

INDEMNIFICATION

SECTION 13.01 Indemnities by the Borrower.

(a) Without limiting any other rights that the Administrative Agent, the Credit Parties, the Affected Persons and their respective assigns, officers, directors, agents and employees (each, a "Borrower Indemnified Party") may have hereunder or under Applicable Law, the Borrower hereby agrees to indemnify each Borrower Indemnified Party from and against any and all claims, losses and liabilities (including Attorney Costs) (all of the foregoing being collectively referred to as "Borrower Indemnified Amounts") arising out of or resulting from this Agreement or any other Transaction Document or the use of proceeds of the Credit Extensions or the security interest in respect of any Pool Receivable or any other Collateral; excluding, however, (a) Borrower Indemnified Amounts to the extent a final non-appealable judgment of a court of competent jurisdiction holds that such Borrower Indemnified Amounts resulted solely from the gross negligence or willful misconduct by the Borrower Indemnified Party seeking indemnification and (b) Taxes (other than (x) Taxes enumerated below in clause (xiv) below and (y) any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim) and (c) Borrower Indemnified Amounts arising from a claim by one Borrower Indemnified Party against another Borrower Indemnified Party (other than actions against the Administrative Agent in its capacity as Administrative Agent or similar capacity or as a result of the action or inaction of the Borrower). Without limiting or being limited by the foregoing, the Borrower shall pay on demand (it being understood that if any portion of such payment obligation is made from Collections, such payment will be made at the time and in the order of priority set forth in Section 4.01), to each Borrower Indemnified Party any and all amounts necessary to indemnify such Borrower Indemnified Party from and against any and all Borrower Indemnified Amounts relating to or resulting from any of the following (but excluding Borrower Indemnified Amounts and Taxes described in clauses (a) and (b) above):

(i) any Pool Receivable which the Borrower or the Servicer includes as an Eligible Receivable as part of the Net Receivables Pool Balance but which is not an Eligible Receivable at such time;

(ii) any representation, warranty or statement made or deemed made by the Borrower (or any of its respective officers) under or in connection with this Agreement, any of the other Transaction Documents, any Information Package, any Interim Report or any other information or report delivered by or on behalf of the Borrower pursuant hereto which shall have been untrue or incorrect when made or deemed made;

(iii) the failure by the Borrower to comply with any Applicable Law with respect to any Pool Receivable or the related Contract; or the failure of any Pool Receivable or the related Contract to conform to any such Applicable Law;

(iv) the failure to vest in the Administrative Agent a first priority perfected security interest in all or any portion of the Collateral, in each case free and clear of any Adverse Claim;

(v) the failure to have filed, or any delay in filing, financing statements, financing statement amendments, continuation statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other Applicable Laws with respect to any Pool Receivable and the other Collateral and Collections in respect thereof, whether at the time of any Credit Extension or at any subsequent time;

(vi) any dispute, claim or defense (other than discharge in bankruptcy) of an Obligor to the payment of any Pool Receivable (including, without limitation, a defense based on such Pool Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from or relating to collection activities with respect to such Pool Receivable;

(vii) any failure of the Borrower to perform any of its duties or obligations in accordance with the provisions hereof and of each other Transaction Document related to Pool Receivables or to timely and fully comply with the Credit and Collection Policy in regard to each Pool Receivable;

(viii) any products liability, environmental or other claim arising out of or in connection with any Pool Receivable or other merchandise, goods or services which are the subject of or related to any Pool Receivable;

(ix) the misdirection of Collections (including any failure to maintain sweep instructions with respect to each Collection Account (and related Lock-Box)) or the commingling of Collections of Pool Receivables at any time with other funds; provided, that the foregoing instances of misdirection of Collections or commingling of Collections were not solely due to the actions or inactions of PNC Bank, National Association in its role as Administrative Agent;

(x) any investigation, litigation or proceeding (actual or threatened) related to this Agreement or any other Transaction Document or the use of proceeds of any Credit Extensions or in respect of any Pool Receivable or other Collateral or any related Contract;

(xi) any failure of the Borrower to comply with its covenants, obligations and agreements contained in this Agreement or any other Transaction Document;

(xii) any setoff with respect to any Pool Receivable;

(xiii) any claim brought by any Person other than a Borrower Indemnified Party arising from any activity by the Borrower or any Affiliate of the Borrower in servicing, administering or collecting any Pool Receivable;

(xiv) the failure by the Borrower to pay when due any Taxes imposed on or with respect to the Borrower or any Pool Receivable, including, without limitation, sales, excise or personal property taxes;

(xv) any failure of a Collateral Account Bank to comply with the terms of the applicable Account Control Agreement, the termination by a Collateral Account Bank of any Account Control Agreement or any amounts (including in respect of an indemnity) payable by the Administrative Agent to a Collateral Account Bank under any Account Control Agreement;

(xvi) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Pool Receivable (including, without limitation, a defense based on such Pool Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of goods or the rendering of services related to such Pool Receivable or the furnishing or failure to furnish any such goods or services or other similar claim or defense not arising from the financial inability of any Obligor to pay undisputed indebtedness;

(xvii) any action taken by the Administrative Agent as attorney-in-fact for the Borrower, any Originator or the Servicer pursuant to this Agreement or any other Transaction Document;

(xviii) the failure or delay to provide any Obligor with an invoice or other evidence of indebtedness;

(xix) the use of proceeds of any Credit Extension; or

(xx) any reduction in Principal as a result of the distribution of Collections if all or a portion of such distributions shall thereafter be rescinded or otherwise must be returned for any reason.

(b) [Reserved].

