



Employee Stock Purchase Plan (ESPP)



What Is the ESPP?

The Big Picture

The ESPP allows eligible employees to purchase shares of PACS stock through payroll deductions at a **discounted price**.

It's designed to help you invest in PACS and build long-term financial value.

How It Works at a Glance

01

Enroll

Sign up and choose your contribution percentage

02

Contribute

Payroll deductions accumulate during the Offering Period

03

Purchase

Shares are bought automatically on the Purchase Date at a discount

Am I Eligible?

Who Is Eligible:

Employee Status

Full-time, part-time, and on-call employees are eligible.

Eligibility begins after a **60-day waiting period**.

Who Is Excluded:

Exclusion Criteria

- Under the age of 18
- Missing items in Workday
 - Employees with no email address and Physical address on file
 - PO Box are the only address available

- ❏ Some exclusions may apply due to IRS, SEC, or local country regulations. Contact the Benefits team for questions about your specific situation.



How Do I Enroll?

Enrollment is completed through **JP Morgan**. Here's what to expect:

  Important: All enrollments are completed on the JP Morgan site. No enrollment will be completed in Workday.

01

Activation Email (Mid-March)

You will receive an activation email from JP Morgan in mid-March to set up your account access. **Launch date will start March 9th**

02



New Task Email

You will then receive a second email from JP Morgan notifying you that you have a new task to complete. **Emails will start on Friday the 13th**

03

Select Your Contribution

Log in to JP Morgan and select your enrollment contribution percentage between **1% – 15%** of your eligible pay. You can make as many changes throughout the Enrollment Period.

  Note: Once a contribution election is made, it will continue through each enrollment period unless a change is made during the next enrollment window.

When Are Shares Purchased?



Shares are purchased on designated **Purchase Dates**, which typically occur at the end of each purchase period within an Offering Period. Your payroll deductions are collected throughout the Offering Period and used to buy shares automatically on the Purchase Date.

Key Dates: First Offering Period

Mark your calendar for these important ESPP dates for the First Offering Period.

Enrollment Deadline
March 15 – March 28, 2026

Offering Period
April 1, 2026 – September 30, 2026

First Payroll Contribution
April 3, 2026

Last Payroll Contribution
September 18, 2026

Share Purchase Date
September 30, 2026

Next Enrollment Window
September 2026

How Is the Purchase Price Calculated?

Your purchase price is **85% of the lower** of PACS's stock price on either the **Enrollment Date** or the **Purchase Date** whichever is lower. This "lookback" feature maximizes your discount.

The number of shares you receive depends on your total contributions and the discounted purchase price.

Example

Stock price on Enrollment Date: **\$20**

Stock price on Purchase Date: **\$25**

Plan uses the lower price: **\$20**

85% of \$20 = **\$17 per share**

\$850 contributed ÷ \$17 = **50 shares**

Are There Purchase Limits?

\$25K

Annual IRS Limit

Maximum stock value purchaseable per calendar year, based on stock price at the start of the Offering Period

