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

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2024
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: 1-13445

Sonida Senior Living, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**75-2678809**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
14755 Preston Road, Suite 810 Dallas, TX	**75254**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code:
(972) 770-5600

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, $.01 par value per share	SNDA	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 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, a 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If the securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

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

The aggregate market value of the 5,994,034 shares of the Registrant's common stock, par value $0.01 per share ("Common Stock"), held by non-affiliates (defined to exclude all of the Registrant's executive officers, directors, and certain significant stockholders) on the last business day of the Registrant's most recently completed second quarter, based upon the closing price of the Registrant's Common Stock as reported by the New York Stock Exchange on such date was approximately $164.8 million. As of March 13, 2025, the Registrant had 18,915,938 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement pertaining to its 2025 Annual Meeting of Stockholders and filed or to be filed not later than 120 days after the end of the fiscal year pursuant to Regulation 14A are incorporated herein by reference into Part III of this report.

SONIDA SENIOR LIVING, INC.

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Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this Annual Report on Form 10-K of Sonida Senior Living, Inc. (together with its consolidated subsidiaries, "Sonida," "we," "our," "us," or the "Company") constitutes "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. All statements, other than statements of historical fact included in this Annual Report on Form 10-K, including, without limitation, those relating to the Company's future business prospects and strategies, financial results, working capital, liquidity, capital needs and expenditures, interest costs, insurance availability and contingent liabilities, are forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology such as "may," "will," "would," "intend," "could," "believe," "expect," "anticipate," "project," "plans," "estimate" or "continue" or the negatives thereof or other variations thereon or comparable terminology.

Forward-looking statements are subject to certain risks and uncertainties that could cause the Company's actual results and financial condition to differ materially from those indicated in the forward-looking statements, including, among others, the risks, uncertainties and factors set forth under "Item. 1A. Risk Factors" in this Annual Report on Form 10-K, and also include the following:

- the Company's ability to generate sufficient cash flows from operations, proceeds from equity issuances and debt financings, and proceeds from the sale of assets to satisfy its short and long-term debt obligations and to fund the Company's acquisitions and capital improvement projects to expand, redevelop, and/or reposition its senior living communities;
- elevated market interest rates that increase the cost of certain of our debt obligations;
- increased competition for, or a shortage of, skilled workers, including due to general labor market conditions, along with wage pressures resulting from such increased competition, low unemployment levels, use of contract labor, minimum wage increases and/or changes in immigration and overtime laws;
- the Company's ability to obtain additional capital on terms acceptable to it;
- the Company's ability to extend or refinance its existing debt as such debt matures;
- the Company's compliance with its debt agreements, including certain financial covenants, and the risk of cross-default in the event such non-compliance occurs;
- the Company's ability to complete acquisitions and dispositions upon favorable terms or at all, including the possibility that the expected benefits and the Company's projections related to such acquisitions may not materialize as expected;
- the risk of oversupply and increased competition in the markets which the Company operates;
- the Company's ability to improve and maintain internal controls over financial reporting and remediate the identified material weakness discussed in Item 9A of this Annual Report on Form 10-K;
- the cost and difficulty of complying with applicable licensure, legislative oversight, or regulatory changes;
- risks associated with current global economic conditions and general economic factors such as elevated labor costs due to shortages of medical and non-medical staff, competition in the labor market, increased costs of salaries, wages and benefits, and immigration laws, the consumer price index, commodity costs, fuel and other energy costs, supply chain disruptions, increased insurance costs, tariffs, elevated interest rates and tax rates;
- the impact from or the potential emergence and effects of a future epidemic, pandemic, outbreak of infectious disease or other health crisis;
- the Company's ability to maintain the security and functionality of its information systems, to prevent a cybersecurity attack or breach, and to comply with applicable privacy and consumer protection laws, including HIPAA;
- changes in accounting principles and interpretations; and
- the other risks described under the heading "Risk Factors" in this Annual Report on Form 10-K.

We caution you that the risks, uncertainties and other factors referenced above may not contain all of the risks, uncertainties and other factors that are important to you. In addition, we cannot assure you that we will realize the results, benefits or outcomes that we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our business in the way expected. All forward-looking statements in this Annual Report on Form 10-K apply only as of the date made and are expressly qualified in their entirety by the cautionary statements included in this Annual Report on Form 10-K. Except as required by applicable law, we undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

PART I

ITEM 1. BUSINESS.

Overview

Sonida Senior Living, Inc., a Delaware corporation (together with its subsidiaries, “we,” “us,” “our,” “Sonida,” or the “Company”), is a leading owner, operator and investor in senior housing communities in the United States in terms of resident capacity. The Company and its predecessors have provided senior housing since 1990. As of December 31, 2024, the Company owned, managed, or invested in 94 senior housing communities in 20 states with an aggregate capacity of approximately 10,000 residents, including 81 owned senior housing communities (including four owned through joint venture investments in consolidated entities, four owned through a joint venture investment in an unconsolidated entity, and one unoccupied) and 13 communities that the Company managed on behalf of a third-party.

We primarily provide residential housing and services to people aged 75 years and older, including independent living, assisted living, and memory care services. Many of our communities offer a continuum of care to meet our residents’ needs as they change over time by integrating independent living, assisted living, and memory care, which may be bridged by home care through independent home care agencies. Our integrated approach sustains residents’ autonomy and independence based on their physical and cognitive abilities.

Strategy

Our mission is to bring quality senior living to life. We provide comfortable, safe, affordable communities where residents can form friendships, enjoy new experiences, and receive personalized care from team members who treat them like family, while also striving to (i) achieve and sustain a strong, competitive position within our geographically concentrated regions, and (ii) continue to enhance the performance of our operations. Our strategic priorities are designed to enhance our performance and position our portfolio for near- and long-term growth.

The following strategic priorities are intended to complement and enhance our core operational efforts while addressing the Company's financial position and increasing margin penetration against the backdrop of rapidly evolving demographic, economic and regulatory environments.

Team. Strong local leadership teams develop engaged, loyal and caring team members by focusing on:

- Employee engagement
- Community leadership team retention
- Labor management and cost control
- Employee training and development

Value. Our living environment and team members deliver value to our residents and strive to exceed their expectations by improving:

- Resident satisfaction
- Reputation score
- Services and programming
- Health and safety

Operational Excellence. We partner with communities and team members to streamline operations, enhance efficiency, and ensure teams have the resources they need to succeed by focusing on:

- Process Optimization: Refining workflows to improve efficiency
- Training & Support: Providing guidance and resources to empower teams
- Acquisition Integration: Ensuring smooth transitions for new communities
- Field Collaboration: Adapting processes based on ongoing feedback
- Strategic Initiatives: Implementing high impact programs and solutions

Our overall strategy is focused on driving organic growth through rate optimization and margin improvement of existing communities as well as growth through prudent capital deployment into acquisitions and investments. We continue to be positioned to provide competitive residential rates and flexible product offerings. Our portfolio is situated in markets where positive demographic trends exist with respect to population growth, income growth, and population density of the 75+ age group. The Company has experience in accessing capital markets, and has the ability to source, underwrite and acquire properties for its growth initiative.

We strive to create commercial distinction where our brand presence is synonymous with excellence. Our sales team is focused on customer engagement and performance-based media strategies. Our marketing activities focus on increasing the volume of leading indicators, including new resident inquiries and tours, so that potential residents and their families can effectively evaluate our portfolio of services.

We have improved our financial flexibility by modifying the terms on a significant portion of our debt and repurchasing some of our debt at discounts to par. Over the past several years we also made significant capital expenditures in our communities, including overall refreshes and technological improvements, to enhance our residents' experience and to drive future growth.

Industry Background

The senior living industry encompasses a broad and diverse range of living accommodations and supportive services that are provided primarily to persons 75 years of age or older.

For seniors who require limited services, independent living residences, supplemented at times by home health care, offers a viable option. Most independent living communities typically offer community living packaged with basic services consisting of meals, housekeeping, laundry, 24-hour community staffing, transportation, and social and recreational activities. Independent living residents typically are not reliant on assistance with activities of daily living ("ADLs"), although some residents may utilize outside vendors for certain ADL services.

As a senior's need for assistance increases, care in an assisted living residence is often preferable and more cost-effective than home-based care or nursing home care. Typically, assisted living represents a combination of housing and support services designed to aid residents with ADLs such as ambulation, bathing, dressing, eating, grooming, personal hygiene and monitoring or assistance with medications. Certain assisted living communities may also provide assistance to residents with low acuity medical needs. Others may offer higher levels of personal assistance for residents with chronic diseases and conditions or memory care services for residents with Alzheimer's disease or other cognitive frailties. Generally, assisted living residents require higher levels of care than residents of independent living residences but require lower levels of care than residents in skilled nursing facilities. For seniors who need the constant attention of a skilled nurse or medical practitioner, a skilled nursing facility may be required.

The senior living industry is highly fragmented and characterized by numerous small operators. Moreover, the scope of senior living services varies substantially from one operator to another. Many smaller senior living providers do not operate purpose-built residences, do not have extensive professional training for staff and provide only limited assistance with ADLs. We believe that, as one of the nation's leading owners, operators, and investors in senior housing communities, we have the scale and resources needed to provide the required comprehensive range of senior living services designed to permit our residents to "age in place" within our communities as residents develop further physical or cognitive frailties, whereas smaller providers do not.

We believe that a number of demographic, regulatory and other trends will contribute to the continued growth in the senior living market, including the following:

Consumer Preference

We believe that senior housing communities are the setting preferred by many prospective residents and their families for the care of the senior population. Senior living offers residents greater independence and allows them to "age in place" in a residential setting, which we believe results in a higher quality of life than that experienced in more institutional or clinical settings.

The likelihood of living alone increases with age. Most of this increase is due to an aging population in which women outlive men. Societal changes, such as high divorce rates and the growing numbers of persons choosing not to marry, have further increased the number of Americans living alone. This growth in the number of seniors living alone has resulted in an increased demand for services that historically have been provided by a spouse, other family members or live-in caregivers.

Demographics

Our portfolio is strategically positioned in (i) attractive, high income demographic geographies and (ii) regions where the number of new senior living units needed will continue to grow as a result of the projected increase in the number of chronic conditions in the senior population.

Senior Affluence

The average net worth of senior citizens is typically higher than non-senior citizens, partially as a result of accumulated equity through home ownership. We believe that a substantial portion of the senior population has historically accumulated significant resources available for their retirement and long-term care needs. Our target population is comprised of high income seniors who have, either directly or indirectly through familial support, the financial resources to afford and pay for senior housing communities, including an assisted living alternative to traditional long-term care.

Reduced Reliance on Family Care

Historically, the family has been the primary provider of care for seniors. We believe that a reduction in the availability of family caregivers, the reduction of average family size, and overall increased mobility in society is reducing the role of the family as the traditional and primary caregiver for aging parents. We believe that these factors will make it necessary for many seniors to look outside the family for assistance as they age.

Restricted Supply of Nursing Beds

Several states in the United States have adopted Certificate of Need or similar statutes generally requiring that, prior to the addition of new skilled nursing beds, the addition of new services, or the making of certain capital expenditures, a state agency must determine that a need exists for the new beds or the proposed activities. We believe that this process tends to restrict the supply and availability of licensed nursing facility beds. High construction costs, limitations on government reimbursement and start-up expenses also act to constrain growth in the supply of such facilities. At the same time, nursing facility operators are continuing to focus on improving occupancy and expanding services to sub-acute patients generally of a younger age and requiring significantly higher levels of nursing care. As a result, we believe that there has been a decrease in the number of skilled nursing beds available to patients with lower acuity levels and that this trend should increase the demand for our senior housing communities, including our assisted living and memory care communities.

Cost-Containment Pressures

In response to rapidly rising health care costs, governmental and private pay sources have adopted cost containment measures that have reduced admissions and encouraged reduced lengths of stays in hospitals and other acute care settings. Private insurers have begun to limit reimbursement for medical services in general to predetermined charges, and managed care organizations (such as health maintenance organizations) are attempting to limit hospitalization costs by negotiating for discounted rates for hospital and acute care services and by monitoring and reducing hospital use. In response, hospitals are discharging patients earlier and referring aging patients, who may be too sick or frail to manage their lives without assistance, to nursing homes and assisted living residences where the cost of providing care is typically lower than hospital care. In addition, third-party payors are increasingly becoming involved in determining the appropriate health care settings for their insureds or clients, based primarily on cost and quality of care.

Senior Living Services

We provide senior living services primarily to residents aged 75 and greater, including independent living, assisted living, and memory care services. By offering a variety of services and encouraging the active participation of each resident and such resident’s family and medical professionals, we are able to customize our service plan to meet the specific needs and desires of each resident. As a result, we believe that we are able to maximize customer satisfaction and avoid the cost of delivering unnecessary services to residents.

Our operating philosophy is to provide quality senior housing communities and services to senior citizens and deliver a continuum of care for our residents as their needs change over time in coordination with third-party post-acute care providers. This continuum of care, which integrates independent living, assisted living, and memory care services, sustains our residents' autonomy and independence based on their physical and mental abilities. In many of our communities, as residents age, they are able to obtain the additional services they need within the same community, avoiding the disruptive and often traumatic move to a different facility.

Our lease agreements with our residents are generally for a term of one year and, under certain circumstances, are typically terminable by us or the resident upon providing 30 days’ notice, unless state law stipulates otherwise**.**

Independent Living Services

We provide independent living services to seniors who typically do not yet need assistance or support with ADLs, but who prefer the physical and psychological comfort of a residential community that offers health care and other services.

Independent living services provided by us include daily meals, transportation, social and recreational activities, laundry, housekeeping and 24-hour community staffing. We also foster the wellness of our residents by offering access to third-party provider health screenings (such as blood pressure checks), periodic special services (such as influenza and other inoculations), dietary and similar programs, and ongoing exercise and fitness classes. Classes are given by health care professionals to keep residents informed about health and disease management. Subject to applicable governmental regulations, personal care and medical services are available to independent living residents through either the community staff or through independent home care agencies.

Assisted Living Services

We offer a wide range of assisted living care and services, including personal care services, 24-hour staffing, support services, and other supplemental services, including memory care services at some communities (as described below). The residents at our assisted living residences generally need help with some or all ADLs, but do not require the more acute medical care traditionally provided in nursing homes. Upon admission to our assisted living communities, and in consultation with the resident, the resident's family and medical consultants, each resident is assessed to determine his or her health status, including functional abilities and need for personal care services. The resident also completes a lifestyle assessment to determine the resident's preferences. From these assessments, a care plan is developed for each resident so that all staff members who render care can meet the specific needs and preferences of each resident, where possible. Each resident's individual care plan is reviewed periodically to determine whether a change in the level of care is needed.

We have adopted a philosophy of assisted living care that allows a resident to maintain a dignified independent lifestyle. Residents and their families are encouraged to be partners in the residents' care and to take as much responsibility for their well-being as possible. The basic types of assisted living services offered by us include:

Personal Care Services. These services include assistance with ADLs such as ambulation, bathing, dressing, eating, grooming, personal hygiene, and monitoring or assistance with medications.

Support Services. These services include meals, assistance with social and recreational activities, laundry services, general housekeeping, maintenance services and transportation services.

Supplemental Services. These services include extra transportation services, personal maintenance, extra laundry services and special care services, such as services for residents with certain forms of dementia. Certain of these services require extra charges.

Memory Care Services

We maintain programs and special living accommodations at some of our communities for residents with certain forms of dementia, which provide the attention, care and services needed to help these residents maintain a higher quality of life. Specialized services include assistance with ADLs, behavior management, and life skills-based activities programs, the goal of which is to provide a normalized environment that supports the resident's remaining functional abilities. Special living accommodations for residents with certain forms of dementia are located in a separate area of the community with its own dining facilities, resident lounge areas, and specially trained staff. The special care areas are designed to allow residents the freedom to ambulate as they wish, while keeping them within a secure area with a minimum amount of disruption from other residents. Resident fees for these programs and special living accommodations are dependent on the level of services provided.

We have a memory care program, Magnolia Trails, which was developed to meet the growing need for individualized programming for residents receiving memory care services. The program is designed to engage the five senses to create calming yet stimulating spaces and tailored care plans that seek to address our residents' changing and evolving needs. Each resident's preferences and current cognitive state influences his or her experience, including the physical layout and design of the space, dining options, programs, and activities. Aspects of the program include playing light background music that aligns with the generation living in the community, caregivers wearing business casual shirts and khakis rather than uniforms or scrubs, and our team members sharing items with residents in order to spark positive memories of family members or past experiences. The same responsive, sensory-focused approach is taken with dining. A dynamic menu of options is served throughout the day in a flexible but consistent manner. Our staff members provide warm, scented washcloths before each meal and incorporate inviting, calming aromas, and soft music to enhance the ambiance.

Because Magnolia Trails is focused on the best way to engage each individual resident, employees learn about and incorporate each resident's personal history and interests into his or her ongoing daily interactions. Comforting, hands-on activities are available, such as flower arranging, puzzles, and matching games. Interactive experience stations, such as pet care, gardening, and tool benches are also available. Another hallmark of the program is an emphasis on family connections, including ongoing educational opportunities specifically designed to help family members understand dementia and aspects of the disease and its progression. All communities with the Magnolia Trails program use a resident engagement mobile application where family members can receive real-time photos, videos and updates about their loved ones electronically.

Respite Care and Temporary Care Programs

Our respite care and temporary care program provides a transitional apartment for seniors who are not entirely ready to return home after a hospital or rehabilitation stay. In addition to a fully furnished apartment, seniors enrolled in this program also have full access to our community's amenities and services, including 24-hour staffing, delicious and nutritious dining, and scheduled transportation. Our flexible agreement includes a minimum two-week stay that also allows the community's guests to remain for any extended period of time if they so choose.

Therapy Programs

We partner with leading wellness and therapy providers to offer residents on-site access to specialized and tailored programs with the best care for their health. These therapy programs encompass preventive and restorative services that are provided conveniently through on-site visits and programs.

Home Care Services

Home care services are available through third-party providers to residents living at the majority of our senior housing communities. We believe that the provision of private pay, home care services is an attractive adjunct to our independent living services because it enables us to make available more services to our residents as they age in place and increases the length of stay in our communities. In addition, we may make certain customized physician, dentistry, podiatry and other health-related rehabilitation and therapy services available to our residents through third-party providers.

Operating Communities

The table below sets forth certain information with respect to the senior housing communities we operated as of December 31, 2024.

			Resident Capacity					Commencement
Community	Location	Units	IL	AL	MC	Total	Ownership	of Operations[1]
Owned:								
Addison of Bluffton	Bluffton, SC	73	—	45	40	85	100 %	10/24
Addison of Florence	Florence, SC	72	—	52	23	75	100 %	10/24
Addison of Gwinnett Park	Lawrenceville, GA	94	—	48	58	106	100 %	11/24
Addison of Narcoossee	St. Cloud, FL	72	—	52	23	75	100 %	10/24
Addison of Oakleaf	Jacksonville, FL	73	—	45	42	87	100 %	10/24
Addison of Oviedo	Oviedo, FL	72	—	53	23	76	100 %	10/24
Addison of Port Orange	Port Orange, FL	59	—	45	24	69	100 %	10/24
Addison of Sandy Springs	Peachtree Corners, GA	84	—	63	26	89	100 %	11/24
Addison of St. Johns	St. Augustine, FL	61	—	40	32	72	100 %	10/24
Addison of West Ashley	Charleston, SC	73	—	45	42	87	100 %	10/24
Aspen Grove	Lambertville, MI	79	—	44	41	85	100 %	03/14
Autumn Glen	Greencastle, IN	50	—	58	—	58	100 %	06/13
Brookview Meadows	Green Bay, WI	79	43	37	—	80	100 %	01/15
Chateau of Batesville	Batesville, IN	41	—	43	—	43	100 %	10/12
Cottonwood Village	Cottonwood, AZ	160	72	67	21	160	100 %	03/91
Country Charm	Greenwood, IN	89	—	166	—	166	100 %	10/12
Courtyards at Lake Granbury	Granbury, TX	82	—	73	18	91	100 %	03/12
Georgetowne Place	Fort Wayne, IN	172	15	144	14	173	100 %	10/05
Good Tree Retirement and Memories	Stephenville, TX	59	40	31	8	79	100 %	03/12
Greenbriar Village	Indianapolis, IN	105	—	82	43	125	100 %	08/15
Harrison at Eagle Valley	Indianapolis, IN	119	—	105	14	119	100 %	03/91

Community	Location	Units	Resident Capacity IL	AL	MC	Total	Ownership	Commencement of Operations[1]
Heritage at the Plains	Oneonta, NY	108	94	28	16	138	100 %	05/15
Keystone Woods Assisted Living	Anderson, IN	59	—	61	—	61	100 %	07/11
Laurel Hurst Laurel Woods	Columbus, NC	80	70	48	32	150	100 %	10/11
Marquis Place of Elkhorn	Elkhorn, NE	63	—	43	23	66	100 %	03/13
North Pointe	Anderson, SC	41	—	58	24	82	100 %	10/11
Oaks at Brownsburg	Brownsburg, IN	97	98	—	—	98	100 %	02/22
Oaks at Plainfield	Plainfield, IN	60	61	—	—	61	100 %	02/22
Riverbend	Jeffersonville, IN	97	—	65	48	113	100 %	03/12
Remington at Valley Ranch	Irving, TX	128	128	—	—	128	100 %	04/12
Residence of Chardon	Chardon, OH	42	—	42	—	42	100 %	10/12
Rose Arbor	Maple Grove, MN	138	28	75	42	145	100 %	06/06
Rosemont	Humble, TX	96	—	79	48	127	100 %	09/16
Summit Corners	Macedonia, OH	100	—	140	60	200	100 %	05/24
Summit Place	Anderson, SC	76	17	72	48	137	100 %	10/11
Summit Point Living	Macedonia, OH	151	79	72	—	151	100 %	08/11
Vintage Gardens	St. Joseph, MO	103	22	64	17	103	100 %	05/13
Waterford at Baytown	Baytown, TX	127	49	48	42	139	100 %	03/15
Waterford at Carpenter’s Creek	Pensacola, FL	94	—	94	—	94	100 %	02/16
Waterford at Colby	Colby, TX	44	—	40	17	57	100 %	01/16
Waterford at College Station	College Station, TX	53	—	39	17	56	100 %	03/12
Waterford at Corpus Christi	Corpus Christi, TX	52	—	52	—	52	100 %	10/12
Waterford at Creekside	Pensacola, FL	84	—	—	97	97	100 %	02/16
Waterford at Fairfield	Fairfield, OH	120	144	—	—	144	100 %	11/00
Waterford at Fitchburg	Fitchburg, WI	82	38	45	—	83	100 %	10/13
Waterford at Fort Worth	Fort Worth, TX	154	154	—	—	154	100 %	06/00
Waterford at Hartford	Hartford, WI	39	—	34	21	55	100 %	05/15
Waterford at Highland Colony	Jackson, MS	120	120	—	—	120	100 %	11/00
Waterford at Ironbridge	Springfield, MO	120	120	—	—	120	100 %	06/01
Waterford at Levis Commons	Toledo, OH	146	71	93	12	176	100 %	04/09
Waterford at Mansfield	Mansfield, OH	120	—	117	26	143	100 %	10/00
Waterford at Mesquite	Mesquite, TX	154	154	—	—	154	100 %	09/99
Waterford at Park Falls	Park Falls, WI	36	—	25	12	37	100 %	01/16
Waterford at Plano	Plano, TX	136	91	45	—	136	100 %	12/00
Waterford at Plymouth	Plymouth, WI	69	20	29	20	69	100 %	08/14
Waterford at Thousand Oaks	San Antonio, TX	121	138	—	—	138	100 %	05/00
Waterford at Virginia Beach	Virginia Beach, VA	110	—	85	35	120	100 %	10/15
Waterford at West Bend	West Bend, WI	40	—	20	20	40	100 %	05/15
Waterford at Wisconsin Rapids	Wisconsin Rapids, WI	58	—	40	18	58	100 %	01/16
Waterford on Cooper	Arlington, TX	98	—	81	28	109	100 %	03/12
Waterford on Huebner	San Antonio, TX	120	121	—	—	121	100 %	04/99
Wellington at Arapaho	Richardson, TX	142	99	45	—	144	100 %	05/02
Wellington at Conroe	Conroe, TX	44	36	20	—	56	100 %	03/12
Wellington at Dayton	Dayton, OH	156	101	37	18	156	100 %	08/08
Wellington at North Bend Crossing- Hilltop	Cincinnati, OH	122	54	70	15	139	100 %	11/16
Wellington at North Bend Crossing- Vista [(2)]	Cincinnati, OH	82	—	50	32	82	100 %	12/24
Wellington at North Richland Hills	North Richland Hills, TX	120	120	—	—	120	100 %	01/02
Wellington at Southport	Indianapolis, IN	64	—	51	14	65	100 %	10/12

Community	Location	Units	Resident Capacity IL	AL	MC	Total	Ownership	Commencement of Operations[1]
Wellington at Springfield	Springfield, MA	189	97	144	38	279	100 %	09/16
Whispering Pines Village [3]	Columbiana, OH	69	24	57	—	81	100 %	07/15
Woodlands of Columbus	Columbus, OH	111	—	80	34	114	100 %	10/12
Woodlands of Hamilton	Hamilton, OH	77	—	57	28	85	100 %	10/12
Wynnfield Crossing	Rochester, IN	51	—	51	—	51	100 %	07/11
Ashton at Mayfield Heights	Mayfield Heights, OH	192	99	61	32	192	33 %	05/24
Ashton at Anderson	Cincinnati, OH	94	—	60	34	94	33 %	05/24
Ashton on Dorsey	Louisville, KY	95	—	53	43	96	33 %	05/24
Ashton on the Plaza	Kansas City, MO	89	—	64	28	92	33 %	05/24
Waterford at Shavano Park	San Antonio, TX	79	—	62	17	79	51 %	07/24
Waterford at Westover Hills	San Antonio, TX	84	—	58	48	106	51 %	07/24
Waterford at Round Rock	Round Rock, TX	100	—	70	34	104	51 %	07/24
Waterford at Decatur	Decatur, GA	62	—	—	70	70	51 %	07/24
Total owned (81 Communities)		7,526	2,617	4,162	1,700	8,479		
Managed:								
Amberleigh	Buffalo, NY	267	201	49	17	267	N/A	01/92
Crown Pointe	Omaha, NE	138	41	78	22	141	N/A	08/00
Independence Village of East Lansing	East Lansing, MI	146	146	—	—	146	N/A	08/00
Independence Village of Olde Raleigh	Raleigh, NC	170	181	—	—	181	N/A	08/00
Lodge at White Bear	White Bear Lake, MN	117	120	—	—	120	N/A	06/24
Middleton Crossing	Middleton, WI	117	117	—	—	117	N/A	08/24
Oakwood Hills	Eau Claire, WI	116	119	—	—	119	N/A	06/24
Southern Meadows Senior Living	Mountain Home, AR	57	—	57	—	57	N/A	12/21
Villa Santa Barbara	Santa Barbara, CA	125	—	125	—	125	N/A	08/00
West Shores	Hot Springs, AR	135	56	80	—	136	N/A	08/00
Whitley Place	Keller, TX	47	—	27	20	47	N/A	02/08
Willow Grove Maumelle	Maumelle, AR	54	—	37	17	54	N/A	12/21
Willow Grove Sherwood	Sherwood, AR	57	—	57	—	57	N/A	12/21
Total managed (13 Communities)		1,546	981	510	76	1,567		
Total		9,072	3,598	4,672	1,776	10,046		

(1) Indicates the date on which we acquired or commenced operating the community.

(2) This community is not yet opened as of December 31, 2024.

(3) This excludes 12 managed units that are owned by a third party.

Operations Overview

We believe that the fragmented nature of the senior living industry, the lack of new supply entering the market, and the limited capital resources available to many small, private operators provides us with an attractive opportunity for competitive differentiation. We believe that our current operations with geographic concentrations throughout the United States and centralized support infrastructure serve as the foundation upon which we can build senior living networks in targeted geographic markets and thereby provide a broad range of high-quality care in a cost-efficient manner. Our operating strategy includes the following core principles:

Provide a Broad Range of Quality Personalized Care

Central to our operating strategy is our focus on providing quality care and services that are personalized and tailored to meet the individual needs of each community resident. Our residences and services are designed to provide a broad range of care that permits residents to thrive and "age in place" as their needs change and as they develop further physical or cognitive frailties. By creating an environment that maximizes resident autonomy and provides individualized service programs, we seek to attract seniors at an earlier stage before they need the higher level of care provided in a skilled nursing facility.

Portfolio Optimization

We continue to focus on the occupancy, rents, and operating margins of our communities. We continually seek to improve occupancy rates and increase average rents by: (i) retaining residents as they “age in place” by extending optional care and service programs, and converting existing units to higher levels of care; (ii) attracting new residents through the use of technology, including enhanced digital marketing through social media and other electronic means, and on-site marketing programs focused on residents and family members; (iii) seeking referrals from senior care referral services and professional community outreach sources, including local religious organizations, senior social service programs, civic and business networks as well as the medical community; (iv) disposing of properties or exiting management agreements of properties that do not meet our long-term goals; and (v) continually refurbishing and renovating our communities.

Offer Services Across a Range of Pricing Options

Our range of products and services is continually expanding to meet the evolving needs of our residents. We have developed a menu of products and service programs that may be further customized to serve the middle-income market of a particular targeted geographic area. By offering a range of pricing options that are customized for each target market, we believe that it can develop synergies, economies of scale and operating efficiencies in our efforts to serve a larger percentage of the senior population within a particular geographic market.

Management Services

As of December 31, 2024, we managed 13 communities on behalf of a third party and also managed certain joint venture investments. Under our existing management arrangements, we receive management fees that are determined by an agreed-upon percentage of gross revenues, incentive management fees (as provided for in the management arrangement), and reimbursement of certain expenses we incur on behalf of the third-party or joint venture.

Improve Operating Efficiencies

We seek to improve operating efficiencies at our communities by actively monitoring and managing operating costs and by moving to a more centralized operating platform. By having an established portfolio of communities in geographically concentrated regions throughout the United States with regional management teams in place, we believe we have established a platform to achieve operating efficiencies through economies of scale in the purchase of bulk items, such as food and supplies, and in the spreading of fixed costs, such as corporate overhead, over a larger revenue base, and to provide more effective management supervision and financial controls.

Centralized Management

We aim to centralize our corporate and other administrative functions so that the community-based management and staff can focus their efforts on resident care. We maintain centralized accounting, finance, legal, human resources, information technology, operational and capital procurement, training and other operational functions at our support center located in Dallas, Texas (the “Dallas Support Center”). Our Dallas Support Center is generally responsible for: (i) establishing Company-wide policies and procedures relating to, among other things, resident care and operations; (ii) performing accounting and legal related functions; (iii) developing employee training programs and materials; (iv) coordinating human resources; (v) coordinating marketing functions; (vi) providing strategic direction; and (vii) providing capital allocation and financing.

We seek to control operational expenses for each of our communities through proprietary expense management systems, standardized management reporting, centralized controls of capital expenditures, asset replacement tracking, and purchasing larger orders of more frequently used supplies and food inventories through group purchasing programs. Community expenditures are monitored by territory directors and vice presidents who are accountable for the resident satisfaction and financial performance of the communities in their territory.

Territory Management

We provide oversight and support to each of our senior housing communities through experienced regional directors and vice presidents. A regional director will generally cover a geographic area consisting of three to 12 communities, while a vice president generally oversees approximately 24 to 40 communities.

The executive director at each community reports to a regional director, who in turn reports to a vice president who reports to our Chief Executive Officer. Regional directors and vice presidents make regular site visits to each of their assigned communities. Site visits involve a physical plant inspection, quality assurance review, focused resident rate review, staff training, financial and systems audits, regulatory compliance, and team building activities.

Community-Based Management and Retention

We devote special attention to the hiring, screening, training, supervising, and retention of our employees and caregivers to ensure that quality standards are achieved. In addition to normal on-site training, we conduct national management meetings and encourage sharing of expertise among managers. We have also implemented a comprehensive online training program that addresses the specific challenges of working within the senior living environment. Our commitment to the total quality management concept is emphasized throughout our training programs. This commitment to the total quality management concept emphasizes the identification of the "best practices" in the senior living market and communication of those "best practices" to our executive directors and their staff. The identification of best practices is realized by a number of means, including: (i) emphasis on territory and executive directors keeping up with professional trade publications; (ii) interaction with other professionals and consultants in the senior living industry through seminars, conferences, and consultations; (iii) visits to other properties; (iv) leadership and participation at national and local trade organization events; and (v) information derived from marketing studies and resident satisfaction surveys. This information is continually processed by territory directors and the executive directors and subsequently communicated to our employees as part of their training.

An executive director manages the day-to-day operations at each senior housing community, which includes maintaining oversight of the quality of care, delivery of resident services, sales and marketing, and monitoring of the community's financial performance. Depending on the size of the community, the executive director is typically supported by a community-based leadership team consisting of a sales director, wellness director, and business director. However, the executive director is ultimately responsible for all personnel, including food service, maintenance, activities, security, housekeeping and, where applicable, assisted living nursing or care services. In most cases, each community also has department managers who direct the environmental services, nursing or care services, business management functions, dining services, activities, transportation, housekeeping, and marketing functions.

The assisted living component of our senior housing communities is managed by licensed professionals, such as a nurse and/or a licensed administrator. These licensed professionals have many of the same operational responsibilities as our executive directors, but their primary responsibility is to oversee resident care. Many of our senior housing communities are part of a campus setting, which may include independent living, assisted living and/or memory care. This campus arrangement allows for cross-utilization of certain support personnel and services, including administrative functions that result in greater operational efficiencies and lower costs than freestanding facilities.

We actively recruit qualified personnel to maintain adequate staffing levels at our communities. We have adopted comprehensive recruiting and screening programs for management positions that utilize corporate office team interviews and thorough background and reference checks. We offer system-wide training and orientation for all of our employees at the community level through a combination of Company-sponsored seminars and conferences.

Quality Assurance

Quality assurance programs are coordinated and implemented by our corporate and regional staff. Our quality assurance is targeted to achieve maximum resident and resident's family member satisfaction with the care and services that we deliver. Our primary focus in quality control monitoring is to create and maintain a safe and supportive environment for our residents and families, which includes routine in-service training and performance evaluations of caregivers and other support employees. We have established a Corporate Quality Assurance Committee, which consists of the President and Chief Executive Officer, Vice Presidents of Operations, Vice President and Chief People Officer, Senior Vice President and Chief Clinical Officer, Quality and Clinical Directors, and Senior Vice President – Chief Legal Officer. The purpose of the committee is to monitor and evaluate the processes by which care is delivered to our residents and the appropriateness and quality of care provided within each of our communities. Additional quality assurance measures include:

Resident and Residents' Family Input. On a routine basis, residents and their family members provide us with valuable input regarding the day-to-day delivery of services. On-site management at each community has fostered and encouraged active resident councils and resident committees who meet independently. These resident bodies meet with on-site management on a monthly basis to offer input and suggestions as to the quality and delivery of services.

We conduct a resident and family satisfaction survey in each of our communities. Working with an outside firm specializing in satisfaction surveys, the survey is designed to focus on high priority areas of senior living, such as resident care, activities, physical fitness, and dining. The survey also includes comparisons to competitors' results and industry averages. In addition to numeric ratings and industry comparisons, there are also several opportunities for general feedback to ensure residents and families could provide input on any topic.

Regular Community Inspections. Each community is inspected in person, on at least a quarterly basis, by a member of the regional and/or operational leadership team, which is also supplemented by virtual site visits. Included as part of this inspection is the monitoring of the overall appearance and maintenance of the community interiors and grounds. The inspection also includes monitoring staff professionalism and departmental reviews of maintenance, housekeeping, activities, transportation, marketing, administration, dining, and health care services, if applicable. The inspections also include observing residents in their daily activities and the community's compliance with governmental regulations.

Independent Service Evaluations. Periodically, we engage the services of outside professional independent consulting firms to evaluate various components of our communities' operations. These services include mystery shops, competing community analysis and product positioning. These services provide management with valuable and unbiased product and service information. A plan of action regarding any areas requiring improvement or change is implemented based on the information received. At communities where health care is delivered, these consulting service reviews include the on-site handling of medications, recordkeeping and general compliance with all applicable governmental regulations.

Quality Assurance and Regional Support Team. The Company deploys a support team including senior level community-based resources to provide onboarding, training, and communication of best practices across each of our territories. Each territory designates senior Executive Directors, Wellness Directors, Sales leadership, and Senior Culinary Directors to visit communities across their territory on an ongoing basis. These individuals partner with our Regional Clinical Managers, Regional Operations, and Sales leadership to provide ongoing training and development, complete Quality Assurance reviews on-site, and review the implementation of clinical or resident service programming. In addition, our Director of Program Development and Operations Program Manager work directly with regional leadership on the design and implementation of training programs for our key leadership positions and training materials for ongoing rollout of resident services programming in wellness, memory care, culinary, etc.

Sales and Marketing

Most communities are staffed with on-site Sales Directors, depending on size and occupancy status. The primary focus of the Sales Director is to perpetuate occupancy and revenue growth by creating awareness about the community and its services among prospective residents and their family members, professional referral sources, and other key decision makers. These efforts are outlined in a strategic plan that includes monthly, quarterly, and annual goals for leasing, new lead generation, prospect follow up, community outreach, resident and family referrals, and promotional events including a market-specific media program. The Sales Director performs a competing community assessment on a quarterly basis.