(c) If for any reason the foregoing indemnification is unavailable to any Borrower Indemnified Party or insufficient to hold it harmless, then the Borrower shall contribute to such Borrower Indemnified Party the amount paid or payable by such Borrower Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative economic interests of the Borrower and its Affiliates on the one hand and such Borrower Indemnified Party on the other hand in the matters contemplated by this Agreement as well as the relative fault of the Borrower and its Affiliates and such Borrower Indemnified Party with respect to such loss, claim, damage or liability and any other relevant equitable considerations. The reimbursement, indemnity and contribution obligations of the Borrower under this Section shall be in addition to any liability which the Borrower may otherwise have, shall extend upon the same terms and conditions to each Borrower Indemnified Party, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Borrower and the Borrower Indemnified Parties.

(d) Any indemnification or contribution under this Section shall survive the termination of this Agreement.

SECTION 13.02 Indemnification by the Servicer.

(a) The Servicer hereby agrees to indemnify and hold harmless the Borrower, the Administrative Agent, the Credit Parties, the Affected Persons and their respective assigns, officers, directors, agents and employees (each, a "Servicer Indemnified Party"), from and against any loss, liability, expense, damage or injury suffered or sustained by reason of any acts, omissions or alleged acts or omissions arising out of activities of the Servicer pursuant to this Agreement or any other Transaction Document, including any judgment, award, settlement, Attorney Costs and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim (all of the foregoing being collectively referred to as, "Servicer Indemnified Amounts"); excluding (i) Servicer Indemnified Amounts to the extent a final non-appealable judgment of a court of competent jurisdiction holds that such Servicer Indemnified Amounts resulted from the gross negligence or willful misconduct by the Servicer Indemnified Party seeking indemnification, (ii) Taxes (other than (x) Taxes included in clauses (vi) and (vii) below and (y) any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim) and (iii) Servicer Indemnified Amounts to the extent the same includes losses in respect of Pool Receivables that are uncollectible solely on account of the insolvency, bankruptcy, lack of creditworthiness or other financial inability to pay of the related Obligor. Without limiting or being limited by the foregoing, the Servicer shall pay on demand, to each Servicer Indemnified Party any and all amounts necessary to indemnify such Servicer Indemnified Party from and against any and all Servicer Indemnified Amounts relating to or resulting from any of the following (but excluding Servicer Indemnified Amounts described in clauses (i), (ii) and (iii) above):

(i) any representation, warranty or statement made or deemed made by the Servicer (or any of its respective officers) under or in connection with this Agreement, any of the other Transaction Documents, any Information Package, any Interim Report or any other information or report delivered by or on behalf of the Servicer pursuant hereto which shall have been untrue or incorrect when made or deemed made;

(ii) the failure by the Servicer to comply with any Applicable Law with respect to any Pool Receivable or the related Contract; or the failure of any Pool Receivable or the related Contract to conform to any such Applicable Law;

(iii) the misdirection of Collections (including any failure to maintain sweep instructions with respect to each Collection Account (and related Lock-Box)) or the commingling of Collections of Pool Receivables at any time with other funds;

(iv) any failure of a Collateral Account Bank to comply with the terms of the applicable Account Control Agreement, the termination by a Collateral Account Bank of any Account Control Agreement or any amounts (including in respect of an indemnity) payable by the Administrative Agent to a Collateral Account Bank under any Account Control Agreement;

(v) the failure or delay to provide any Obligor with an invoice or other evidence of indebtedness;

(vi) any failure of the Servicer to comply with its covenants, obligations and agreements contained in this Agreement or any other Transaction Document; or

(vii) any amounts the Borrower is obligated to pay under Section 13.01(a)(xiv) or arising from a breach of Section 7.01(w) or Section 8.01(x).

(b) If for any reason the foregoing indemnification is unavailable to any Servicer Indemnified Party or insufficient to hold it harmless, then the Servicer shall contribute to the amount paid or payable by such Servicer Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative economic interests of the Servicer and its Affiliates on the one hand and such Servicer Indemnified Party on the other hand in the matters contemplated by this Agreement as well as the relative fault of the Servicer and its Affiliates and such Servicer Indemnified Party with respect to such loss, claim, damage or liability and any other relevant equitable considerations. The reimbursement, indemnity and contribution obligations of the Servicer under this Section shall be in addition to any liability which the Servicer may otherwise have, shall extend upon the same terms and conditions to Servicer Indemnified Party, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Servicer and the Servicer Indemnified Parties.

(c) Any indemnification or contribution under this Section shall survive the termination of this Agreement.

ARTICLE XIV

MISCELLANEOUS

SECTION 14.01 Amendments, Etc.

(a) No failure on the part of any Credit Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. No amendment or waiver of any provision of this Agreement or consent to any departure by any of the Borrower or any Affiliate thereof shall be effective unless in a writing signed by the Administrative Agent and the Majority Lenders (and, in the case of any amendment, also signed by the Borrower), and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that (A) no amendment, waiver or consent shall, unless in writing and signed by the Servicer, affect the rights or duties of the Servicer under this Agreement; (B) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent and each Lender:

(i) change (directly or indirectly) the definitions of, Borrowing Base Deficit, Defaulted Receivable, Delinquent Receivable, Eligible Receivable, Facility Limit, Final Maturity Date, Net Receivables Pool Balance or Total Reserves contained in this Agreement, or increase the then existing Concentration Percentage for any Obligor or change the calculation of the Borrowing Base;

(ii) reduce the amount of Principal or Interest that is payable on account of any Loan or with respect to any other Credit Extension or delay any scheduled date for payment thereof;

(iii) change any Event of Default;

(iv) release all or a material portion of the Collateral from the Administrative Agent's security interest created hereunder;

(v) release the Performance Guarantor from any of its obligations under the Performance Guaranty or terminate the Performance Guaranty;

(vi) change any of the provisions of this Section 14.01 or the definition of "Majority Lenders"; or

(vii) change the order of priority in which Collections are applied pursuant to Section 4.01.