5,000

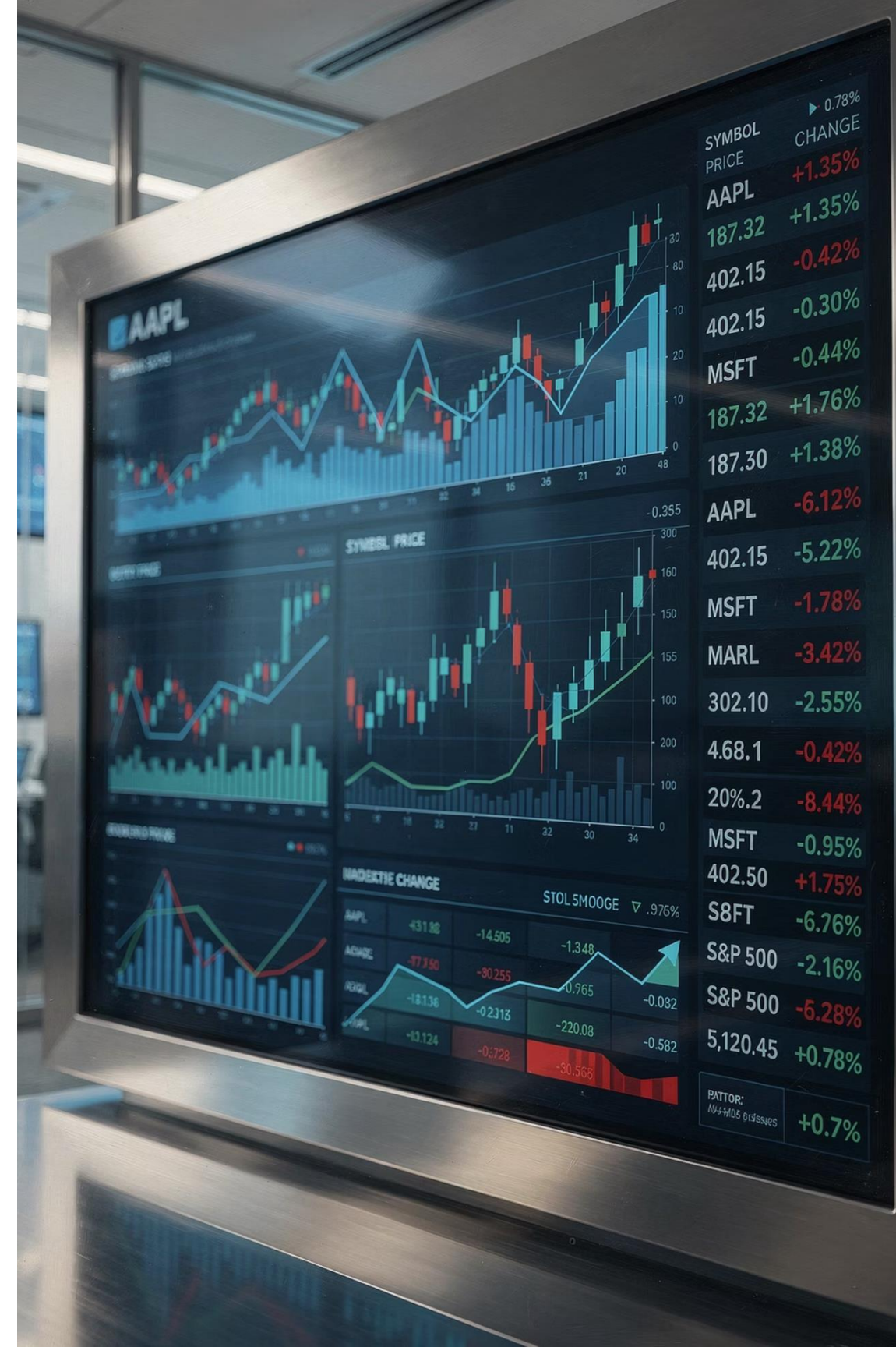
Share Cap

Maximum number of shares that can be purchased per Offering Period under the Plan

15%

Instant Discount

Shares are purchased at 85% of the lower price a guaranteed 15% discount at minimum



Contribution Changes and Withdrawals

During an Offering Period, you may **not** increase or decrease your contribution percentage. The only option available is to **withdrawal future payroll deductions** entirely, which constitutes a withdrawal from the plan.

Contribution Changes Not Permitted

Contribution changes (increases or decreases) are **not** allowed. Employees may only withdraw from the plan during an Offering Period by suspending future payroll deductions.



When Will I See a Return?

The ESPP provides an **immediate benefit** through the purchase discount — shares are bought at 85% of the lower of the stock price on the Enrollment Date or Purchase Date, meaning you start with built-in value.

- Any additional financial return depends on PACS's stock performance and when you choose to sell. Stock prices can go up or down, and returns are **not guaranteed**.

Is the ESPP Taxable?

What You Need to Know

Yes, ESPPs can be taxed. Taxes typically apply **when you sell your shares**, and the amount depends on:

- How long you hold the shares
- Your individual tax situation

Your Responsibility

Employees are responsible for understanding their own ESPP tax obligations.

You may want to **consult a tax advisor** for personalized guidance on your situation.

When Can I Sell My Shares?

You may sell your ESPP shares after they are purchased and issued to you. However, selling early may have tax consequences.



What Is a Disqualifying Disposition?

Definition

A **disqualifying disposition** occurs when you sell ESPP shares **before** meeting the required holding periods:

- Within **2 years** of the Enrollment Date, *or*
- Within **1 year** of the Purchase Date

Tax Impact

When a sale is considered disqualifying:

- Part of the purchase **discount may be treated as ordinary income**
- Any additional gain or loss may be **taxed separately**

Consult a tax advisor to understand your specific obligations.



What Happens If I Leave PACS?

You automatically withdraw from the plan and get your money back.

Upon leaving PACS, your participation in the ESPP ends automatically. Any payroll deductions accumulated during the current Offering Period will be **returned to you** — you will not be charged or penalized.

ESPP Quick Reference Summary

Discount

85% of the lower of Enrollment or Purchase Date stock price

Annual Limit

\$25,000 in stock value per calendar year;
5,000 shares per Offering Period

Changes

No changes are allowed, you can withdraw completely

Taxes

Apply at sale; holding periods affect tax treatment

Leaving

Auto-withdrawal; deductions returned to you

What Should You Do as Leadership?

As a leader, you play a key role in ensuring employees are informed and have the opportunity to participate in the ESPP. Here's what you should do:



Post the Flyer

Ensure the ESPP poster is printed and posted in visible locations throughout your building(s) so all employees have access to the information.



Review with Your Team

Go over the ESPP with employees during all-staff meetings and/or individually to ensure everyone understands the plan and their eligibility.



Review Available Resources

Familiarize yourself with all ESPP resources, including the PACS ESPP site and official Plan documents, so you can answer employee questions confidently.



Questions? We're Here to Help.

For questions about your eligibility, contribution changes, or any other ESPP-related topics, reach out to the Benefits team or Visit our Benefits insider page



Submit a Fresh Service Ticket to the Benefits Team
For eligibility, and plan-specific questions



Tax Advisor

Consult a personal tax advisor for guidance on your individual ESPP tax obligations



Plan Documents

Review the official Plan documents for full terms, conditions, and Offering Period details



PACS ESPP Site

Visit the PACS ESPP site for plan resources, documents, and more.
pacs.com/espp