Each Sales Director's effectiveness and productivity are monitored on a weekly basis. Their compensation is comprised of a variable component tied into both occupancy and rate benchmarks. A centralized team of sales and marketing resources support communities by developing marketing strategies and campaigns to address the continuously changing resident profile, build brand awareness, and increase digital traffic and leads. The marketing strategies focus on driving traffic to our website, national referral partners, and use of social media platforms. To support this, the corporate marketing team develops content, marketing collateral, and messaging, manages digital ad buys, and provides ongoing sales and marketing training, support, and best practices.

Governmental Regulation

Changes in existing laws and regulations, adoption of new laws and regulations, and new interpretations of existing laws and regulations could have a material effect on our operations. Failure by us to comply with any applicable regulatory requirement could have a material adverse effect on our business, financial condition, cash flows, and results of operations. Accordingly, we regularly monitor legal and regulatory developments on local, state, and national levels.

The health care industry is subject to extensive regulation and frequent regulatory changes. At this time, no federal laws or regulations specifically regulate assisted or independent living residences. Our assisted living communities are subject to regulation, licensing and permitting requirements by state and local health care and social service agencies and other governmental regulatory authorities. While such requirements vary from state to state, they typically relate to staffing, training, physical design, patient privacy, required services and the quality thereof, and resident characteristics. In addition, health care providers are experiencing heightened scrutiny under anti-trust laws in the United States as integration and consolidation of health care delivery increases and affects competition. Moreover, robust state and federal enforcement of fraud and abuse laws continues. Some of our communities receive a portion of their funds from Medicaid. Such communities are also subject to state and federal Medicaid standards in which noncompliance could result in the imposition of, among other things, penalties, sanctions, suspension, and exclusion from participation in the Medicaid program. Our communities are also subject to various zoning restrictions, local building codes and other ordinances, such as fire safety codes. Failure by us to comply with any applicable regulatory requirements could have a material adverse effect on our business, financial condition and results of operations. Regulation of the assisted living industry is also continually evolving, and we are unable to predict the scope, content or stringency of new regulations and their ultimate effect on our business. There can be no assurance that our operations will not be materially and adversely affected by regulatory developments in the future.

While we believe that our communities are in substantial compliance with applicable regulatory requirements, unannounced surveys or inspections may occur annually or following a regulator's receipt of a complaint about a community, any of which could result in a citation of deficiency. In the ordinary course of business, one or more of our communities could be cited for deficiencies resulting from such inspections or surveys from time to time. Although most inspection deficiencies are typically resolved through an agreed-upon plan of corrective action relating to the community's operations, the reviewing agency typically has the authority to take further action against a licensed or certified community, which could result in the imposition of fines, repayment of amounts previously paid, imposition of a provisional or conditional license, suspension or revocation of a license, suspension or denial of admissions, loss of certification as a provider under federal health care programs or imposition of other sanctions, including criminal penalties. Loss, suspension, or modification of a license may also cause us to default under our existing loan agreements and/or trigger cross-defaults. Sanctions may be taken against providers or facilities without regard to the particular provider's or facility's history of compliance. We may also expend considerable resources to respond to federal and state investigations or other enforcement actions under applicable laws or regulations. To date, none of the deficiency reports received by us has resulted in a suspension, fine, or other disposition that has had a material adverse effect on our revenues. However, any future substantial failure to comply with any applicable legal and regulatory requirements could result in a material adverse effect on our business, financial condition, and results of operations as a whole. In addition, states' Attorneys General vigorously enforce consumer protection laws as those laws relate to the senior living industry. State Medicaid Fraud and Abuse Units may also investigate assisted living communities even if the community or any of our residents do not receive federal or state funds.

Under the Americans with Disabilities Act of 1990, as amended, all places of public accommodation are required to meet certain federal requirements related to access and use by disabled persons. A number of additional federal, state and local laws exist that also may require modifications to existing and planned properties to permit access to the properties by disabled persons. While we believe that our communities are substantially in compliance with present requirements or are exempt therefrom, if required changes involve a greater expenditure than anticipated or must be made on a more accelerated basis than anticipated, additional costs would be incurred by us. Further legislation may impose additional burdens or restrictions with respect to access by disabled persons and the costs of compliance could be substantial.

The Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA"), in conjunction with the federal regulations promulgated thereunder by the U.S. Department of Health and Human Services, has established, among other requirements, standards governing the privacy and security of certain protected and individually identifiable health information that is created, received or maintained by a range of covered entities. HIPAA has also established standards governing uniform health care transactions, the codes and identifiers to be used by the covered entities and standards governing the security of certain electronic transactions conducted by covered entities. Penalties for violations can range from civil money penalties for errors and negligent acts to criminal fines and imprisonment for knowing and intentional misconduct. In addition, we may from time to time be subject to a corrective action plan, and the cost associated with complying with any such corrective action plan could be significant.

In addition, we are subject to various federal, state and local environmental laws and regulations, which could require an owner or operator of real estate to investigate and clean up hazardous or toxic substances present at or migrating from properties they own or operate. Such laws and regulations often impose liability whether or not the owner or operator knew of, or was actually responsible for, the presence of hazardous or toxic substances. The costs of any required remediation or removal of these substances could be substantial and the liability of an owner or operator as to any property is generally not limited under such laws and regulations. Liabilities could exceed the property's value and the aggregate assets of the owner or operator. The presence of these substances or the failure to remediate such contamination properly may also adversely affect the owner's ability to sell or rent the property, or to borrow using the property as collateral. Under these laws and regulations, an owner, operator or an entity that arranges for the disposal of hazardous or toxic substances, such as asbestos-containing materials, at a disposal site may also be liable for the costs of any required remediation or removal of the hazardous or toxic substances at the disposal site. In connection with the ownership or operation of our properties, we could be liable for these costs, as well as certain other costs, including governmental fines and injuries to persons or properties. We have completed Phase I environmental audits of substantially all of the communities in which we own interests, typically at the time of acquisition or refinancing, and such audits have not revealed as of the date of this Annual Report on Form 10-K any material environmental liabilities that exist with respect to these communities.

Under various U.S. federal, state, and local environmental laws, ordinances and regulations, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or petroleum product releases at or migrating from such property and may be held liable to a governmental entity or to third parties for property damage and for investigation and clean-up costs. We are not aware, as of the date of this Annual Report on Form 10-K, of any environmental liability with respect to any of our owned or managed communities that we believe would have a material adverse effect on our business, financial condition, or results of operations. We believe that our communities are in compliance in all material respects with all federal, state and local laws, ordinances and regulations regarding hazardous or toxic substances or petroleum products. We have not been notified by any governmental authority, and are not otherwise aware of any material non-compliance, liability or claim relating to hazardous or toxic substances or petroleum products in connection with any of the communities we currently operate.

We are subject to U.S. federal and state laws, regulations, and executive orders relating to healthcare providers' response to pandemics, which vary based on provider type and jurisdiction, but generally include mandatory requirements for testing of residents and staff, implementation of infection control standards and procedures, restrictions on new admissions or readmissions of residents, required screening of all persons entering a community, restrictions and/or limitations on who may visit residents and how residents may be visited and mandatory notification requirements to residents, families, staff and regulatory bodies related to positive coronavirus cases. Enhanced or additional penalties may apply for violation of such requirements.

We believe that the structure and composition of government and, specifically, health care regulations will continue to change and, as a result, we regularly monitor material developments and changes in the law that impact our business. We expect to modify our agreements and operations from time to time as the business and regulatory environments change. While we believe we will be able to structure all our agreements and operations in accordance with applicable law, there can be no assurances that our arrangements will not be successfully challenged. These requirements include additional penalties that may apply for violation of such requirements.

Competition

The senior living industry is highly competitive. Due to the relatively low barriers of entry into the senior living space, we expect that all segments of the industry will become increasingly competitive in the future. Although there are a number of substantial companies fairly active in the senior living industry and in the markets in which we operate, the industry continues to be very fragmented and characterized by numerous small operators. We primarily compete with national operators and other regional and local independent operators. We believe that the primary competitive factors in the senior living industry are: (i) quality of on-site staff; (ii) location; (iii) reputation of, and commitment to, a high quality of service; (iv) support service offerings (such as food services); (v) fair pricing for services provided; and (vi) physical appearance and amenities associated with the communities. We compete with other companies providing independent living, assisted living, skilled nursing, home health care and other similar service and care alternatives, some of which may have greater financial resources than us. Because prospective residents tend to choose senior housing communities in close proximity to their homes, our principal competitors are other senior living and long-term care communities in the same geographic areas as our communities. We also compete with other health care businesses with respect to attracting and retaining nurses, technicians, aides and other high quality professional and non-professional employees and managers that are critical to our business.

Human Capital Resources

We know that our people are at the center of everything we do. They work individually and collectively each day to provide safety, wellness, care and service to our residents. As of December 31, 2024, we employed 5,063 persons, of which 3,415 were full-time employees and 1,648 were part-time employees. Additionally, we had 21 unfilled community leadership positions as of December 31, 2024.

Our Culture

Our culture is the most important connection between all people at Sonida and is rooted in inclusion, respect, accountability, service and deep care for each other and for those we serve. To create this environment, we focus on attracting, engaging, developing, and retaining the best talent available in each of our markets by maintaining a compelling value proposition for each employee that includes a great work environment, excellent leadership, aligned pay and benefits, career development, and meaningful work. We have built a team with a deep sense of purpose for serving seniors and we believe that our engaged group enhances the resident experience each day.

Inclusion and Diversity

As we serve a diverse group of residents across several states and communities, we also strive to reflect similar diversity in our Company. We are proud to be an equal opportunity employer. Our diversity is exhibited by the composition of our workforce with 83% female and 54% with a diverse background. We will continue to strive each day to maintain our inclusive culture through our efforts in recruiting, education, development, and talent progression.

Talent Acquisition, Development and Retention

In our efforts to attract new members to our team, we believe that a local focus, supported by our central talent team, provides the best results. We continue to add new spaces to our recruiting landscape to ensure we are connecting with the best and brightest individuals. For example, we utilize local social media pages to identify individuals for the specific communities and geographic regions we serve. We also utilize employee referral programs to bring great new people into our organization who already know our mission through current employees. With our robust focus on talent acquisition, we continued to see our average time to fill an open role shorten significantly in 2024.

We are proud of our development programs that sponsor our current employees in achieving new levels of education, licensure, and credentials. Through this approach, we support our employees' growth while they continue to work with us in new roles, enhancing our service and care and providing these employees with additional earning potential.

Total Rewards

We provide fair, competitive, and aligned compensation to all of our people that is reviewed at least annually for both merit and market-based adjustments. We also offer benefits that are designed to fit a wide variety of needs. For example, our health plans allow participants to enter the plan at an affordable premium and participants automatically receive unlimited free telehealth and local retail clinic visits, along with all other benefits of the plans. This benefit provides our people quick and easy access to care at no cost to them when they need to access it. We provide paid time off to both full-time and part-time employees to ensure they have paid time away from work. We also offer a 401(k) plan that all eligible employees can participate in as they plan for their futures. Our total rewards design includes many other benefits that can be included at the choice of each employee based on his or her needs, which is our overall strategy to providing engaging and flexible rewards for our people.

ITEM 1A. RISK FACTORS.

Our business involves various risks and uncertainties. When evaluating our business, the following information should be carefully considered in conjunction with the other information contained in our periodic filings with the Securities and Exchange Commission (the "SEC"). Additional risks and uncertainties not known to us currently or that currently we deem to be immaterial also may impair our business operations. Immediately below is a summary of the principal factors that might cause our future operating results to differ materially from those currently expected. The risk factors summarized below are not the only risks facing us. Additional discussion of the risks summarized in the "Risk Factors Summary," as well as other risks that may affect our business and operating results, can be found below under the heading "Risk Factors," and should be carefully considered and evaluated before making an investment decision regarding our business. If we are unable to prevent events that have a negative effect from occurring, then our business may suffer. Negative events are likely to decrease our revenue, increase our costs, negatively impact our financial results and/or decrease our financial strength and may cause our stock price to decline.

Risk Factors Summary

Risks Related to Our Liquidity and Indebtedness

- We have significant debt and our failure to generate cash flow sufficient to cover required interest and principal payments could result in defaults of the related debt.
- Our failure to comply with financial covenants and other restrictions contained in our debt instruments could result in the acceleration of the related debt or in the exercise of other remedies.
- We may require additional financing and/or refinancing actions in the future and may issue equity securities.
- Elevated market interest rates, or future interest rate increases, could significantly increase the costs of our variable rate debt obligations, which may affect our cost of capital and, as a result, liquidity and earnings.
- We may need additional capital to fund our operations, capital expenditure plans, and strategic priorities, and we may not be able to obtain it on terms acceptable to us, or at all.

Risks Related to Our Business, Operations and Strategy

- We have incurred losses from operations in each of the last two fiscal years and may do so in the future.

- We may be unsuccessful in integrating recent or future acquisitions into our existing operations or in realizing all or the anticipated benefits of such acquisitions.
- We may not accurately estimate the benefits or synergies to be realized from the senior living communities and businesses we acquire.
- Our investments in joint ventures could be adversely affected by our lack of exclusive control over these investments, our partners' insolvency or failure to meet their obligations and disputes between us and our partners.
- We largely rely on private pay residents and circumstances that adversely affect the ability of the seniors to pay for our services could have a material adverse effect on us.
- Changes in the reimbursement rates, methods, or timing of payment from government reimbursement programs could adversely affect our revenues, results of operations, and cash flow.
- The senior living services industry is very competitive and some competitors may have substantially greater financial resources than us.
- Termination of resident agreements and resident attrition could affect adversely our revenues and earnings.
- We rely on information technology in our operations, and failure to maintain the security and functionality of our information technology and computer systems, or to prevent a cybersecurity attack, breach or other unauthorized access, could adversely affect our business, reputation and relationships with our residents, employees and referral sources and may subject us to remediation costs, government inquiries and liabilities under HIPAA and data and consumer protection laws, any of which could materially and adversely impact our revenues, results of operations, cash flow, and liquidity.
- We have identified a material weakness in our internal controls over financial reporting as of December 31, 2024. If we are unable to remediate this material weakness, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect our financial statements and investor confidence in us and, as a result, the value of our common stock.
- There is an inherent risk of liability in the provision of personal and health care services, not all of which may be covered by insurance.
- Damage from catastrophic weather and other natural events, including climate change, could result in losses and adversely affect us and certain of our residents.
- The geographic concentration of our communities could leave us vulnerable to an economic downturn, regulatory changes, acts of nature, including severe weather conditions or natural disasters, or the physical effects of climate change in those areas, which could negatively impact our financial condition, revenues, results of operations, and cash flow.
- Because we do not presently have plans to pay dividends on our common stock, holders of our common stock must look solely to appreciation of our common stock to realize a gain on their investment.
- We cannot predict the potential emergence and effects of a severe cold and flu season or a future pandemic, epidemic or outbreak of an infectious disease, on our operations, financial condition and liquidity.
- Our approach to AI presents risks and challenges that can impact our business and could adversely affect our business.

Risks Related to Human Capital

- A significant increase in our labor costs or labor shortages could have a material adverse effect on us.
- We rely on the services of key executive officers and the transition of management or loss of these officers or their services could have a material adverse effect on us.
- We are subject to risks related to the provision for employee health care benefits and future health care reform legislation.

Risks Related to Regulatory, Compliance, and/or Legal Matters

- We are subject to governmental regulations and compliance, some of which are burdensome and some of which may change to our detriment in the future.
- Changes in federal, state and local employment-related laws and regulations, or our failure to comply with these laws and regulations, could have an adverse effect on our financial condition, results of operations, and cash flow.

- We may be subject to liability for environmental damages.

Risks Related to Our Corporate Organization and Structure

- Anti-takeover provisions in our governing documents, governing law, and material agreements may discourage, delay or prevent a merger or acquisition that our stockholders may consider favorable or prevent the removal of our current board of directors and management.
- A substantial majority of the voting power of our issued and outstanding securities is held by a small group of stockholders.
- The issuance of shares of our Series A Preferred Stock reduced the relative voting power of holders of our common stock, and the conversion of those shares into shares of our common stock would dilute the ownership of common stockholders and may adversely affect the market price of our common stock.
- Our Series A Preferred Stock has rights, preferences, and privileges that are not held by, and are preferential to the rights of, holders of our common stock, which could adversely affect our liquidity and financial condition.
- We are a holding company with no operations and rely on our operating subsidiaries to provide us with funds necessary to meet our financial obligations.

Risks Related to Other Market Factors

- Various factors, including general economic conditions such as elevated labor costs, could adversely affect our financial performance and other aspects of our business.
- Future sales of equity securities by us or certain stockholders may adversely affect the market price of our common stock.
- Our stock price has fluctuated in the past, has recently been volatile and may be volatile in the future, and as a result, investors in our common stock could incur substantial losses.
- Our trading volume may not provide adequate liquidity for investors.
- We may issue debt and preferred equity securities or securities convertible into preferred equity securities, any of which may be senior to our common stock as to distributions and in liquidation.

Risk Factors

Risks Related to Our Liquidity and Indebtedness

We have significant debt and our failure to generate cash flow sufficient to cover required interest and principal payments could result in defaults of the related debt.

As of December 31, 2024, we had mortgage and other indebtedness, excluding deferred loan costs, totaling approximately $655.2 million and we had an additional borrowing capacity of up to $34.4 million under our senior secured revolving credit facility. We cannot be assured that we will generate cash flow from operations or receive proceeds from refinancing activities, other financings, and/or the sales of assets sufficient to cover required interest and principal payments. Any payment or other default could cause the applicable lender to foreclose upon the communities securing the indebtedness with a consequent loss of income and asset value to us. Further, because some of our mortgages contain cross-default and cross-collateralization provisions, a payment or other default by us with respect to one community could affect a significant number of our other communities.

Our failure to comply with financial covenants and other restrictions contained in our debt instruments could result in the acceleration of the related debt or in the exercise of other remedies.

Our outstanding indebtedness is secured by our communities, and, in certain cases, a guaranty by us or by one or more of our subsidiaries. Therefore, an event of default under the outstanding indebtedness, subject to cure provisions in certain instances, would give the respective lenders, the right to declare all amounts outstanding to be immediately due and payable, or foreclose on collateral securing the outstanding indebtedness.

There are various financial covenants and other restrictions in certain of our debt instruments, including provisions which:

- require us to meet specified financial tests, which include, but are not limited to, tangible net worth and liquidity requirements;
- require us to make payments on time;
- require us to meet specified financial tests at the community level;
- require us to purchase interest rate derivative instruments;
- require us to meet specified reserve requirements;
- require us to maintain the physical condition of the community and meet certain minimum spending levels for capital and leasehold improvements; and
- require consent for changes in control of us.

If we fail to comply with any of these requirements, then the related indebtedness could become due and payable prior to their stated dates. We cannot assure that we could pay these debt obligations if they became due prior to their stated dates.

We may require additional financing and/or refinancing actions in the future and may issue equity securities.

Our failure to obtain such financing or refinancing on terms acceptable to us would have a material adverse effect on our business, financial condition, cash flows, and results of operations. Our ability to meet our long-term capital requirements, including the repayment of certain long-term debt obligations, will depend, in part, on our ability to obtain additional financing or refinancings on acceptable terms from available financing sources, including through the use of mortgage financing, joint venture arrangements, by accessing the debt and/or equity markets and possibly through operating leases or other types of financing, such as lines of credit. Turmoil in the financial markets can severely restrict the availability of funds for borrowing and may make it more difficult or costly for us to raise capital. Further, any decreases in the appraised values of our communities, including due to adverse changes in real estate market conditions, or their performance, may result in available mortgage refinancing amounts that are less than the communities maturing indebtedness. There can be no assurance that financing or refinancings will be available or that, if available, will be on terms acceptable to us. Moreover, raising additional funds through the issuance of additional equity securities could cause existing stockholders to experience further dilution and could adversely affect the market price of our common stock. See "Item 1A. Risk Factors—*Future sales of equity securities by us or certain stockholders may adversely affect the market price of our common stock*." Disruptions in the financial markets may have a significant adverse effect on the market value of our common stock and other adverse effects on us and our business. Our inability to obtain additional financing or refinancings on terms acceptable to us could delay or eliminate some or all of our growth plans, necessitate the sales of assets at unfavorable prices or both, and would have a material adverse effect on our business, financial condition, cash flows, and results of operations.

Elevated market interest rates, or future interest rate increases, could significantly increase the costs of our variable rate debt obligations, which may affect our cost of capital and, as a result, our liquidity and earnings.

Our variable rate debt obligations and any future indebtedness, if applicable, exposes us to interest rate risk. Therefore, elevated prevailing interest rates, or future increases in interest rates, could further increase our future interest obligations, which could increase our cost of capital and, in turn, have a material adverse effect on our business, financial condition, cash flows, and results of operations, including our ability to finance operations, acquire and develop senior living communities, and refinance existing indebtedness.

As of December 31, 2024, we had approximately $253.2 million of long-term variable rate debt outstanding which is indexed to the Secured Overnight Financing Rate ("SOFR"), plus an applicable margin. Accordingly, our annual interest expense related to long-term variable rate debt is directly affected by movements in SOFR. The majority of our long-term variable rate debt of $185.1 is subject to interest rate cap agreements and include provisions that obligate us to enter into additional interest rate cap agreements upon the maturity of the existing interest rate cap agreements. The costs of obtaining additional interest rate cap derivatives may offset the benefits of our existing interest rate cap agreements. In addition, developing and implementing an interest rate risk strategy is complex, and no strategy can completely insulate us from risks associated with interest rate fluctuations and there can be no assurance that our hedging activities will be effective.

We may need additional capital to fund our operations, capital expenditure plans, and strategic priorities, and we may not be able to obtain it on terms acceptable to us, or at all.

Funding our capital expenditure plans, pursuing an acquisition, or funding investments to support our strategy may require additional capital. Financing may not be available to us or may be available to us only on terms that are unfavorable. In addition, certain of our outstanding indebtedness restrict, among other things, our (or our subsidiaries') ability to incur additional debt. If we are unable to raise additional funds or obtain them on terms acceptable to us, we may have to delay or abandon some or all of our plans or opportunities. Further, if additional funds are raised through the issuance of additional equity securities, the percentage ownership of our stockholders would be diluted. Any newly issued equity securities may have rights, preferences, or privileges senior to those of our common stock.

Risks Related to Our Business, Operations and Strategy

We have incurred losses from operations in each of the last two fiscal years and may do so in the future.

We incurred net losses in fiscal years 2024 and 2023. The Company currently has limited resources and substantial debt obligations. Given our history of losses and current industry conditions, it is not certain that we will be able to achieve and/or sustain profitability or positive cash flows from operations in the future, which could adversely affect the trading price of our common stock and our ability to fund our operations and fulfill our debt obligations.

We may be unsuccessful in integrating recent or future acquisitions into our existing operations or in realizing all or the anticipated benefits of such acquisitions.

From time to time, we evaluate and seek to acquire assets and business that we believe complement our existing senior living communities and business. In 2024, we acquired or invested in 20 new communities, including eight through investments in joint ventures.

We might not be successful in consummating acquisitions. There are a number of factors that impact our ability to succeed in acquiring the senior living communities and businesses we identify, including competition for senior living communities and businesses, sometimes from larger or better-funded competitors. As a result, our success in completing acquisitions is not guaranteed.

The acquisition component of our growth strategy depends on the successful integration of acquisitions, including the communities acquired in 2024 and communities that will be acquired in the future. Integration of these acquisitions is subject to numerous risks and challenges, including (i) the potential for unexpected costs, delays and challenges that may arise in integrating acquired communities into our existing portfolio of communities and business; (ii) limitations on our ability to realize any expected cost savings and synergies from the acquisition; and (iii) discovery of previously unknown liabilities following the acquisition for which we cannot receive reimbursement under any applicable indemnification provisions.

We may not realize the anticipated benefits from the acquisitions that we do consummate, including the acquisitions consummated in 2024, and we may face difficulties in managing the expanded operations of a larger and more complex company. Our expectation is that, to the extent we are successful, any acquisitions will be additive to our business, taking into account potential benefits of operational and cost synergies; however, we cannot guarantee that these benefits will be achieved within anticipated time frames or at all. For example, we may not be able to eliminate duplicative costs. We may also incur substantial time and expense in connection with the integration of new acquisitions. While it is anticipated that certain expenses will be incurred to achieve cost synergies, such expenses are difficult to estimate accurately and may exceed current estimates. Accordingly, the benefits from planned acquisitions may be offset by costs incurred to, or delays in, integrating the businesses. Additionally, integration challenges could also divert management's attention from ongoing operations and opportunities.

We may not accurately estimate the benefits or synergies to be realized from the senior living communities and businesses we acquire.

Our expected benefits and synergies from new acquisitions may not be realized if our estimates regarding such acquisitions are materially inaccurate or if we fail to identify operating problems or liabilities prior to closing. The accuracy of our assessments of new acquisitions and our estimates are inherently uncertain. There could also be healthcare, regulatory, environmental, or other problems that were not discovered in the course of our due diligence and inspections. If problems are identified after closing of an acquisition, our agreements related to such acquisition may provide for limited recourse against the seller of the acquired properties or businesses.

Our investments in joint ventures could be adversely affected by our lack of exclusive control over these investments, our partners' insolvency or failure to meet their obligations, and disputes between us and our partners.

We have entered into, and may continue in the future to enter into, partnerships or joint ventures with other persons or entities. Joint venture investments involve risks that may not be present with other methods of ownership, including the possibility that our partner might become insolvent, refuse to make capital contributions when due or otherwise fail to meet its obligations, which may result in certain liabilities to us for guarantees and other commitments; that our partner might at any time have economic or other business interests or goals that are or become inconsistent with our interests or goals; that we could become engaged in a dispute with our partner, which could require us to expend additional resources to resolve such dispute and could have an adverse impact on the operations and profitability of the joint venture; that our partner may be in a position to take action or withhold consent contrary to our instructions or requests; and that our joint venture partners may have competing interests in our markets that could create conflicts of interests.

In some instances, we and/or our partner may have the right to trigger a buy-sell, put right or forced sale arrangement, which could cause us to sell our interest, acquire our partner's interest or sell the underlying asset at a time when we otherwise would not have initiated such a transaction. Our ability to acquire our partner's interest may be limited if we do not have sufficient cash, available borrowing capacity or other capital resources. In such event, we may be forced to sell our interest in the joint venture when we would otherwise prefer to retain it. On the other hand, our ability to transfer our interest in a joint venture to a third party may be restricted at a time when we would otherwise prefer to sell it, and the market for our such interest may be limited and/or valued lower than fair market value. Joint ventures may require us to share decision-making authority with our partners, which could limit our ability to control the properties in the joint ventures. Even when we have a controlling interest, certain major decisions may require partner approval, such as the sale, acquisition or financing of a property.

We largely rely on private pay residents and circumstances that adversely affect the ability of the seniors to pay for our services could have a material adverse effect on us.

Approximately 89.9% of our total resident revenues from communities that we operated were attributable to private pay sources and approximately 10.1% of our resident revenues from these communities were attributable to reimbursements from Medicaid, in each case, during fiscal year 2024. We expect to continue to rely primarily on the ability of residents to pay for our services from their own or family financial resources. Unfavorable economic conditions in the housing, financial and credit markets, elevated interest rates, unemployment, decreased consumer confidence, inflation, or other circumstances that adversely affect the ability of seniors to pay for our services could have a material adverse effect on our business, financial condition, cash flows, and results of operations.

We have recently made the annual rate adjustment effective March 1, 2025 for our in-place private pay residents. Due to the highly competitive nature of the senior living services industry, if our residents do not have sufficient income, assets, or other resources required to pay the increased rates associated with our services, these rate adjustments could result in attrition among our residents, which could negatively impact our occupancy, revenues, results of operations and cash flows.

Changes in the reimbursement rates, methods, or timing of payment from government reimbursement programs could adversely affect our revenues, results of operations, and cash flow.

We rely on reimbursement from government programs for a portion of our revenues. For the year ended December 31, 2024, Medicaid reimbursements represented approximately 10.1% of our resident revenues from communities that we operated. Revenues from Medicaid have, and are expected to continue to, come under pressure due to reimbursement cuts and state budget shortfalls and changes in reimbursement policies and other governmental regulation resulting from actions by the U.S. Congress, U.S. executive orders or other governmental or regulatory agencies may result in a reduction in our revenue relating to such government programs. For example, amendments to Indiana's Medicaid Waiver program went into effect on July 1, 2024 that have resulted in significant waitlists for eligibility for both new program recipients and previous recipients with errors in the annual eligibility redetermination process, which has resulted in a reduction in our revenue from Medicaid reimbursements in Indiana. We cannot provide assurance that reimbursement levels will not decrease in the future, which could adversely affect our revenues, results of operations, and cash flow. Government efforts to reduce medical spending, along with broader healthcare reform, could result in major changes in the healthcare delivery and reimbursement systems on both the national and state levels, including a reduction in funds available for our services or increases in our operating costs. Such reimbursement levels may not remain at levels comparable to present levels or may not be sufficient to cover the costs allocable to patients eligible for reimbursement. In addition, if a partial or total federal or state government shutdown were to occur for a prolonged period of time, federal government payment obligations, including its obligations under Medicaid, and state payment obligations may be delayed. If the federal or state governments fail to make payments under these programs on a timely basis, our business could suffer, and our financial position, results of operations or cash flow may be materially affected.

The senior living services industry is very competitive and some competitors may have substantially greater financial resources than us.

The senior living services industry is highly competitive, and we expect that all segments of the industry will become increasingly competitive in the future. We compete with other companies providing independent living, assisted living, home health care and other similar services and care alternatives. In addition, expanded use of telemedicine and home healthcare by seniors, for which regulatory barriers have been relaxed during the pandemic, may result in additional competition for our services. We also compete with other health care businesses with respect to attracting and retaining nurses, technicians, aides and other high-quality professional and non-professional employees and managers. Although we believe there is a need for senior housing communities in the markets where we operate residences, we expect that competition will increase from existing competitors and new market entrants, some that may have substantially greater financial resources than us. In addition, some of our competitors operate on a not-for-profit basis or as charitable organizations and have the ability to finance capital expenditures on a tax-exempt basis or through the receipt of charitable contributions, neither of which are available to us. Furthermore, if the development of new senior housing communities outpaces the demand for those communities in the markets in which we have senior housing communities, those markets may become saturated. Regulation in the independent and assisted living industry is not substantial. Consequently, development of new senior housing communities could outpace demand. An oversupply of those communities in our markets could cause us to experience decreased occupancy, reduced operating margins and lower profitability.

Termination of resident agreements and resident attrition could affect adversely our revenues and earnings.

State regulations governing assisted living facilities require written resident agreements with each resident. Most of these regulations also require that each resident have the right to terminate the resident agreement for any reason on reasonable notice. Consistent with these regulations, the resident agreements signed by us allow residents to terminate their lease upon 0 to 30 days' notice. Thus, we cannot contract with residents to stay for longer periods of time, unlike typical apartment leasing arrangements that involve lease agreements with specified leasing periods of up to a year or longer. Our resident agreements generally provide for termination of the lease upon death or allow a resident to terminate their lease upon the need for a higher level of care not provided at the community. In addition, the advanced age of our average resident means that the resident turnover rate in our senior living facilities may be difficult to predict. If a large number of residents elected to or otherwise terminate their resident agreements at or around the same time and/or the living spaces we lease remain unoccupied for a long period of time, our occupancy revenues, cash flows and earnings could be adversely affected.

We rely on information technology in our operations, and failure to maintain the security and functionality of our information technology and computer systems, or to prevent a cybersecurity attack, breach or other unauthorized access, could adversely affect our business, reputation and relationships with our residents, employees and referral sources and may subject us to remediation costs, government inquiries and liabilities under HIPAA and data and consumer protection laws, any of which could materially and adversely impact our revenues, results of operations, cash flow, and liquidity.

We rely upon the proper function and availability of our information technology and computer systems, including hardware, software, applications and electronic data storage, to communicate with our residents and patients, their doctors and other healthcare providers, and our employees and vendors and to store, process, safeguard and transmit our business information, including proprietary business information, private health information and personally identifiable information of our residents and employees. We have taken steps and expended significant resources to protect the cybersecurity and physical security of our information technology and computer systems and have developed and implemented policies and procedures to comply with HIPAA and other applicable privacy laws, rules and regulations. However, there can be no assurance that our security measures, policies and procedures and disaster recovery plans will prevent damage to, or interruption or breach of, our information systems or other unauthorized access to private information.

The cybersecurity risks to our Company and our third-party vendors are heightened by, among other things, the frequently changing techniques used to illegally or fraudulently obtain unauthorized access to systems, advances in computing technology and cryptography and the possibility that unauthorized access may be difficult to detect, which could lead to us or our vendors being unable to anticipate these techniques or implement adequate preventive measures. In addition, components of our information systems that we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise the security or functionality of our information systems. Unauthorized parties may also attempt to gain access to our systems or facilities, or those of third parties with whom we do business or communicate, through computer viruses, ransomware attacks, data extortion attempts, hacking, social engineering, fraud or other forms of deceiving our employees or contractors such as email phishing attacks. Additionally, the use of artificial intelligence ("AI") by us or our business partners may create new cybersecurity vulnerabilities, including those which may not be recognized at the time, and malicious actors may employ AI to aid in launching more sophisticated and effective cybersecurity incidents. As cyber threats continue to evolve, such as threats related to AI, we may be required to expend significant additional resources to continue to modify or enhance our cybersecurity or to investigate and remediate any cybersecurity vulnerabilities, attacks, or incidents. Additionally, the rapid ongoing evolution and increased adoption of emerging technologies, such as AI and machine learning, may make it more difficult to implement protective measures to recognize, detect and prevent the occurrence of data breaches, including, but not limited to, cybersecurity breaches.

In addition, we rely on software support of third parties to secure and maintain our information systems and data. Our inability, or the inability of these third parties, to continue to maintain and upgrade our information systems could disrupt or reduce the efficiency of our operations. We or our third-party service providers may experience unexpected power losses, computer system failures, or data network disruptions, negatively impacting the systems or solutions we depend on. Costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations.

Failure to maintain the security and functionality of our information systems, or to prevent a cybersecurity attack or other unauthorized access to our information systems, could expose us to a number of adverse consequences, including: (i) interruptions to our business and operations; (ii) the theft, destruction, loss, misappropriation or release of sensitive information, including proprietary business information and personally identifiable information of our residents, patients, and employees; (iii) significant remediation costs; (iv) negative publicity that could damage our reputation and our relationships with our residents, patients, employees, and referral sources; (v) litigation and potential liability under privacy, security and consumer protection laws, including HIPAA, or other applicable laws, rules or regulations; and (vi) government inquiries that may result in sanctions and other criminal or civil fines or penalties. Any of the foregoing could materially and adversely impact our revenues, results of operations, cash flow, and liquidity.

We maintain cybersecurity insurance providing coverage for certain costs related to cybersecurity-related incidents that impact our cybersecurity and information technology infrastructure. However, our insurance coverage may not sufficiently cover all types of losses or claims that may arise or be subject to exclusions.

We have identified a material weakness in our internal controls over financial reporting as of December 31, 2024. If we are unable to remediate this material weakness, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect our financial statements and investor confidence in us and, as a result, the value of our common stock.

In connection with the preparation of our financial statements for the year ended December 31, 2024 and as more fully described in Item 9A of this Annual Report on Form 10-K, we identified that the Company's system user access controls for certain financial systems, including provisioning and user access review, were not operating effectively. Moreover, the lack of effective user access controls caused insufficient restriction of user and privileged access to our payroll system and data, resulting in a lack of segregation of duties for certain user roles. These control deficiencies could result in a material misstatement of our accounts or disclosures that would not be prevented or detected on a timely basis, and accordingly, we determined that these control deficiencies in aggregate constitute a material weakness and has not been remediated. While we are working to remediate this material weakness through the implementation of our remediation plan, no assurance can be provided that the measures we have taken and will take in the future will be sufficient to remediate the material weakness we identified or avoid the identification of additional material weaknesses. If the steps we take do not remediate the material weakness in a timely manner, or at all, there could continue to be a reasonable possibility that these control deficiencies or others could result in a material misstatement of our financial statements that would not be prevented or detected on a timely basis.

In addition, as disclosed in previous filings for the year ended December 31, 2023, and for all the interim quarterly filings during 2024 and 2023, we identified a material weakness in our internal control over financial reporting which was remediated during the year ended December 31, 2024. Prior to such remediation, our financial statement close process controls did not consistently operate effectively to ensure account reconciliations and journal entries were performed or reviewed at the appropriate level of precision and on a timely basis. Additionally, we identified deficiencies with our revenue transaction cycle during the year ended December 31, 2023. Prior to remediation, these control deficiencies could have resulted in a material misstatement of our accounts or disclosures that would not have been prevented or detected on a timely basis, and accordingly, we determined that these control deficiencies in aggregate constituted a material weakness for all the interim quarterly filings during 2024 and 2023 and the filing for the year ended December 31, 2023.