Notwithstanding the foregoing, (A) no amendment, waiver or consent shall increase any Lender's Commitment hereunder without the consent of such Lender and (B) no amendment, waiver or consent shall reduce any Fees payable by the Borrower to any Lender or delay the dates on which any such Fees are payable, in either case, without the consent of such Lender and (C) no consent with respect to any amendment, waiver or other modification of this Agreement shall be required of any Defaulting Lender, except with respect to any amendment, waiver or other modification referred to in clauses (i) through (vii) above and then only in the event such Defaulting Lender shall be directly affected by such amendment, waiver or other modification.

SECTION 14.02 Notices, Etc. All notices and other communications hereunder shall, unless otherwise stated herein, be in writing (which shall include email communication) and faxed, emailed or delivered, to each party hereto, at its address set forth under its name on Schedule III hereto or at such other address or email address as shall be designated by such party in a written notice to the other parties hereto. Notices and communications by email shall be effective when sent receipt confirmed by electronic or other means (such as by the "return receipt requested" function, as available, return electronic mail or other acknowledgement), and notices and communications sent by other means shall be effective when received.

SECTION 14.03 Assignability; Addition of Lenders.

(a) Assignment by Lenders. Each Lender may assign to any Eligible Assignee or to any other Lender all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and any Loan or interests therein owned by it); provided, however that

(i) except for an assignment by a Lender to either an Affiliate of such Lender or any other Lender, each such assignment shall require the prior written consent of the Borrower (such consent not to be unreasonably withheld, conditioned or delayed; provided, however, that such consent shall not be required if an Event of Default or an Unmatured Event of Default has occurred and is continuing);

(ii) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement;

(iii) the amount being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance Agreement with respect to

such assignment) shall in no event be less than the lesser of (x) $5,000,000 and (y) all of the assigning Lender's Commitment; and

(iv) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance Agreement.

Upon such execution, delivery, acceptance and recording from and after the effective date specified in such Assignment and Acceptance Agreement, (x) the assignee thereunder shall be a party to this Agreement, and to the extent that rights and obligations under this Agreement have been assigned to it pursuant to such Assignment and Acceptance Agreement, have the rights and obligations of a Lender hereunder (including the requirements under Section 5.03(f)) and (y) the assigning Lender shall, to the extent that rights and obligations have been assigned by it pursuant to such Assignment and Acceptance Agreement, relinquish such rights and be released from such obligations under this Agreement (and, in the case of an Assignment and Acceptance Agreement covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(b) Register. The Administrative Agent shall, acting solely for this purpose as an agent of the Borrower, maintain at its address referred to on Schedule III of this Agreement (or such other address of the Administrative Agent as the Administrative Agent may notify the other parties hereto) a copy of each Assignment and Acceptance Agreement delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders, the Commitment of each Lender and the aggregate outstanding Principal (and stated interest) of the Loans of each Lender from time to time (the "Register"). No assignment shall be effective unless recorded in the Register. The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Servicer, the Administrative Agent, the Lenders, and the other Credit Parties shall treat each Person whose name is recorded in the Register pursuant to the terms of this Agreement as a Lender under this Agreement for all purposes of this Agreement. The Register shall be available for inspection by the Borrower, the Servicer, or any Lender at any reasonable time and from time to time upon reasonable prior notice. For the avoidance of doubt, the parties intend and shall treat the Loans as being at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Code.

(c) Procedure. Upon its receipt of an Assignment and Acceptance Agreement executed and delivered by an assigning Lender and an Eligible Assignee or assignee Lender, the Administrative Agent shall, if such Assignment and Acceptance Agreement has been duly completed, (i) accept such Assignment and Acceptance Agreement, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower and the Servicer.

(d) Participations. Each Lender may sell participations to one or more Eligible Assignees (each, a "Participant") in or to all or a portion of its rights and/or obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the interests in the Loans owned by it); provided, however, that

(i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, and

(ii) such Lender shall remain solely responsible to the other parties to this Agreement for the performance of such obligations.

The Administrative Agent, the Lenders, the Borrower and the Servicer shall have the right to continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 5.01 and 5.03 (subject to the requirements and limitations therein, including the requirements under Section 5.03(f) (it being understood that the documentation required under Section 5.03(f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to clause (b) of this Section; provided that such Participant shall not be entitled to receive any greater payment under Section 5.01 or 5.03, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation.

(e) Participant Register. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under this Agreement (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans or its other obligations under any this Agreement) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(f) Assignments by Administrative Agents. This Agreement and the rights and obligations of the Administrative Agent herein shall be assignable by the Administrative Agent or such Lender, and its successors and assigns; provided that in the case of an assignment to a Person that is not an Affiliate of the Administrative Agent a Lender, so long as no Event of Default or Unmatured Event of Default has occurred and is continuing, such assignment shall require the Borrower's consent (not to be unreasonably withheld, conditioned or delayed).

(g) Assignments by the Borrower or the Servicer. Neither the Borrower nor, except as provided in Section 9.01, the Servicer may assign any of its respective rights or obligations hereunder or any interest herein without the prior written consent of the Administrative Agent and each Lender (such consent to be provided or withheld in the sole discretion of such Person).