If we fail to remediate our existing material weakness, identify any other material weakness, or are unable to conclude on an ongoing basis that we have effective internal controls over financial reporting, then our financial statements may be adversely impacted and investors could lose confidence in our reported financial information and our company, which could result in a decline in the market price of our common stock, cause us to fail to meet our reporting obligations in the future, and could impact our ability to raise additional financing if needed in the future.

There is an inherent risk of liability in the provision of personal and health care services, not all of which may be covered by insurance.

The provision of personal and health care services in the long-term care industry entails an inherent risk of liability. In recent years, participants in the long-term care industry have become subject to an increasing number of lawsuits alleging negligence or related legal theories, many of which involve large claims and result in the incurrence of significant defense costs. Moreover, senior housing communities offer residents a greater degree of independence in their daily living. This increased level of independence may subject the resident and, therefore, us to risks that would be reduced in more institutionalized settings. We currently maintain insurance in amounts we believe are comparable to those maintained by other senior living companies based on the nature of the risks and our historical experience and industry standards. We believe that our insurance coverage is adequate. However, we may become subject to claims in excess of our insurance or claims not covered by our insurance, such as claims for punitive damages, terrorism and natural disasters. A claim against us not covered by, or in excess of, our insurance limits could have a material adverse effect upon our business, financial condition, cash flows, and results of operations.

In addition, our insurance policies must be renewed annually. Based upon poor loss experience and the impact of pandemics, insurers for the long-term care industry have become increasingly wary of liability exposure. A number of insurance carriers have stopped writing coverage to this market or reduced the level of coverage offered, and those remaining have increased premiums and deductibles substantially. Therefore, we cannot assure that we will be able to obtain liability insurance in the future or that, if that insurance is available, it will be available on acceptable economic terms.

Damage from catastrophic weather and other natural events, including climate change, could result in losses and adversely affect us and certain of our residents.

A certain number of our properties are located in areas that have experienced, and may experience in the future, catastrophic weather and other natural events from time to time, including snow or ice storms, windstorm, tornados, hurricanes, fires, earthquakes, freeze events in warmer climates, flooding or other severe weather. These events have intensified in recent years and could result in some of our communities losing access to electricity, gas, water and other utilities for a period of time, and could also result in increased electricity and other utility expenses. Damage to facilities or loss of power or water could adversely impact our residents and result in a decline in occupancy at our communities. We maintain insurance policies, including coverage for business interruption, designed to mitigate financial losses resulting from such adverse weather and natural events. However, there can be no assurance that adverse weather or natural events will not cause substantial damages or losses to our communities that could exceed our insurance coverage. In the event of a loss in excess of insured limits, such loss could have a material adverse effect on our business, financial condition, cash flows, and results of operations. In addition, intensifying natural disasters, climate change and extreme weather events, coupled with the current economic climate, have directly affected the availability of insurance premiums, deductibles and the capacity insurers are willing to underwrite, which may lead to an increase of our cost of insurance, a decrease in our anticipated revenues from an affected senior living community and a loss of all or a portion of our investment in an affected senior living community.

The geographic concentration of our communities could leave us vulnerable to an economic downturn, regulatory changes, acts of nature, including severe weather conditions or natural disasters, or the physical effects of climate change in those areas, which could negatively impact our financial condition, revenues, results of operations, and cash flow.

We have a high concentration of communities in various geographic areas, including the states of Texas, Indiana, Ohio and Wisconsin, which we estimate represented approximately 23%, 17%, 19%, and 9%, respectively, of our resident revenues for the year ended December 31, 2024. As a result of this concentration, the conditions of local economies and real estate markets, changes in governmental regulations, acts of nature, including severe weather conditions or natural disasters, the physical effects of climate change, and other factors that may result in a decrease in demand for senior living services in these areas could have an adverse effect on our financial condition, revenues, results of operations, and cash flow. Given the location of our communities, we are particularly susceptible to revenue loss, cost increase, or damage caused by severe weather conditions, including winter storms or natural disasters such as hurricanes, wildfires, earthquakes, freeze events in warmer climates, or tornados. Any significant loss due to such an event may not be covered by insurance and may lead to an increase in the cost of insurance or unavailability on acceptable terms. Climate change may also have effects on our business by increasing the cost of property insurance or making coverage unavailable on acceptable terms. To the extent that significant changes in the climate occur in areas where our communities are located, we may experience increased frequency of severe weather conditions or natural disasters or other changes to weather patterns, all of which may result in physical damage to or a decrease in demand for properties affected by these conditions. Should the impact of climate change be material in nature or occur for lengthy periods of time, our financial condition, revenues, results of operations, or cash flow may be adversely affected. In addition, government regulation intended to mitigate the impact of climate change, severe weather patterns, or natural disasters, including sustainability-related laws such as emissions reduction, could result in additional required capital expenditures to comply with such regulation without a corresponding increase in our revenues.

Because we do not presently have plans to pay dividends on our common stock, holders of our common stock must look solely to appreciation of our common stock to realize a gain on their investment.

It is the policy of our board of directors to retain any future earnings to finance the operation and expansion of our business. Accordingly, we have not and do not currently anticipate declaring or paying cash dividends on your common stock in the foreseeable future. The payment of cash dividends on our common stock in the future will be at the sole discretion of our board of directors and will depend on, among other things, our earnings, operations, capital requirements, financial condition, restrictions in then existing financing agreements and other factors deemed relevant by our board of directors. Accordingly, holders of our common stock must look solely to appreciation of our common stock to realize a gain on their investment. This appreciation may not occur.

We cannot predict the potential emergence and effects of a severe cold and flu season or a future pandemic, epidemic or outbreak of an infectious disease, on our operations, financial condition and liquidity.

Our business and operations are exposed to risks from, severe cold and flu seasons or the occurrence of other epidemics, pandemics, widespread illnesses or public health crises, as occurred during the height of the COVID-19 pandemic. A future epidemic, pandemic, widespread illness or public health crisis could adversely impact our occupancy levels, revenues, expenses and operating results at our communities. We have been required, and we may in the future be required, to restrict or limit access to our communities, including limitations on in-person prospective resident tours and, in certain cases, new resident admissions, which could cause a decline in the occupancy levels at our communities and negatively impact our revenues and operating results.

Further, pandemics, epidemics or outbreaks could again exacerbate existing workforce shortages and costs and require us to incur significant additional operating costs and expenses in order to care for our residents, including costs to acquire additional personal protective equipment, cleaning and disposable food services, testing of our residents and employees, and enhanced cleaning and environmental sanitation costs.

In general, the future course and impacts of a pandemic, epidemic or outbreak of an infectious disease on our operational and financial performance is uncertain and will depend on many factors outside of our control, including, among others, the duration, severity and trajectory of the illness, including the possible spread of potentially more contagious and/or virulent forms of the infection, future economic conditions, as well as the impact of government actions and administrative regulations on the senior living industry and broader economy, including through stimulus efforts, the development, availability and widespread use of effective medical treatments and vaccines, the imposition of public safety measures, and perceptions regarding the safety of senior living communities during and after the pandemic.

Our approach to AI presents risks and challenges that could impact our business and could adversely affect our business.

AI presents risks and challenges that could impact our business, including perceived breaches or privacy or security incidents related to the use of AI. We are integrating generative AI tools into certain of our systems and our third-party business partners, including residents and vendors, as well as our competitors, may also develop or use such tools. Our ongoing efforts to comply with privacy and data protection laws, as well as initiatives to comply with new legal regulations relating to privacy, data protection, and AI, impose significant costs and challenges that are likely to increase over time. AI solutions and features may become more important to our operations or to our future growth over time. Recent developments in AI, such as generative or agentic AI, may accelerate or exacerbate these effects, and industry trends and consumer expectations may influence the pace at which AI solutions are used in our business operations. There can be no assurance that we will realize the desired or anticipated benefits, or any benefits, and we may fail to properly implement such technology. Uncertainty around the safety and security of new and emerging AI applications may require additional investment in the development of proprietary datasets, machine learning models and systems to test for security, accuracy, bias and other variables, which are often complex, may be costly and could impact our profit margin. In addition, the providers of our or our business partners' AI tools may not meet existing or rapidly evolving regulatory or industry standards with respect to privacy and data protection, compliance and transparency, among others, which could inhibit our or our or our business partners' ability to maintain an adequate level of functionality or service. Our business partners may also incorporate AI into their products and services without disclosing such use to us or fail to disclose risks presented by their use of AI. There is a risk that AI tools used by us or by our business partners could produce inaccurate or unexpected results or behaviors that could harm our reputation, business, customers, or stakeholders. Our competitors or other third parties may incorporate AI in their business operations more quickly or more successfully than we do. Additionally, the complex and rapidly evolving landscape around AI may expose us to claims, inquiries, demands and proceedings by private parties and global regulatory authorities and subject us to legal liability as well as reputational harm. New laws and regulations are being adopted in the U.S. and in non-U.S. jurisdictions, and existing laws and regulations may be interpreted in ways that would affect our business operations and the way in which we use AI. Any of these outcomes could impair our ability to compete effectively, damage our reputation, result in the loss of valuable property or information and adversely impact our results of operations.

Risks Related to Human Capital

A significant increase in our labor costs or labor shortages could have a material adverse effect on us.

We compete with other providers of senior living services with respect to attracting and retaining qualified management personnel responsible for the day-to-day operations of each of our communities and skilled personnel responsible for providing resident care. In light of labor shortages for medical and non-medical workers in many geographic areas, we may increasingly compete to attract qualified and experienced employees. We could encounter increased competition in the future that could limit our ability to attract residents and employees or expand our business. We rely upon the quality of our staff as a means to differentiate our services from other providers. A shortage of nurses or trained personnel may require us to enhance our wage and benefits package in order to compete in the hiring and retention of these personnel or to hire more expensive temporary personnel. We also will be dependent on the available labor pool of semi-skilled and unskilled employees in each of the markets in which we operate.

Historically, labor costs have comprised of approximately two-thirds of our total operating expenses. We experienced pressures associated with the intensely competitive labor environment during 2023, which continued throughout 2024. The United States' unemployment rate remained at or below 4.2% each month during 2024 and 2023, and many states experienced record low unemployment rates. Labor pressures have resulted in higher-than-typical associate turnover and wage growth, and we have experienced difficulty in filling open line-level positions timely. To cover existing open positions, during 2023 and continuing into 2024, we needed to rely on more expensive premium labor, primarily contract labor and overtime. In our consolidated community portfolio the labor component of our operating expense increased approximately $15.7 million, or 14.1%, during 2024 compared to 2023. These increases primarily resulted from filling our open positions, merit and market wage rate adjustments, more hours worked with higher occupancy during 2024, and an increase in the use of premium labor, primarily overtime. For 2025, we expect to continue to experience labor cost pressure as a result of the continuing labor conditions previously described, changes to immigration laws, and an anticipated increase in hours worked as our occupancy levels grow. Continued increased competition for, or a shortage of, nurses and other employees and general inflationary pressures have required and may require that we enhance our pay and benefits package to compete effectively for such employees.

As such, no assurance can be given that our labor costs will not increase, or that, if they do increase, they can be matched by corresponding increases in rates charged to residents. Any significant failure by us to control our labor costs or to pass on any increased labor costs to residents through rate increases could have a material adverse effect on our business, financial condition, cash flows, and results of operations.

We rely on the services of key executive officers and the transition of management or loss of these officers or their services could have a material adverse effect on us.

We depend on the services of our executive officers for our management. We have recently undergone changes in our senior management and may experience further changes in the future. The transition of management, loss of any of our executive officers or our inability to attract and retain qualified management personnel in the future, could affect our ability to manage our business and could adversely affect our business, financial condition, cash flows, and results of operations.

We are subject to risks related to the provision for employee health care benefits and future health care reform legislation.

We use a combination of insurance and self-insurance for employee health care plans. We record expenses under these plans based on estimates of the costs of expected claims, administrative costs, and stop-loss premiums. These estimates are then adjusted to reflect actual costs incurred. Actual costs under these plans are subject to variability depending primarily upon participant enrollment and demographics, the actual costs of claims and whether stop-loss insurance covers these claims. In the event that our cost estimates differ from actual costs, we could incur additional unplanned health care costs which could have a material adverse effect on our business, financial condition, cash flows, and results of operations.

In addition, the Patient Protection and Affordable Care Act (the "Affordable Care Act") expanded health care coverage to millions of previously uninsured people beginning in 2014 and has resulted in significant changes to the United States health care system. This comprehensive health care legislation has resulted and will continue to result in extensive rule making by regulatory authorities, and also may be altered, amended, repealed, or replaced. It is difficult to predict the full impact of the Affordable Care Act due to the complexity of the law and implementing regulations, as well our inability to foresee how participants in the health care industry will respond to the choices available to them under the law. The provisions of the legislation and other regulations implementing the provisions of the Affordable Care Act or any amended or replacement legislation may increase our costs, adversely affect our revenues, expose us to expanded liability or require us to revise the ways in which we conduct our business.

In addition to its impact on the delivery and payment for healthcare, the Affordable Care Act and the implementing regulations have resulted and may continue to result in increases to our costs to provide health care benefits to our employees. We also may be required to make additional employee-related changes to our business as a result of provisions in the Affordable Care Act or any amended or replacement legislation impacting the provision of health insurance by employers, which could result in additional expense and adversely affect our results of operations and cash flow.

Risks Related to Regulatory, Compliance and/or Legal Matters

We are subject to governmental regulations and compliance, some of which are burdensome and some of which may change to our detriment in the future.

Federal and state governments regulate various aspects of our business. The development and operation of senior housing communities and the provision of health care services are subject to federal, state and local licensure, certification and inspection laws that regulate, among other matters, the number of licensed beds, the provision of services, the distribution of pharmaceuticals, billing practices and policies, equipment, staffing (including professional licensing), operating policies and procedures, fire prevention measures, environmental matters and compliance with building and safety codes. Failure to comply with these laws and regulations could result in the denial of reimbursement, the imposition of fines, temporary suspension of admission of new residents, suspension or loss of certification from the Medicaid program, restrictions on the ability to acquire new communities or expand existing communities and, in extreme cases, the revocation of a community's license or closure of a community. We believe that such regulation will increase in the future, and we are unable to predict the content of new regulations or their effect on our business, any of which could materially adversely affect our business, financial condition, cash flows, and results of operations.

Various states, including several of the states in which we currently operate, control the supply of licensed beds and assisted living communities through a "Certification of Need" requirement or other programs. In those states, approval is required for the addition of licensed beds and some capital expenditures at those communities. To the extent that a Certification of Need or other similar approval is required for the acquisition or construction of new communities, the expansion of the number of licensed beds, services or existing communities, we could be adversely affected by our failure or inability to obtain that approval, changes in the standards applicable for that approval and possible delays and expenses associated with obtaining that approval. In addition, in most states, the reduction of the number of licensed beds or the closure of a community requires the approval of the appropriate state regulatory agency. If we were to seek to reduce the number of licensed beds at, or to close, a community, we could be adversely affected by a failure to obtain or a delay in obtaining that approval.

Federal and state anti-remuneration laws, such as "anti-kickback" laws, govern some financial arrangements among health care providers and others who may be in a position to refer or recommend patients to those providers. These laws prohibit, among other things, some direct and indirect payments that are intended to induce the referral of patients to, the arranging for services by, or the recommending of, a particular provider of health care items or services. Federal anti-kickback laws have been broadly interpreted to apply to some contractual relationships between health care providers and sources of patient referral. Similar state laws vary, are sometimes vague and seldom have been interpreted by courts or regulatory agencies. Violation of these laws can result in loss of licensure, civil and criminal penalties and exclusion of health care providers or suppliers from participation in the Medicaid program. There can be no assurance that those laws will be interpreted in a manner consistent with our practices.

Under the Americans with Disabilities Act of 1990, as amended, all places of public accommodation are required to meet federal requirements related to access and use by disabled persons. A number of additional federal, state and local laws exist that also may require modifications to existing and planned communities to create access to the properties by disabled persons. We believe that our communities are substantially in compliance with present requirements or are exempt therefrom. However, if required changes involve a greater expenditure than anticipated or must be made on a more accelerated basis than anticipated, additional costs would be incurred by us. Further legislation may impose additional burdens or restrictions with respect to access by disabled persons and the costs of compliance could be substantial.

HIPAA, in conjunction with the federal regulations promulgated thereunder by the U.S. Department of Health and Human Services, has established, among other requirements, standards governing the privacy of certain protected and individually identifiable health information that is created, received or maintained by a range of covered entities. HIPAA has also established standards governing uniform health care transactions, the codes and identifiers to be used by the covered entities and standards governing the security of certain electronic transactions conducted by covered entities. Penalties for violations can range from civil money penalties for errors and negligent acts to criminal fines and imprisonment for knowing and intentional misconduct. HIPAA is a complex set of regulations and many unanswered questions remain with respect to the manner in which HIPAA applies to businesses such as those operated by us.

In addition, some states have begun to enact more comprehensive privacy laws and regulations addressing consumer rights to data protection or transparency. For example, the California Consumer Privacy Act became effective in 2020, and we expect additional federal and state legislative and regulatory efforts to regulate consumer privacy protection in the future. Compliance with such legislative and regulatory developments could be burdensome and costly, and the failure to comply could have a material adverse effect on our business, financial condition, cash flows, and results of operations.

An increasing number of legislative initiatives have been introduced or proposed in recent years that would result in major changes in the health care delivery system on a national or a state level. Among the proposals that have been introduced are price controls on hospitals, insurance market reforms to increase the availability of group health insurance to small businesses, requirements that all businesses offer health insurance coverage to their employees and the creation of government health insurance plans that would cover all citizens and increase payments by beneficiaries. We cannot predict whether any of the above proposals or other proposals will be adopted and, if adopted, no assurances can be given that their implementation will not have a material adverse effect on our business, financial condition, or results of operations.

Changes in federal, state and local employment-related laws and regulations, or our failure to comply with these laws and regulations, could have an adverse effect on our financial condition, results of operations, and cash flow.

We are subject to a wide variety of federal, state and local employment-related laws and regulations, including, for example, those that govern occupational health and safety requirements, wage and hour requirements, equal employment opportunity obligations, leaves of absence and reasonable accommodations, employee benefits and the right of employees to engage in protected concerted activity (including union organizing). Because labor represents a large portion of our operating expenses, changes in federal, state and local employment-related laws and regulations, including immigration laws, could increase our cost of doing business. Furthermore, any failure to comply with these laws can result in significant protracted litigation, government investigation, penalties or other damages that could have an adverse effect on our financial condition, results of operations, and cash flow.

We may be subject to liability for environmental damages.

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or petroleum product releases at the property and may be held liable to a governmental entity or to third parties for property damage and for investigation and clean-up costs incurred by those parties in connection with the contamination. These laws typically impose clean-up responsibility and liability without regard to whether the owner knew of or caused the presence of the contaminants. Liability under these laws has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of responsibility. The costs of investigation, remediation or removal of the substances may be substantial, and the presence of the substances, or the failure to properly remediate the property, may adversely affect the owner's ability to sell or lease the property or to borrow using the property as collateral. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with the contamination. Persons who arrange for the disposal or treatment of hazardous or toxic substances also may be liable for the costs of removal or remediation of the substances at the disposal or treatment facility, whether or not the facility is owned or operated by the person. Finally, the owner of a site may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. If we become subject to any of these claims, the costs involved could be significant and could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Risks Related to Our Corporate Organization and Structure

Anti-takeover provisions in our governing documents, governing law, and material agreements may discourage, delay or prevent a merger or acquisition that our stockholders may consider favorable or prevent the removal of our current board of directors and management.

Certain provisions of our Amended and Restated Certificate of Incorporation and our Amended and Restated By-laws may discourage, delay, or prevent a merger or acquisition that our stockholders may consider favorable or prevent the removal of our current board of directors and management. We have a number of anti-takeover devices in place that will hinder takeover attempts, including: a staggered board of directors consisting of three classes of directors, each of whom serve three-year terms; removal of directors only for cause, and only with the affirmative vote of at least a majority of the voting interest of stockholders entitled to vote; right of our directors to issue preferred stock from time to time with voting, economic and other rights superior to those of our common stock without the consent of our stockholders; provisions in our amended and restated certificate of incorporation and amended and restated by-laws limiting the right of our stockholders to call special meetings of stockholders; advance notice requirements for stockholders with respect to director nominations and actions to be taken at annual meetings; requirement for two-thirds stockholder approval for amendment of our by-laws and certain provisions of our Certificate of Incorporation; and no provision in our Amended and Restated Certificate of Incorporation for cumulative voting in the election of directors, which means that the holders of a majority of the outstanding shares of our common stock can elect all the directors standing for election. Further, we entered into an investor rights agreement with certain of our largest stockholders that prohibits certain change of control transactions without the prior written consent of Conversant Fund A and the existence of a majority stockholder, such as Conversant, may also have the effect of deterring hostile takeovers, delaying or preventing changes in control or changes in management, or limiting the ability of our other stockholders to approve transactions that they may deem to be in the best interests of our company.

Several of our loan documents and other material agreements also require approval in the event we undergo a change of control of our Company. These provisions may have the effect of delaying or preventing a change of control of the Company even if this change of control would benefit our stockholders.

In addition to the anti-takeover provisions described above, we are subject to Section 203 of the Delaware General Corporation Law. Section 203 generally prohibits a person beneficially owning, directly or indirectly, 15% or more of our outstanding common stock from engaging in a business combination with us for three years after the person acquired the stock. However, this prohibition does not apply if (A) our directors approve in advance the person's ownership of 15% or more of the shares or the business combination or (B) the business combination is approved by our stockholders by a vote of at least two-thirds of the outstanding shares not owned by the acquiring person.

A substantial majority of the voting power of our issued and outstanding securities is held by a small group of stockholders.

In November 2021, we issued 41,250 shares of our Series A Preferred Stock to affiliates of Conversant Capital LLC. The holders of our Series A Preferred Stock are generally entitled to vote with the holders of our common stock on all matters submitted for a vote of holders of shares of common stock (voting together with the holders of shares of common stock as one class) on an as-converted basis. As of December 31, 2024, the Conversant Investors collectively owned a majority of the voting power of the Company's issued and outstanding securities.

Pursuant to our investor rights agreement, Conversant Fund A is entitled to designate four individuals to be appointed to the Company's board of directors, (which will increase to five individuals on May 3, 2025), including the Chairperson, and Silk Partners LP is entitled to designate two individuals to be appointed to the Company's board of directors, in each case so long as they and their respective permitted transferees and affiliates maintain minimum aggregate holdings of our stock as described in further detail in the investor rights agreement. Notwithstanding the fact that all directors are subject to fiduciary duties to us and to applicable law, the interests of these stockholders and their respective director designees may differ from the interests of our security holders as a whole or of our other directors.

Additionally, the consent of the holders of a majority of the outstanding shares of Series A Preferred Stock is required in order for us to take certain actions, including issuances of securities that are senior to, or equal in priority with, the Series A Preferred Stock, significant acquisitions, change of control transactions and incurrence of indebtedness in excess of a certain amount. As a result, the holders of Series A Preferred Stock have the ability to influence the outcome of certain matters affecting our governance and capitalization.

The issuance of shares of our Series A Preferred Stock reduced the relative voting power of holders of our common stock, and the conversion of those shares into shares of our common stock would dilute the ownership of common stockholders and may adversely affect the market price of our common stock.

The holders of our Series A Preferred Stock are entitled to vote, on an as-converted basis, together with holders of our common stock on all matters submitted to a vote of the holders of our common stock, which reduces the relative voting power of the holders of our common stock. In addition, the conversion of our Series A Preferred Stock into common stock would dilute the ownership interest of existing holders of our common stock, and any conversion of the Series A Preferred Stock would increase the number of shares of our common stock available for public trading, which could adversely affect prevailing market prices of our common stock.

Our Series A Preferred Stock has rights, preferences and privileges that are not held by, and are preferential to the rights of, our common stockholders, which could adversely affect our liquidity and financial condition.

The holders of our Series A Preferred Stock have the right to receive a payment on account of the distribution of assets on any voluntary or involuntary liquidation, dissolution, or winding up of our business before any payment may be made to holders of any other class or series of capital stock.

In addition, dividends on the Series A Preferred Stock accrue and are cumulative at the rate of 11.0% per annum, compounding quarterly. Any declaration of dividends is at the discretion of the Company's Board of Directors. If the Board does not declare a dividend in respect of any dividend payment date, the amount of such accrued and unpaid dividend is added to the liquidation preference and compounds quarterly thereafter. During the years ended December 31, 2024 and 2023, accrued and unpaid dividends of $2.7 million and $5.0 million, respectively, were added to the liquidation preference of the Series A Preferred Stock, which will be payable under the redemption features. During the year ended December 31, 2024, the Company declared and paid $2.8 million cash dividends on the Series A Preferred Stock.

The holders of our Series A Preferred Stock also have certain redemption rights, including the right to require us to repurchase all or any portion of the Series A Preferred Stock upon prior written notice of certain change of control events for a repurchase price equal to the greater of (i) the proceeds that would have been received in respect of the shares of Series A Preferred Stock in such change of control if they were converted into common stock immediately prior to such change of control and (ii) an amount in cash equal to 100% of the then-current liquidation preference thereof plus all accrued but unpaid dividends.

These dividend and share repurchase obligations could impact our liquidity and reduce the amount of cash flows available for working capital, capital expenditures, growth opportunities, acquisitions, and other general corporate purposes. Our obligations to the holders of our Series A Preferred Stock could also limit our ability to obtain additional financing, which could have an adverse effect on our financial condition. The preferential rights could also result in divergent interests between the holders of our Series A Preferred Stock and holders of our common stock.

We are a holding company with no operations and rely on our operating subsidiaries to provide us with funds necessary to meet our financial obligations.

We are a holding company with no material direct operations. Our principal assets are the equity interests we directly or indirectly hold in our operating subsidiaries. As a result, we are dependent on loans, distributions and other payments from our subsidiaries to generate the funds necessary to meet our financial obligations. Our subsidiaries are legally distinct from us and have no obligation to make funds available to us.

Risks Related to Other Market Factors

Various factors, including general economic conditions such as elevated labor costs, could adversely affect our financial performance and other aspects of our business.

General economic conditions, such as elevated labor costs due to shortages of medical and non-medical staff, competition in the labor market, increased costs of salaries, wages and benefits, and immigration laws, the consumer price index, commodity costs, fuel and other energy costs, supply chain disruptions, increased insurance costs, tariffs, elevated interest rates and tax rates, affect our facility operating, general and administrative, and other expense. We have no control or limited ability to control such factors. Current global economic conditions and uncertainties, the potential for failures or realignments of financial institutions and the related impact on available credit may affect us and our business partners, landlords, counterparties and residents or prospective residents in an adverse manner including, but not limited to, reducing access to liquid funds or credit, increasing the cost of credit, limiting our ability to manage operating costs, increasing the risk that certain of our business partners, landlords or counterparties would be unable to fulfill their obligations to us, and other impacts which we are unable to fully anticipate.

Our non-labor operating expenses have historically comprised of approximately one-third of our total operating expenses and are subject to the labor force available to us and other factors, including government regulations. In some geographic areas, the scarcity of specialized medical personnel, experienced senior care professionals and other workers has impacted, and may continue to impact, our operations by increasing our labor and operating costs. Labor shortages may also impact our ability to comply with minimum staffing requirements under applicable federal and state regulations. Failure to comply with these requirements can, among other things, jeopardize a senior living community's compliance with the conditions of participation under relevant state and federal healthcare programs. In addition, if a senior living community is determined to be out of compliance with these requirements, it may be subject to fines and other regulatory penalties, including the suspension of resident admissions, the termination of Medicaid participation or the suspension or revocation of licenses.

Future sales of equity securities by us or certain stockholders may adversely affect the market price of our common stock.

We have increased, and may again in the future, attempt to increase, our capital resources by offering additional equity securities. During 2024, we completed the 2024 Private Placement pursuant to which we issued and sold an aggregate of 5,026,318 Shares of our common stock to certain of our largest stockholders, including the Conversant Investors, at a price of $9.50 per share, we issued and sold an aggregate of 667,502 shares of our common stock pursuant to our At-the-Market Sales Agreement with Mizuho Securities USA LLC, and we issued and sold 4,830,317 shares of our common stock in an underwritten public offering at a public offering price of $27.00 per share. Additional equity offerings, including sales under our ATM Sales Agreement, may dilute the economic and voting rights of our existing stockholders and/or reduce the market price of our common stock. Our decision to issue equity securities in a future offering will depend on market conditions and other factors, some of which are beyond our control. We cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of our common stock bear the risk of our future offerings reducing the market price of our common stock and diluting their holdings in our Company.

Further, we have registered the resale of shares of common stock issued to certain stockholders that are either outstanding or issuable upon conversion of Series A Preferred Stock and the exercise of outstanding warrants. The resale of a substantial number of shares of common stock in the public market, or the perception that such resale might occur, could cause the market price of our common stock to decline and impair our ability to raise capital through the sale of additional equity securities. Any shares sold in a registered resale will be freely tradable without restriction under the Securities Act. While we cannot predict the size of future resales or offerings of our common stock, if there is a perception that such resales or offerings could occur, or if the holders of our securities registered for resale sell a large number of the registered securities, the market price for our common stock could be adversely affected.

Our stock price has fluctuated in the past, has recently been volatile and may be volatile in the future, and as a result, investors in our common stock could incur substantial losses.

Our stock price has fluctuated in the past, has recently been volatile and may be volatile in the future. During the year ended December 31, 2024, our common stock traded at a low of $8.65 and a high of $34.26. We may continue to experience sustained depression or substantial volatility in our stock price in the foreseeable future unrelated to our operating performance or prospects.

As a result of this volatility, investors may experience losses on their investment in our common stock. The market price for our common stock may be influenced by many factors, including the following:

- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- changes in earnings estimates or recommendations by securities analysts who track our common stock;
- market and industry perception of our success, or lack thereof, in pursuing our strategies;
- strategic actions by us or our competitors, such as acquisitions or joint ventures;
- our ability or inability to raise additional capital and the terms on which we raise it;
- changes in accounting standards, policies, guidance, interpretations or principles;
- arrival and departure of key personnel;
- changes in our capital structure;
- trading volume of our common stock;
- sales of our common stock by us or our stockholders, including Conversant and Silk;

- changes in general market, industry, economic and political conditions in the U.S. and global economies or financial markets; and
- other events or factors, including war, terrorism and other international conflicts, public health issues including health epidemics or pandemics and natural disasters such as fire, hurricanes, earthquakes, tornados or other adverse weather and climate conditions.

Since the stock price of our common stock has fluctuated in the past, has been recently volatile and may be volatile in the future, investors in our common stock could incur substantial losses. In the past, following periods of volatility in the market, securities class-action litigation has often been instituted against companies. Such litigation, if instituted against us, could result in substantial costs and diversion of management's attention and resources, which could materially and adversely affect our business, financial condition, results of operations and growth prospects. There can be no guarantee that our stock price will remain at current levels or that future sales of our common stock will not be at prices lower than those sold to investors.

Our trading volume may not provide adequate liquidity for investors.

Our common stock is listed on the New York Stock Exchange. However, the average daily trading volume in our common stock is significantly less than that of larger public companies. A public trading market having the desired depth, liquidity and orderliness depends on the presence of a sufficient number of willing buyers and sellers for our common stock at any given time. This presence is impacted by general economic and market conditions and investors' views of us. Because our trading volume is limited relative to larger public companies, any significant sales of our shares of common stock could cause a decline in the market value and price per share of our common stock.

We may issue debt and preferred equity securities or securities convertible into preferred equity securities, any of which may be senior to our common stock as to distributions and in liquidation.

In the future, we may issue additional debt or preferred equity securities or securities convertible into or exchangeable for preferred equity securities, or we may enter into debt-like financing that is unsecured or secured by any or all of our properties. Such securities may be senior to our common stock as to distributions. In addition, in the event of our liquidation, our lenders and holders of our debt and preferred equity securities would receive distributions of our available assets before distributions to the holders of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 1C. CYBERSECURITY

Cybersecurity Risk Management and Strategy

We have developed and implemented a cybersecurity framework intended to assess, identify, and manage risks from threats to the security of our information, systems, products, and network using a risk-based approach. The framework is informed in part by the National Institute of Standards and Technology ("NIST") Cybersecurity Framework, NIST 800-53 and International Organization for Standardization 27001 ("ISO 27001") Framework, although this does not imply that we meet all technical standards, specifications, or requirements under the NIST or ISO 27001.

Our key cybersecurity processes include the following:

- **Risk-based controls for information systems and information on our networks:** We seek to maintain an information technology infrastructure that implements physical, administrative and technical controls that are calibrated based on risk and designed to protect the confidentiality, integrity and availability of our information systems and information stored on our networks, including customer information, personal information, intellectual property and proprietary information.

- **Cybersecurity incident response plan and testing:** We have a cybersecurity incident response plan and dedicated team to respond to cybersecurity incidents. When a cybersecurity incident occurs or we identify a vulnerability, we have a strategic partner (a Managed Security Service Provider ("MSSP")) that is responsible for leading the initial assessment of priority and severity. Our cybersecurity team assists in responding to incidents depending on severity levels and seeks to improve our cybersecurity incident management plan through periodic tabletops or simulations at the enterprise level.

- **Training:** We provide security awareness training to help our employees understand their information protection and cybersecurity responsibilities at the Company. We also provide additional role-based training to some employees based on customer requirements, regulatory obligations, and industry risks.

- **Supplier risk assessments:** We have implemented a third-party risk management process that includes expectations regarding information and cybersecurity. That process, among other things, provides for us to perform cybersecurity assessments on certain suppliers based on an assessment of their risk profile and a related rating process. We also seek contractual commitments from key suppliers to appropriately secure and maintain their information technology systems and protect our information that is processed on their systems.

- **Third-party assessments of the Company:** We have engaged third-party cybersecurity companies to periodically assess our cybersecurity posture and to assist in identifying and remediating risks from cybersecurity threats.

We also consider cybersecurity, along with other risks to us, within our enterprise risk management framework. The enterprise risk management framework includes internal reporting at the enterprise level, with consideration of key risk indicators, trends and countermeasures for cybersecurity and other types of significant risks. In the last fiscal year, we have not identified risks from known cybersecurity threats, including any prior cybersecurity incidents, which have materially affected us, including our operations, business strategy, results of operations, cash flow or financial condition.

Cybersecurity Governance

The Audit Committee of our Board of Directors is responsible for board-level oversight of risks from cybersecurity threats, and the Audit Committee reports back to the full Board of Directors about this and other areas within its responsibility. As part of its oversight role, the Audit Committee receives reporting about the Company's practices, programs, notable threats or incidents and other developments related to cybersecurity throughout the year, including through periodic updates, from our Chief Technology Officer.

Our Chief Technology Officer reports to our Chief Executive Officer and leads the Company's overall cybersecurity function, including the assessment and management of cybersecurity risks. The Chief Technology Officer has over 25 years of experience in managing and leading information technology or cybersecurity teams and participates in various cybersecurity organizations. The Chief Technology Officer collaborates with operation vice presidents and department vice presidents to identify and analyze cybersecurity risks to us; considers industry trends; implements controls, as appropriate and feasible, to mitigate these risks; and enables business leaders to make risk-based business decisions that implicate cybersecurity considerations. The Chief Technology Officer meets with senior leadership to review and discuss our cybersecurity program, including emerging cyber risks, threats, and industry trends. The Chief Technology Officer also supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, including by collaborating with external security personnel and internal business stakeholders, and incorporating threat intelligence and other information obtained from governmental, public, or private sources to inform our cybersecurity technologies and processes.

ITEM 2. PROPERTIES.

Our executive and administrative offices are located at 14755 Preston Road, Suite 810, Dallas, Texas 75254, and consist of approximately 12,723 square feet. Our lease on the premises extends through April 30, 2028 with a three-year extension option.

As of December 31, 2024, we owned, managed, or invested in the senior housing communities referred to in Part I, Item 1 above under the caption "Operating Communities."

ITEM 3. LEGAL PROCEEDINGS.

We have claims incurred in the normal course of our business. Most of these claims are believed by management to be covered by insurance, subject to normal reservations of rights by the insurance companies and possibly subject to certain exclusions in the applicable insurance policies. Whether or not covered by insurance, these claims, in the opinion of management, and based on advice of legal counsel, should not have a material effect on our consolidated financial statements if determined adversely to us.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

(a) Market Information and Holders of the Registrant's Common Equity and Related Stockholder Matters.

Market Information and Holders

The Company's shares of common stock are listed for trading on the New York Stock Exchange under the symbol "SNDA." As of March 13, 2025, there were 39 known registered stockholders of record of the Company's common stock.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table presents information relating to the Company's equity compensation plans as of December 31, 2024:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of the Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column)
Equity compensation plans approved by security holders	—	$ —	809,209
Equity compensation plans not approved by security holders	—	—	—
Total	—	$ —	809,209

(b) Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities.

No activity as of December 31, 2023. During the first quarter of 2024, we completed the 2024 Private Placement pursuant to which we issued and sold an aggregate of 5,026,318 Shares of our common stock to certain of our largest stockholders, including the Conversant Investors, at a price of $9.50 per share for gross proceeds of approximately $47.8 million. We used approximately $15.4 million of the proceeds from the 2024 Private Placement to fund the remaining cash portion of the purchase price for a buyback of certain of our mortgages. We used the remaining proceeds from the 2024 Private Placement for capital expenditure projects at our senior living communities, working capital, acquisitions and other general corporate purposes.

(c) Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

The following information is provided pursuant to Item 703 of Regulation S-K. The information set forth in the table below reflects information regarding the aggregate shares repurchased by the Company pursuant to its share repurchase program (as described below) as of December 31, 2024.

Period	Total Number of Shares Purchased[(1)]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [(2)]
Total at September 30, 2024	32,941	$ 104.10	32,941	$ 6,570,222
October 1 – October 31, 2024	—	—	—	6,570,222
November 1 – November 30, 2024	—	—	—	6,570,222
December 1 – December 31, 2024	—	—	—	6,570,222
Total at December 31, 2024	32,941	$ 104.10	32,941	$ 6,570,222

(1) Does not include shares withheld to satisfy tax liabilities due upon the vesting of restricted stock, all of which have been reported in Form 4 filings relating to the Company. The average price paid per share for such share withholding is based on the closing price per share on the vesting date of the restricted stock or, if such date is not a trading day, the trading day immediately prior to such vesting date.

(2) On January 22, 2009, the Company's board of directors approved a share repurchase program that authorized the Company to purchase up to $10.0 million of the Company's common stock. On January 14, 2016, the Company announced that its board of directors approved a continuation of the share repurchase program. The repurchase program does not obligate the Company to acquire any particular amount of common stock and the share repurchase authorization has no stated expiration date. All shares that have been acquired by the Company under this program were purchased in open-market transactions. The Company may evaluate whether to acquire additional shares of common stock under this program at its discretion.

ITEM 6. [RESERVED].

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help provide an understanding of our business and results of operations. This MD&A should be read in conjunction with our audited consolidated financial statements and the related notes thereto included elsewhere in this Annual Report on Form 10-K. This report, including the following MD&A, contains forward-looking statements regarding future events or trends that should be read in conjunction with the risks, uncertainties and other factors described under "Cautionary Note Regarding Forward-Looking Statements" and "Item 1A. Risk Factors" in this Annual Report on Form 10-K. Actual results may differ materially from those projected in such statements as a result of such risks, uncertainties and other factors.

Overview

The following discussion and analysis addresses (i) the Company's results of operations on a historical consolidated basis for the years ended December 31, 2024 and 2023, and (ii) liquidity and capital resources of the Company, and should be read in conjunction with the Company's historical consolidated financial statements and the selected financial data contained elsewhere in this Annual Report on Form 10-K.

The Company is a leading owner, operator and investor in independent living, assisted living and memory care communities and services for senior adults in the United States in terms of resident capacity. The Company's operating strategy is to provide value to its senior living residents by providing quality senior living services at reasonable prices, while achieving and sustaining a strong, competitive position within its geographically concentrated regions, as well as continuing to enhance the performance of its operations. The Company primarily provides senior living services to the 75+ population, including independent living, assisted living, and memory care services at reasonable prices. Many of the Company's communities offer a continuum of care to meet each of their resident's needs as they change over time. This continuum of care, which integrates independent living, assisted living, and memory care that may be bridged by home care through independent home care agencies, sustains our residents' autonomy and independence based on their physical and mental abilities.

As of December 31, 2024, the Company owned, managed, or invested in 94 senior housing communities in 20 states with an aggregate capacity of approximately 10,000 residents, including 81 owned senior housing communities (including four owned through joint venture investments in consolidated entities, four owned through a joint venture investment in an unconsolidated entity, and one unoccupied) and 13 communities that the Company managed on behalf of a third party.

Recent Acquisitions

Cincinnati Acquisition

In December 2024, the Company closed on the acquisition of an unoccupied single senior living community located in Cincinnati, Ohio for a purchase price of $16.3 million. Sonida funded the transaction with $18.3 million of senior mortgage debt, including $2.0 million for capital expenditure investment into the facility, which is expected to be utilized to furnish and update the community prior to opening. The non-recourse mortgage has an 84-month term and 24-month interest waiver to support lease-up and stabilization, with a 3% fixed-interest-only rate thereafter.

The asset acquisition was recorded at relative fair value. The Company recorded $16.4 million in "Property and equipment, net" for tangible assets purchased in the Company's consolidated balance sheets.

Atlanta Acquisition

In October 2024, the Company entered into a purchase and sale agreement ("Atlanta PSA") to acquire 2 senior living communities in the Atlanta, Georgia market for $29.0 million. On November 1, 2024, the Company closed on the acquisition of these 2 senior living communities. The asset acquisition was recorded at relative fair value. The Company recorded

$24.7 million in “Property and equipment, net” for tangible assets purchased; $4.8 million in “Intangible assets, net” for in-place leases; and $0.1 million in “Other long-term liabilities” for below-market leases in the Company’s consolidated balance sheets.

Palm Acquisition

In August 2024, the Company entered into eight asset purchase agreements (the “Palm PSAs”) with various affiliates of Principal Senior Living Group, pursuant to which the Company acquired eight senior living communities (collectively, the “Palm Communities”) for an aggregate cash purchase price of $102.9 million (such acquisition, the “Palm Acquisition”). The Company closed on the Palm Acquisition on October 1, 2024. Five of the Palm Communities are located in Florida and the other three Palm Communities are located in South Carolina.

The asset acquisition was recorded at relative fair value. The Company recorded $89.2 million in “Property and equipment, net” for tangible assets purchased; $15.6 million in “Intangible assets, net” for in-place leases; and $0.4 million in “Other long-term liabilities” for below-market leases in the Company’s consolidated balance sheets.

Macedonia Acquisition

In April 2024, the Company entered into an asset purchase agreement to acquire a community located in Macedonia, Ohio for a purchase price of $10.7 million plus transaction costs of $0.4 million. In May 2024, the Company closed on the acquisition and entered into a mortgage loan totaling $9.4 million. The Company purchased a Secured Overnight Financing Rate (“SOFR”) based interest rate cap (“IRC”) to reduce exposure to the variable interest rate fluctuations associated with the new mortgage. The total cost of the IRC was $0.2 million and has an aggregate notional amount of $9.4 million. The IRC has a 24-month term and caps SOFR at 6.00%. See “Note 8–Debt” and “Note 14–Fair Value.”

The asset acquisition was recorded at relative fair value. We recorded $10.0 million in “Property and equipment, net” for tangible assets purchased; $1.2 million in “Intangible assets, net” for in-place leases; and $0.1 million in “Other liabilities” for below-market leases for this acquisition in our consolidated balance sheet.

Recent Investments

Investment in Consolidated VIE

On July 1, 2024, the Company entered into two joint ventures (collectively, the “Palatine JVs”) with affiliates of Palatine Capital Partners, which acquired four senior living communities located in Texas (3) and Georgia (1). The Palatine JVs acquired these communities for a purchase price of $32.8 million plus transaction costs of $0.1 million for net cash of $11.2 million and financing of $21.7 million of senior mortgage debt. The Company is a 51% owner in the Palatine JVs.

The Company has evaluated its investment in the Palatine JVs under ASC 810. The Company has determined that it has the power to direct the activities of the VIE that most significantly impact its economic performance and is the primary beneficiary of the VIE in accordance with ASC 810. Accordingly, the Company has consolidated the activity of the Palatine JVs into its condensed consolidated financial statements for the period ended December 31, 2024. The Company manages the 4 Palatine JV communities in exchange for a management fee calculated as a percentage of gross revenue and an additional incentive management fee based on earnings before interest, taxes, depreciation, amortization, rent, and management fees, and on other customary terms and conditions.

The asset acquisition was recorded at fair value. The Company recorded $27.5 million in “Property and equipment, net” for tangible assets purchased; $5.6 million in “Intangible assets, net” for in-place leases; and $0.2 million in “Other liabilities” for below market leases in the Company’s condensed consolidated balance sheets.

Investment in Stone Unconsolidated Entity

In April 2024, the Company and KZ Stone Investor LLC (“KZ Investor”) formed a new joint venture, Stone JV LLC (the “Stone JV”) for the purpose of acquiring, owning, and operating four senior housing communities located in the Midwest. In May 2024, the Stone JV purchased the four communities for a purchase price of $64.0 million. KZ Investor is the controlling managing member of the Stone JV and owns 67.29% of the entity as of December 31, 2024. Sonida owns a 32.71% noncontrolling interest in the Stone JV as of December 31, 2024, which was acquired through cash contributions in connection with the closing. Sonida operates the four communities for a management fee based on gross revenues of the applicable communities, as well as, in some cases, an incentive management fee based on earnings before interest, taxes, depreciation, amortization, rent, and management fees, and on other customary terms and conditions.

The Company has evaluated its investment in the Stone JV under ASC 810. The Company has determined that it does not have the power to direct the activities of the VIE that most significantly impact its economic performance and is not the primary beneficiary of the VIE in accordance with ASC 810. The Company's interests in the VIE are, therefore, accounted for under the equity method of accounting. The carrying amount of the Company's investment in the Stone JV and maximum exposure to loss as a result of the Company's ownership interest in the Stone JV was $10.9 million, which is included in investment in unconsolidated entity on the accompanying condensed consolidated balance sheet as of December 31, 2024.

The Company evaluates the realization of its investment in unconsolidated entities accounted for using the equity method if circumstances indicate the Company's investment is other than temporarily impaired. During the year ended December 31, 2024, there were no impairments.

New Management Agreements

The Company has property management agreements with a third-party owner pursuant to which the Company manages certain communities on their behalf for a management fee based on gross revenues of the applicable communities, as well as an incentive management fee, and other customary terms and conditions. During June 2024 the Company executed management agreements to assume the management of two communities owned by a third party. During August 2024 the Company executed management agreements to assume the management of one community owned by a third party.

Recent Financing and Corporate Transactions

2024 and 2023 Fannie Mae Loan Modifications

In December 2024, the Company and certain of its subsidiaries entered into an Omnibus Amendment to Multifamily Loan and Security Agreements (the “Omnibus Amendment”) with Federal National Mortgage Association (“Fannie Mae”). The Omnibus Amendment amends the terms of each of the loan agreements (each, a “2024 Loan Agreement” and collectively, the “2024 Loan Agreements”) relating to 18 of the Company’s 37 senior living communities encumbered by mortgage agreements with Fannie Mae to, among other things, extend the maturity dates of each 2024 Loan Agreements from December 1, 2026 to January 1, 2029 in exchange for $10 million of scheduled principal paydowns on the 2024 Loan Agreements, which included a $2 million paydown made at closing and a series of $2 million, $3 million and $3 million due in November 2025, 2026 and 2027, respectively.

In June 2023, we entered into a forbearance agreement (“Fannie Forbearance” and “Fannie Forbearance Agreement”) with the Federal National Mortgage Association (“Fannie Mae”) for all 37 of its encumbered communities. Under the Fannie Forbearance, Fannie Mae agreed to forbear on its remedies otherwise available under the community mortgages and Master Credit Facility (“MCF”) in connection with reduced debt service payments made by us during the forbearance period. In connection with the Fannie Forbearance, we made a $5.0 million principal payment in July 2023. The Fannie Forbearance was the first of a two-step process to modify all existing mortgage loan agreements with Fannie Mae by October 2023 under proposed loan modification agreements, as defined in the Fannie Forbearance (“Loan Modification Agreements”).

We entered into Loan Modification Agreements with Fannie Mae in October 2023. Some of the material terms of the Loan Modification Agreements are as follows:

• Maturities on 18 community mortgages, ranging from July 2024 to December 2026, were extended to December 2026 (and were subsequently extended to January 2029, as described below). The remaining 19 communities under the MCF have existing maturities in January 2029.

• We were not required to make scheduled principal payments due under the 18 community mortgages and 19 communities under the MCF through the initially revised maturity date of December 2026 or 36 months from the Fannie Forbearance Effective Date, respectively.

• The monthly interest rate was reduced by a 1.5% weighted average on all 37 communities for 12 months from the Fannie Forbearance Effective Date and deferred until it was contractually waived in June 2024, when the “Fannie Interest Abatement Period” expired because of the Company’s compliance with certain required default covenants.

• We were required to make a second principal payment of $5.0 million with respect to the Fannie Mae debt, which was paid in June 2024 on the one-year anniversary of the Fannie Forbearance Effective Date.

2024 Community Mortgage Loans

On December 31, 2024, as part of the Cincinnati Acquisition, the Company entered into a non-recourse mortgage loan of $18.3 million for a term of 84-months and 24-month interest waiver with a 3% fixed-interest-only rate thereafter.

In May 2024, as part of the Macedonia Acquisition, the Company entered into a $9.4 million mortgage loan with a 60-month term and a variable interest rate equal to 1-month SOFR plus 2.00% margin. The Company is not required to make scheduled principal payments for the first 36 months. The Company also entered into a SOFR-based IRC to reduce exposure to the variable interest rate fluctuations associated with the new mortgage. The total cost of the IRC was $0.2 million and has an aggregate notional amount of $9.4 million. The IRC has a 24-month term and caps SOFR at 6.00% from May 9, 2024 through May 1, 2026 with respect to such variable rate indebtedness.

Texas Loan Modification

In August 2024, the Company entered into loan modification agreements (“Texas Loan Modification”) with one of its lenders on two owned communities in Texas, pursuant to which, among other things, the Company received an option to make a discounted payoff (“Texas DPO”) of the outstanding loan principal. On November 1, 2024, the Company paid $18.3 million for the Texas DPO which was financed with funds received from our Credit Facility. The Texas DPO represents a discount of 36% on the total principal outstanding for which the Company recognized a gain on debt extinguishment of $10.4 million for the year ended December 31, 2024.

Notes Payable - Consolidated VIE

In connection with the purchase of the Palatine JVs in July 2024, the Palatine JV assumed $21.7 million of mortgage debt with several lenders. The mortgages have a weighted average interest rate of 7.2% and have terms ranging from 2025 through 2029. As of December 31, 2024, $21.7 million relating to this debt assumed through acquisitions, remained outstanding. These purchases are non-cash financing activities and therefore are not reflected within Capital expenditures in our consolidated statements of cash flows.

In addition, one of the affiliates in the Palatine JVs entered into a SOFR-based IRC to reduce exposure to the variable interest rate fluctuations associated with one of the mortgages at a cost of $0.1 million.

Senior Secured Revolving Credit Facility

In July 2024, the Company entered into a credit agreement for a senior secured revolving credit facility (the “Credit Facility”). The Credit Facility has a borrowing capacity of $150.0 million, a term of three years, a leverage-based pricing matrix between SOFR plus 2.10% margin and SOFR plus 2.60% margin and is fully recourse to Sonida Senior Living, Inc. and its applicable subsidiaries. The borrowing base by which borrowing availability under the Credit Facility is determined is generally based upon the value of the senior living communities that secure the Company’s obligations under the Credit Facility. During the year ended December 31, 2024, the Company borrowed $68.7 million under the Credit Facility, at a weighted average interest rate of 7.3%, which was secured by two of the Company’s previously unencumbered senior living communities and ten newly acquired communities. The Company repaid $8.7 million of the borrowing during the year ended December 31, 2024 and $60.0 million borrowings were outstanding as of December 31, 2024.

2024 Loan Purchase and Ally Term Loan Expansion

We entered into an agreement with one of our previous lenders whereby the Company agreed to purchase the outstanding indebtedness it owed to such lender for a purchase price of $40.2 million (plus the reimbursement of certain amounts advanced to the Company by such lender). In February 2024, the Company completed the purchase of the total outstanding principal balance of $74.4 million from the lender which loans were secured by seven of the Company’s senior living communities (such transaction, the “2024 Loan Purchase”). The 2024 Loan Purchase was funded by the concurrent expansion of the Company’s existing loan facility with Ally Bank (“Ally”) by $24.8 million (as described below) and the remainder was funded by proceeds from the 2024 Private Placement, as described below. The 2024 Loan Purchase and Ally Term Loan expansion reduced notes payable by $49.6 million and resulted in a gain on debt extinguishment totaling $38.1 million.

2024 and 2023 Ally Loan Amendments

In May 2024, the Company executed an amendment (“Ally Fourth Amendment”) to the Ally term loan agreement (“Ally Term Loan”). Ally Bank successfully syndicated a portion of its total term loan commitment to Cross River Bank. Following the syndication, Ally Bank and Cross River Bank owned 67.5% and 32.5% of the outstanding principal balance, respectively.

In February 2024, the Company expanded the existing loan facility with Ally by $24.8 million (“Ally Third Amendment”) to partially fund the 2024 Loan Purchase. The Ally Third Amendment required expanded monthly payments into both the Waiver Principal Reserve Account and the IRC Reserve by approximately $36,000 and amount to match the notional amount required under the increased Ally Term Loan. Additionally, the Company made a one-time payment to the debt service reserve ("Ally Debt Service Reserve") of $0.4 million. The expanded Ally Term Loan was secured by six of the Company's senior living communities involved in the 2024 Loan Purchase.

In June 2023 and concurrent with the Fannie Forbearance, we executed an amendment ("2023 Ally Amendment") to the Ally term loan agreement ("Ally Term Loan" or "Ally Term Loan Agreement") and an amended guaranty ("Second Amended Ally Guaranty") with Ally Bank. Under the terms of the Second Amended Ally Guaranty, Ally granted the Company, as Guarantor, a waiver ("Limited Payment Guaranty Waiver" or "Waiver") of the liquid assets minimum requirement of $13.0 million for a 12-month period, which expired on December 31, 2024. Additionally, the Company was required to make monthly payments of approximately $117,000 through an Ally controlled escrow ("Waiver Principal Reserve"), as well as a $2.3 million payment to an interest rate cap reserve account ("IRC Reserve") held by Ally, which represented the quoted cost of a one-year interest rate cap on the full notional value of the Ally Term Loan. With the expiration of Limited Payment Guaranty Waiver on December 31, 2024, the Company ceased its monthly payments into both the Waiver Principal Reserve Account and the IRC Reserve.

For additional information regarding the Company's recent financing transactions described above, see "Note 8—Debt."

Public Offering

In August 2024, the Company entered into an underwriting agreement providing for the offer and sale (the "Offering") by the Company, and the purchase by the underwriters, of 4,300,000 shares of the Company's common stock, at a price to the public of $27.00 per share. The Company also granted a 30-day option to the underwriters to purchase up to an additional 645,000 shares of common stock on the same terms as above. During August 2024, the Company raised $124.1 million in total net proceeds from the Offering: an initial $110.4 million of proceeds on the sale of 4,300,000 shares and an additional $13.7 million on 530,317 shares, pursuant to the partial exercise of the underwriters' 30-day option.

At-the-Market Equity Offerings

In April 2024, the Company entered into an At-the-Market Issuance Sales Agreement (the "ATM Sales Agreement") with Mizuho Securities USA LLC, as sole sales agent. Pursuant to the ATM Sales Agreement in which the Company may sell, at its option, shares of its common stock up to an aggregate offering price of $75.0 million (the "Shares") through its Agent. The ATM Sales Agreement provides that the Mizuho will be entitled to receive a commission of up to 3% of the gross proceeds from the sale of the shares in a transaction.

During 2024, the Company sold an aggregate of 667,502 shares pursuant to the ATM Sales Agreement for net proceeds of $18.7 million, after applicable commissions.

2024 Private Placement Transaction

On February 1, 2024, the Company entered into a securities purchase agreement (the "Securities Purchase Agreement") with affiliates of Conversant Capital, LLC and several other shareholders (together, the "Investors"), pursuant to which the Investors agreed to purchase from the Company, and the Company agreed to sell to the Investors, in a private placement transaction (the "2024 Private Placement"), an aggregate of 5,026,318 shares of the Company's common stock at a price of $9.50 per share. The 2024 Private Placement occurred in two tranches. The first tranche occurred on February 1, 2024, at which time 3,350,878 shares of common stock were issued and sold to the Investors for $31.8 million. The second tranche occurred on March 22, 2024, at which time 1,675,440 shares of common stock were issued and sold to the Investors for $15.9 million. The Company used a portion of the proceeds from the first closing of the 2024 Private Placement to fund a portion of the cash purchase price for the 2024 Loan Purchase.

Significant Financial and Operational Highlights

Operations

The Company derives its revenue primarily by providing senior living and healthcare services to seniors. During the year ended December 31, 2024, the Company generated resident revenue of approximately $267.8 million compared to resident revenue of approximately $232.0 million in the prior year, representing an increase of approximately $35.8 million. The increase in revenue was primarily due to increased occupancy, increased average rent rates, and additional communities acquired in 2024.

Weighted average occupancy for the year ended December 31, 2024 for the communities owned by the Company excluding 2024 acquisitions was 86.4% as compared to a weighted average occupancy for the year ended December 31, 2023 of 84.6%, reflecting continued occupancy growth. The average monthly rental rate for these owned communities for the year ended December 31, 2024 was 5.9% higher when compared to the year ended December 31, 2023.

Management Services

The Company has property management agreements with third parties and its joint ventures pursuant to which the Company manages certain communities on their behalf for a management fee based on gross revenues of the applicable communities, as well as, in some cases, an incentive management fee and on other customary terms and conditions. The Company managed 13 and ten communities on behalf of a third party during the years ended December 31, 2024 and 2023, respectively. The Company managed four communities on behalf of an unconsolidated joint venture and four communities of consolidated joint ventures during the year ending December 31, 2024 and none during the prior year period.

Critical Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the accompanying financial statements and related notes. Management bases its estimates and assumptions on historical experience, observance of industry trends and various other sources of information and factors, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates. Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties, and potentially could result in materially different results under different assumptions and conditions. The Company believes the following are our most critical accounting policies and/or typically require management's most difficult, subjective, and complex judgments.

Acquisitions of Senior Living Communities

Upon the acquisition of new senior living communities, we recognize the assets acquired and the liabilities assumed as of the acquisition date, measured at their fair values using Level 3 inputs at the date of acquisition. There is judgement involved when determining the fair value of land and building values, including the selection of key assumptions in the valuation models based on estimated replacement costs, market rental rates, and capitalization rates, which are primarily unobservable inputs. We have estimated the value and economic lives of certain tangible assets based on historical information, industry estimates and averages, which are used to calculate depreciation and amortization expense. If the subsequent actual results and updated projections of the underlying business activity change, compared with the assumptions and projections used to develop these values, we could experience impairment charges. If our estimates of the economic lives change, depreciation or amortization expense could be accelerated or extended. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.

Long-Lived Assets and Impairment

The Company continuously reviews the carrying value of its property and equipment to determine if facts and circumstances suggest that they may be impaired or that the depreciation period may need to be changed. The Company considers internal factors such as net operating losses along with external factors relating to each asset, including contract changes, local market developments, and other publicly available information to determine whether impairment indicators exist. If an indicator of impairment is identified, recoverability of an asset group is assessed by comparing its carrying amount to the estimated future undiscounted net cash flows expected to be generated by the asset group through operation or disposition, calculated utilizing the lowest level of identifiable cash flows. If this comparison indicates that the carrying amount of an asset group is not recoverable, we estimate fair value of the asset group and record an impairment loss when the carrying amount exceeds fair value.

To estimate fair value management makes several estimates and assumptions, including, but not limited to, the projected date of disposition, estimated sales price, future cash flows of each property during our estimated holding period, and estimated capitalization rates. We corroborate the estimated capitalization rates we use in these calculations with capitalization rates observable from recent market transactions. If our analysis or assumptions regarding the projected cash flows expected to result from the use and eventual disposition of our properties change, we incur additional costs and expenses during the holding period, or our expected hold periods change, we may incur future impairment losses. The Company recognized a non-cash impairment charge of $6.0 million to its "Property and equipment, net" during the year ended December 31, 2023, which related to one owned community. There were no impairments on long-lived assets during the year ended December 31, 2024.

New Accounting Pronouncements

See "Note 2–Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements for a discussion of new accounting pronouncements.

Results of Operations

The following table includes our Consolidated Statements of Operations data in thousands of dollars and expressed as a percentage of total revenues for the years ended December 31, 2024 and 2023.

	Years Ended December 31,			
	2024		2023	
(in thousands)	$	%	$	%
Revenues:				
Resident revenue	$ 267,849	88.0	$ 232,032	90.9
Management fees	3,381	1.1	2,191	0.9
Managed community reimbursement revenue	33,096	10.9	21,099	8.3
Total revenues	$ 304,326	100.0 %	$ 255,322	100.0 %
Expenses:				
Operating expense	202,015	66.4	177,323	69.5
General and administrative expense	39,997	13.1	32,198	12.6
Depreciation and amortization expense	44,051	14.5	39,888	15.6
Long-lived asset impairment	—	—	5,965	2.3
Managed community reimbursement expense	33,096	10.9	21,099	8.3
Total expenses	319,159	*	276,473	*
Other income (expense):				
Interest income	1,681	0.6	608	0.2
Interest expense	(36,990)	(12.2)	(36,118)	(14.1)
Gain on extinguishment of debt, net	48,536	15.9	36,339	14.2
Loss from equity method investment	(895)	(0.3)	—	—
Other expense, net	(540)	(0.2)	(532)	(0.2)
Loss before provision for income taxes	(3,041)	(1.0)	(20,854)	(8.2)
Provision for income taxes	(239)	(0.1)	(253)	(0.1)
Net loss	$ (3,280)	(1.1)%	$ (21,107)	(8.3)%
Less: Net loss attributable to noncontrolling interests	1,221	0.4	—	—
Net loss attributable to Sonida shareholders	$ (2,059)	(0.7)%	$ (21,107)	(8.3)%

** Represents a percentage in excess of 100%.*

Year Ended December 31, 2024 Compared to the Year Ended December 31, 2023

Revenues

Resident revenue for the year ended December 31, 2024 was $267.8 million as compared to $232.0 million for the year ended December 31, 2023, an increase of $35.8 million, or 15.4%. The increase in revenue was primarily due to increased occupancy, increased average rent rates, and 16 additional consolidated communities acquired during 2024 (including one unoccupied community). Weighted average occupancy for the year ended December 31, 2024 for the communities owned by the Company excluding 2024 acquisitions was 86.4% as compared to a weighted average occupancy for the year ended December 31, 2023 of 84.6%, reflecting continued occupancy growth. The average monthly rental rate for these owned communities for the year ended December 31, 2024 was 5.9% higher when compared to the year ended December 31, 2023.

Management fee revenue for the year ended December 31, 2024 increased by $1.2 million as compared to the year ended December 31, 2023, primarily as a result of managing more communities in 2024.

Managed community reimbursement revenue for the year ended December 31, 2024 was $33.1 million as compared to $21.1 million for the year ended December 31, 2023, representing an increase of $12.0 million, or 56.9%. The increase was primarily a result of managing three more third-party and four unconsolidated joint venture communities during the year ended December 31, 2024.

Expenses

Operating expenses for the year ended December 31, 2024 were $202.0 million as compared to $177.3 million for the year ended December 31, 2023, an increase of $24.7 million. The increase is primarily attributable to the increase in labor costs of $15.7 million and an increase in other variable operating expenses of $5.3 million as a result of increased occupancy in the Company's same store communities and 16 new consolidated communities (including one unoccupied community acquired on December 31, 2024) as compared to the prior year.

General and administrative expenses for the year ended December 31, 2024 were $40.0 million as compared to $32.2 million for year ended December 31, 2023, an increase of $7.8 million, or 24.2%. The increase is due to a $6.6 million increase in labor costs to support the Company's 2024 acquisitions and a $1.6 million increase in stock-based compensation expense, partially offset by a $0.4 million decrease in other costs.

During the year ended December 31, 2024, there were no impairments on long-lived assets. During the year ended December 31, 2023, the Company recorded a non-cash impairment charge of $6.0 million related to one owned community with decreased cash flow estimates as a result of recurring net operating losses.

Managed community reimbursement expense for the year ended December 31, 2024 was $33.1 million as compared to $21.1 million for the year ended December 31, 2023, an increase of $12.0 million, or 56.9%. The increase was primarily a result of managing more communities during the year ended December 31, 2024 as compared to the prior year period.

Other income and expense

Interest income generally reflects interest earned on the investment of cash balances and escrow funds or interest associated with certain income tax refunds or property tax settlements. Interest income increased by $1.1 million compared to the prior year primarily due to an average increased investment balance in money market accounts.

Interest expense for the year ended December 31, 2024 was $37.0 million as compared to $36.1 million for the year ended December 31, 2023, an increase of $0.9 million, or 2.4%, due to the incremental borrowings associated with the Company's 2024 community acquisitions, partially offset by a decrease in the Company's SOFR-based variable rate debt.

Gain on extinguishment of debt for the year ended December 31, 2024 was $48.5 million related to the derecognition of notes payable and liabilities as a result of the 2024 Loan Purchase and the Texas DPO from two of our lenders. Gain on extinguishment of debt for the year ended December 31, 2023 was $36.3 million related to the derecognition of notes payable and liabilities as a result of the transition of legal ownership of two communities to Fannie Mae, the holder of the related non-recourse debt.

Net loss

As a result of the foregoing factors, the Company reported net loss of $3.3 million for the year ended December 31, 2024, compared to net loss of $21.1 million for the year ended December 31, 2023.

Liquidity and Capital Resources

In addition to approximately $17.0 million of unrestricted cash balance as of December 31, 2024, our future liquidity will depend in part upon our operating performance, which will be affected by prevailing economic conditions, and financial, business and other factors, some of which are beyond our control. Principal sources of liquidity are expected to be cash flows from operations, proceeds from our secured Credit Facility, proceeds from equity offerings, including sales of common stock under our ATM Sales Agreement, and proceeds from debt refinancings or loan modifications. During 2023, we entered into loan modifications with Fannie Mae, an amendment with Ally Bank, including a revised Limited Payment Guaranty, and an equity commitment with Conversant. During 2024, we completed the 2024 Private Placement pursuant to which we issued and sold an aggregate of approximately 5.0 million shares of our common stock to several of our shareholders for gross cash proceeds of $47.8 million, which enabled us to purchase all the Company's debt then outstanding with a certain lender at a substantial discount, as well as fund future working capital and growth initiatives. Additional financing of $24.8 million for the debt purchase was provided by an expansion of the Company’s existing Ally Bank term loan. In addition, during April 2024, the Company entered into the At-the-Market Issuance Sales Agreement (the “ATM Sales Agreement”), whereby the Company may sell, at its option, shares of its common stock up to an aggregate offering price of $75,000,000. As of December 31, 2024, the Company has received $18.7 million in net proceeds from the ATM sales. During August 2024, the Company completed a public offering and issued 4.8 million shares of common stock for net proceeds of $124.1 million, after deducting underwriting discounts and commissions and the Company's offering expenses. During August 2024, the Company entered into a Credit Facility in which borrowing availability is determined based upon the value of the senior living communities. As of December 31, 2024, the Company had outstanding borrowings under its Credit Facility of $60.0 million. These transactions are expected to provide additional financial flexibility to us and increase our liquidity position. See "Note 8–Debt" and "Note 9–Securities Financing" in the Notes to Consolidated Financial Statements.

The Company, from time to time, considers and evaluates financial and capital raising transactions related to its portfolio, including debt refinancings, purchases and sales of assets, equity offerings and other transactions. There can be no assurance that the Company will continue to generate cash flows at or above current levels, or that the Company will be able to obtain the capital necessary to meet the Company's short- and long-term capital requirements.

Recent changes in the current economic environment, and other future changes, could result in decreases in the fair value of assets, slowing of transactions, and the tightening of liquidity and credit markets. These impacts could make securing debt or refinancings for the Company or buyers of the Company's properties more difficult or on terms not acceptable to the Company. The Company's actual liquidity and capital funding requirements depend on numerous factors, including its operating results, its capital expenditures for community investment, and general economic conditions, as well as other factors described in "Item 1A. Risk Factors."

In summary, the Company's cash flows were as follows (in thousands):

	Years Ended December 31,		
	2024	2023	$ Change
Net cash provided by (used in) operating activities	$ (1,782)	$ 10,683	$ (12,465)
Net cash used in investing activities	(208,923)	(16,562)	$ (192,361)
Net cash provided by (used in) financing activities	232,042	(7,113)	239,155
Increase (decrease) in cash and cash equivalents	$ 21,337	$ (12,992)	$ 34,329

Operating activities

Net cash used in operating activities for the year ended December 31, 2024 was $1.8 million as compared to net cash provided by operating activities of $10.7 million for the year ended December 31, 2023. The change of $12.5 million is primarily due to the settlement of accounts payable and accrued expenses during the year ended December 31, 2024 compared to the prior year. Additionally, we received grants of $2.9 million in the year ended December 31, 2023 from state departments due to financial distress impacts of the coronavirus. No such grants were received during 2024.

Investing activities

The net cash used in investing activities for the year ended December 31, 2024 was $208.9 million primarily due to $172.5 million for acquisitions of new communities, $25.2 million due to ongoing capital improvements and refurbishments, and $22.4 million in investments in unconsolidated entities, partially offset by a return on investment of $10.6 million in our unconsolidated entities in connection with its subsequent financing. The net cash used in investing activities for the year ended December 31, 2023 was primarily due to ongoing capital improvements and refurbishments at the Company's senior housing communities of $17.9 million, partially offset by the proceeds from sale of assets of $1.4 million.

Financing activities

The net cash provided by financing activities for the year ended December 31, 2024 of $232.0 million was primarily due to net proceeds from the issuance of common stock of $190.5 million, proceeds from our Credit Facility of $68.7 million, proceeds of $56.0 million from notes payable, and proceeds from noncontrolling investors of $7.8 million, partially offset by repayments of notes payable of $72.0 million, repayments of our Credit Facility of $8.7 million, deferred loan costs paid of $3.7 million, purchase of derivative assets of $3.3 million, and dividends paid of $2.8 million. The net cash used in financing activities for the year ended December 31, 2023 of $7.1 million was primarily due to repayments of notes payable of $13.8 million, purchase of derivative assets of $2.4 million, and deferred financing costs paid of $0.8 million, partially offset by proceeds of $10.0 million from equity draws under the equity commitment. See “Note 8–Debt” and “Note 9–Securities Financing” in the Notes to Consolidated Financial Statements.

Debt Covenants

Certain of our debt agreements contain restrictions and financial covenants, such as those requiring us to maintain prescribed minimum debt service coverage ratios, in each case on a multi-community basis. The debt service coverage ratios are generally calculated as revenues less operating expenses, including an implied management fee, divided by the debt (principal and interest). Furthermore, our debt is secured by our communities and if an event of default has occurred under any of our debt, subject to cure provisions in certain instances, the respective lender would have the right to declare all of the related outstanding amounts of indebtedness immediately due and payable, to foreclose on our mortgaged communities and/or pursue other remedies available to such lender. We cannot provide assurance that we would be able to pay the debts if they became due upon acceleration following an event of default.

The Company was in compliance with all financial covenants of its outstanding indebtedness as of December 31, 2024.

Other Liquidity Factors

The continuation of the currently elevated inflationary environment could affect the Company’s future revenues and results of operations because of, among other things, the Company’s dependence on senior residents, many of whom rely primarily on fixed incomes to pay for the Company’s services. As a result, during inflationary periods, the Company may not be able to increase resident service fees to account fully for increased operating expenses. In structuring its fees, the Company attempts to anticipate inflation levels, but there can be no assurances that the Company will be able to anticipate fully or otherwise respond to any future inflationary pressures.

Our non-labor operating expenses have historically comprised of approximately one-third of our total operating expenses and are subject to inflationary pressures. The United States consumer price index increased 2.9% during 2024, as compared to an increase of 3.4% in 2023, with food and energy prices increasing approximately 200 basis points. We mitigated a portion of the increase in food costs with the scale benefit of a higher number of residents, along with appropriate product substitution. For 2024 our non-labor operating expense on the same-store communities increased 2.4% as compared to the prior year. For 2025, we expect to continue to experience increases tied in to overall inflationary pacing.

Historically, labor costs have comprised of approximately two-thirds of our total operating expenses. We began to experience pressures associated with the intensely competitive labor environment during 2022, which continued throughout 2023 and 2024. Labor pressures have resulted in higher-than-typical associate turnover and wage growth, and we have experienced difficulty in filling open positions timely. To cover existing open positions, during 2023 and continuing into 2024, we needed to rely on more expensive premium labor, primarily shift bonuses and overtime. The increase primarily resulted from merit and market wage rate adjustments, more hours worked with higher occupancy during 2024, and an increase in the use of premium labor, primarily shift bonuses and overtime. For 2025, we expect to continue to experience labor cost pressures as a result of the continuing labor conditions previously described and an anticipated increase in hours worked as our occupancy levels grow. Continued increased competition for, or a shortage of, nurses and other employees and general inflationary pressures have required and may require that we enhance our pay and benefits package to compete effectively for such employees.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The consolidated financial statements of the Company are included in Item 15 of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

The Company had no disagreements on accounting or financial disclosure matters with its independent accountants to report under this Item 9.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Principal Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to the Company's management, including the Chief Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Based upon the controls evaluation and the material weakness described below, the Company's Chief Executive Officer and Principal Financial Officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures are ineffective.

Management's Report on Internal Control Over Financial Reporting

Management of the Company, including the Chief Executive Officer and the Principal Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) under the Exchange Act. The Company's internal controls were designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2024. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework (2013 framework). Based on our assessment and the material weakness described below, we believe that, as of December 31, 2024, the Company's internal control over financial reporting is ineffective based on those criteria.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. The Company's system user access controls for certain financial systems, including provisioning and user access review, were not operating effectively. Moreover, the lack of effective user access controls caused insufficient restriction of user and privileged access to our payroll system and data, resulting in a lack of segregation of duties for certain user roles. These control deficiencies could result in a material misstatement of our accounts or disclosures that would not be prevented or detected on a timely basis, and accordingly, we determined that these control deficiencies in aggregate constitute a material weakness.