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(h) Addition of Lenders. The Borrower may, with written notice to the Administrative Agent and each Lender, add additional Persons as Lenders or cause an existing Lender to increase its Commitment; provided, however, that the Commitment of any existing Lender may only be increased with the prior written consent of such Lender. Each new Lender shall become a party hereto, by executing and delivering to the Administrative Agent and the Borrower, an assumption agreement (each, an "Assumption Agreement") in the form of Exhibit D hereto.

(i) Pledge to a Federal Reserve Bank. Notwithstanding anything to the contrary set forth herein, (i) any Lender or any of their respective Affiliates may at any time pledge or grant a security interest in all or any portion of its interest in, to and under this Agreement (including, without limitation, rights to payment of Principal and Interest) and any other Transaction Document to secure its obligations to a Federal Reserve Bank, without notice to or the consent of the Borrower, the Servicer, any Affiliate thereof or any Credit Party; provided, however, that that no such pledge shall relieve such assignor of its obligations under this Agreement.

SECTION 14.04 Costs and Expenses. In addition to the rights of indemnification granted under Section 13.01 hereof, the Borrower agrees to pay (x) with respect to any of the following amounts invoiced on or prior to the Closing Date, on the Closing Date, and (y) otherwise, within ten (10) Business Days following demand thereof, all reasonable and documented out-of-pocket costs and expenses in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Transaction Documents (together with all amendments, restatements, supplements, consents and waivers, if any, from time to time hereto and thereto), including, without limitation, (i) the reasonable Attorney Costs for the Administrative Agent and the other Credit Parties with respect thereto and with respect to advising the Administrative Agent and the other Credit Parties and their respective Affiliates as to their rights and remedies under this Agreement and the other Transaction Documents and (ii) reasonable and documented accountants', auditors' and consultants' fees and expenses for the Administrative Agent and the other Credit Parties incurred in connection with the administration and maintenance of this Agreement or advising the Administrative Agent or any other Credit Party as to their rights and remedies under this Agreement or as to any actual or reasonably claimed breach of this Agreement or any other Transaction Document. In addition, the Borrower agrees to pay on demand all reasonable out-of-pocket costs and expenses (including reasonable Attorney Costs), of the Administrative Agent and the other Credit Parties and their respective Affiliates, incurred in connection with the enforcement of any of their respective rights or remedies under the provisions of this Agreement and the other Transaction Documents.

SECTION 14.05 No Proceedings; Limitation on Payments.

(a) Each of the Servicer, each Lender and each assignee of a Loan or any interest therein, hereby covenants and agrees that it will not institute against, or join any other Person in instituting against, the Borrower any Insolvency Proceeding until one year and one day after the Final Payout Date; provided, that the Administrative Agent may take any such action in its sole discretion following the occurrence of an Event of Default. The provisions of this Section 14.05 shall survive any termination of this Agreement.

SECTION 14.06 Confidentiality.

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(a) Each of the Borrower and the Servicer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Agreement or the Fee Letter (including any fees payable in connection with this Agreement, the Fee Letter or any other Transaction Document or the identity of the Administrative Agent or any other Credit Party), except as the Administrative Agent and each Lender may have consented to in writing prior to any proposed disclosure; provided, however, that it may disclose such information (i) to its Advisors and Representatives, (ii) to the extent such information has become available to the public other than as a result of a disclosure by or through the Borrower, the Servicer or their Advisors and Representatives or (iii) to the extent it should be (A) required by Applicable Law, or in connection with any legal or regulatory proceeding or (B) requested by any Governmental Authority to disclose such information; provided, that, in the case of clause (iii) above, the Borrower and the Servicer will use reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by Applicable Law) notify the Administrative Agent and the affected Credit Party of its intention to make any such disclosure prior to making such disclosure. Notwithstanding the foregoing, the Borrower, the Servicer and their Affiliates may disclose on a confidential basis the material terms of the Transaction Documents (other than the terms of the Fee Letter (including any fees payable in connection with this Agreement, the Fee Letter or any other Transaction Document)) to their current and potential lenders, bondholders, investors, equityholders, members, partners (limited and general), purchasers, auditors, banks, outside counsel, insurers and/or the respective advisors of the foregoing. The disclosures authorized in the foregoing sentence do not require the Borrower, the Servicer or their Affiliates to obtain a written agreement regarding confidentiality before making such disclosures. Each of the Borrower and the Servicer agrees to be responsible for any breach of this Section by its Representatives and Advisors and agrees that its Representatives and Advisors will be advised by it of the confidential nature of such information and shall agree to comply with this Section. Notwithstanding the foregoing, it is expressly agreed that each of the Borrower, the Servicer and their respective Affiliates may publish a press release or otherwise publicly announce the existence and principal amount of the Commitments under this Agreement and the transactions contemplated hereby; provided that the Administrative Agent shall be provided a reasonable opportunity to review such press release or other public announcement prior to its release and provide comment thereon; and provided, further, that no such press release shall name or otherwise identify the Administrative Agent, any other Credit Party or any of their respective Affiliates without such Person's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed). Notwithstanding the foregoing, the Borrower consents to the publication by the Administrative Agent or any other Credit Party of a tombstone or similar advertising material relating to the financing transactions contemplated by this Agreement, provided that the Borrower shall be provided a reasonable opportunity to review such tombstone or other advertising material prior to its initial release, provide comment thereon, and consent to the date of publication.

(b) Each of the Administrative Agent and each other Credit Party, severally and with respect to itself only, agrees to hold in confidence, and not disclose to any Person, any confidential and proprietary information concerning the Borrower, the Servicer and their respective Affiliates and their businesses or the terms of this Agreement (including any fees payable in connection with this Agreement or the other Transaction Documents), except as the Borrower or the Servicer may have consented to in writing prior to any proposed disclosure; provided, however, that it may disclose such information (i) to its Advisors and Representatives, (ii) to its assignees and Participants and potential assignees and Participants and their respective

counsel if they agree in writing to hold it confidential, (iii) to the extent such information has become available to the public other than as a result of a disclosure by or through it or its Representatives or Advisors, (iv) at the request of a bank examiner or other regulatory authority or in connection with an examination of any of the Administrative Agent or any Lender or their respective Affiliates or (v) to the extent it should be (A) required by Applicable Law, or in connection with any legal or regulatory proceeding or (B) requested by any Governmental Authority to disclose such information; provided, that, in the case of clause (v) above, the Administrative Agent and each Lender will use reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by Applicable Law) notify the Borrower and the Servicer of its making any such disclosure as promptly as reasonably practicable thereafter. Each of the Administrative Agent and each Lender, severally and with respect to itself only, agrees to be responsible for any breach of this Section by its Representatives and Advisors and agrees that its Representatives and Advisors will be advised by it of the confidential nature of such information and shall agree to comply with this Section.

(c) As used in this Section, (i) "Advisors" means, with respect to any Person, such Person's accountants, attorneys and other confidential advisors and (ii) "Representatives" means, with respect to any Person, such Person's Affiliates, Subsidiaries, directors, managers, officers, employees, members, investors, financing sources, insurers, professional advisors, representatives and agents who have a need to know the applicable information disclosed in connection with this Agreement and the other Transaction Documents; *provided* that such Persons shall not be deemed to be Representatives of a Person unless (and solely to the extent that) confidential information is furnished to such Person.

(d) Notwithstanding the foregoing, to the extent not inconsistent with applicable securities laws, each party hereto (and each of its employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure (as defined in Section 1.6011-4 of the Treasury Regulations) of the transactions contemplated by the Transaction Documents and all materials of any kind (including opinions or other tax analyses) that are provided to such Person relating to such tax treatment and tax structure.

SECTION 14.07 GOVERNING LAW. THIS AGREEMENT, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT WITHOUT REGARD TO ANY OTHER CONFLICTS OF LAW PROVISIONS THEREOF, EXCEPT TO THE EXTENT THAT THE PERFECTION, THE EFFECT OF PERFECTION OR PRIORITY OF THE INTERESTS OF ADMINISTRATIVE AGENT OR ANY LENDER IN THE COLLATERAL IS GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK).

SECTION 14.08 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart hereof by facsimile or other electronic means shall be equally effective as delivery of an originally executed counterpart. The words "execution", "executed", "signed", "signature", and words of like import in this Agreement and the other Transaction Documents shall

be deemed to include electronic signatures or electronic records, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 14.09 Integration; Binding Effect; Survival of Termination. This Agreement and the other Transaction Documents contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms and shall remain in full force and effect until the Final Payout Date; provided, however, that the provisions of Sections 5.01, 5.02, 5.03, 11.12, 11.14, 13.01, 13.02, 14.04, 14.05, 14.06, 14.09, 14.11 and 14.13 shall survive any termination of this Agreement.

SECTION 14.10 CONSENT TO JURISDICTION. (a) EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY NEW YORK STATE OR FEDERAL COURT SITTING IN NEW YORK CITY, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, AND EACH PARTY HERETO HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING SHALL BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING. THE PARTIES HERETO AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(b) EACH PARTY HERETO CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO IT AT ITS ADDRESS SPECIFIED IN SECTION 14.02. NOTHING IN THIS SECTION 14.10 SHALL AFFECT THE RIGHT OF ANY PARTY TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 14.11 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT.

SECTION 14.12 Ratable Payments. If any Credit Party, whether by setoff or otherwise, has payment made to it with respect to any Borrower Obligations in a greater proportion than that received by any other Credit Party entitled to receive a ratable share of such Borrower Obligations, such Credit Party agrees, promptly upon demand, to purchase for cash without recourse or warranty a portion of such Borrower Obligations held by the other Credit Parties so that after such purchase each Credit Party will hold its ratable proportion of such Borrower Obligations; provided that if all or any portion of such excess amount is thereafter recovered from such Credit Party, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

SECTION 14.13 Limitation of Liability.

(a) No claim may be made by the Borrower or any Affiliate thereof or any other Person against any Credit Party or their respective Affiliates, members, directors, officers, employees, incorporators, attorneys or agents for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement or any other Transaction Document, or any act, omission or event occurring in connection herewith or therewith; and each of the Borrower and the Servicer hereby waives, releases, and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor. None of the Credit Parties and their respective Affiliates shall have any liability to the Borrower or any Affiliate thereof or any other Person asserting claims on behalf of or in right of the Borrower or any Affiliate thereof in connection with or as a result of this Agreement or any other Transaction Document or the transactions contemplated hereby or thereby, except to the extent that any losses, claims, damages, liabilities or expenses incurred by the Borrower or any Affiliate thereof result from the breach of contract, gross negligence or willful misconduct of such Credit Party in performing its duties and obligations hereunder and under the other Transaction Documents to which it is a party.

(b) The obligations of the Administrative Agent and each of the other Credit Parties under this Agreement and each of the Transaction Documents are solely the corporate obligations of such Person. No recourse shall be had for any obligation or claim arising out of or based upon this Agreement or any other Transaction Document against any member, director, officer, employee or incorporator of any such Person.

(c) The obligations of the Borrower and the Servicer (each, a "Borrower Party") under this Agreement are solely the corporate obligations of such Person. No recourse shall be had for any obligation or claim arising out of or based upon this Agreement or any other Transaction Document against any member, director, manager, officer, employee or incorporator of any such Borrower Party (solely by virtue of such capacity), other than any obligation or claim against the Performance Guarantor in accordance with the terms of the Performance Guaranty.