As permitted by guidance issued by the SEC, a recently acquired business may be omitted from management's report on internal control over financial reporting, management excluded an assessment of the internal controls of the following 2024 acquisitions from its evaluation of the effectiveness of our disclosure controls and procedures. We are in the process of integrating these acquisitions into our system of internal control over financial reporting.

- Atlanta Acquisition purchased in November 2024 and represented 4% of our consolidated total assets and 1% of total revenues for the year ended December 31, 2024.
- Palm Acquisition purchased in October 2024 and represented 12% of our consolidated total assets and 3% of total revenues for the year ended December 31, 2024.
- Palatine JV's entered into July 2024 and represented 5% of our consolidated total assets and 2% of total revenues for the year ended December 31, 2024.
- Macedonia Acquisition purchased in May 2024 and represented 1% of consolidated total assets and 1% of total revenues for the year ended December 31, 2024.

The Company's independent registered public accounting firm, BDO USA, P.C., has issued an attestation report on the effectiveness of the Company's internal control over financial reporting included herein.

Remediation Plan

We have developed the following plan for remediation of the material weakness. Control weaknesses are not considered remediated until enhanced internal controls have been operational for a period of time, are tested and management concludes that these controls are operating effectively. We will continue to monitor the effectiveness of our remediation measures in connection with our future assessments of the effectiveness of internal control over financial reporting and disclosure controls and procedures. We will make any changes to the design of our plan and take such other actions that we deem appropriate given the circumstances. We expect to complete the remediation process in 2025.

- Restrict user and privileged access to our payroll system to ensure appropriate segregation of duties.
- Further implement single sign-on user access for key financial systems.
- Enhance key financial system user access reviews to ensure the completeness and accuracy of users.
- Further review our system user access controls and implement additional review controls as deemed necessary.

Remediation of Previously Reported Material Weaknesses

As previously reported in Item 9A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, management had concluded the Company had a material weakness in internal control over financial reporting, specific to a) certain controls did not consistently operate effectively or lacked appropriate evidence, to ensure account reconciliations, transactions and journal entries were performed or reviewed at the appropriate level of precision and on a timely basis and b) identified deficiencies associated with its revenue transaction cycle. To remediate the material weakness, during the fiscal year ended December 31, 2024, we:

- Established a project team to review, evaluate and remediate the material weakness in internal controls over financial reporting.
- Implemented additional internal controls focused on addressing the material weakness in internal controls over financial reporting.
- Retained a third-party firm to validate the design of and test these new controls.
- Performed a complete evaluation of all controls as to design and operating effectiveness.
- Required a more robust review of the data, evidence of the completeness and retention of documentation.

During the three months ended December 31, 2024, the Company completed its testing of the operating effectiveness of internal controls impacted by these remediation efforts and determined that the material weakness has been effectively remediated as of December 31, 2024.

Changes In Internal Control Over Financial Reporting

Other than those implemented to address the previously identified material weakness as described above, there have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2024, that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Sonida Senior Living, Inc.
Dallas, Texas

Opinion on Internal Control over Financial Reporting

We have audited Sonida Senior Living, Inc.'s (the "Company's") internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We do not express an opinion or any other form of assurance on management's statements referring to any corrective actions taken by the Company after the date of management's assessment.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2024, the related consolidated statements of operations, comprehensive loss, shareholders' equity (deficit), and cash flows for the year then ended, and the related notes (collectively referred to as the "consolidated financial statements") and our report dated March 17, 2025, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness regarding management's failure to design and maintain effective system user access controls has been identified and described in management's assessment. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2024 consolidated financial statements, and this report does not affect our report dated March 17, 2025 on those consolidated financial statements.

As indicated in the accompanying Item 9A, Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the Atlanta Acquisition, which was acquired in November 2024, the Palm Acquisition, which was acquired in October 2024, the Macedonia Acquisition, which was acquired in May 2024, and the acquisitions by the consolidated Palatine JV's, which were acquired in July 2024, and which are included in the consolidated balance sheet of the Company as of December 31, 2024, and the related consolidated statements of operations, comprehensive loss, shareholders' equity (deficit), and cash flows for the year then ended. The Atlanta Acquisition constituted 4% of total assets and 1% of total revenues as of and for the year ended December 31, 2024. The Palm Acquisition constituted 12% of total assets and 3% of total revenues as of and for the year ended December 31, 2024. The Macedonia Acquisition constituted 1% of total assets and 1% of total revenues as of and for the year ended December 31, 2024. The Palatine JV's constituted 5% of total assets and 2% of total revenues as of and for the year ended December 31, 2024. Management did not assess the effectiveness of internal control over financial reporting of these acquired entities because of the timing of the acquisitions which were completed during various dates in 2024. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of these acquired entities.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BDO USA, P.C.

Dallas, Texas

March 17, 2025

ITEM 9B. OTHER INFORMATION.

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by this Item 10 is incorporated by reference to the information under the headings "Election of Directors," "Board of Directors and Committees," "Executive Officers," and "General" in our definitive proxy statement, which will be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2024 in connection with our 2025 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION.

The information required under Item 11 is incorporated herein by reference to the information under the headings "Executive Compensation Tables" and "2024 Director Compensation" in our definitive proxy statement, which will be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2024 in connection with our 2025 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required under Item 12 is incorporated herein by reference to the information under the headings "Principal Stockholders and Stock Ownership of Management" and "Equity Compensation Plan Information" in our definitive proxy statement, which will be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2024 in connection with our 2025 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required under Item 13 is incorporated herein by reference to the information under the headings "Certain Relationships and Related Person Transactions" and "Board of Directors and Committees" in our definitive proxy statement, which will be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2024 in connection with our 2025 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information required under Item 14 is incorporated herein by reference to the information under the heading "Fees Paid to Independent Auditors" in our definitive proxy statement, which will be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2024 in connection with our 2025 Annual Meeting of Stockholders.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

The following documents are filed as part of this Annual Report on Form 10-K:

(5) Financial Statements:

The response to this portion of Item 15 is submitted as a separate section of this Annual Report on Form 10-K. See “Index to Financial Statements” at page F-1.

(2) Financial Statement Schedules:

All schedules have been omitted as the required information is inapplicable or the information is presented in the financial statements or related notes.

(3) Exhibits:

The following documents are filed as a part of this Annual Report on Form 10-K. Those exhibits previously filed and incorporated herein by reference are identified below. Exhibits not required for this Annual Report on Form 10-K have been omitted.

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3.1 to the Registration Statement No. 333-33379 on Form S-1/A filed by the Company with the Securities and Exchange Commission on September 8, 1997.)
3.1.1	Amendment to Amended and Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3.1 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1999, filed by the Company with the Securities and Exchange Commission.)
3.1.2	Second Amendment to Amended and Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on December 14, 2020.)
3.1.3	Third Amendment to Amended and Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on November 4, 2021.)
3.1.4	Fourth Amendment to Amended and Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on November 10, 2021.)
3.1.5	Fifth Certificate of Amendment to the Amended and Restated Certificate of Incorporation, as amended, of Sonida Senior Living, Inc. (Incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on June 16, 2023.)
3.1.6	Sixth Certificate of Amendment to the Amended and Restated Certificate of Incorporation, as amended, of Sonida Senior Living, Inc. (Incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on March 21, 2024.)
3.2	Second Amended and Restated Bylaws of the Registrant (Incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on March 8, 2013.)
3.2.1	Amendment to the Second Amended and Restated Bylaws of the Registrant (Incorporated by reference to Exhibit 3.2 to the Company’s Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on November 10, 2021.)
3.2.2	Second Amendment to the Second Amended and Restated Bylaws of the Registrant (Incorporated by Reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on March 26, 2024.)
3.3	Certificate of Designation, Rights and Privileges of Series A Convertible Preferred Stock, par value $0.01, of the Company (Incorporated by reference to Exhibit 3.2 to the Company’s Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on November 4, 2021.)
4.1†	2007 Omnibus Stock and Incentive Plan for Capital Senior Living Corporation (Incorporated by reference to Exhibit 4.6 to the Company’s Registration Statement on Form S-8 filed by the Company with the Securities and Exchange Commission on May 31, 2007.)

4.2†	First Amendment to 2007 Omnibus Stock and Incentive Plan for Capital Senior Living Corporation (Incorporated by reference to Exhibit 4.7 to the Company's Registration Statement on Form S-8 filed by the Company with the Securities and Exchange Commission on May 31, 2007.)
4.3†	Amended and Restated Second Amendment to the 2007 Omnibus Stock and Incentive Plan for Capital Senior Living Corporation, as amended (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on May 22, 2015.)
4.4†	2019 Omnibus Stock and Incentive Plan for Capital Senior Living Corporation (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on May 15, 2019)
4.5†	Amendment No. 1 to the 2019 Omnibus Stock and Incentive Plan for Capital Senior Living Corporation (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on November 4, 2021.)
4.6	Description of the Company's securities (Incorporated by Reference to Exhibit 4.6 to the Company's Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission on March 27, 2024.)
4.7†	Amendment No. 2 to Sonida Senior Living, Inc. 2019 Omnibus Stock and Incentive Plan, as amended. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on January 28, 2022.)
4.8†	Amendment No. 3 to Sonida Senior Living, Inc. 2019 Omnibus Stock and Incentive Plan, as amended. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on June 16, 2023.)
4.9†	Amendment No. 4 to Sonida Senior Living, Inc. 2019 Omnibus Stock and Incentive Plan, as amended (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 7, 2024.)
10.1†	Form of Outside Director's Restricted Share Unit Award Under the 2007 Omnibus Stock and Incentive Plan for Capital Senior Living Corporation (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed by the Company with the Securities and Exchange Commission on August 5, 2015.)
10.2†	Employment Agreement, dated as of March 26, 2021, by and between Capital Senior Living Corporation and David R. Brickman (Incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission on March 31, 2021.)
10.3	Investor Rights Agreement, dated as of November 3, 2021, by and among Capital Senior Living Corporation, Conversant Dallas Parkway (A) LP, Conversant Dallas Parkway (B) LP and Silk Partners LP (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on November 4, 2021.)
10.4	Registration Rights Agreement, dated as of November 3, 2021, by and among Capital Senior Living Corporation, Conversant Dallas Parkway (A) LP and Conversant Dallas Parkway (B) LP (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on November 4, 2021.)
10.5	Warrant Agreement, dated as of November 3, 2021, by and among Capital Senior Living Corporation, Computershare Inc. and Computershare Trust Company, N.A. (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on November 4, 2021.)
10.6†	Employment Agreement by and between Sonida Senior Living, Inc. and Kevin Detz (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on April 19, 2022.)
10.7	Second Amendment to and Waiver Under Term Loan Agreement among Ally Bank, Sonida Senior Living, Inc. and affiliated borrower entities dated June 29, 2023 (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on July 5, 2023.)
10.8	Second Amended and Restated Limited Payment Guaranty by Sonida Senior Living, Inc. in favor of Ally Bank dated June 29, 2023 (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on July 5, 2023.)
10.9	Waiver and Third Amendment to Master Credit Facility Agreement among Sonida Senior Living, Inc., Berkadia Commercial Mortgage LLC, Fannie Mae and affiliated borrower entities dated September 29, 2023 (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on October 6, 2023.)

10.10	[Form of] Waiver and [First] Amendment to Multifamily Loan and Security Agreement by and among, Sonida Senior Living, Inc., [Berkadia Commercial Mortgage LLC], [Wells Fargo Bank, National Association], Fannie Mae and affiliated borrower entities dated September 29, 2023 (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on October 6, 2023.)
10.11	Omnibus Joinder Agreement and First Amendment to Term Loan Agreement and Other Loan Documents, by and between Sonida Senior Living, Inc. and Ally Bank on December 13, 2022 (Incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission on March 30, 2023.)
10.12	Securities Purchase Agreement, dated as of February 1, 2024, by and between Sonida Senior Living, Inc., Conversant Dallas Parkway (A) LP, Conversant Dallas Parkway (B) LP, Silk Partners, LP, PF Investors, LLC, Solas Capital Partners, LP, Solas Capital Partners II, LP, Blackwell Partners LLC - Series A, and Paul J. Isaac (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on February 6, 2024.)
10.13	At-The-Market Issuance Sales Agreement, dated April 1, 2024, by and between Sonida Senior Living, Inc. and Mizuho Securities USA LLC (Incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on April 1, 2024.)
10.14	Form of Asset Purchase Agreement, dated August 12, 2024, by and between affiliates of Sonida Senior Living, Inc. and Principal Senior Living Group (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on August 15, 2024.)
10.15	Credit Agreement, dated July 24, 2024, among Sonida Senior Living, Inc. and BMO Bank, N.A. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on October 7, 2024.)
10.16*†	Separation and Consulting Agreement, dated October 22, 2024, by and between Sonida Senior Living, Inc. and David R. Brickman
10.17*†	Amended and Restated Executive Employment Agreement, dated December 17, 2024, by and between Sonida Senior Living, Inc. and Brandon Ribar
10.18†	Omnibus Amendment to Multifamily Loan and Security Agreements, dated December 31, 2024, by and among each entity identified as a "Borrower" on Schedule 1 thereto, Sonida Senior Living, Inc., each entity identified as an "Original Lender" on Schedule 1 thereto, and Fannie Mae, the corporation duly organized under the Federal National Mortgage Association Charter Act (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on January 6, 2025.)
10.19*†	Form of Performance Award Under the Sonida Senior Living, Inc. 2019 Omnibus Stock and Incentive Plan, as amended
10.20*†	Form of Restricted Stock Award Under the Sonida Senior Living, Inc. 2019 Omnibus Stock and Incentive Plan, as amended
10.21*†	Form of Outside Director's Restricted Stock Award Under the Sonida Senior Living, Inc. 2019 Omnibus Stock and Incentive Plan, as amended
10.22*†	Form of Outside Director's Restricted Share Unit Award Under the Sonida Senior Living, Inc. 2019 Omnibus Stock and Incentive Plan, as amended
10.23*†	Form of Shareholder Alignment Performance Award Under the Sonida Senior Living, Inc. 2019 Omnibus Stock and Incentive Plan, as amended
19*	Sonida Senior Living, Inc. Policy on Insider Trading
21.1*	Subsidiaries of the Company
23.1*	Consent of BDO, USA P.C.
23.2*	Consent of RSM US LLP
31.1*	Certification of Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a)
31.2*	Certification of Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a)
32.1*	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1	Sonida Senior Living, Inc. Compensation Recovery Policy (Incorporated by Reference to Exhibit 97 to the Company's Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission on March 27, 2024.)

97.2*	Sonida Senior Living, Inc. Supplemental Compensation Recovery Policy
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
104*	Cover page from the Company's Annual Report on Form 10-K for the year ended December 31, 2024, formatted in Inline XBRL (included in Exhibit 101).

* Filed herewith.

† This exhibit constitutes a management contract or compensatory plan, contract, or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

SONIDA SENIOR LIVING, INC.

By: /s/ BRANDON M. RIBAR

Brandon M. Ribar
President, Chief Executive Officer and Director

Date: March 17, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated. Each person whose signature to this report appears below hereby appoints Brandon M. Ribar and Kevin J. Detz and each of them, any one of whom may act without the joinder of the other, as his or her attorney-in-fact to sign on his or her behalf, individually and in each capacity stated below, and to file all amendments to this report, which amendment or amendments may make such changes in and additions to the report as any such attorney-in-fact may deem necessary or appropriate.

Signature	Title	Date
/s/ BRANDON M. RIBAR Brandon M. Ribar	President, Chief Executive Officer, and Director (Principal Executive Officer)	March 17, 2025
/s/ KEVIN J. DETZ Kevin J. Detz	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 17, 2025
/s/ DAVID W. JOHNSON David W. Johnson	Chairman of the Board	March 17, 2025
/s/ NOAH R. BEREN Noah R. Beren	Director	March 17, 2025
/s/ LILY H. DONOHUE Lily H. Donohue	Director	March 17, 2025
/s/ ROBERT GROVE Robert Grove	Director	March 17, 2025
/s/ BENJAMIN P. HARRIS Benjamin P. Harris	Director	March 17, 2025
/s/ JILL M. KRUEGER Jill M. Krueger	Director	March 17, 2025
/s/ SHMUEL S.Z. LIEBERMAN Shmuel S.Z. Lieberman	Director	March 17, 2025
/s/ ELLIOT R. ZIBEL Elliot R. Zibel	Director	March 17, 2025

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Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Sonida Senior Living, Inc.
Dallas, Texas

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Sonida Senior Living, Inc. (the "Company") as of December 31, 2024, the related consolidated statements of operations, comprehensive loss, shareholders' equity (deficit), and cash flows for the year then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 17, 2025 expressed an adverse opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Acquisitions of Senior Living Communities

As discussed in Note 3, during the year ended December 31, 2024, the Company acquired 16 senior living communities for an aggregate purchase price of $194.2 million, including transaction costs. The acquisition of 12 senior living communities were accounted for as asset acquisitions and the Company recognized the assets acquired and liabilities assumed as of the acquisition date measured at their relative fair values. The Company recognized the assets acquired and liabilities assumed for the remaining four acquired senior living communities associated with the investment in the consolidated variable interest entity at their fair value.

We identified the Company's estimate of the fair value of the assets acquired and liabilities assumed in the acquisition of the senior living communities as a critical audit matter because of the judgment used by management when determining the fair value of land, buildings, and in-place leases, including the selection of key assumptions in the valuation models such as comparable land sales, estimated replacement costs, market rental rates, discount rates and capitalization rates, which are primarily unobservable inputs. Auditing the fair value estimates involved a higher degree of auditor judgment due to the complexity of the valuation models and the nature and extent of audit effort required, including the use of personnel with specialized knowledge and skills.

The primary procedures we performed to address this critical audit matter included:

- Utilizing personnel with specialized knowledge and skills in valuation to assess the fair value of certain acquired land by assessing the sales approach and comparing market data to management's selected comparable sales.
- Utilizing personnel with specialized knowledge and skills in valuation to assess the fair value of certain acquired buildings by performing an independent cost approach and comparing the independently computed cost to build with management's fair value determination.
- Utilizing personnel with specialized knowledge and skills in valuation to assess the overall fair value of certain properties and fair value of acquired in-place leases by assessing inputs used in the income approach and comparing market data to management's selected market rental rates, discount rates and capitalization rates.

/s/ BDO USA, P.C.

We have served as the Company's auditor since 2024.

Dallas, Texas

March 17, 2025

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Sonida Senior Living, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Sonida Senior Living, Inc. and its subsidiaries (the Company) as of December 31, 2023, the related consolidated statements of operations and comprehensive loss, shareholders' equity (deficit) and cash flows, for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We served as the Company's auditor from 2022 to 2024.

/s/ RSM US LLP

Dallas, Texas
March 27, 2024

SONIDA SENIOR LIVING, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	December 31, 2024	December 31, 2023
Assets:		
Current assets:		
Cash and cash equivalents	$ 16,992	$ 4,082
Restricted cash	22,095	13,668
Accounts receivable, net of allowance for credit losses of $7.9 million and $5.3 million, respectively	18,965	8,017
Prepaid expenses and other assets	4,634	4,475
Derivative assets	1,403	2,103
Total current assets	64,089	32,345
Property and equipment, net	739,884	588,179
Investment in unconsolidated entity	10,943	—
Intangible assets, net	24,526	622
Other assets, net	2,479	314
Total assets	$ 841,921	$ 621,460
Liabilities:		
Current liabilities:		
Accounts payable	$ 9,031	$ 11,375
Accrued expenses	45,024	42,388
Current portion of debt, net of deferred loan costs	15,486	42,323
Deferred income	5,361	4,041
Federal and state income taxes payable	243	215
Other current liabilities	470	519
Total current liabilities	75,615	100,861
Long-term debt, net of deferred loan costs	635,904	587,099
Other long-term liabilities	793	49
Total liabilities	712,312	688,009
Commitments and contingencies (Note 12)		
Redeemable preferred stock:		
Series A convertible preferred stock, $0.01 par value; 41 shares authorized, 41 shares issued and outstanding as of December 31, 2024 and 2023	51,249	48,542
Equity:		
Sonida's shareholders' equity (deficit):		
Preferred stock, $0.01 par value:		
Authorized shares — 15,000 as of December 31, 2024 and 2023; none issued or outstanding, except Series A convertible preferred stock as noted above	—	—
Common stock, $0.01 par value:		
Authorized shares — 30,000 and 15,000 as of December 31, 2024 and 2023, respectively; 18,992 and 8,178 shares issued and outstanding as of December 31, 2024 and 2023, respectively	190	82
Additional paid-in capital	491,819	302,992
Retained deficit	(420,224)	(418,165)
Total Sonida shareholders' equity (deficit)	71,785	(115,091)
Noncontrolling interest:	6,575	—
Total equity (deficit)	78,360	(115,091)
Total liabilities, redeemable preferred stock and equity (deficit)	$ 841,921	$ 621,460

See accompanying notes to consolidated financial statements.

SONIDA SENIOR LIVING, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31, 2024	Years Ended December 31, 2023
	(In thousands, except per share data)	
Revenues:		
Resident revenue	$ 267,849	$ 232,032
Management fees	3,381	2,191
Managed community reimbursement revenue	33,096	21,099
Total revenues	304,326	255,322
Expenses:		
Operating expense	202,015	177,323
General and administrative expense	39,997	32,198
Depreciation and amortization expense	44,051	39,888
Long-lived asset impairment	—	5,965
Managed community reimbursement expense	33,096	21,099
Total expenses	319,159	276,473
Other income (expense):		
Interest income	1,681	608
Interest expense	(36,990)	(36,118)
Gain on extinguishment of debt	48,536	36,339
Loss from equity method investment	(895)	—
Other expense, net	(540)	(532)
Loss before provision for income taxes	(3,041)	(20,854)
Provision for income taxes	(239)	(253)
Net loss	(3,280)	(21,107)
Less: Net loss attributable to noncontrolling interests	1,221	—
Net loss attributable to Sonida shareholders	(2,059)	(21,107)
Dividends on Series A convertible preferred stock	(2,818)	—
Undeclared dividends on Series A convertible preferred stock	(2,707)	(4,992)
Net loss attributable to common stockholders	$ (7,584)	$ (26,099)
Per share data:		
Basic net loss per share	$ (0.54)	$ (3.85)
Diluted net loss per share	$ (0.54)	$ (3.85)
Weighted average common shares outstanding — basic	14,109	6,786
Weighted average common shares outstanding — diluted	14,109	6,786

See accompanying notes to consolidated financial statements.

SONIDA SENIOR LIVING, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Years Ended December 31,	
	2024	2023
	(In thousands)	
Net loss	$ (3,280)	$ (21,107)
Comprehensive Loss	(3,280)	(21,107)
Less: Comprehensive loss attributable to noncontrolling interests	1,221	—
Comprehensive Loss attributable to common stockholders	$ (2,059)	$ (21,107)

See accompanying notes to consolidated financial statements.

SONIDA SENIOR LIVING, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)

	Sonida's Shareholders					
	Common Stock		Additional Paid-In Capital	Retained Deficit	Noncontrolling Interests	Total
	Shares	Amount				
	(In thousands)					
Balance as of December 31, 2022	6,670	$ 67	$ 295,277	$ (397,058)	$ —	$ (101,714)
Issuance of common stock, net	1,068	11	9,989	—	—	10,000
Undeclared dividends on Series A convertible preferred stock	—	—	(4,992)	—	—	(4,992)
Stock-based plan activity	440	4	(31)	—	—	(27)
Non-cash stock-based compensation	—	—	2,749	—	—	2,749
Net loss	—	—	—	(21,107)	—	(21,107)
Balance as of December 31, 2023	8,178	$ 82	$ 302,992	$ (418,165)	$ —	$ (115,091)
Issuance of equity interest in consolidated entity	—	—	—	—	7,796	7,796
Issuance of common stock, net	10,524	105	190,431	—	—	190,536
Series A convertible preferred stock dividends	—	—	(2,818)	—	—	(2,818)
Undeclared dividends on Series A convertible preferred stock	—	—	(2,707)	—	—	(2,707)
Stock-based plan activity	290	3	(448)	—	—	(445)
Non-cash stock-based compensation	—	—	4,369	—	—	4,369
Net loss	—	—	—	(2,059)	(1,221)	(3,280)
Balance as of December 31, 2024	18,992	$ 190	$ 491,819	$ (420,224)	$ 6,575	$ 78,360

See accompanying notes to consolidated financial statements.

SONIDA SENIOR LIVING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Years Ended December 31, 2024	2023
Operating Activities		
Net loss	$ (3,280)	$ (21,107)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	44,051	39,888
Amortization of deferred loan costs	1,619	1,552
Loss on derivative instruments, net	3,950	2,981
(Gain)/ Loss on sale of assets, net	(192)	118
Long-lived asset impairment	—	5,965
Gain on extinguishment of debt	(48,536)	(36,339)
Loss from equity method investment	895	—
Provision for bad debt	2,596	1,151
Non-cash stock-based compensation expense	4,369	2,749
Other non-cash items	(35)	(53)
Changes in operating assets and liabilities:		
Accounts receivable, net	(13,543)	(3,249)
Prepaid expenses and other assets	(156)	2,918
Other assets, net	—	276
Accounts payable and accrued expenses	5,151	13,013
Federal and state income taxes receivable/payable	28	217
Deferred income	1,320	622
Customer deposits	(19)	(19)
Net cash provided by (used in) operating activities	(1,782)	10,683
Investing Activities		
Investments in unconsolidated entity	(22,409)	—
Return of investment in unconsolidated entities	10,571	—
Acquisition of new communities	(172,546)	—
Capital expenditures	(25,170)	(17,938)
Proceeds from sale of assets	631	1,376
Net cash used in investing activities	(208,923)	(16,562)
Financing Activities		
Proceeds from issuance of common stock, net of issuance costs	190,537	10,000
Proceeds from notes payable	56,040	—
Repayments of notes payable	(72,026)	(13,802)
Proceeds from credit facility	68,705	—
Repayment of credit facility	(8,705)	—
Proceeds from noncontrolling investors in joint ventures	7,796	—
Dividends paid on Series A convertible preferred stock	(2,818)	—
Deferred loan costs paid	(3,726)	(825)
Purchase of derivative assets	(3,312)	(2,362)
Other financing costs	(449)	(124)
Net cash provided by (used in) financing activities	232,042	(7,113)
Increase (decrease) in cash and cash equivalents	21,337	(12,992)
Cash and cash equivalents and restricted cash at beginning of year	17,750	30,742
Cash and cash equivalents and restricted cash at end of year	$ 39,087	$ 17,750
Supplemental Disclosures		
Cash paid during the year for:		
Interest	$ 33,359	$ 28,251
Income taxes	$ 220	$ 46
Non-cash investing and financing activities:		
Notes payable acquired through acquisitions	$ 21,690	$ —
Non-cash additions of property and equipment	$ 2,219	$ 2,355
Undeclared dividends on Series A convertible preferred stock	$ 2,707	$ 4,992
Insurance financed through insurance notes payable	$ 1,707	$ 1,846

See accompanying notes to consolidated financial statements.

SONIDA SENIOR LIVING, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Business

Sonida Senior Living, Inc., a Delaware corporation (together with its subsidiaries, the "Company," "we," "our," "us," or "Sonida"), is a leading owner, operator and investor in independent living, assisted living and memory care communities and services for senior adults in the United States in terms of resident capacity. The Company owns, operates, manages and invests in senior housing communities throughout the United States. As of December 31, 2024, the Company owned, managed or invested in 94 senior housing communities in 20 states with an aggregate capacity of approximately 10,000 residents[1], including 81 owned senior housing communities (including four owned through joint venture investments in consolidated entities, four owned through a joint venture investment in an unconsolidated entity, and one unoccupied) and 13 communities that the Company managed on behalf of a third-party.

Principles of Consolidation

The accompanying consolidated financial statements include the financial statements of Sonida Senior Living, Inc., its wholly-owned subsidiaries, and other entities in which the Company has a controlling financial interest. All material intercompany balances and transactions have been eliminated in consolidation and net income (loss) is reduced by the portion of net income (loss) attributable to noncontrolling interests. The Company reports investments in unconsolidated entities over whose operating and financial policies it has the ability to exercise significant influence under the equity method of accounting.

The Company evaluates its potential variable interest entity ("VIE") relationships under certain criteria as provided for in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 810, *Consolidation* ("ASC 810"). ASC 810 broadly defines a VIE as an entity with one or more of the following characteristics: (a) the total equity investment at risk is insufficient to finance the entity's activities without additional subordinated financial support; (b) as a group, the holders of the equity investment at risk lack (i) the ability to make decisions about the entity's activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; or (c) the equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity's activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. The Company performs this evaluation on an ongoing basis and consolidates any VIEs for which the Company is determined to be the primary beneficiary, as determined by the Company's power to direct the VIEs activities and the obligation to absorb its losses or the right to receive its benefits, which are potentially significant to the VIE. As of December 31, 2024, the Company has a joint venture, Stone JV LLC ("Stone JV") which is treated as an unconsolidated entity.

As of December 31, 2024, the Company is a 51% owner in two joint ventures (collectively, the "Palatine JVs") with affiliates of Palatine Capital Partners. The Company has evaluated its investment in the Palatine JVs under ASC 810. The Company has determined that it has the power to direct the activities of the VIE that most significantly impact its economic performance and is the primary beneficiary of the VIE in accordance with ASC 810. Accordingly, the Company has consolidated the activity of the Palatine JVs into its consolidated financial statements for the period ended December 31, 2024. The consolidated balance sheet as of December 31, 2024 includes the following amounts related to our consolidated VIE: $5.0 million of Cash and cash equivalents; $1.5 million of Restricted cash; $0.3 million of Accounts receivable; $27.8 million of Property and equipment, net; $4.7 million of Intangible assets, net; $5.4 million of Accounts payable; $0.9 million of Accrued liabilities; $0.2 million of Deferred income; $21.3 million of Notes payable, net of deferred loan costs; and $0.2 million of Other long-term liabilities. See "Note 3–Acquisition and Investments," "Note 8–Debt," and "Note–13 Related Party Transactions."

[1] Capacity disclosures in these footnotes to the consolidated financial statements are outside the scope of our independent registered accounting firm's audit.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the accompanying financial statements and related footnotes. These estimates include such items related to the accounting for: income taxes, including assessments of probabilities of realization of income tax benefits; other contingencies; allowances for uncollectible accounts receivable; impairment of long-lived assets, including applicable cash flow projections, holding periods and fair value evaluations; stock-based compensation; fair values of assets and liabilities acquired in asset acquisitions, fair values of our equity method investments; and depreciation and amortization, including determination of estimated useful lives. Management bases its estimates and assumptions on historical experience, observance of industry trends and various other sources of information and factors, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

Cash and Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments with original maturities of three months or less at the date of acquisition to be cash equivalents. The Company has deposits in banks that exceed Federal Deposit Insurance Corporation insurance limits. Management believes that credit risk related to these deposits is minimal. Restricted cash consists of reserve accounts for property insurance, real estate taxes, capital expenditures, derivative, and debt service required by certain loan agreements. In addition, restricted cash includes deposits required by certain counterparties as collateral pursuant to letters of credit which must remain so long as the letters of credit are outstanding, which are subject to renewal annually.

The following table sets forth our cash and cash equivalents and restricted cash (in thousands):

	Years Ended December 31,	
	2024	2023
Cash and cash equivalents	$ 16,992	$ 4,082
Restricted cash:		
Property tax and insurance reserves	6,156	7,237
Lender reserve	6,013	3,329
Capital expenditures reserves	6,210	2,060
Escrow deposit	—	1,000
Deposits pursuant to outstanding letters of credit	3,524	42
Other reserves	192	—
Total restricted cash	22,095	13,668
Total cash, cash equivalents, and restricted cash	$ 39,087	$ 17,750

Long-Lived Assets and Impairment

Property and equipment are stated at cost and depreciated on a straight-line basis over the estimated useful lives of the assets. The Company continuously reviews the carrying value of its property and equipment to determine if facts and circumstances suggest that they may be impaired or that the depreciation period may need to be changed. The Company considers internal factors, such as net operating losses, along with external factors relating to each asset, including contract changes, local market developments, and other publicly available information to determine whether impairment indicators exist.

If an indicator of impairment is identified, recoverability of an asset group is assessed by comparing its carrying amount to the estimated future undiscounted net cash flows expected to be generated by the asset group through operation or disposition, calculated utilizing the lowest level of identifiable cash flows. If this comparison indicates that the carrying amount of an asset group is not recoverable, the Company estimates fair value of the asset group and records an impairment loss when the carrying amount exceeds fair value. There were no impairments on long-lived assets during the year ended December 31, 2024. The Company recognized non-cash impairment charges of $6.0 million to its “Property and equipment, net” during the year ended December 31, 2023, which related to one owned community. See "Note 4–Impairment of Long-Lived Assets."

In evaluating our long-lived assets for impairment, we undergo continuous evaluations of property level performance and real estate trends, and management makes several estimates and assumptions, including, but not limited to, the projected date of disposition, estimated sales price and future cash flows of each property during our estimated holding period. If our analysis or assumptions regarding the projected cash flows expected to result from the use and eventual disposition of our properties change, we incur additional costs and expenses during the holding period, or our expected hold periods change, we may incur future impairment losses.

Acquisitions

We make certain judgments to determine whether a transaction should be accounted for as a business combination or an asset acquisition. These judgments include the assessment of the inputs, processes, and outputs associated with an acquired set of activities and whether the fair value of total assets acquired is concentrated to a single identifiable asset or group of similar assets. We account for a transaction as a business combination when the assets acquired include inputs and one or more substantive processes that, together, significantly contribute to the ability to create outputs and the total fair value of the assets acquired are not concentrated to a single identifiable asset or group of similar assets. Otherwise, we account for the transaction as an asset acquisition.

Upon the acquisition of new communities accounted for as an acquisition of assets, we recognize the assets acquired and the liabilities assumed as of the acquisition date, measured at their relative fair values using Level 3 inputs at the date of acquisition including estimates of appropriate discount rates and capitalization rate once we have determined the fair value of each of these assets and liabilities. Relative fair values may be based on appraisals, internal analyses of recently acquired and existing comparable properties in the Company's portfolio, other market data, and internal marketing and leasing activities. The acquisition date is the date on which we obtain control of the real estate property. The assets acquired and liabilities assumed consist of land, inclusive of associated rights, buildings, assumed debt, and identified intangible assets and liabilities. Above-market and below-market in-place lease values of acquired properties are recorded based on the net present value of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) Sonida's estimate of the fair market lease rates for the corresponding in-place lease measured over a period equal to the remaining non-cancelable terms of the leases (including the below-market fixed-rate renewal period, if applicable). Favorable above-market in-place leases represent the value of the contractual monthly rental payments that are more than the current market rent at communities as acquired in recent acquisitions. Favorable above-market in-place leases are amortized to depreciation and amortization expense on a straight-line basis over their estimated remaining lease terms and are included in intangible assets, net on the accompanying consolidated balance sheets. Unfavorable below-market in-place leases represent the value of the contractual monthly rental payments that are less than the current market rent at communities as acquired in recent acquisitions. Unfavorable below-market in-place leases are amortized to depreciation and amortization expense on a straight-line basis over their estimated remaining lease terms, and are included in other long-term liabilities on the accompanying consolidated balance sheets.

Investment in Unconsolidated Entities

The Company reports investments in unconsolidated entities that it has the ability to exercise significant influence under the equity method of accounting. The initial carrying amount of investments in unconsolidated entities is based on the amount paid to purchase the investment. The Company's reported share of earnings from an unconsolidated entity is adjusted for the impact, if any, of basis differences between its carrying amount of the equity investment and its share of the investment's underlying assets. Distributions received from an investee are recognized as a reduction in the carrying amount of the investment. The Company presents the net income/loss from unconsolidated entities in "Loss from equity method investment" in its Consolidated Statements of Operations.

The Company evaluates the realization of its investments in ventures accounted for using the equity method if circumstances indicate that the Company's investments are other than temporarily impaired. A current fair value of an investment that is less than its carrying amount may indicate a loss in value of the investment. If the Company determines that an equity method investment is other than temporarily impaired, it is recorded at its fair value with an impairment charge recognized in asset impairment expense for the difference between its carrying amount and fair value.

Fair Value Measurement

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 Inputs – Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2 Inputs – Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Inputs – Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The Company's other financial instruments consist primarily of cash and cash equivalents, receivables, accounts payable, accrued expenses, derivative financial instruments, and long-term debt. The carrying value of the Company’s receivables, trade payables, and accrued expenses approximates fair value due to their highly liquid nature, short-term maturity, or competitive rates assigned to these financial instruments. See “Note 14–Fair Value.”

The Company adjusts the carrying amount of certain non-financial assets to fair value on a non-recurring basis when they are impaired.

Derivatives and Hedging

The Company uses derivatives as part of our overall strategy to manage our exposure to market risks associated with the fluctuations in interest rates. We are also required to enter into interest rate derivative instruments in compliance with certain debt agreements. We regularly monitor the financial stability and credit standing of the counterparties to our derivative instruments. We do not enter into derivative financial instruments for trading or speculative purposes. We record all derivatives at fair value. As of December 31, 2024, our derivative instruments consisted of interest rate caps that were not designated as hedge instruments. Changes in fair value of undesignated hedge instruments are recorded in current period earnings as interest expense. See “Note 15–Derivatives and Hedging.”