SECTION 14.14 Intent of the Parties. The Borrower has structured this Agreement with the intention that the Loans and the obligations of the Borrower hereunder will be treated under United States federal, and applicable state, local and foreign tax law as debt (the "Intended Tax

Treatment"). The Borrower, the Servicer, the Administrative Agent and the other Credit Parties agree to file no tax return, or take any action, inconsistent with the Intended Tax Treatment unless required by law. Each assignee and each Participant acquiring an interest in a Credit Extension, by its acceptance of such assignment or participation, agrees to comply with the immediately preceding sentence.

SECTION 14.15 USA Patriot Act. Each of the Administrative Agent and each of the other Credit Parties hereby notifies the Borrower and the Servicer that pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "PATRIOT Act"), the Administrative Agent and the other Credit Parties may be required to obtain, verify and record information that identifies the Borrower, the Originators, the Servicer and the Performance Guarantor, which information includes the name, address, tax identification number and other information regarding the Borrower, the Originators, the Servicer and the Performance Guarantor that will allow the Administrative Agent and the other Credit Parties to identify the Borrower, the Originators, the Servicer and the Performance Guarantor in accordance with the PATRIOT Act. This notice is given in accordance with the requirements of the PATRIOT Act. Each of the Borrower and the Servicer agrees to provide the Administrative Agent and each other Credit Parties, from time to time, with all documentation and other information required by bank regulatory authorities under "know your customer" and anti-money laundering rules and regulations, including, without limitation, the PATRIOT Act.

SECTION 14.16 Right of Setoff. Each Credit Party is hereby authorized (in addition to any other rights it may have), at any time during the continuance of an Event of Default, to setoff, appropriate and apply (without presentment, demand, protest or other notice which are hereby expressly waived) any deposits (other than payroll, trust and fiduciary accounts of the Servicer) and any other indebtedness held or owing by such Credit Party (including by any branches or agencies of such Credit Party) to, or for the account of, the Borrower or the Servicer against amounts owing by the Borrower or the Servicer hereunder (even if contingent or unmatured); provided that such Credit Party shall notify the Borrower or the Servicer, as applicable, promptly following such setoff.

SECTION 14.17 Severability. Any provisions of this Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 14.18 Mutual Negotiations. This Agreement and the other Transaction Documents are the product of mutual negotiations by the parties thereto and their counsel, and no party shall be deemed the draftsperson of this Agreement or any other Transaction Document or any provision hereof or thereof or to have provided the same. Accordingly, in the event of any inconsistency or ambiguity of any provision of this Agreement or any other Transaction Document, such inconsistency or ambiguity shall not be interpreted against any party because of such party's involvement in the drafting thereof.

SECTION 14.19 Captions and Cross References. The various captions (including the table of contents) in this Agreement are provided solely for convenience of reference and shall not

affect the meaning or interpretation of any provision of this Agreement. Unless otherwise indicated, references in this Agreement to any Section, Schedule or Exhibit are to such Section Schedule or Exhibit to this Agreement, as the case may be, and references in any Section, subsection, or clause to any subsection, clause or subclause are to such subsection, clause or subclause of such Section, subsection or clause.

[Signature Pages Follow]

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written

.

AVEANNA SPV I, LLC

By: /s/ Shannon Drake
Name: Shannon Drake
Title: Secretary

AVEANNA HEALTHCARE LLC,
as the Servicer

By: /s/ Shannon Drake
Name: Shannon Drake
Title: Secretary

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PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: /s/ Eric Bruno
Name: Eric Bruno
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Eric Bruno
Name: Eric Bruno
Title: Senior Vice President

PNC CAPITAL MARKETS LLC,
as Structuring Agent

By: /s/ Eric Bruno
Name: Eric Bruno
Title: Senior Vice President

EXHIBIT A
Form of Loan Request

[Letterhead of Borrower]

[Date]

[Administrative Agent]

[Lenders]

Re: Loan Request

Ladies and Gentlemen:

Reference is hereby made to that certain Receivables Financing Agreement, dated as of November 12, 2021 among Aveanna SPV I, LLC, as borrower (the "Borrower"), Aveanna Healthcare LLC, as Servicer (the "Servicer"), the Lenders party thereto, PNC Bank, National Association, as Administrative Agent (in such capacity, the "Administrative Agent") and PNC Capital Markets LLC, as Structuring Agent (as amended, supplemented or otherwise modified from time to time, the "Agreement"). Capitalized terms used in this Loan Request and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

This letter constitutes a Loan Request pursuant to Section 2.02(a) of the Agreement. The Borrower hereby request a Loan in the aggregate amount of [$_____] to be made on [_____, 20__] (of which $[___] will be funded by PNC and $[___] will be funded by [___]. The proceeds of such Loan should be deposited to [Account number], at [Name, Address and ABA Number of Bank]. After giving effect to such Loan, the Aggregate Principal will be [$_____].

The Borrower hereby represents and warrants as of the date hereof, and after giving effect to such Credit Extension, as follows:

(i) the representations and warranties of the Borrower and the Servicer contained in Sections 7.01 and 7.02 of the Agreement are true and correct in all material respects on and as of the date of such Credit Extension as though made on and as of such date unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date;

(ii) no Unmatured Event of Default or Event of Default has occurred and is continuing, and no Event of Default or Unmatured Event of Default would result from such Credit Extension;

(iii) no Borrowing Base Deficit exists or would exist after giving effect to such Credit Extension;

(iv) the Aggregate Principal will not exceed the Facility Limit;

(v) the Termination Date has not occurred; and

(vi) the Facility Limit exceeds the Minimum Funding Threshold.

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IN WITNESS WHEREOF, the undersigned has executed this letter by its duly authorized officer as of the date first above written.

Very truly yours,

By:
Name:
Title:

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EXHIBIT B
Form of Reduction Notice

[LETTERHEAD OF BORROWER]

[Date]

[Administrative Agent]

[Lenders]

Re: Reduction Notice

Ladies and Gentlemen:

Reference is hereby made to that certain Receivables Financing Agreement, dated as of November 12, 2021, among Aveanna SPV I, LLC, as borrower (the "Borrower"), Aveanna Healthcare LLC, as Servicer (the "Servicer"), the Lenders party thereto, PNC Bank, National Association, as Administrative Agent (in such capacity, the "Administrative Agent") and PNC Capital Markets LLC, as Structuring Agent (as amended, supplemented or otherwise modified from time to time, the "Agreement"). Capitalized terms used in this Reduction Notice and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

This letter constitutes a Reduction Notice pursuant to Section 2.02(d) of the Agreement. The Borrower hereby notifies the Administrative Agent and the Lenders that it shall prepay the outstanding Principal of the Lenders in the amount of **[$_____]** to be made on **[_____, 20_].** After giving effect to such prepayment, the Aggregate Principal will be **[$_____]**.

The Borrower hereby represents and warrants as of the date hereof, and after giving effect to such reduction, as follows:

(i) the representations and warranties of the Borrower and the Servicer contained in Sections 7.01 and 7.02 of the Agreement are true and correct in all material respects on and as of the date of such prepayment as though made on and as of such date unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date;

(ii) no Event of Default or Unmatured Event of Default has occurred and is continuing, and no Event of Default or Unmatured Event of Default would result from such prepayment;

(iii) no Borrowing Base Deficit exists or would exist after giving effect to such prepayment;

(iv) the Termination Date has not occurred; and

(v) the Facility Limit exceeds the Minimum Funding Threshold.

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IN WITNESS WHEREOF, the undersigned has executed this letter by its duly authorized officer as of the date first above written.

Very truly yours,

AVEANNA SPV I, LLC

By:
Name:
Title:

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EXHIBIT C
[Form of Assignment and Acceptance Agreement]

Dated as of _____, 20__

Section 1.

Commitment assigned:	$[_____]
Assignor's remaining Commitment:	$[_____]
Principal allocable to Commitment assigned:	$[_____]
Assignor's remaining Principal:	$[_____]
Interest (if any) allocable to Principal assigned:	$[_____]
Interest (if any) allocable to Assignor's remaining Principal:	$[_____]

Section 2.

Effective Date of this Assignment and Acceptance Agreement: [_____]

Upon execution and delivery of this Assignment and Acceptance Agreement by the assignee and the assignor and the satisfaction of the other conditions to assignment specified in Section 14.03(a) of the Agreement (as defined below), from and after the effective date specified above, the assignee shall become a party to, and, to the extent of the rights and obligations thereunder being assigned to it pursuant to this Assignment and Acceptance Agreement, shall have the rights and obligations of a Lender under that certain Receivables Financing Agreement, dated as of November 12, 2021 among Aveanna SPV I, LLC, as Borrower, Aveanna Healthcare LLC, as Servicer, the Lenders party thereto, PNC Bank, National Association, as Administrative Agent and PNC Capital Markets LLC, as Structuring Agent (as amended, supplemented or otherwise modified from time to time, the "Agreement").

(Signature Pages Follow)

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ASSIGNOR: [_____]

By:_____
Name:
Title

ASSIGNEE: [_____]

By:_____
Name:
Title:

[Address]

Accepted as of date first above written:

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By:_
Name:
Title:

AVEANNA SPV I, LLC,
as Borrower

By:_
Name:
Title:

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EXHIBIT D
[Form of Assumption Agreement]

THIS ASSUMPTION AGREEMENT (this "Agreement"), dated as of [_____ __, ____], is among AVEANNA SPV I, LLC (the "Borrower"), [_____], as the Lender.

BACKGROUND

The Borrower and various others are parties to a certain Receivables Financing Agreement, dated as of November 12, 2021 (as amended through the date hereof and as the same may be amended, amended and restated, supplemented or otherwise modified from time to time, the "Receivables Financing Agreement"). Capitalized terms used and not otherwise defined herein have the respective meaning assigned to such terms in the Receivables Financing Agreement.

NOW, THEREFORE, the parties hereto hereby agree as follows:

SECTION 1. This letter constitutes an Assumption Agreement pursuant to Section 14.03(i) of the Receivables Financing Agreement. The Borrower desires the Lender to [become a Lender] [increase its existing Commitment] under the Receivables Financing Agreement, and upon the terms and subject to the conditions set forth in the Receivables Financing Agreement, the Lenders agree[s][to become Lenders thereunder] [increase its Commitment to the amount set forth as its "Commitment" under the signature of such [_____]Lender hereto].

The Borrower hereby represents and warrants to the Lender as of the date hereof, as follows:

(i) the representations and warranties of the Borrower contained in Section 7.01 of the Receivables Financing Agreement are true and correct on and as of such date as though made on and as of such date;

(ii) no Event of Default or Unmatured Event of Default has occurred and is continuing, or would result from the assumption contemplated hereby; and

(iii) the Termination Date shall not have occurred.