Stock-Based Compensation Plans

The Company applies the provisions of ASC 718, *Compensation - Stock Compensation*, in its accounting and reporting for stock-based compensation. ASC 718 requires all stock-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. All unvested options outstanding under the Company's option plans have grant prices equal to the market price of the Company's stock on the dates of grant. Compensation cost for restricted stock and restricted stock units is determined based on the fair market value of the Company's stock at the date of grant. Stock-based compensation expense is generally recognized over the required service period, or over a shorter period when employee retirement eligibility is a factor. The Company recognizes forfeitures as they occur.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense was approximately $0.9 million and $1.5 million for the years ended December 31, 2024 and 2023, respectively.

Income Taxes

Income taxes are computed using the asset and liability method and current income taxes are recorded based on amounts refundable or payable in the current year. The effective tax rates for fiscal year 2024 and 2023 differ from the statutory tax rates due to state income taxes, permanent tax differences, and changes in the deferred tax asset valuation allowance.

Deferred income taxes are recorded based on the estimated future tax effects of loss carryforwards and temporary differences between financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates that are expected to apply to taxable income in the years in which the Company expects those carryforwards and temporary differences to be recovered or settled. Management regularly evaluates the future realization of deferred tax assets and provides a valuation allowance, if considered necessary, based on such evaluation. As part of the evaluation, management has evaluated taxable income in carryback years, future reversals of taxable temporary differences, feasible tax planning strategies, and future expectations of income.

The Company evaluates uncertain tax positions through consideration of accounting and reporting guidance on criteria, measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition that is intended to provide better financial statement comparability among different companies. The Company is required to recognize a tax benefit in its financial statements for an uncertain tax position only if management's assessment is that its position is "more likely than not" (i.e., a greater than 50 percent likelihood) to be upheld on audit based only on the technical merits of the tax position. The Company's policy is to recognize interest related to unrecognized tax benefits as interest expense and penalties as income tax expense.

The Company filed for an employee retention credit ("ERC") with the Internal Revenue Service in November 2023. The ERC is a tax credit for businesses that had employees and were affected by the coronavirus pandemic. We have not received any funds from the ERC as of December 31, 2024.

Revenue Recognition

Resident revenue consists of fees for basic housing and certain support services and fees associated with additional housing and expanded support requirements such as assisted living care, memory care, and ancillary services. Basic housing and certain support services revenue is recorded when services are rendered, and amounts billed are due from residents in the period in which the rental and other services are provided. Residency agreements are generally short term in nature with durations of one year or less and are typically terminable by either party, under certain circumstances, upon providing 30 days' notice, unless state law provides otherwise, with resident fees billed monthly in advance. Revenue for certain ancillary services is recognized as services are provided, and includes fees for services such as medication management, daily living activities, beautician/barber, laundry, television, guest meals, pets, and parking which are generally billed monthly in arrears. Other operating revenue consists of state relief funds received from various states due to the financial distress impacts of the pandemic ("State Relief Funds"). The Company has elected the lessor practical expedient within ASC 842, Leases, not to separate the lease and nonlease components within our resident agreements as the timing and pattern of transfer to the resident are the same. The Company has determined that the nonlease component is the predominant component within the contract and recognizes revenue under ASC 606, *Revenue Recognition from Contracts with Customers*.

The Company's senior housing communities have residency agreements that generally require the resident to pay a community fee and other amounts prior to moving into the community, which are initially recorded by the Company as deferred revenue. Community fees are recognized evenly over the term of the residency agreements which is generally 12 months. The Company had contract liabilities for deferred fees paid by our residents prior to the month housing and support services were to be provided totaling approximately $5.4 million and $4.0 million, respectively, which is reported as deferred income within current liabilities of the Company's Consolidated Balance Sheets as of December 31, 2024 and 2023. Substantially all deferred income is recognized within one year.

Revenues from the Medicaid program accounted for approximately 10.1% and 10.4% of the Company's revenue in fiscal years 2024 and 2023, respectively. Accordingly, these communities were entitled to reimbursement under the Medicaid program at established rates that were lower than private pay rates. Resident revenues for Medicaid residents were recorded at the reimbursement rates as the rates were set prospectively by the applicable state upon the filing of an annual cost report. None of the Company's communities were providers of services under the Medicare program during fiscal years 2024 or 2023.

Laws and regulations governing the Medicaid program are complex and subject to interpretation. The Company believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that would have a material effect on its Consolidated Financial Statements. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicaid program.

The Company has management agreements whereby it manages certain communities on behalf of third-party owners and certain community investments under contracts that provide for periodic management fee payments to the Company. The Company has determined that all community management activities are a single performance obligation, which is satisfied over time as the services are rendered. Such revenue is included in "management fees" on the Company's Consolidated Statements of Operations. The Company is also reimbursed by the owners of the communities for costs incurred. Such revenue is included in "managed community reimbursement revenue" on the Company's Consolidated Statements of Operations. The related costs are included in "managed community reimbursement expense" on the Company's Consolidated Statements of Operations.

Revenue for the years ended December 31, 2024 and 2023 is comprised of the following components (in thousands):

	Years Ended December 31,	
	2024	2023
Housing and support services	$ 264,694	$ 226,148
Community fees	1,945	1,775
Ancillary services	1,210	1,183
Other operating revenue (1)	—	2,926
Resident revenue	267,849	232,032
Management fees	3,381	2,191
Managed community reimbursement revenue	33,096	21,099
Total revenues	$ 304,326	$ 255,322

(1) Other operating revenue consists of State Relief Funds received from state departments due to financial distress impacts of the pandemic.

For the year ended December 31, 2023, the Company received approximately $2.9 million in various State Relief Funds from state departments due to financial distress impacts of the pandemic. For the year ended December 31, 2024, no State Relief Funds were received from the state departments. The Company recognizes income for government grants on a systematic and rational basis over the periods in which the Company recognizes the related expenses or loss of revenue for which the grants are intended to compensate when there is reasonable assurance that the Company will comply with the applicable terms and conditions of the grant and there is reasonable assurance that the grant will be received. The State Relief Funds were recorded as "resident revenue–other operating revenue" in the Company's consolidated financial statements and notes thereto.

Credit Risk and Allowance for Credit Losses

The Company's resident receivables are generally due within 30 days after the date billed. Accounts receivable are reported net of an allowance for credit losses of $7.9 million and $5.3 million as of December 31, 2024 and 2023, respectively, and represent the Company's estimate of the amount that ultimately will be collected. The adequacy of the Company's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, as well as a review of specific accounts, and adjustments are made to the allowance, as necessary. Credit losses on resident receivables have historically been within management's estimates, and management believes that the allowance for credit losses adequately provides for expected losses.

Concentration of Credit Risk and Business Risk

Substantially all of our revenues are derived from senior living communities we own and senior living communities that we manage. Senior living operations are particularly sensitive to adverse economic, social and competitive conditions and trends, including the effects of pandemics, which have previously adversely affected our business, financial condition, and results of operations. We have a concentration of owned properties operating in Texas (19), Indiana (12), Ohio (12) and Wisconsin (8), which represented approximately 23%, 17%, 19%, and 9%, respectively, of our resident revenues for the year ended December 31, 2024 and approximately 23%, 18%, 20%, and 10%, respectively, of our resident revenues for the year ended December 31, 2023.

Self-Insurance Liability Accruals

The Company offers full-time employees an option to participate in its health and dental plans. The Company is self-insured up to certain limits and is insured if claims in excess of these limits are incurred. The cost of employee health and dental benefits, net of employee contributions, is shared between the corporate office and the senior housing communities based on the respective number of plan participants. Contributions collected are used to pay the actual program costs, including estimated annual claims, third-party administrative fees, network provider fees, communication costs, and other related administrative costs incurred by the plans. Claims are paid as they are submitted to the Company's third-party administrator. The Company records a liability for outstanding claims and claims that have been incurred but not yet reported. This liability is based on the historical claim reporting lag and payment trends of health insurance claims. Additionally, the Company may be liable for an Employee Shared Responsibility Payment ("ESRP") pursuant to the Patient Protection and Affordable Care Act. The ESRP is applicable to employers that (i) had 50 or more full-time equivalent employees, (ii) did not offer minimum essential coverage ("MEC") to at least 70% of full-time employees and their dependents, or (iii) did offer MEC to at least 70% of full-time employees and their dependents that did not meet the affordable or minimum value criteria and had one or more full-time employees certified as being allowed the premium tax credit. The Internal Revenue Service ("IRS") determines the amount of the proposed ESRP from information returns completed by employers and from income tax returns completed by such employers' employees. Management believes that the recorded liabilities and reserves established for outstanding losses and expenses are adequate to cover the ultimate cost of losses and expenses incurred as of December 31, 2024. It is possible that actual claims and expenses may differ from established reserves. Any subsequent changes in estimates are recorded in the period in which they are determined.

The Company uses a combination of insurance and self-insurance for workers' compensation. Determining the reserve for workers' compensation losses and costs that the Company has incurred as of the end of a reporting period involves significant judgments based on projected future events, including among other factors, potential settlements for pending claims, known incidents which may result in claims, estimates of incurred but not yet reported claims, changes in insurance premiums and estimated litigation costs. The Company regularly adjusts these estimates to reflect changes in the foregoing factors. However, since this reserve is based on estimates, it is possible the actual expenses incurred may differ from the amounts reserved. Any subsequent changes in estimates are recorded in the period in which they are determined.

Net Income (Loss) Per Common Share

The Company uses the two-class method to compute net income (loss) per common share because the Company has issued securities (Series A Preferred Stock) that entitle the holder to participate in dividends and earnings of the Company. Under this method, net income is reduced by the amount of any dividends earned during the period. The remaining earnings (undistributed earnings) are allocated based on the weighted-average shares outstanding of common stock and Series A Preferred Stock (on an if-converted basis) to the extent that each preferred security may share in earnings as if all of the earnings for the period had been distributed. The total earnings allocated to common stock is then divided by the number of outstanding shares to which the earnings are allocated to determine the earnings per share. The two-class method is not applicable during periods with a net loss, as the holders of the participating securities, including Series A Preferred Stock, have no obligation to fund losses.

Diluted net income (loss) per common share is computed under the two-class method by using the weighted-average number of shares of common stock outstanding, plus, for periods with net income attributable to common stockholders, the potential dilutive effects of stock options, stock based compensation awards and warrants. In addition, the Company analyzes the potential dilutive effect of the outstanding Series A Preferred Stock under the "if-converted" method when calculating diluted earnings per share, in which it is assumed that the outstanding Series A Preferred Stock converts into common stock at the beginning of the period or when issued, if later. The Company reports the more dilutive of the approaches (two class or "if-converted") as its diluted net income per share during the period.

The following table sets forth the computation of basic and diluted net loss per common share (in thousands, except for per share amounts):

	Years Ended December 31,	
	2024	**2023**
Basic net loss per common share calculation:		
Net loss attributable to Sonida shareholders	$ (2,059)	$ (21,107)
Less: Dividends on Series A Convertible Preferred Stock	(2,818)	—
Less: Undeclared dividends on Series A Preferred Stock	(2,707)	(4,992)
Net loss attributable to common stockholders	$ (7,584)	$ (26,099)
Weighted average shares outstanding — basic	14,109	6,786
Basic net loss per share	$ (0.54)	$ (3.85)
Diluted net loss per common share calculation:		
Net loss attributable to common stockholders	$ (7,584)	$ (26,099)
Weighted average shares outstanding — diluted	14,109	6,786
Diluted net loss per share	$ (0.54)	$ (3.85)

The following weighted-average shares of securities were not included in the computation of diluted net loss per common share as their effect would have been antidilutive:

	Years Ended December 31,	
(shares in thousands)	2024	2023
Series A Preferred Stock (if converted)	1,256	1,150
Warrants	1,031	1,031
Restricted stock awards	941	661
Restricted stock units	4	2
Stock options	10	10
Total	3,242	2,854

Redeemable Preferred Stock

The Company's Series A Preferred Stock is convertible outside of our control and is classified as mezzanine equity. The Series A Preferred Stock was initially recorded at fair value upon issuance, net of issuance costs and discounts. The holders of our Series A Preferred Stock are Conversant and related affiliates, “Conversant Preferred Investors”), and are entitled to vote with the holders of common stock on all matters submitted to a vote of stockholders of the Company. As such, the Conversant Preferred Investors, in combination with their common stock ownership as of December 31, 2024 and 2023, have voting rights in excess of 50% of the Company’s total voting stock. It is deemed probable that the Series A Preferred Stock could be redeemed for cash by the Conversant Preferred Investors, and as such the Series A Preferred Stock is required to be remeasured and adjusted to its maximum redemption value at the end of each reporting period. However, to the extent that the maximum redemption value of the Series A Preferred Stock does not exceed the fair value of the shares at the date of issuance, the shares are not adjusted below the fair value at the date of issuance. As of December 31, 2024 and December 31, 2023, the Series A Preferred Stock is carried at the maximum redemption value. The Series A Preferred Stock does not have a maturity date and, therefore, is considered perpetual.

Dividends on redeemable Series A Preferred Stock are recorded to retained earnings or additional paid-in capital if retained earnings is an accumulated deficit. Dividends are cumulative, and any declaration of dividends is at the discretion of the Company’s Board of Directors (the “Board”). If the Board does not declare a dividend in respect of any dividend payment date, the amount of such accrued and unpaid dividend is added to the liquidation preference and compounds quarterly thereafter. During the year ended December 31, 2024, the Board declared dividends on the last two fiscal quarters, but did not declare any dividends for the first two fiscal quarters, and accordingly, an aggregate of $2.7 million was added to the liquidation preference. During the year ended December 31, 2023, the Board did not declare any dividends with respect to the Series A Preferred Stock, and accordingly, an aggregate of $5.0 million was added to the liquidation preference of the Series A Preferred Stock during such period, effectively increasing the carrying value of the redeemable preferred stock. See “Note 9–Securities Financing.”

Segment Information

The Company evaluates the performance of its senior living communities and allocates resources based on current operations and market assessments on a property-by-property basis. The Company does not have a concentration of operations geographically or by product or service as its management functions are integrated at the property level. The Company has determined that its operating units meet the criteria in ASC Topic 280, *Segment Reporting*, to be aggregated into one reporting segment. As such, the Company operates in one segment.

Reclassifications

Certain amounts previously reflected in the prior year consolidated financial statements have been reclassified to conform to our December 31, 2024 presentation. The consolidated balance sheet as of December 31, 2023 reflects reclassifying in-place leases from “Other assets” to “Intangible assets, net.”

Off-Balance Sheet Arrangements

The Company had no material off-balance sheet arrangements as of December 31, 2024 or 2023.

Recently Adopted Accounting Pronouncements

Segment Reporting

In November of 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The amendments are intended to increase reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The ASU is effective on a retrospective basis for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. We adopted this ASU on December 31, 2024 and added the expanded disclosures. See "Note 18–Segment Information."

Recently Issued Accounting Pronouncements Not Yet Adopted

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses (Topic 220)*. The ASU requires the disaggregated disclosure of specific expense categories, including purchases of inventory, employee compensation, depreciation, and amortization, within relevant income statement captions. The ASU is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Adoption of this ASU can either be applied prospectively to consolidated financial statements issued for reporting periods after the effective date of this ASU or retrospectively to any or all prior periods presented in the consolidated financial statements. Early adoption is also permitted. This ASU will likely result in the required additional disclosures where applicable being included in our consolidated financial statements, once adopted. We are currently evaluating the provisions of this ASU**.**

Income Tax Disclosures

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments require disclosure of specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold and further disaggregation of income taxes paid for individually significant jurisdictions. The ASU is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. This ASU will likely result in the required additional disclosures being included in our consolidated financial statements. We are currently evaluating the provisions of this ASU.

3. Acquisitions and Investments

Cincinnati Acquisition

On December 31, 2024, the Company closed on the acquisition of an unoccupied single senior living community located in Cincinnati, Ohio for a purchase price of $16.3 million plus transaction costs of $0.1 million. Sonida funded the transaction with $18.3 million of senior mortgage debt, including $2.0 million for capital expenditure investment into the facility, which is expected to be utilized to furnish and update the community prior to opening. The non-recourse mortgage has an 84-month term and 24-month interest waiver, with a 3% fixed interest-only rate thereafter.

The asset acquisition was recorded at relative fair value. The Company recorded $16.4 million in "Property and equipment, net" for tangible assets purchased in the Company's consolidated balance sheets.

Atlanta Acquisition

On October 2, 2024, the Company signed a purchase and sale agreement ("Atlanta PSA") to acquire two senior living communities in the Atlanta, Georgia market for $29.0 million plus transaction costs of $0.5 million. On November 1, 2024, the Company finalized the acquisition of these two senior living communities. The asset acquisition was recorded at relative fair value. The Company recorded $24.7 million in "Property and equipment, net" for tangible assets purchased; $4.8 million in "Intangible assets, net" for in-place leases; and $139 thousand in "Other long-term liabilities" for below market leases in the Company's consolidated balance sheets.

Palm Acquisition

In August 2024, the Company, entered into eight asset purchase agreements (the "Palm PSAs") with various affiliates of Principal Senior Living Group, pursuant to which the Company acquired eight senior living communities (each, a "Palm Community" and collectively, the "Palm Communities") for an aggregate cash purchase price of $102.9 million plus transaction costs of $1.4 million (such acquisition, the "Palm Acquisition"). The Company finalized the Palm Acquisition on October 1, 2024. Five of the Palm Communities are located in Florida and the other three Palm Communities are located in South Carolina.

The asset acquisition was recorded at relative fair value. The Company recorded $89.2 million in "Property and equipment, net" for tangible assets purchased; $15.6 million in "Intangible assets, net" for in-place leases; and $0.4 million in "Other long-term liabilities" for below market leases in the Company's consolidated balance sheets.

Macedonia Acquisition

In April 2024, the Company entered into an asset purchase agreement to acquire a community located in Macedonia, Ohio for a purchase price of $10.7 million plus transaction costs of $0.4 million. In May 2024, the Company closed on the acquisition and entered into a mortgage loan totaling $9.4 million. The Company purchased a Secured Overnight Financing Rate ("SOFR") based interest rate cap ("IRC") to reduce exposure to the variable interest rate fluctuations associated with the new mortgage. The total cost of the IRC was $0.2 million and has an aggregate notional amount of $9.4 million. The IRC has a 24-month term and caps SOFR at 6.00%. See "Note 8–Debt" and "Note 14–Fair Value."

The asset acquisition was recorded at relative fair value. We recorded $10.0 million in "Property and equipment, net" for tangible assets purchased; $1.2 million in "Intangible assets, net" for in-place leases; and $0.1 million in "Other long-term liabilities" for below market leases for this acquisition in our condensed consolidated balance sheet.

Investment in Consolidated VIE

On July 1, 2024, the Company entered into two joint ventures with affiliates of Palatine Capital Partners, which acquired four senior living communities located in Texas (3) and Georgia (1). The Palatine JVs acquired these communities for a purchase price of $32.8 million plus transaction costs of $0.1 million for net cash of $11.2 million and financing of $21.7 million of senior mortgage debt. The Company is a 51% owner in the joint ventures.

The VIE was determined to not be a business, thus the transaction was recorded at fair value under ASC 805. The Company recorded $27.5 million in "Property and equipment, net" for tangible assets purchased; $5.6 million in "Intangible assets, net" for in-place leases; and $0.2 million in "Other long-term liabilities" for below market leases in the Company's consolidated balance sheets. The noncontrolling interest of the Palatine JV is reported on the noncontrolling interest line items in the Company's consolidated financial statements.

Investment in Stone Unconsolidated Entity

In April 2024, the Company and KZ Stone Investor LLC ("KZ Investor") formed a new joint venture, Stone JV LLC (the "Stone JV"), for the purpose of acquiring, owning, and operating four senior housing communities located in the Midwest. In May 2024, the Stone JV purchased the four communities for a purchase price of $64.0 million. KZ Investor is the controlling managing member of the Stone JV and owns 67.29% of the entity as of December 31, 2024. Sonida owns a 32.71% noncontrolling interest in the Stone JV as of December 31, 2024, which was acquired through cash contributions of 22.4 million in connection with the closing.

The Company has evaluated its investment in the Stone JV under ASC 810. The Company has determined that it does not have the power to direct the activities of the VIE that most significantly impact its economic performance and is not the primary beneficiary of the VIE in accordance with ASC 810. The Company's interests in the VIE are, therefore, accounted for under the equity method of accounting. The carrying amount of the Company's investment in the unconsolidated venture and maximum exposure to loss as a result of the Company's ownership interest in the Stone JV was $10.9 million, which is included in equity method investment on the accompanying consolidated balance sheet as of December 31, 2024. For the year ended December 31, 2024, the Company received a return on investment of $10.6 million in our unconsolidated entity.

The Company evaluates the realization of its investment in unconsolidated entities accounted for using the equity method if circumstances indicate the Company's investment is other than temporarily impaired. During the year ended December 31, 2024, there were no impairments.

New Management Agreements

The Company has property management agreements with a third-party owner pursuant to which the Company manages certain communities on their behalf for a management fee based on gross revenues of the applicable communities, as well as an incentive management fee, and other customary terms and conditions. During June 2024 the Company executed management agreements to assume the management of two communities owned by a third party. During August 2024 the Company executed management agreements to assume the management of one community owned by a third party.

Shaker Heights Disposition

In August 2023, the Company completed the sale of the Shaker Heights property for $1.0 million. The Company recognized a $0.2 million loss on the sale. The Shaker Heights property was unencumbered.

4. Impairment of Long-Lived Assets

There were no impairments on long-lived assets during the year ended December 31, 2024. The Company recognized a non-cash impairment charge of $6.0 million to its "Property and equipment, net" during the year ended December 31, 2023, which related to one owned community. Due to recurring net operating losses, the Company concluded the assets related to this community had indicators of impairment and the carrying value was not recoverable. The fair value of the property and equipment, net of this community was determined using an income approach considering stabilized facility operating income, a discount rate of 8.5% and market capitalization rate of 7.5%. This impairment charge was primarily due to the coronavirus pandemic and lower than expected operating performance at the community and reflects the amount by which the carrying amount of these assets exceeded their fair value.

5. Property and Equipment

As of December 31, 2024 and 2023, property and equipment, net and leasehold improvements, which include assets under finance leases, consists of the following (in thousands):

		December 31,	
	Asset Lives	**2024**	**2023**
Land	NA	$ 73,405	$ 47,173
Land improvements	5 to 20 years	31,764	20,487
Buildings and building improvements	10 to 40 years	989,054	845,873
Furniture and equipment	5 to 10 years	66,600	58,443
Automobiles	5 to 7 years	2,923	2,687
Leasehold improvements, and assets under finance leases [(1)]	—	5,607	2,766
Construction in progress	NA	1,039	259
Total property and equipment		$ 1,170,392	$ 977,688
Less accumulated depreciation and amortization		(430,508)	(389,509)
Property and equipment, net		$ 739,884	$ 588,179

(1) Leasehold improvements are amortized over the shorter of the useful life of the asset or the remaining lease term. Assets under finance leases and leasehold improvements include $0.1 million of finance lease right-of-use assets, net of accumulated amortization, as of December 31, 2024 and 2023, respectively.

As of December 31, 2024 and 2023, depreciation expense was $40.8 million and $39.2 million, respectively. As of December 31, 2024 and 2023, property and equipment, net included $2.2 million and $2.4 million, respectively, of capital expenditures which had been incurred but not yet paid.

6. Intangible Assets

Intangible assets consist of the following (in thousands):

	December 31, 2024	December 31, 2023	Weighted Average Life Remaining (in years)
In-place leases, gross	$ 28,960	$ 1,720	
Accumulated amortization	(4,434)	(1,098)	
Intangibles, net	$ 24,526	$ 622	2.7

Intangibles, net represents in-place leases, purchased with acquired communities. A portion of purchase price for acquisitions have been allocated to in-please leases. The intangible assets are estimated to be amortized over the straight-line method over their estimated useful lives as of the date of acquisition. See "Note 3–Acquisitions and Investments" for in-place leases acquired during the year ended December 31, 2024.

Amortization expense for intangible assets was $3.3 million and $0.5 million during the year ended December 31, 2024 and 2023, respectively. Expected future amortization expense of intangible assets as of December 31, 2024 is as follows (in thousands):

Year ended December 31,	
2025	$ 9,128
2026	9,080
2027	6,318
2028	—
2029	—
	$ 24,526

7. Accrued Expenses

Accrued expenses consist of the following (in thousands):

	December 31, 2024	December 31, 2023
Accrued payroll and employee benefits	$ 20,894	$ 15,639
Accrued interest [(1)]	8,499	11,316
Accrued property taxes	8,050	7,614
Accrued professional fees	3,315	5,022
Accrued other expenses	4,266	2,797
	$ 45,024	$ 42,388

[(1)] Includes $5.5 million and $4.3 million of deferred interest as of December 31, 2024 and 2023, respectively, in consideration of the Fannie Mae Loan Modification.

8. Debt

Long-term debt balances, including associated interest rates and maturities consist of the following (in thousands):

	Maturity Date	Weighted average interest rate 2024	Weighted average interest rate 2023	December 31, 2024	December 31, 2023
Senior secured revolving credit facility	2027	7.3%	—	$ 60,000	—
Fixed rate mortgage notes payable	2025 to 2045	4.6%	4.6%	400,229	$ 492,998
Variable rate mortgage notes payable (1)	2026 to 2029	6.5%	5.9%	171,530	137,320
Notes payable – consolidated VIE	2025 to 2027	7.2%	—	21,690	—
Notes payable – insurance	2025	6.9%	6.4%	1,707	1,846
Notes payable – other	2024	—	8.5%	—	1,619
Total debt				$ 655,156	$ 633,783
Deferred loan costs, net				3,766	4,361
Total debt, net of deferred loan costs				$ 651,390	$ 629,422
Current portion of debt				15,486	42,323
Long-term debt, net				$ 635,904	$ 587,099

The following schedule summarizes our debt payable as of December 31, 2024 (in thousands):

Principal payments due in:	
2025	$ 17,171
2026	133,055
2027	72,597
2028	3,395
2029	408,562
Thereafter	20,376
Total debt, excluding deferred loan costs	$ 655,156

(1) See “Note 14–Fair Value” for interest rate cap agreements on variable rate mortgage notes payable.

As of December 31, 2024, our fixed rate mortgage notes bear interest rates ranging from 3.0% to 6.3%. Our variable rate mortgage notes and revolving credit facility are based on the Secured Overnight Financing Rate (“SOFR”) plus an applicable margin. As of December 31, 2024, the one-month SOFR was 4.5%, and the applicable margins range from 2.00% to 3.50%.

As of December 31, 2024, we had property and equipment with a net carrying value of $576.4 million that secures the outstanding notes payable. In addition, as of December 31, 2024, we had property and equipment with a net carrying value of $144.2 million that secures the outstanding Credit Facility (as defined below).

2024 Fannie Mae Loan Modification

In December 2024, the Company and certain of its subsidiaries (the “Borrowers”) entered into an Omnibus Amendment to Multifamily Loan and Security Agreements (the “Omnibus Amendment”) with Federal National Mortgage Association (“Fannie Mae”). The Omnibus Amendment amends the terms of each of the loan agreements (each, a “2024 Loan Agreement” and collectively, the “2024 Loan Agreements”). The 2024 Loan Agreements relate to 18 of the Company’s senior living communities and are interest-only through maturity, subject to the scheduled prepayments of principal noted below. The Omnibus Amendment, among other things:

- extends the maturity dates of each 2024 Loan Agreement from December 1, 2026 to January 1, 2029;
- provides for certain scheduled prepayments of the outstanding principal amounts under the 2024 Loan Agreements, payable by the Borrowers and/or the Company to Fannie Mae in immediately available funds consisting of: (i) an

initial prepayment of $2.0 million, which was funded by the Company in connection with the execution and delivery of the Omnibus Amendment, (ii) a prepayment of $2.0 million on or before November 1, 2025 (the “Second Payment”), (iii) a prepayment of $3.0 million on or before November 1, 2026 (the “Third Payment”), and (iv) a prepayment of $3.0 million on or before November 1, 2027 (the “Fourth Payment”) (the Second Payment, the Third Payment, and the Fourth Payment each, a “Subsequent Payment”); and

- provides that, if Fannie Mae receives each Subsequent Payment on or before the applicable date for each such Subsequent Payment, effective as of the date of Fannie Mae’s receipt of the Third Payment, the $10.0 million guaranty provided by the Company to and for the benefit of Fannie Mae (the “Supplemental Fannie Guaranty”), shall automatically terminate.

Senior Secured Revolving Credit Facility

In July 2024, the Company entered into a credit agreement for a senior secured revolving credit facility (the “Credit Facility”). The Credit Facility had an initial borrowing capacity of $75.0 million, a term of three years, a leverage-based pricing matrix between SOFR plus 2.10% margin and SOFR plus 2.60% margin and is fully recourse to Sonida Senior Living, Inc. and its applicable subsidiaries. The borrowing base by which borrowing availability under the Credit Facility is determined is generally based upon the value of the senior living communities that secure the Company’s obligations under the Credit Facility. In October 2024, the Company closed on an additional $75.0 million commitment under the Credit Facility. The incremental $75.0 million availability results in a total aggregate commitment under the Credit Facility of up to $150.0 million with total commitment fees paid of $0.1 million for the year ended December 31, 2024. During the year ended December 31, 2024, the Company borrowed $68.7 million under the Credit Facility, at a weighted average interest rate of 7.3%, which was secured by one of the Company’s previously unencumbered senior living communities and ten newly acquired communities. The Company repaid $8.7 million of the borrowing during the year ended December 31, 2024 and $60.0 million borrowings were outstanding as of December 31, 2024, which was secured by 13 of the Company's senior living communities. As of December 31, 2024, we had an additional borrowing capacity of up to $34.4 million under our senior secured revolving credit facility.

Texas Loan Modification

In August 2024, the Company entered into loan modification agreements (“Texas Loan Modification”) with one of its lenders on two owned communities in Texas. The original loan terms included maturities of April 2025 and October 2031, as well as cross-default provisions with each other. The Texas Loan Modification included revised loan maturities of December 2025 on both communities, with the Company’s option to make a discounted payoff (“Texas DPO”) of the outstanding loan principal on or prior to November 1, 2024. As part of the consideration, the Company was required to pay a total restructuring fee of $250,000. On November 1, 2024, the Company paid $18.3 million for the Texas DPO, which was financed with funds received from our Credit Facility. The Texas DPO represents a discount of 36% on the total principal outstanding for which the Company recognized a gain on debt extinguishment of $10.4 million for the year ended December 31, 2024.

2024 Loan Purchase Agreement and Ally Term Loan Expansion

We entered into an agreement with one of our previous lenders whereby the Company agreed to purchase the outstanding indebtedness it owed to such lender for a purchase price of $40.2 million (plus the reimbursement of certain amounts advanced to the Company by such lender). On February 2, 2024, the Company completed the purchase of the total outstanding principal balance of $74.4 million from the lender that was secured by seven of the Company’s senior living communities (such transaction, the “2024 Loan Purchase”). The 2024 Loan Purchase was funded by expanding the Company’s existing loan facility with Ally Bank (“Ally”) by $24.8 million and the remainder was funded by proceeds from the 2024 Private Placement, see “Note 9–Securities Financing.” The 2024 Loan Purchase and Ally financing closed on February 2, 2024, reduced notes payable by $49.6 million, and resulted in a gain on debt extinguishment totaling $38.1 million. The Company incurred deferred loan costs of $0.5 million as part of the Ally financing that are amortized over the loan term. As part of the agreement with Ally, the Company expanded its current interest rate cap to include the additional borrowing at a cost of $0.6 million. The expanded Ally debt facility is secured by six of the Company’s senior living communities involved in the transaction.

2024 Community Mortgage Loans

In December 2024 as part of the Cincinnati Acquisition, the Company entered into a non-recourse mortgage loan of $18.3 million for a term of 84-month term and 24-month interest waiver with a 3% fixed interest-only rate thereafter.

In May 2024 as part of the Macedonia Acquisition, the Company entered into a $9.4 million mortgage loan with a 60-month term and a variable interest rate equal to 1-month term SOFR plus 2.00% margin. The Company is not required to make scheduled principal payments for the first 36 months. The Company also entered into a SOFR-based IRC to reduce exposure to the variable interest rate fluctuations associated with the new mortgage. The total cost of the IRC was $0.2 million and has an aggregate notional amount of $9.4 million. The IRC has a 24-month term and caps SOFR at 6.00% from May 9, 2024 through May 1, 2026 with respect to such variable rate indebtedness.

Notes Payable - Consolidated VIE

In connection with the purchase of the Palatine JVs in July 2024, the Palatine JV assumed $21.7 million of mortgage debt with several lenders. The mortgages have a weighted average interest rate of 7.2% and have terms ranging from 2025 through 2027. As of December 31, 2024, $21.7 million relating to this debt assumed through acquisitions, remained outstanding. The Company has guaranteed $3.1 million of the Palatine JV mortgages. These purchases are non-cash financing activities and therefore are not reflected within Capital expenditures in our consolidated statements of cash flows.

In addition, one of the affiliates in the Palatine JVs entered into a SOFR-based interest rate cap to reduce exposure to the variable interest rate fluctuations associated with one of the mortgages at a cost of $0.1 million.

2023 Fannie Mae Loan Modification

In June 2023, the Company entered into the Fannie Forbearance with Fannie Mae for all 37 of its encumbered communities, effective as of June 1, 2023 (“Fannie Forbearance Effective Date”). Under the Fannie Forbearance, Fannie Mae agreed to forbear on its remedies otherwise available under the community mortgages and Master Credit Facility (“MCF”) in connection with reduced debt service payments made by the Company during the forbearance period. In connection with the Fannie Forbearance, the Company made a $5.0 million principal payment in July 2023. The Fannie Forbearance was the first of a two-step process to modify all existing mortgage loan agreements with Fannie Mae by October 2023 under proposed loan modification agreements, as defined in the Fannie Forbearance (“Loan Modification Agreement”). Terms outlined in an agreed upon term sheet accompanying the Fannie Forbearance were included in the Loan Modification Agreements as the final step to modify the various 37 Fannie Mae community mortgages and MCF prior to the expiration of the Fannie Forbearance, which was subsequently extended to October 6, 2023.

The Company entered into Loan Modification Agreements with Fannie Mae on October 2, 2023. The material terms of the Loan Modification Agreements are as follows:

- Maturities on 18 community mortgages, ranging from July 2024 to December 2026, were extended to December 2026. The remaining 19 communities under the MCF have existing maturities in January 2029.

- The Company is not required to make scheduled principal payments due under the 18 community mortgages and 19 communities under the MCF through the revised maturity date of December 2026 or 36 months from the Fannie Forbearance Effective Date, respectively.

- The monthly interest rate was reduced by a 1.5% weighted average on all 37 communities for 12 months from the Fannie Forbearance Effective Date and deferred (the “Fannie Interest Abatement Period”). The reduced interest rates expired on June 1, 2024.

- A second and final principal payment of $5.0 million was due in June 2024, the one-year anniversary of the Fannie Forbearance Effective Date, which the Company paid on June 3, 2024.

- In the first twelve months following the effective date of the Loan Modification Agreements, the Company was required to escrow 50% of Net Cash Flow less Debt Service (as defined in the Fannie mortgages and MCF) on an aggregate basis over all 37 Fannie Mae communities. The excess cash flow was deposited into a lender-controlled capital expenditure reserve on a monthly basis to support the re-investment into certain communities, as mutually determined by the Company and Fannie Mae. The Company was able to draw down such amounts on qualifying projects as the capital expenditures were incurred. As December 31, 2024, the balance in this capital expenditure reserve was $2.8 million and is included in restricted cash.

The Company determined that the Fannie loan modification was a troubled debt restructuring where the total cash outflows exceed the current carrying value of the debt. Restructuring costs related to the Loan Modification Agreements are included in deferred loan costs and are being amortized over the lives of the Fannie Mae loans.

Transactions Involving Certain Fannie Mae Loans

During 2020, the Company initiated a process to transfer the operations and ownership of 18 properties to Fannie Mae. In January 2023, the Company received notice that the foreclosure sales conducted by Fannie Mae had successfully transitioned the remaining two properties to new owners. This event relieved the Company of the existing Fannie Mae debt relating to the two properties. Accordingly, the Company recognized a total of $36.3 million for the gain on debt extinguishments for the year ended December 31, 2023. With the transition of these two remaining properties, the 18 total Fannie Mae properties' foreclosure was complete.

2024 Ally Loan Amendments

In February 2024, the Company expanded the existing loan facility with Ally by $24.8 million ("Ally Third Amendment") to partially fund the 2024 Loan Purchase. The Company incurred deferred loan costs of $0.5 million as part of the Ally financing that will be amortized over the loan term. As part of the Ally Third Amendment, the Company expanded its current interest rate cap to include the additional loan obligation at a cost of $0.6 million and increased the monthly interest rate cap reserve ("IRC Reserve") held by Ally to match the notional amount required under the increased obligation. In addition, the Waiver Principal Reserve Amount (defined below) was increased by an average of approximately $36,000 per month and the Company made a one-time payment to the debt service reserve of $0.4 million. The expanded Ally debt facility is secured by six of the Company's senior living communities involved in the 2024 Loan Purchase.