SECTION 2. Upon execution and delivery of this Agreement by the Borrower and each member of the [_____] Group, satisfaction of the other conditions with respect to the addition of a Group specified in Section 14.03(i) of the Receivables Financing Agreement (including the written consent of the Administrative Agent and the Majority Lenders) and receipt by the Administrative Agent of counterparts of this Agreement (whether by facsimile or otherwise) executed by each of the parties hereto, [the [_____] Lenders shall become a party to, and have the rights and obligations of Lenders under, the Receivables Financing Agreement and the "Commitment" with respect to such Lender as shall be as set forth under the signature of each such Lender hereto] [such Lender shall increase its Commitment to the amount set forth as the "Commitment" under the signature of such Lender hereto].

SECTION 3. THIS AGREEMENT, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN

ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT WITHOUT REGARD TO ANY OTHER CONFLICTS OF LAW PROVISIONS THEREOF). This Agreement may not be amended or supplemented except pursuant to a writing signed be each of the parties hereto and may not be waived except pursuant to a writing signed by the party to be charged. This Agreement may be executed in counterparts, and by the different parties on different counterparts, each of which shall constitute an original, but all together shall constitute one and the same agreement.

(Signature Pages Follow)

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized officers as of the date first above written.

[_____], as a Lender

By:
Name Printed:
Title:

[Address]
[Commitment]

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AVEANNA SPV I, LLC
as Borrower

By:
Name Printed:
Title:

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EXHIBIT E
Credit and Collection Policy

[ON FILE WITH THE ADMINISTRATIVE AGENT]

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EXHIBIT F
Form of Information Package

(Attached)

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EXHIBIT G
Form of Compliance Certificate

To: PNC Bank, National Association, as Administrative Agent

This Compliance Certificate is furnished pursuant to that certain Receivables Financing Agreement, dated as of November 12, 2021, among Aveanna SPV I, LLC, as Borrower (the "Borrower"), Aveanna Healthcare LLC, as Servicer (the "Servicer"), the Lenders party thereto, PNC Bank, National Association, as Administrative Agent (in such capacity, the "Administrative Agent") and PNC Capital Markets LLC, as Structuring Agent (as amended, supplemented or otherwise modified from time to time, the "Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected _____of the Servicer.

2. I have reviewed the terms of the Agreement and each of the other Transaction Documents and I have made, or have caused to be made under my supervision, a detailed review of the transactions and condition of the Borrower during the accounting period covered by the attached financial statements.

3. The examinations described in paragraph 2 above did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes an Event of Default or an Unmatured Event of Default, as each such term is defined under the Agreement, during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate[, except as set forth in paragraph 5 below].

4. Schedule I attached hereto sets forth financial statements of the Parent and its Subsidiaries for the period referenced on such Schedule I.

[5. Described below are the exceptions, if any, to paragraph 3 above by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which Borrower has taken, is taking, or proposes to take with respect to each such condition or event:]

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The foregoing certifications are made and delivered this _____ day of _____, 20___.

[_____]

By:_
Name:___
Title:____

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SCHEDULE I TO COMPLIANCE CERTIFICATE

A. Schedule of Compliance as of _____, 20__ with Section 8.02(b) of the Agreement. Unless otherwise defined herein, the terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

This schedule relates to the Fiscal Month ended: _____.

B. The following financial statements of the Parent and its Subsidiaries for the period ending on _____, 20__, are attached hereto:

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EXHIBIT H
Closing Memorandum

(Attached)

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EXHIBIT I
Forms of Interim Reports

(Attached)

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SCHEDULE I
Commitments

PNC Bank, National Association		
Party	Capacity	Commitment
PNC Bank, National Association	Lender	$150,000,000

SCHEDULE II

Lock-Boxes, Collection Accounts, Collateral Accounts and Collateral Account Banks

Collection Account Bank	**Collection Account Number**	**Associated Lock-Box (if any)**

Collateral Account Bank	**Collateral Account Number**
PNC Bank, National Association	

SCHEDULE III
Notice Addresses

(A) in the case of the Borrower, at the following address:

Aveanna SPV I, LLC
400 Interstate North Parkway SE, Suite 1600

Atlanta, GA 30339

Attention: Chief Legal Officer

Email: Legal.Notice@aveanna.com

with a copy to:

(B) in the case of the Servicer, at the following address:

Aveanna Healthcare LLC
400 Interstate North Parkway SE, Suite 1600

Atlanta, GA 30339

Attention: Chief Legal Officer

Email: Legal.Notice@aveanna.com

(C) in the case of the Administrative Agent, at the following address:

PNC Bank, National Association
The Tower at PNC Plaza
300 Fifth Avenue, 11th Floor
Pittsburgh, PA 15222
Attention: Brian Stanley
Telephone: 412-768-2001
Facsimile: 412-803-7142
Email: brian.stanley@pnc.com
ABFAdmin@pnc.com

(D) in the case of any other Person, at the address for such Person specified in the other Transaction Documents; in each case, or at such other address as shall be designated by such Person in a written notice to the other parties to this Agreement.

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Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Tony Strange, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended October 2, 2021 of Aveanna Healthcare Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 15, 2021

By: /s/ Tony Strange

Tony Strange
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Afshar, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended October 2, 2021 of Aveanna Healthcare Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 15, 2021

By: /s/ David Afshar

David Afshar
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Aveanna Healthcare Holdings Inc. (the "Company") on Form 10-Q for the fiscal quarter ending October 2, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tony Strange, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 15, 2021

By: /s/ Tony Strange

Tony Strange
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Aveanna Healthcare Holdings Inc. (the "Company") on Form 10-Q for the fiscal quarter ending October 2, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Afshar, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By:

Date: November 15, 2021 /s/ David Afshar

David Afshar
Chief Financial Officer
(Principal Financial and Accounting Officer)