In May 2024, the Company executed an amendment ("Ally Fourth Amendment") to the Ally term loan agreement. Ally Bank successfully syndicated a portion of its total term loan commitment to Cross River Bank. Following the syndication, Ally Bank and Cross River Bank owned 67.5% and 32.5% of the outstanding principal balance, respectively. As each lender loans a specific amount to the debtor and has the right to repayment from the debtor this transaction is considered a loan syndication and the guidance in ASC 470-50 should be applied to the modified loans on a creditor-by-creditor basis. As Ally Bank was the sole lender prior to the syndication, there is no change in the allocation of deferred loan costs, and they will continue to be amortized over the loan term. As part of the syndication, the IRC reserve spread moved from 2.3% to 3.0%, capping the total interest at 6.0% on the Ally term loan.

2023 Ally Loan Amendment

In June 2023, and concurrent with the Fannie Forbearance, we executed an amendment ("2023 Ally Amendment") to the Ally term loan agreement ("Ally Term Loan" or "Ally Term Loan Agreement") and an amended guaranty ("Second Amended Ally Guaranty") with Ally Bank with terms as follows:

- With respect to the Second Amended Ally Guaranty, Ally gave the Company, as Guarantor, a waiver ("Limited Payment Guaranty Waiver" or "Waiver") of the Liquid Assets minimum requirement of $13.0 million for a 12-month period. On July 1, 2024, a new Liquid Assets Threshold of $7.0 million was effective, with such threshold increasing $1.0 million per month through the earlier of the release of the Waiver period or December 31, 2024.

- During the Waiver period, a new and temporary Liquid Assets minimum threshold ("Limited Payment Guaranty Waiver Minimum Threshold") was established. The Limited Payment Guaranty Waiver Minimum Threshold was $6.0 million and is measured weekly. If breached, the "Excess Cash Flow Sweep" is triggered and all excess cash from the communities collateralizing the Ally Term Loan was swept into an "Equity Cure Fund", as defined in the Ally Term Loan Agreement. As provided for in the Ally Amendment, the Excess Cash Flow Sweep, if triggered, will cease upon the achievement of meeting or exceeding the Limited Payment Guaranty Waiver Minimum Threshold for four consecutive weeks. Consistent with the Ally Term Loan, all amounts held in escrow (i.e., Debt Service Escrow and IRC Reserve) were included and combined with the Company's unrestricted cash for purposes of measurement against the Limited Payment Guaranty Waiver Minimum Threshold.

- During the Waiver period, Ally collected the equivalent of the monthly Ally Term Loan principal payment (as provided for in the Ally Term Loan Agreement) of approximately $117,000 through an Ally controlled escrow ("Waiver Principal Reserve Account").

- In July 2023, we were required to fund $2.3 million to an interest rate cap reserve (“IRC Reserve”) held by Ally, which represented the quoted cost of a one-year interest rate cap on the full $88.1 million notional value of the Ally Term Loan at a 2.25% SOFR strike rate. On December 1, 2023, the Company entered into a new SOFR-based interest rate cap transaction for an aggregate notional amount of $88.1 million at a cost of $2.4 million. The interest rate cap agreement has a 12-month term and caps the floating interest rate portion of our indebtedness with Ally Bank at 2.25%. Until the terms of the Limited Payment Guaranty Waiver have expired or have been met and elected at the Company’s discretion, the IRC Reserve is required to be replenished to its replacement cost.

- Subsequent to the Waiver period, all funds in the Waiver Principal Reserve Account as well as any funds swept into the Equity Cure Fund were released to the Company.

With the expiration of Limited Payment Guaranty Waiver on December 31, 2024, the Company ceased its monthly payments into both the Waiver Principal Reserve Account and the IRC Reserve. In February 2025, the Company received full draw proceeds of $2.6 million from the Waiver Principal Reserve Account.

Notes Payable - Insurance

During the year ended December 31, 2024, the Company renewed certain insurance policies and entered into several finance agreements totaling approximately $3.5 million. During the year ended December 31, 2023, the Company renewed certain insurance policies and entered into several finance agreements totaling approximately $3.3 million. As of December 31, 2024, the Company had finance agreements outstanding totaling $1.7 million, with a fixed interest rate of 6.85%, and principal being repaid over ten-month terms.

Deferred Loan Costs

As of December 31, 2024 and December 31, 2023, the Company had gross deferred loan costs of approximately $11.4 million and $11.6 million, respectively related to notes payable. Accumulated amortization was approximately $7.6 million and $7.3 million as of December 31, 2024 and December 31, 2023, respectively.

Financial Covenants

Certain of the Company's debt documents contain restrictions and financial covenants, such as those requiring the Company to maintain prescribed minimum liquidity, net worth, and stockholders' equity levels and debt service ratios, and requiring the Company not to exceed prescribed leverage ratios, in each case on a consolidated, portfolio-wide, multi-community, single-community, and/or entity basis. In addition, the Company's debt documents generally contain non-financial covenants, such as those requiring the Company to comply with Medicaid provider requirements and maintain insurance coverage.

The Company's failure to comply with applicable covenants could constitute an event of default under the applicable debt documents. Many of the Company's debt documents contain cross-default provisions so that a default under one of these instruments could cause a default under other debt and lease documents (including documents with other lenders and lessors). Furthermore, the Company's mortgage debt is secured by its communities and, in certain cases, a guaranty by the Company and/or one or more of its subsidiaries.

As of December 31, 2024, the Company was in compliance with the financial covenants of its debt agreements.

9. Securities Financing

Increase in Authorized Shares of Common Stock

On March 21, 2024, following receipt of stockholder approval at the Special Meeting of the Company’s stockholders held on March 21, 2024, the Company filed an amendment to the Company’s Amended and Restated Certificate of Incorporation, as amended, with the Delaware Secretary of State to increase the number of authorized shares of the Company’s common stock from 15,000,000 shares to 30,000,000 shares. The charter amendment became effective upon filing.

Public Offering

In August 2024, the Company entered into an underwriting agreement providing for the offer and sale (the "Offering") by the Company, and the purchase by the underwriters, of 4,300,000 shares of the Company's common stock, at a price to the public of $27.00 per share ($25.785 per share net of underwriting discounts and commissions). The Company also granted a 30-day option to the underwriters to purchase up to an additional 645,000 shares of common stock on the same terms as above.

During August 2024, the Company raised $124.1 million in net proceeds from the Offering. The Company initially raised $110.4 million of proceeds on the sale of 4,300,000 shares, net of underwriting discounts and offering costs. The Company raised an additional $13.7 million on 530,317 shares, net of underwriting discounts and offering costs, pursuant to the partial exercise of the underwriters' 30-day option described above.

At-the-Market Equity Offerings

On April 1, 2024, the Company entered into an At-the-Market Issuance Sales Agreement (the "ATM Sales Agreement") with Mizuho Securities USA LLC, who is acting as the sole sales agent (the "Agent"). Pursuant to the ATM Sales Agreement in which the Company may sell, at its option, shares of its common stock up to an aggregate offering price of $75.0 million (the "Shares") through its Agent.

The ATM Sales Agreement provides that the Agent will be entitled to receive a commission of up to 3% of the gross proceeds from the sale of the shares in a transaction. The offering of common stock pursuant to the ATM Sales Agreement will terminate upon the earlier of, among other things, (i) the sale of all of the Shares subject to the ATM Sales Agreement and (ii) the termination of the ATM Sales Agreement by the Company or by the Agent, following delivery of sufficient written notice by the Company or the Agent to the other party.

In April 2024, the Company sold 382,000 shares pursuant to the ATM Sales Agreement at $27.50 per share for net proceeds of $10.2 million, inclusive of $0.3 million in commissions.

In May 2024, the Company sold 234,375 shares pursuant to the ATM Sales Agreement at an average sales price of $32.00 per share for net proceeds of $7.2 million, inclusive of $0.3 million in commissions.

In July 2024, the Company sold 51,127 shares pursuant to the ATM Sales Agreement at an average sales price of $27.50 per share for net proceeds of $1.3 million, inclusive of $0.2 million in commissions and offering costs.

2024 Private Placement Transaction

In February 2024, the Company entered into a securities purchase agreement (the "Securities Purchase Agreement") with several shareholders (together, the "Investors"), pursuant to which the Investors agreed to purchase from the Company, and the Company agreed to sell to the Investors, in a private placement transaction (the "2024 Private Placement"), an aggregate of 5,026,318 shares of the Company's common stock at a price of $9.50 per share.

The 2024 Private Placement occurred in two tranches. The first tranche occurred on February 1, 2024, at which time 3,350,878 shares of common stock were issued and sold to the Investors for $31.8 million. The second tranche occurred on March 22, 2024, at which time 1,675,440 shares of common stock were issued and sold to the Investors for $15.9 million. The Company used a portion of the proceeds from the first closing of the 2024 Private Placement to fund a portion of the cash purchase price for the 2024 Loan Purchase. As of December 31, 2024, the majority of our common stock is held by Conversant and their related affiliates (together, "Conversant" or the "Conversant Investors").

Series A Preferred Stock

As of December 31, 2024 and 2023, the Company has 41,250 shares outstanding of Series A Preferred Stock of the Company, par value $0.01 per share, at $1,000 per share ("Series A Preferred Stock").

With respect to the distribution of assets upon liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the Series A Preferred Stock will rank: (i) on a parity basis with each other class or series of capital stock of the Company now existing or hereafter authorized, classified or reclassified, the terms of which expressly provide that such class or series ranks on a parity basis with the Series A Preferred Stock as to dividends or rights; and (ii) junior to each other class or series of capital stock of the Company hereafter authorized, classified or reclassified, the terms of which expressly provide that class or series. In the event of a change of control, the Series A Preferred Stockholders hold a liquidation preference that is equal to $1,000 per share plus the sum of preferred dividends and other dividends paid as additional stock plus any accrued and unpaid dividends (the "Liquidation Preference").

The Series A Preferred Stock has an 11% annual dividend calculated on the original investment of $41.25 million accrued quarterly in arrears and compounded. Dividends are guaranteed and may be paid in cash or in additional Series A Preferred Stock shares at the discretion of the Company's Board of Directors. Generally, the Series A Preferred Stockholders do not have special voting rights and have voting rights consistent with common stockholders as if they were one class. Series A Preferred Stockholders are entitled to a number of votes in respect of the shares of Series A Preferred Stock owned by them equal to the number of shares of common stock into which such shares of Series A Preferred Stock would be converted.

Dividends are cumulative, and any declaration of dividends is at the discretion of the Company's Board of Directors. If the Board does not declare a dividend in respect of any dividend payment date, the amount of such accrued and unpaid dividend is added to the liquidation preference and compounds quarterly thereafter. During the year ended December 31, 2024, the Company declared and paid $2.8 million cash dividends on the Series A Preferred Stock. During the quarters ended March 31, 2024 and June 30,2024, the Board did not declare dividends, and accordingly, $2.7 million was added to the liquidation preference of the Series A Preferred Stock. During the year ended December 31, 2023, the Board did not declare dividends, and accordingly, $5.0 million was added to the liquidation preference of the series A Preferred Stock.

The Series A Preferred Stockholders ("Holder") have the right at any time to convert (an "Optional Conversion") each share of Series A Preferred Stock into common stock. The right of Optional Conversion may be exercised as to all or any portion of such Holder's Series A Preferred Stock from time to time, except that, in each case, no right of Optional Conversion may be exercised by a Holder in respect of fewer than 1,000 shares of Series A Preferred Stock (unless such conversion relates to all shares of Series A Preferred Stock held by such Holder). If an Optional Conversion Date occurs on or after the Record Date for a Dividend and on or before the immediately following Dividend Payment Date and Dividends have been declared for such Dividend Payment Date, then (x) on such Dividend Payment Date, such Dividend will be paid to the Holder of each share of Series A Preferred Stock as of the close of business on the applicable Record Date for such Dividend, notwithstanding the Holder's exercise of an Optional Conversion, and (y) the amount of such Dividend, if a Preferred Dividend, will not be included in the Liquidation Preference referred to in clause (a) above.

At any time on or after the third anniversary of the Closing Date, the Company may elect, upon the approval of a majority of the independent and disinterested directors of the Board of Directors, to convert all, but not less than all, of the outstanding shares of Series A Preferred Stock into shares of common stock by delivery to the Series A Preferred Stock holders of a notice of Mandatory Conversion, provided, that the Company shall not be entitled to deliver an irrevocable notice of Mandatory Conversion unless the volume-weighted average price ("VWAP") per share of common stock exceeds 150% of the Conversion Price for the 30 consecutive trading days immediately preceding the notice. The Company has the option to exercise its right to require the Conversant Investors to convert their Series A Preferred Stock, once VWAP has met the above requirements for this contingent call.

In the case of a Mandatory Conversion, each share of Series A Preferred Stock then outstanding will be converted into (i) a number of shares of common stock equal to the quotient of (a) the Liquidation Preference of such share of Series A Preferred Stock as of the applicable Mandatory Conversion date, divided by (b) the Conversion Price as of the applicable Mandatory Conversion date and (ii) cash in lieu of fractional shares. If the Mandatory Conversion date occurs on or after the record date for a dividend and on or before the immediately following dividend payment date and dividends have been declared for such date, then such dividend will be paid to the Series A Preferred Stock holder of each share of Series A Preferred Stock as of the close of business on the applicable record date, notwithstanding the Company's exercise of a Mandatory Conversion, and the amount of such dividend, if a Series A Preferred Stock dividend, will not be included in the Liquidation Preference.

The Company may, at its option, irrevocably elect to redeem the Series A Preferred Stock, in whole or in part, at any time (i) on or after the forty-second month anniversary of the Closing Date (and before the seventh anniversary), at a cash redemption price per share of Series A Preferred Stock equal to the greater of (A) 100% of the Liquidation Preference as of such redemption date and (B) an amount equal to (a) the number of shares of common stock issuable upon conversion of such share of Series A Preferred Stock as of the redemption date, multiplied by (b) the VWAP of common stock for the 30 trading days immediately preceding the notice date and (c) on or after the seventh anniversary of the original issue date, at a redemption price per share of Series A Preferred Stock equal to 100% of the Liquidation Preference as of the redemption date. The Conversant Investors, in combination with their common stock ownership as of December 31, 2024, have voting rights in excess of 50% of the Company's total voting stock. It is therefore deemed probable that the Series A Preferred Stock could be redeemed for cash by the Conversant Investors, and as such the Series A Preferred Stock is required to be adjusted to its maximum redemption value at the end of each reporting period. However, to the extent that the maximum redemption value of the Series A Preferred Stock does not exceed the fair value of the shares at the date of issuance, the shares are not adjusted below the fair value at the date of issuance. As of December 31, 2024 and 2023, the Series A Preferred Stock was carried at the maximum redemption value. The redemption amount at each balance sheet date should include amounts representing dividends not currently declared or paid but which will be payable under the redemption features.

The Series A Preferred Stock does not have a maturity date and therefore is considered perpetual. The Series A Preferred Stock is redeemable outside of the Company’s control and is therefore classified as mezzanine equity in the Consolidated Balance Sheet of the Company as of December 31, 2024 and 2023. The Series A Preferred Stock is convertible into common stock at $40 per share, as of December 31, 2024, the Series A Preferred Stock is convertible into 1,281,205 shares of common stock. There is no limit for the maximum shares of common stock the Company would be required to issue upon the conversion of Series A Preferred Stock.

Changes in the Series A Preferred Stock are as follows:

	Series A Preferred Stock	
(In thousands)	**Shares**	**Amount**
Balance as of December 31, 2022	41	$ 43,550
Undeclared dividends on Series A Preferred Stock	—	4,992
Balance as of December 31, 2023	41	48,542
Undeclared dividends on Series A Preferred Stock	—	2,707
Balance as of December 31, 2024	41	$ 51,249

Warrants

On November 3, 2021, the Company issued 1,031,250 warrants to the Conversant Investors, each evidencing the right to purchase one share of common stock at a price per share of $40 and with an exercise expiration date of five years after the Closing Date. The Company had 1,031,250 outstanding warrants as of December 31, 2024 and 2023.

10. Stock-Based Compensation

The Company’s uses equity awards as a long-term retention program that is intended to attract, retain and provide incentives for employees, officers, and directors and to more closely align stockholder and employee interests. The Company recognizes compensation expense for all our share-based stock awards based on their fair values.

On June 4, 2024, the Company's stockholders approved an amendment to the 2019 Omnibus Stock and Incentive Plan, as amended (the “2019 Plan”), to add an additional 500,000 shares of common stock that the Company may issue under the 2019 Plan. The Company has reserved shares of common stock for future issuance pursuant to awards under the 2019 Plan.

Stock Options

The Company’s stock options generally vest over one to five years and the related expense is amortized on a straight-line basis over the vesting period. There were no stock options granted during the years ended December 31, 2024 and 2023.

There were 9,816 options outstanding as of December 31, 2024 and 2023. The options outstanding as of December 31, 2024 and 2023 had no intrinsic value, a weighted-average remaining contractual life of 4.0 years, and a weighted-average exercise price of $111.90.

As of December 31, 2024, there was no unrecognized compensation expense related to unvested stock option awards. The fair value of the stock options is amortized as compensation expense over the vesting periods of the options. The Company recorded no stock-based compensation expense related to stock options in the years ended December 31, 2024 and 2023.

Restricted Stock Units

Restricted stock units (“RSUs”) may be granted to members of the Company’s Board of Directors (“Directors”) as part of their compensation. Awards have a vesting period of one year; however, the Directors may defer the release of the RSU until their departure from the board. Compensation expense is recognized over the vesting period on a straight-line basis. The fair value of RSUs is the market close price of the Company's common stock on the date of the grant. A summary of restricted stock units' activity is presented in the table below:

	Number of Shares	Weighted Average Grant-Date Fair Value
Non-vested shares as of January 1, 2023	8,739	$ 26.50
Granted	3,000	8.80
Vested	(8,739)	26.50
Non-vested shares as of December 31, 2023	3,000	$ 8.80
Granted	5,420	27.68
Vested	(3,000)	8.80
Non-vested shares as of December 31, 2024	5,420	$ 27.68

Restricted Stock Awards

Restricted stock awards ("RSAs") entitle the holder to receive shares of the Company's common stock as the awards vest. RSAs are considered outstanding at the time of grant since the holders thereof are entitled to dividends, upon vesting, and voting rights. Grants of restricted stock awards are classified as time-based, performance-based, or market-based, depending on the vesting criteria of the award.

Time-Based Restricted Stock Awards

Time-based RSAs generally vest over three to five years unless the award is subject to certain accelerated vesting requirements. The fair value of time-based RSAs is based on the closing price of the Company's common stock on the date of grant. Compensation expense for time-based RSAs is recognized over the vesting period on a straight-line basis, net of actual forfeitures. A summary of time-based restricted stock awards' activity is presented in the table below:

	Number of Shares	Weighted Average Grant-Date Fair Value
Non-vested shares as of January 1, 2023	81,128	$ 30.75
Granted	56,400	7.50
Forfeited/Cancelled	(2,913)	26.50
Vested	(26,044)	28.72
Non-vested shares as of December 31, 2023	108,571	$ 19.26
Granted	173,950	28.72
Forfeited/Cancelled	(9,791)	25.96
Vested	(75,959)	23.13
Non-vested shares as of December 31, 2024	196,771	$ 25.79

Performance-Based Restricted Stock Awards

Vesting of performance-based stock awards ("PSAs") is dependent upon attainment of various levels of performance that equal or exceed targeted levels and generally vest in their entirety one to three years from the date of the grant. Compensation expense for performance-based restricted stock awards is recognized over the performance period and is based on the probability of achievement of the performance condition. Expense is recognized net of actual forfeitures. A summary of performance-based restricted stock awards' activity is presented in the table below:

	Number of Shares	Weighted Average Grant-Date Fair Value
Non-vested shares as of January 1, 2023	52,619	$ 26.40
Granted	96,600	7.03
Non-vested shares as of December 31, 2023	149,219	$ 13.86
Granted	160,395	28.80
Forfeited/Cancelled	(22,082)	19.56
Non-vested shares as of December 31, 2024	287,532	$ 26.37

Market-Based Restricted Stock Awards

Market-based restricted stock awards become eligible for vesting upon the achievement of specific market-based conditions based on the per share price of the Company's common stock.

The Company grants certain employees market-based restricted stock awards generally with either three or four tranches that vest if the Company's stock price closes at or above an established threshold for each tranche for a specified number of consecutive trading days within five years of the date of the grant. Compensation expense related to market-based restricted stock awards is recognized over the requisite service period on a straight-line basis. The requisite service period is a measure of the expected time to reach the respective vesting threshold and was estimated by utilizing a Monte Carlo simulation, considering only those stock price-paths in which the threshold was exceeded. During 2024, the Company granted 55,000 market-based restricted stock awards which vest in four tranches based on the 90-day volume weighted average price of SNDA common stock based on a grant date market condition. The grant date fair value of such awards was $14.27, the risk-free interest rate was 4.5%, the expected volatility was 50.3%, the expected dividends was $0, and the weighted average derived service period was 1.56.

A summary of market-based restricted stock awards' activity is presented in the table below:

	Number of Shares	Weighted Average Grant-Date Fair Value
Non-vested shares as of January 1, 2023	171,350	$ 26.97
Granted	293,600	8.12
Non-vested shares as of December 31, 2023	464,950	$ 15.07
Granted	55,000	14.27
Forfeited/Cancelled	(45,000)	19.80
Non-vested shares as of December 31, 2024	474,950	$ 14.75

Stock-Based Compensation Expense

The Company recognized stock-based compensation expense related to RSUs, PSAs and RSAs described above of $4.4 million and $2.7 million during fiscal years 2024 and 2023, respectively, that is primarily associated with employees whose corresponding salaries and wages are included in general and administrative expenses within the Company's Consolidated Statements of Operations. Unrecognized stock-based compensation expense is $9.5 million as of December 31, 2024. If all awards granted are earned, the Company expects this expense to be recognized over a one-year period for RSUs, a five-year period for market-based RSAs, and a three-year period for time-based and performance-based RSAs.

11. Income Taxes

The provision for income taxes consists of the following (in thousands):

	Years Ended December 31, 2024	Years Ended December 31, 2023
Current:		
Federal	$ —	$ —
State	239	253
Deferred:		
Federal	—	—
Provision for income taxes	$ 239	$ 253

The provision for income taxes differed from the amounts of income tax (benefit) provision determined by applying the U.S. federal statutory income tax rate to income before (benefit) provision for income taxes as a result of the following (in thousands):

	Years Ended December 31, 2024	Years Ended December 31, 2023
Tax (benefit) provision at federal statutory rates	$ (639)	$ (4,374)
JV partnership income/loss rate differential	257	—
State income tax (benefit) provision, net of federal effects	475	520
Change in deferred tax asset valuation allowance	155	1,566
Stock based compensation expense	496	335
Permanent impact of employee retention credit claims	(585)	2,302
Other	80	(96)
Provision for income taxes	$ 239	$ 253

The effective tax rate for fiscal year 2024 differs from the statutory tax rate primarily due to state income taxes, changes in the deferred tax asset valuation allowance and other permanent tax differences. The Company is impacted by the Texas Margin Tax (“TMT”), which effectively imposes tax on modified gross revenues for communities within the State of Texas and accounts for the majority of the Company’s current state tax expense. The fiscal year 2024 other permanent tax differences include $0.4 million of Section 162(m) of the Internal Revenue Code of 1986, as amended compensation limitation. The valuation allowance recorded as of fiscal year 2024 was $101.0 million, which decreased from the prior year by $0.2 million due to current year activity.

The effective tax rate for fiscal year 2023 differs from the statutory tax rate primarily due to state income taxes, changes in the deferred tax asset valuation allowance and other permanent tax differences. The Company is impacted by the TMT, which effectively imposes tax on modified gross revenues for communities within the State of Texas and accounts for the majority of the Company’s current state tax expense. The fiscal year 2023 other permanent tax differences include $0.3 million Section 162(m) of the Internal Revenue Code of 1986, as amended compensation limitation. The valuation allowance recorded as of December 31, 2023 was $100.8 million, which had increased from the prior year by $1.6 million due to current year activity.

A summary of the Company's deferred tax assets and liabilities, are as follows (in thousands):

	December 31, 2024	December 31, 2023
Deferred tax assets:		
Lease liabilities	$ —	$ 377
Net operating loss carryforward	89,623	92,251
Compensation costs	4,148	3,233
Depreciation and amortization	3,271	1,884
Other	3,963	3,119
Total deferred tax assets	101,005	100,864
Deferred tax asset valuation allowance	(100,994)	(100,838)
Total deferred tax assets, net	11	26
Deferred tax liabilities:		
Operating lease right-of-use assets	(11)	(26)
Total deferred tax liabilities	(11)	(26)
Deferred taxes, net	$ —	$ —

A valuation allowance has been recorded to reduce the Company's net deferred tax assets to the amount that is more likely than not to be realized. A significant component of objective evidence evaluated was the cumulative losses before income taxes incurred by the Company over the past several fiscal years. Such objective evidence severely limits the ability to consider other subjective evidence such as the Company's ability to generate sufficient taxable income in future periods to fully recover the deferred tax assets. However, in the event that the Company were to determine that it would be more likely than not that the Company would realize the benefit of deferred tax assets in the future in excess of their net recorded amounts, adjustments to deferred tax assets would increase net income in the period of such a determination.

As of December 31, 2024, the Company has gross federal and state net operating loss ("NOL") carryforwards of $381.7 million and $305.6 million and related net deferred tax assets of $80.1 million and $13.0 million, respectively.

The Company filed for an employee retention credit ("ERC") with the Internal Revenue Service during the fourth quarter of 2023, which was before the announced moratorium on processing new claims. A reduction to the federal NOL was recorded in 2023, with return to provision true up in 2024 to reflect the calculated claim of $8.5 million for employee wages. The federal and state NOL carryforwards in the income tax returns filed included unrecognized tax benefits. The deferred tax assets recognized for those NOLs are presented net of the unrecognized benefits. If not used, the federal NOL generated prior to fiscal year 2018 will expire during fiscal years 2033 to 2037 and non-conforming state NOLs will expire during fiscal years 2024 to 2042. Federal NOLs generated subsequent to fiscal 2017 currently have no expiration due to changes to tax laws enacted with the TCJA. Some state jurisdictions conform to the unlimited net operating loss carryforward provisions as modified by the TCJA. However, some jurisdictions do not conform to the above-mentioned provisions.

In general, utilization of the net operating loss carryforwards are subject to a substantial annual limitation due to ownership changes that occur or that could occur in the future, as required by Section 382 of the Code. These ownership changes limit the amount of NOL carryforwards that can be utilized annually to offset taxable income and tax, respectively. In general, an "ownership change" as defined by Section 382 of the Code results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a company by certain stockholders or public groups. There is no current or projected utilization of the NOL carryforwards in the near future. The Company maintains a valuation allowance in all jurisdictions where the NOL carryovers are present. The Company has estimated that $60.3 million of gross U.S. federal NOL carryforwards from 2015 to 2017 would expire unused due to the Section 382 limitation.

A summary of the Company's unrecognized tax benefits activity and related information for the years ended December 31, 2024 and 2023 is presented below (in thousands):

	Years Ended December 31, 2024	Years Ended December 31, 2023
Beginning balance, January 1	$ 3,193	$ 2,796
Gross increases – tax positions in prior period	409	397
Ending balance, December 31	$ 3,602	$ 3,193

As of December 31, 2024, the Company has unrecognized tax benefits of $3.6 million for an uncertain tax position associated with a change in accounting method. The unrecognized tax benefits as of December 31, 2024 are timing-related uncertainties that if recognized would not impact the effective tax rate of the Company. The Company files income tax returns in the U.S. federal jurisdiction and U.S. state jurisdictions. As of December 31, 2024, the Company is generally no longer subject to U.S. federal tax examinations for tax years prior to 2021 and state tax examinations for tax years prior to 2020 with limited exceptions for net operating losses from 2013 forward.

12. Commitments and Contingencies

As of December 31, 2024, we had contractual commitments of $8.2 million related to future renovations and technology enhancements to our communities.

The Company has claims incurred in the normal course of its business. Most of these claims are believed by management to be substantially covered by insurance, subject to normal reservations of rights by the insurance companies and possibly subject to certain exclusions in the applicable insurance policies. Whether or not covered by insurance, these claims, in the opinion of management, based on advice of legal counsel, should not have a material detrimental impact on the consolidated financial statements of the Company.

13. Related Party Transactions

Conversant

As of December 31, 2024, Conversant and its affiliates have a controlling interest in the Company.

During the year ended December 31, 2024, the Conversant Investors purchased an additional 5,007,895 shares of common stock of the Company for $80.0 million. See "Note 9–Securities Financing."

During June 2023, the Company entered into a $13.5 million equity commitment with Conversant Investors for a term of 18 months, in which 67,500 shares of common stock of the Company was issued as a commitment fee. During the year ended December 31, 2023, the Company made equity draws of $10.0 million and issued 1,000,000 shares of common stock to Conversant. The remaining equity commitment expired on December 31, 2024.

Stone Joint Venture

As of December 31, 2024, the Company manages the four communities owned by the Stone JV under a management agreement and also provides reporting services for the joint venture. Sonida operates the four communities for a management fee based on gross revenues of the applicable communities, as well as an incentive management fee based on earnings before interest, taxes, depreciation, amortization, rent, and management fees, and other customary terms and conditions. The management fees and reporting fees were $0.8 million and $0.02 million, respectively, for the year ending December 31, 2024.

In September 2024, the Stone JV entered into a $35.0 million mortgage loan with a 36-month term and a fixed interest rate equal to 7.3% backed by the four communities owned by the Stone JV. As of December 31, 2024, the outstanding balance of the Stone JV loan was $35.0 million and the Company guarantees the loan.

During the year ended December 31, 2024, the Company received a distribution of $10.6 million as a return of the Company's investment in the Stone JV due to financing of the communities. See "Note 3–Acquisitions and Investments."

Palatine Joint Ventures

As of December 31, 2024, the Company manages the four communities owned by subsidiaries of the Palatine JVs under a management agreement and also provides reporting services for the two joint ventures. The Company manages the four Palatine JV communities in exchange for a management fee calculated as a percentage of gross revenue and an additional incentive management fee based on earnings before interest, taxes, depreciation, amortization, rent, and management fees, and other customary terms and conditions. The management fees and reporting fees were $0.4 million and $0.03 million, respectively, for the year ending December 31, 2024, which have been eliminated in consolidation. See "Note 3–Acquisitions and Investments."

14. Fair Value

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Company uses interest rate cap arrangements with financial institutions to manage exposure to interest rate changes for loans that utilize floating interest rates. As of December 31, 2024, we had interest rate cap agreements with an aggregate notional value of $185.1 million. The fair value of these derivative assets as of December 31, 2024 was $1.5 million and was determined using significant observable inputs (Level 2), including quantitative models that utilize multiple market inputs to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services. See "Note 15–Derivatives and Hedging."

Financial Instruments Not Reported at Fair Value

For those financial instruments not carried at fair value, the carrying amount and estimated fair values of our financial assets and liabilities were as follows as of December 31, 2024 and December 31, 2023 (in thousands):

	December 31,			
	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 16,992	$ 16,992	$ 4,082	$ 4,082
Restricted cash	22,095	22,095	13,668	13,668
Debt, excluding deferred loan costs	655,156	621,597	633,783	597,266

We believe the carrying amount of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable and accrued liabilities approximate fair value due to their short-term nature.

The fair value of debt, excluding deferred loan costs, is estimated using discounted cash flow analysis, based on current incremental borrowing rates for similar types of borrowing arrangements, which represent Level 2 inputs as defined in *ASC 820*, *Fair Value Measurement.*

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The Company may adjust the carrying amount of certain non-financial assets to fair value on a non-recurring basis when they are impaired. There were no impairments on long-lived assets during the year ended December 31, 2024.

During the year ended December, 31, 2023, the Company recorded a non-cash impairment charge of $6.0 million to "Property and equipment, net." The fair value of the impaired assets was $7.3 million as of December 31, 2023.

The following methods and assumptions were used in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents and Restricted cash: The carrying amounts reported in the Company's Consolidated Balance Sheets for cash and cash equivalents and restricted cash approximate fair value, which represent Level 1 inputs as defined in the accounting standards codification.

Debt, excluding deferred loan costs: The fair value of debt, excluding deferred loan costs, is estimated using discounted cash flow analysis, based on current incremental borrowing rates for similar types of borrowing arrangements, which represent Level 2 inputs as defined in the accounting standards codification.

Property and Equipment, Net: During the year ended December 31, 2024, the Company evaluated property and equipment, net for impairment. The Company did not find any triggering transactions or events that would cause the Company to impair any of our assets for the year ended December 31, 2024.

Upon the acquisition of new communities accounted for as an acquisition of assets, we recognize the assets acquired and the liabilities assumed as of the acquisition date, measured at their relative fair values using Level 3 inputs at the date of acquisition once we have determined the fair value of each of these assets and liabilities.

The estimated fair value of these assets and liabilities could be affected by market changes and this effect could be material.

15. Derivatives and Hedging

The Company uses derivatives as part of our overall strategy to manage our exposure to market risks associated with the fluctuations in interest rates. We are also required to enter into interest rate derivative instruments in compliance with certain debt agreements. We do not enter into derivative financial instruments for trading or speculative purposes. The interest rate derivative instruments are not designated as hedges under ASC 815-20, *Derivatives - Hedging.* All changes in the fair value of the instrument are included as a component of interest expense in the consolidated statements of operations and "loss on derivative instruments" on the consolidated statement of cash flows.

In connection with the Macedonia loan, in May 2024, the Company entered into a SOFR-based interest rate cap to reduce exposure to the variable interest rate fluctuations associated with a new mortgage. The total cost of the IRC was $0.2 million and has an aggregate notional amount of $9.4 million. The IRC has a 24-month term and caps SOFR at 6.00%.

On March 1, 2022, the Company entered into an interest rate cap agreement for an aggregate notional amount of $50.3 million to reduce exposure to interest rate fluctuations associated with a portion of our variable mortgage notes payable. The interest rate cap agreement has a 24-month term and caps the interest rate at 4.00% from March 1, 2022 through March 1, 2024 with respect to the portion of our floating rate indebtedness. During April 2024, the Company entered into an interest rate cap transaction for an aggregate notional amount of $49.2 million for $1.1 million to reduce exposure to interest rate fluctuations associated with a portion of our variable mortgage notes payable to Fannie Mae. The interest rate cap has 24-month term and effectively caps SOFR at 4.00%. The Company is funding an IRC reserve for a replacement IRC which is held by the lender. The interest rate cap is not designated as a cash flow hedge under *ASC 815-20, Derivatives - Hedging*, therefore all changes in the fair value of the instrument are included as a component of interest expense in the consolidated statements of operations.

On December 1, 2023, in order to comply with the lender's requirements under the Ally Bank loan agreement, the Company entered into a SOFR-based interest rate cap transaction for an aggregate notional amount of $88.1 million at a cost of $2.4 million. The interest rate cap agreement had a 12-month term and effectively capped the interest rate at 2.25% with respect to the portion of our floating rate indebtedness. On February 2, 2024, as part of the Ally Term Loan expansion, the Company entered into a SOFR-based interest rate cap transaction for an aggregate notional amount of $24.8 million at a cost of $0.6 million, On December 1, 2024, the Company entered into a SOFR-based interest rate cap transaction for an aggregate notional amount of $113 million at a cost of $1.4 million. The interest rate cap agreement has a 12-month term and effectively caps the interest rate at 3.00% with respect to the portion of our floating rate indebtedness.

As of December 31, 2024, all of our variable-rate debt obligations were covered by interest rate cap transactions.

The following table presents the fair values of derivative assets and liabilities in the consolidated balance sheets (in thousands):

	December 31, 2024			
	Derivative Asset		Derivative Liability	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Interest rate cap (*SOFR-based*)	185,145	1,465	—	$ —
Total derivatives	$ 185,145	$ 1,465	$ —	$ —

	December 31, 2023			
	Derivative Asset		Derivative Liability	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Interest rate cap (*SOFR-based*)	138,385	2,103	—	$ —
Total derivatives	$ 138,385	$ 2,103	$ —	$ —

The following table presents the effect of the derivative instrument on the consolidated statements of operations (in thousands):

	Years ended December 31,	
	2024	2023
Derivatives not designated as hedges		
Interest rate caps		
Loss on derivatives not designated as hedges included in interest expense	(3,950)	(2,981)

16. Allowance for Credit Losses

The components of the allowance for credit losses are as follows (in thousands):

	December 31,	
	2024	2023
Balance at beginning of year	$ 5,256	$ 5,915
Provision for credit losses, net of recoveries	2,596	1,151
Write-offs and other	—	(1,810)
Balance at end of year	$ 7,852	$ 5,256

Accounts receivable are reported net of an allowance for credit losses to represent the Company’s estimate of inherent losses at the balance sheet date.

17. Employee Benefit Plans

Defined Contribution Plans

The Company maintains a 401(k) retirement savings plan for all employees that meet minimum employment criteria. Such plan provides that the participants may defer eligible compensation subject to certain Internal Revenue Code maximum amounts. The Company makes discretionary matching contributions. For the 2023 and 2024 Plan Years the Company made a contribution in amounts equal to 100.0% of the employee's contribution to such plan, for contributions up to a maximum of 1.0% of eligible compensation deferred into the Plan. For the years ended December 31, 2024 and 2023, the Company's expense for such plan was $0.4 million and $0.3 million, respectively.

18. Segment Information

Each of our communities are identified as individual operating segments and we combine them into a single reportable segment for reporting purposes under ASC 280. We measure the segment based on resident revenue less community operating expense, (adjusted for various non-recurring non-operating community expenses), which we define as community net operating income ("NOI"), as well as some key performance indicators such as weighted average occupancy and a measurement of average rent per available unit.

Our Chief Executive Officer, is our chief operating decision maker ("CODM"), who organizes our company, manages resource allocations and measures performance among our one reportable segment. The CODM uses community NOI by property to allocate operating and capital resources and assesses performance of the segment by comparing actual NOI results to historical results and previously forecasted financial information. Our CODM manages our business by reviewing annual forecasts and segment results on a monthly basis. The measure of segment assets is reported on the consolidated balance sheet as total consolidated assets. The total investment in equity method investments and capital expenditures are presented on the consolidated financial statements.

The following table presents resident revenue, community operating expense and community net operating income by reportable segment (in thousands):

	Years ended December 31,	
	2024	2023
Resident revenue	$ 267,849	$ 232,032
Community operating expense:		
Labor	126,730	111,051
Food	13,807	12,082
Utilities	12,701	11,759
Other community operating expense [1]	45,943	39,238
Total community operating expense	199,181	174,130
Community net operating income	$ 68,668	$ 57,902

(1) Includes community maintenance, software expense, supplies, insurance, real estate taxes, marketing expense, and other overhead expense.

A reconciliation of segment revenues to consolidated total revenues for 2024 and 2023 is as follows (in thousands):

	Years ended December 31,	
	2024	2023
Segment resident revenue	$ 267,849	$ 232,032
All other non-segment revenue:		
Management fees	3,381	2,191
Managed community reimbursement revenue	33,096	21,099
Total revenues	$ 304,326	$ 255,322

A reconciliation of segment net operating income to the Company's Consolidated Statements of Operations for 2024 and 2023 is as follows (in thousands):

	Years ended December 31, 2024	Years ended December 31, 2023
Segment net operating income	$ 68,668	$ 57,902
Management fees	3,381	2,191
Other operating expenses	(2,834)	(3,193)
General and administrative expense	(39,997)	(32,198)
Depreciation and amortization expense	(44,051)	(39,888)
Long-lived asset impairment	—	(5,965)
Interest income	1,681	608
Interest expense	(36,990)	(36,118)
Gain on extinguishment of debt, net	48,536	36,339
Loss from equity method investment	(895)	—
Other expense, net	(540)	(532)
Provision for income taxes	(239)	(253)
Net Loss	$ (3,280)	$ (21,107)

SEPARATION AND CONSULTING AGREEMENT

This Separation and Consulting Agreement (this "Agreement") is entered into by Sonida Senior Living, Inc. (the "Company"), and David R. Brickman ("Executive") as of this 22nd day of October, 2024. The Company and Executive are referred to as the "Parties."

WHEREAS, Executive is currently employed as the Company's Senior Vice President, General Counsel and Secretary under the terms of that certain Executive Employment Agreement dated March 26, 2021 (the "Employment Agreement");

WHEREAS, the Parties have agreed that Executive's employment with the Company will end on December 31, 2024 (the "Separation Date"); and

WHEREAS, the Parties desire to provide for the transition of Executive's duties and responsibilities from and after the date of this Agreement and the terms of Executive's termination of employment;

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Termination of Executive's Employment. Executive's employment with the Company will end on December 31, 2024, or if earlier, the date of Executive's death (as applicable, the "Separation Date").

2. Transition Period.

(a) Duties. Between the Effective Date (as defined in Section 6) and the Separation Date (the "Transition Period"), Executive will remain an employee of the Company and will be expected to transition his duties and responsibilities and perform other duties and tasks as reasonably requested by the Chief Executive Officer of the Company. During the Transition Period, Executive must continue to comply with all of the Company's policies and procedures and with all of Executive's statutory and contractual obligations to the Company. Executive agrees to perform his duties in good faith.

(b) Compensation/Benefits. During the Transition Period, Executive's title and base salary will remain the same, and Executive will continue to be eligible for the Company's benefit plans and programs, subject to the terms and conditions applicable to such plans and programs. Further, during the Transition Period Executive will continue to vest in all outstanding equity awards (which, for avoidance of doubt, are listed on Exhibit B hereto).

3. Termination Payments and Benefits.

(a) Accrued Payments. Upon the Separation Date, the Company shall: (i) pay Executive all accrued by unpaid base salary as of the Separation Date; (ii) reimburse Executive for expenses incurred by Executive pursuant to Section 3 of the Employment Agreement; and (iii) pay Executive any earned benefits (including but not limited to accrued but unpaid or unused PTO pay to which Executive is entitled as of the Separation Date) pursuant to the terms of any compensation or benefit plans (the amounts in clauses (i) through (iii), collectively, the "Accrued Payments"). Executive is entitled to the Accrued Payments regardless of whether Executive signs this Agreement. The Parties agree that, as of the date of this Agreement, Executive's accrued but unused PTO balance is 557.93 hours (which equates to $98,909.83).

(b) Separation Benefits. If Executive: (i) signs this Agreement and allows the releases set forth in Section 6 to become effective; (ii) complies with all of his legal and contractual obligations to the Company; and (iii) on the Separation Date, signs and delivers the Separation Date Release attached as Exhibit A, then the Company will pay or provide Executive with the following separation benefits (collectively, the "Separation Benefits"):

(i) Separation Pay. The Company shall pay Executive a separation allowance in the aggregate amount of $1,080,409.16 (which amount is equal to two (2) times the sum of (x) Executive's base salary and (b) Executive annual bonus, in each case paid to Executive over the immediately preceding twelve (12) months), which will be paid in equal installments in accordance with the Company's normal payroll practices over a twenty-four (24) month period beginning immediately following the Separation Date.

(ii) 2024 Bonus. The Company shall pay Executive his annual incentive bonus for the 2024 calendar year in the amount that Executive would have received had Executive continued in employment with the Company through the date of payment of such 2024 annual incentive bonus (the "2024 Bonus"). The 2024 Bonus shall be paid at the same time annual incentive bonuses are paid to the Company's executive team, but in no event later than March 15, 2025.

(iii) Outstanding Equity Awards.

(1) With respect to each outstanding, unvested award of restricted stock held by Executive immediately prior to the Separation Date that vests solely based on Executive's continued employment or service with the Company (a "Time-Based RSA"), the Company will credit Executive with twelve (12) months of vesting service such that Executive will become immediately vested on the Separation Date in any shares of restricted stock covered by a Time-Based RSA that would have vested had Executive remained in continuous employment or service with the Company through the date that is twelve (12) months following the Separation Date.

(2) Each outstanding, unvested award of restricted stock held by Executive immediately prior to the Separation Date that is (A) not a Time-Based RSA (each, a "Performance-Based RSA") and (B) subject to a performance period that will end on or before the date that is twelve (12) months following the Separation Date, will not be forfeited on the Separation Date, but shall remain outstanding for twelve (12) months following the Separation Date (the "Run-Out Period") and shall vest or be forfeited during the Run-Out Period pursuant to the terms of such Performance-Based RSA as set forth in the applicable Performance-Based RSA award agreement and plan document (but disregarding any required continuing employment or service by Executive during the Run-Out Period).

(3) Set forth on Exhibit B to this Agreement is a list, as of the date of this Agreement, of Executive's outstanding and unvested Time-Based RSAs and Performance-Based RSAs. Except as necessary to give effect to the terms described in this Section 3(b)(iii), Executive's Time-Based RSAs and Performance-Based RSAs shall continue to be governed by the terms of the applicable award agreements and the applicable plan documents.

(iv) COBRA. The Company shall pay Executive the amount (the "COBRA Reimbursement Amount") of $2,216.86 (as may be adjusted in accordance with this Section 3(b)(iv)) per month for every month during which Executive has COBRA continuation coverage in effect for himself and/or his family members, but for no more than 12 months after the Separation Date (the "COBRA Continuation Period"). In accordance with Section 6(c)(iv) of the Employment Agreement, the COBRA Reimbursement Amount will be adjusted so that the Company monthly pays to Executive during the COBRA Continuation Period the amount equal to the employer portion of the total monthly premium cost for the “Bronze Family Plan” (or equivalent) tier of coverage under the Company’s (or its applicable Affiliate’s) group health plan, including dental, vision and any other coverage that Executive participates in as of the Separation Date. The COBRA Reimbursement Amount will be made directly to Executive semi-monthly through the Company’s regular payroll process.

(v) Forwarding Information. For the ninety (90)-day period following the Separation Date, the Company will provide persons who attempt to contact Executive at his Company email address with Executive’s post-termination contact information (as set forth in Section 14).

4. Consulting Agreement. If Executive: (a) timely returns this fully signed Agreement to the Company and allows it to become effective; and (b) signs and delivers the Separation Date Release, then the Company will enter into the Consulting Agreement with Executive attached hereto as Exhibit C.

5. Waiver of Additional Compensation or Benefits. Other than the compensation and payments provided for in this Agreement, and any right or benefit provided upon termination under any outstanding equity awards, Executive shall not be entitled to any other or additional compensation, benefits, vesting, payments or grants under any agreement, benefit plan, severance plan or bonus or incentive program established by the Company regardless of whether any such additional compensation, benefits, vesting, payments or grants are provided for in the Employment Agreement. Executive agrees that the waiver and release in Section 6 below (and the Separation Date Release) covers any claims Executive might have regarding Executive’s compensation and any benefits Executive may or may not have received during Executive’s employment with the Company and any right or benefit provided upon termination under any outstanding equity awards.

6. Release of Claims.

(a) General Release. In exchange for the consideration provided to Executive under this Agreement to which Executive would not otherwise be entitled, Executive hereby generally and completely release the Company, and its affiliated, related, parent and subsidiary entities, and its and their current and former directors, officers, employees, stockholders, partners, agents, attorneys, predecessors, successors, insurers, affiliates, and assigns (collectively, the “Released Parties”) from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the Effective Date (collectively, the “Released Claims”).

(b) Scope of Release. The Released Claims included, but are not limited to, (i) all claims arising out of or in any way related to Executive’s employment with the Company, or the termination of that employment; (ii) all claims related to Executive’s compensation or benefits from the Company, including salary, bonuses, commissions, vacation, paid time off, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity, or profits interests in the Company;
(iii) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (iv) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (v) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (the “ADEA”), Chapter 21 of the Texas Labor Code, the Texas Payday Law, or the Texas Labor Code.

(c) ADEA Waiver. Executive acknowledges that Executive is knowingly and voluntarily waiving and releasing any rights Executive may have under the ADEA, and that the consideration given for the waiver and release in this Agreement is in addition to anything of value to which Executive is already entitled. Executive further acknowledges that Executive has been advised, as required by the ADEA, that:

(i) Executive's waiver and release does not apply to any rights or claims that may arise after the date that Executive signs this Agreement; (ii) Executive should consult with an attorney prior to signing this Agreement (although Executive may choose voluntarily not to do so); (iii) Executive has twenty-one (21) days to consider this Agreement (although Executive may choose voluntarily to sign it earlier); (iv) Executive has seven (7) days following the date Executive signs this Agreement to revoke Executive's acceptance (by providing written notice of your revocation to Michael Karicher – Chief People Officer); and (v) this Agreement will not be effective until the date upon which the revocation period has expired unexercised, which will be the eighth day after Executive signs this Agreement ("Effective Date").

(d) Excluded Claims. Notwithstanding the foregoing, the following are not included in the Released Claims (the "Excluded Claims"): (i) any rights or claims for indemnification Executive may have pursuant to any written indemnification agreement with the Company to which Executive is a party or under applicable law; (ii) any rights which are not waivable as a matter of law; (iii) any claims for the Accrued Payments or the Separation Benefits; and (iv) any claims for breach of this Agreement. Executive hereby represents and warrants that, other than the Excluded Claims, Executive is not aware of any claims Executive has or might have against any of the Released Parties that are not included in the Released Claims. Executive understands that nothing in this Agreement limits Executive's ability to file a charge or complaint with any Government Agency. While this Agreement does not limit Executive's right to receive an award for information provided to the Securities and Exchange Commission, Executive understands and agrees that, to the maximum extent permitted by law, Executive is otherwise waiving any and all rights Executive may have to individual relief based on any claims that Executive has released and any rights Executive has waived by signing this Agreement.

(e) Company Claims. The Company, on behalf of itself and its subsidiaries and affiliates, hereby releases Executive and his heirs and successors from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the Effective Date. The Company represents that, as of the date of this Agreement, it is not aware of any claims against Executive that are in any way related to events, acts, conduct, or omissions occurring prior to or on the date of this Agreement.

(f) Not An Admission of Wrongdoing. This release contained in this Section 6 shall not in any way be construed as an admission by either Party of any acts of wrongdoing, violation of any statute, law or legal or contractual right.

7. Return of Company Property. As soon as possible following the Separation Date, Executive shall, to the extent not previously returned or delivered: (a) return all equipment, records, files, programs or other materials and properly in Executive's possession which belongs to the Company or any of its affiliates, including, without limitation, all computers, printers, laptops, personal data assistants, cell phones, credit cards, keys and access cards; and (b) deliver all original and copies of confidential and proprietary information (as described in Section 8 of the Employment Agreement) in Executive's possession and notes, materials, records, plans, technical data or other documents, files or programs (whether stored in paper form, computer form, digital form, electronically or otherwise) in Executive's possession that contain Proprietary Information. By signing this Agreement, Executive represents and warrants that Executive has not retained and has or will timely return and deliver all the items described or referenced in subsections

(a) or (b) above; and, that should Executive later discover additional items described or referenced in subsections (a) or (b) above, Executive will promptly notify the Company and return/deliver such items to the Company. Notwithstanding anything in this Section 7 to the contrary, Executive shall retain and not be required to return Executive's home office printer or his Microsoft Surface Pro computer.

8. Non-Disparagement. Executive agrees that Executive will not, directly or indirectly, disclose, communicate, or publish any disparaging information concerning the Company or the Released Parties, or cause others to disclose, communicate, or publish any disparaging information concerning the same. Notwithstanding the foregoing, the provisions of this Section shall not apply with respect to (i) any charge filed by Executive with the EEOC or other comparable agency or in connection with any proceeding with respect to any claim not released by this Agreement or (ii) any disclosure or communication that is made by or on behalf of Executive in connection with the enforcement of any claim against, or defense of any claim by or on behalf of, the Company or any of its affiliates.

9. Continuing Obligations. Executive reaffirms and understands his continuing obligations in the Employment Agreement, including Sections 7, 8, 9, 10, and 11 (collectively, the "Continuing Obligations"). Consistent with Section 12 of the Employment Agreement, in the event that any action or proceeding is brought to enforce the terms and provisions of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs.

10. Section 409A. Notwithstanding anything herein to the contrary, (a) if at the time of Executive's termination of employment with the Company, Executive is a "specified employee" as defined in Section 409A of the Code and the applicable guidance and regulations thereunder (collectively, "Section 409A"), and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Executive) until the first business day to occur following the date that is six (6) months following Executive's termination of employment with the Company (or the earliest date as is permitted under Section 409A); and (b) if any other payments of money or other benefits due to Executive hereunder could cause the application of an accelerated or additional tax under Section 409A, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by the Company's Board of the Directors, that does not cause such an accelerated or additional tax. In the event that payments under this Agreement are deferred pursuant to this Section 10 in order to prevent any accelerated tax or additional tax under Section 409A, then such payments shall be paid at the time specified under this Section 10 without any interest thereon. The Company shall consult with Executive in good faith regarding the implementation of this Section 10; *provided*, that neither the Company nor any of its employees or representatives shall have any liability to Executive with respect thereto. Notwithstanding anything to the contrary herein, to the extent required by Section 409A, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "resignation," "termination," "termination of employment" or like terms shall mean separation from service. For purposes of Section 409A, each payment made under this Agreement shall be designated as a "separate payment" within the meaning of the Section 409A. Notwithstanding anything to the contrary herein, except to the extent any expense, reimbursement or in-kind benefit provided pursuant to this Agreement does not constitute a "deferral of compensation" within the meaning of Section 409A, (i) the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year, (ii) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred, and (iii) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

11. Binding Effect. This Agreement shall be binding upon the Company and upon Executive and Executive's heirs, administrators, representatives, executors, successors and assigns and the Company's representatives, successors and assigns. In the event of Executive's death, this Agreement shall operate in favor of Executive's estate and all payments, obligations and consideration will continue to be performed in favor of Executive's estate.

12. Severability. Should any provision of this Release be declared or determined to be illegal or invalid by any government agency or court of competent jurisdiction, the validity of the remaining parts, terms or provisions of this Release shall not be affected and such provisions shall remain in full force and effect.

13. Entire Agreement. Except for the Continuing Obligations, this Agreement sets forth the entire agreement between the Parties, and fully supersedes any and all prior agreements, understandings, or representations between the Parties pertaining to Executive's employment with the Company, the subject matter of this Agreement or any other term or condition of the employment relationship between the Company and Executive. Executive represents and acknowledges that in executing this Agreement, Executive does not rely, and has not relied, upon any representation(s) by the Company or its agents except as expressly contained in this Agreement or the Employment Agreement. Executive and the Company agree that they have each used their own judgment in entering into this Agreement.

14. Notices. All notices and other communications hereunder will be in writing. Any notice or other communication hereunder shall be deemed duly given if it is delivered personally or sent by email (provided, however, if the sender receives an automatically generated notification that such email was not delivered, such attempted email notice shall be ineffective and deemed to not have been given) or by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth:

If to Executive:
David R. Brickman 7434 Baxtershire Drive
Dallas, TX 75230
E-Mail: nbrickman@sbcglobal.net

If to the Company:
Sonida Senior Living, Inc. 14755 Preston Road Suite 810
Dallas, TX 75254
Attention: Michael Karicher – Chief People Officer E-Mail: mkaricher@sonidaliving.com

Any Party may change the address to which notices and other communications are to be delivered by giving the other Party notice.

15. Withholding of Taxes. The Company may withhold from any benefits payable under this Agreement all Federal, state, local or other taxes as may be required by law, governmental regulation, or ruling.

16. Governing Law. This Agreement shall be governed by the laws of the State of Texas.

17. Counterparts. This Agreement may be executed in counterparts, each of which when executed and delivered (which deliveries may be by facsimile or other electronic method of delivery) shall be deemed an original and all of which together shall constitute one and the same instrument.

18. No Assignment of Claims. Executive represents and agrees that Executive has not transferred or assigned, to any person or entity, any claim involving the Company, or any portion thereof or interest therein.

19. No Waiver. This Agreement may not be waived, modified, amended, supplemented, canceled or discharged, except by written agreement of the Parties. Failure to exercise and/or delay in exercising any right, power or privilege in this Agreement shall not operate as a waiver. No waiver of any breach of any provision shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision, nor shall any waiver be implied from any course of dealing between or among the Parties.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the day and year first written above.

SONIDA SENIOR LIVING, INC.

By:__ Name: Brandon Ribar
Title: President and Chief Executive Officer

I ACKNOWLEDGE THAT I HAVE CAREFULLY READ THE FOREGOING AGREEMENT, THAT I UNDERSTAND ALL OF ITS TERMS AND THAT I AM RELEASING CLAIMS AND THAT I AM ENTERING INTO IT VOLUNTARILY.

EXECUTIVE

____

Name: David R. Brickman Address: 7434 Baxtershire Drive
Dallas, TX 75230

Exhibit A: Separation Date Release Exhibit B: Equity Award Schedule Exhibit C: Consulting Agreement

Exhibit A SEPARATION DATE RELEASE

In exchange for the Separation Benefits provided to me under the Separation and Consulting Agreement to which this Separation Date Release is attached (the "Separation Agreement"), which Separation Benefits I would not otherwise be entitled to, I hereby generally and completely release the Company, and its affiliated, related, parent and subsidiary entities, and its and their current and former directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, insurers, affiliates, and assigns (collectively, the "Released Parties") from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date I sign this Agreement (collectively, the "Released Claims").

The Released Claims include, but are not limited to: (a) all claims arising out of or in any way related to my employment with the Company, or the termination of that employment; (b) all claims related to my compensation or benefits from the Company, including salary, bonuses, commissions, vacation, paid time off, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity, or profits interests in the Company; (c) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (e) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (the "ADEA"), Chapter 21 of the Texas Labor Code, the Texas Payday Law, or the Texas Labor Code.

I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under the ADEA and that the consideration given for this waiver and release is in addition to anything of value to which I am already entitled. I further acknowledge that I have been advised, as required by the ADEA, that: (a) my waiver and release do not apply to any rights or claims that may arise after the date that I sign this Agreement; (b) I should consult with an attorney prior to signing this Separation Date Release (although I may choose voluntarily not to do so); (c) I have twenty-one (21) days to consider this Separation Date Release (although I may choose voluntarily to sign it earlier); (d) I have seven (7) days following the date I sign this Separation Date Release to revoke my acceptance (by providing written notice of my revocation); and (d) this release will not be effective until the date upon which the revocation period has expired unexercised, which will be the eighth day after I sign this Separation Date Release.

Notwithstanding the foregoing, the following are not included in the Released Claims (the "Excluded Claims"): (a) any rights or claims for indemnification I may have pursuant to any written indemnification agreement with the Company to which I am a party or under applicable law; (b) any rights which are not waivable as a matter of law; (c) any claims for the Accrued Payments or the Separation Benefits (each as defined in the Separation Agreement); and (d) any claims for breach of the Separation Agreement. I hereby represent and warrant that, other than the Excluded Claims, I am not aware of any claims I have or might have against any of the Released Parties that are not included in the Released Claims.

I understand that nothing in this Separation Date Release limits my ability to file a charge or complaint with any Government Agency. While this Separation Date Release does not limit my right to receive an award for information provided to the Securities and Exchange Commission, I understand and agree that, to maximum extent permitted by law, I am otherwise waiving any and all rights I may have to individual relief based on any claims that I have released and any rights I have waived by signing this Separation Date Release.

I hereby represent that, subject to any Accrued Payments or Separation Benefits (each as defined in the Separation Agreement) payable to me under the Separation Agreement, I have been paid all compensation owed and for all hours worked, have received all the leave and leave benefits and protections for which I am eligible, pursuant to the Family and Medical Leave Act or otherwise, and have not suffered any on-the-job injury for which I have not already filed a claim.

By its signature below, the Company, on behalf of itself and its subsidiaries and affiliates, hereby
(a) releases me and my heirs and successors from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date the Company signs this Separation Date and (b) represents that, as of the date the Company signs this Separation Date Release, it is not aware of any claims against me that are in any way related to events, acts, conduct, or omissions occurring prior to or on such date.

By:____ David R. Brickman

Date:__

SONIDA SENIOR LIVING, INC.

By:__ Name:____ Title:____

Date:__

Exhibit B

EQUITY AWARD SCHEDULE

Restricted Stock Award Grant Date	Time-Based RSA or Performance Based RSA	No. of Outstanding Unvested Shares of Restricted Stock Outstanding as of October 22, 2024	Treatment of Unvested Shares of Restricted Stock on Separation Date pursuant to Section 3(b)(iii) of Agreement (assuming 12/31/2024 Separation Date)
4/5/2024	Time Based RSA	12,562	Vest 4,145 Shares
4/5/2023	Time Based RSA	2,720	Vest 1,346 Shares
4/5/2022	Time Based RSA	1,367	Vest 1,367 Shares
4/5/2024	Performance Based RSA	12,562	Forfeit
4/5/2023	Performance Based RSA	9,520	Forfeit
4/5/2022	Performance Based RSA	6,033	Determined once cycle completes
1/26/2023	Special One- Time Grant	19,300	Forfeit
11/15/2021	Special One- Time Grant	25,700	Forfeit

Exhibit C CONSULTING AGREEMENT

Effective Date: January 1, 2025

This Consulting Agreement (the "Agreement") is made as of the Effective Date set forth above by and between Sonida Senior Living, Inc. (the "Company") and David R. Brickman ("Consultant").

1. Engagement of Services. Subject to the terms of this Agreement, Consultant will to be available to provide such consulting services (the "Services") as reasonably requested from to time by the Company's Chief Executive Officer; *provided, however*, that Consultant shall not be required to dedicate more than twenty (20) hours per month performing the Services. Consultant will be free of control and direction from the Company (other than general oversight and control over the results of the Services), and will have exclusive control over the manner and means of performing the Services, including the choice of place and time. Consultant will provide, at Consultant's own expense, a place of work and all equipment, tools and other materials necessary to complete the Services; however, to the extent necessary to facilitate performance of the Services, the Company may, in its discretion, make certain of its equipment or facilities available to Consultant at Consultant's request. While on the Company's premises, Consultant agrees to comply with the Company's then-current access rules and procedures, including those related to safety, security and confidentiality.

2. Compensation. The Company will pay Consultant the amount of $20,000.00 per month (the "Monthly Consulting Fee") during the term of this Agreement. The Monthly Consulting Fee will be paid after the end of each calendar month during the Term promptly following the Company's receipt from Consultant of a written statement (the "Monthly Statement") of (a) the number of hours performed by Consultant under this Agreement during the applicable calendar month, (b) Consultant's affirmation that he has complied with his obligations under this Agreement, and (c) Consultant's affirmation that Consultant has not received compensation as an employee or for non-Company consulting services for the applicable calendar month (or, if Consultant received compensation an employee or for non-Company consulting services, a statement of the amount of compensation so received and identity of the employer or service- recipient). Consultant will be reimbursed only for expenses that have been approved in advance in writing by the Company, provided Consultant has furnished such documentation for authorized expenses as the Company may reasonably request.

3. Ownership of Work Product. Consultant hereby irrevocably assigns to the Company all right, title and interest worldwide in and to any deliverables in connection with the Services and to any ideas, concepts, processes, discoveries, developments, formulae, information, materials, improvements, designs, artwork, content, software programs, other works of authorship, and any other work product created, conceived or developed by Consultant (whether alone or jointly with others) for the Company during the term of this Agreement, including all copyrights, patents, trademarks, trade secrets, and other intellectual property rights therein (including all rights to priority and rights to file patent applications and/or registered designs) (collectively, the "Work Product"). Consultant retains no rights to use the Work Product and agrees not to challenge the validity of the Company's ownership of, or intellectual property rights in, the Work Product. Consultant agrees to execute, at the Company's request and expense, all documents and other instruments necessary or desirable to confirm such assignment. Consultant hereby irrevocably appoints the Company as Consultant's attorney-in-fact for the purpose of executing such documents on Consultant's behalf, which appointment is coupled with an interest.

4. Other Rights. If Consultant has any rights, including without limitation "artist's rights" or "moral rights," in the Work Product that cannot be assigned, Consultant hereby unconditionally and irrevocably

grants to the Company an exclusive (even as to Consultant), worldwide, fully paid and royalty-free, irrevocable, perpetual license, with rights to sublicense through multiple tiers of sublicensees, to use, reproduce, distribute, create derivative works of, publicly perform and publicly display the Work Product in any medium or format, whether now known or later developed.

5. Representations and Warranties. Consultant represents and warrants that: (a) the Services will be performed in a professional manner and (b) Consultant will comply with all applicable federal, state, local and foreign laws governing self-employed individuals.

6. Indemnification. The Company agrees indemnify, defend, and hold Consultant harmless from any claims made against Consultant by any person or entity not party to this Agreement related to any of the Services provided by Consultant under this Agreement, except for any claims made against Consultant for gross negligence or intentional tortious conduct. Company further represents and warrants that as a prior Company officer and director, Consultant is covered under the Company's current D&O policy pursuant to the terms of such policy.

7. Independent Contractor Relationship. Consultant's relationship with the Company is that of an independent contractor, and nothing in this Agreement is intended to, or should be construed to, create a partnership, agency, joint venture or employment relationship between the Company and Consultant. Consultant is not authorized to make any representation, contract or commitment on behalf of the Company. Consultant will not be entitled to any of the benefits that the Company may make available to its employees, including, but not limited to, group health or life insurance, profit-sharing or retirement benefits. Because Consultant is an independent contractor, the Company will not withhold or make payments for social security, make unemployment insurance or disability insurance contributions, or obtain workers' compensation insurance on behalf of Consultant. Consultant is solely responsible for, and will file, on a timely basis, all tax returns and payments required to be filed with, or made to, any federal, state or local tax authority with respect to the performance of Services and receipt of fees under this Agreement. Consultant is solely responsible for, and must maintain adequate records of, expenses incurred in the course of performing Services under this Agreement. No part of Consultant's compensation will be subject to withholding by the Company for the payment of any social security, federal, state or any other employee payroll taxes. The Company will regularly report amounts paid to Consultant by filing Form 1099-NEC with the Internal Revenue Service as required by law.

8. Confidential Information. During the term of this Agreement and thereafter Consultant will not divulge or communicate to any person or entity, or use to the detriment of the Company or its affiliates or for the benefit of any other person or entity, or make or remove any copies of, the Company's confidential information or proprietary data or information, whether or not marked or otherwise identified as confidential or secret. Upon any termination of this Agreement for any reason whatsoever, Consultant shall surrender to the Company any and all materials, including but not limited to drawings, manuals, reports, documents, lists, photographs, maps, surveys, plans, specifications, accountings and any and all other materials relating to the Company, its affiliates or any of its or their business, including all copies thereof, that Consultant has in his possession, whether or not such material was created or compiled by Consultant, but excluding, however, personal memorabilia belonging to Consultant. With the exception of such excluded items, materials, etc., Consultant acknowledges that all such material is solely the property of the Company or its affiliates, and that Consultant has no right, title or interest in or to such materials. Notwithstanding anything to the contrary set forth in this Section 7, the provisions of this Section 7 shall not apply to information which: (a) is or becomes generally available to the public other than as a result of improper disclosure by Consultant, or (c) is already known to Consultant as of the date of this Agreement from sources other than the Company or its affiliates, (c) is required to be disclosed by law or by regulatory or judicial process, or (d) is used or disclosed by or on behalf of Consultant in connection with the enforcement of any claim against, or defense of any claim by or on behalf of, the Company or any of

its affiliates. Consultant acknowledges that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that—(A) is made (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

9. Term and Termination.

(a) Term. The initial term of this Agreement is for six (6) months from the Effective Date set forth above (the "Term") and, thereafter, the Term may be extended by mutual written agreement between the Company and Consultant.

(b) Early Termination. Without waiving any other rights or remedies and notwithstanding anything contrary in Section 8(a), the Company may terminate this Agreement (i) immediately upon Consultant's material breach of any legal or contractual obligation to the Company, (ii) at any time upon written notice to Consultant following the date that Consultant commences employment with, or performs consulting services for, any entity other than the Company (and Consultant shall promptly notify the Company of such employment or consulting engagement if Consultant commences employment with, or commences performance consulting services for, any entity other than the Company during the Term), or
(iii) for Cause (as defined below). Further, this Agreement will terminate immediately upon Consultant's death.

For purposes of this Agreement, "Cause" means: (i) Consultant's failure or refusal perform his reasonably assigned duties hereunder to the reasonable satisfaction of the Chief Executive Officer, provided the Chief Executive Officer has provided Consultant written notice of such unsatisfactory performance and given Consultant a reasonable opportunity to cure such unsatisfactory performance; (ii) Consultant's willful engagement in dishonesty, illegal conduct or gross misconduct, which is, in each case, materially injurious to the Company; (iii) Consultant's embezzlement, misappropriation or fraud in connection with the performance of Consultant's duties hereunder; or (iv) Consultant's conviction of or plea of guilty or nolo contendere to a crime that constitutes a felony (or state law equivalent) or a crime that constitutes a misdemeanor involving moral turpitude.

(c) Payments upon Termination. Upon termination of this Agreement, the Company will pay only those consulting fees and expenses incurred through and including the effective date of such termination.

10. Survival. The rights and obligations contained in Sections 3 ("Ownership of Work Product"), 5 ("Representations and Warranties"), and 8 ("Confidential Information") will survive any termination or expiration of this Agreement.

11. No Conflicts. Consultant will refrain from any activity, and will not enter into any agreement or make any commitment, that is inconsistent or incompatible with Consultant's obligations under this Agreement, including Consultant's ability to perform the Services. Consultant represents and warrants that Consultant is not subject to any contract or duty that would be breached by Consultant's entering into or performing Consultant's obligations under this Agreement or that is otherwise inconsistent with this Agreement.

12. Successors and Assigns. Consultant may not subcontract or otherwise delegate or assign this Agreement or any of its obligations under this Agreement without the Company's prior written consent. Any attempted assignment in violation of the foregoing will be null and void. Subject to the foregoing, this

Agreement will be for the benefit of the Company's successors and assigns, and will be binding on Consultant's assignees.

13. Notices. Any notice required or permitted by this Agreement will be in writing and will be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by email (provided, however, if the sender receives an automatically generated notification that such email was not delivered, such attempted email notice shall be ineffective and deemed to not have been given); or (iv) by certified or registered mail, return receipt requested, upon verification of receipt. Notice will be sent to the addresses set forth below or such other address as either party may specify in writing.

If to Consultant:
David R. Brickman 7434 Baxtershire Drive
Dallas, TX 75230
E-Mail: nbrickman@sbcglobal.net

If to the Company:
Sonida Senior Living, Inc. 14755 Preston Road Suite 810
Dallas, TX 75254
Attention: Michael Karicher – Chief People Officer E-Mail: mkaricher@sonidaliving.com

14. Governing Law. This Agreement will be governed in all respects by the laws of the United States of America and by the laws of the State of Texas, without giving effect to any conflicts of laws principles that require the application of the law of a different jurisdiction.

15. Severability. Should any provisions of this Agreement be held by a court of law to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement will not be affected or impaired thereby.

16. Waiver. The waiver by the Company of a breach of any provision of this Agreement by Consultant will not operate or be construed as a waiver of any other or subsequent breach by Consultant.

17. Entire Agreement. This Agreement (together with the Separation and Consulting Agreement between the Company and Consultant) constitutes the entire agreement between the parties relating to this subject matter and supersedes all prior or contemporaneous oral or written agreements concerning such subject matter. The terms of this Agreement will govern all services undertaken by Consultant for the Company. This Agreement may only be changed or amended by mutual agreement of authorized representatives of the parties in writing. This Agreement may be executed in counterparts, each of which when executed and delivered (which deliveries may be by facsimile or other electronic method of delivery) shall be deemed an original and all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank]

The parties have executed this Consulting Agreement as of the Effective Date.

COMPANY:

Sonida Senior Living, Inc.

By:____ Name:___Title:__

CONSULTANT:

____
David R. Brickman

[*Exhibit C to Separation and Consulting Agreement - Consulting Agreement*]

Execution Version

AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT (this "**Agreement**") is made as of December 17, 2024 (the "**Effective Date**"), by and between Sonida Senior Living, Inc., a Delaware Corporation (the "**Company**"), and Brandon Ribar ("**Executive**").

WHEREAS, Executive is currently employed as the Company's President and Chief Executive Officer under the terms of that certain Employment Agreement dated September 10, 2019, by and between Executive and the Company, as amended by that certain Amendment to Employment Agreement dated August 2, 2022 (the "**Prior Employment Agreement**"); and

WHEREAS, Executive and the Company wish to amend and restate the Prior Employment Agreement and to provide for Executive's continuing employment with the Company on the terms and conditions described herein.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Employment**. The Company agrees to continue to employ Executive on an at-will basis on the terms and conditions described herein. Executive's employment under this Agreement will begin on the Effective Date and continue until terminated pursuant to the termination provisions contained in Section 6 herein (the "**Employment Period**").

2. **Position(s) and Duties**.

(a) Position(s); Reporting. During the Employment Period, Executive will continue to serve as President and Chief Executive Officer of the Company ("**CEO**"), and he will report to the Board of Directors of the Company (the "**Board**"). Executive will have and perform the customary duties, responsibilities, functions and authority associated with the role of CEO as may be reasonably specified from time to time by the Board to the extent typical of and consistent with such titles and positions.

(b) Service on the Board and with Subsidiaries. Executive currently serves as a member of the Board and will continue that service following the Effective Date without additional compensation. The Board will nominate Executive for reelection to the Board at the expiration of each term of office, and Executive agrees to serve as a member of the Board for each period for which he is so elected. Executive shall, subject to his election as such from time to time and without additional compensation, serve during the Employment Period in such additional offices in the Company's subsidiaries and as member of any committee of the Board or of the board of directors of any of the Company's or its affiliates to which Executive may be appointed or elected from time to time.

(c) Best Efforts; Exclusivity. During the Employment Period, Executive shall devote his best efforts and full business time and attention to the business and affairs of the Company. Executive shall perform his duties, responsibilities and functions for the Company hereunder to the best of his abilities in a diligent, trustworthy, professional and efficient manner and shall comply with applicable policies and procedures. In performing his duties and exercising his authority under this Agreement, Executive shall support and implement the business and strategic plans approved from time to time by the Board. During the Employment Period, Executive shall have no other employment

and, without the prior written consent of the Board, no outside business activities or other activities that conflict with his obligations to the Company. The Company acknowledges that Executive may engage in personal legal and financial affairs and serve as a board member of other entities, businesses and enterprises, up to and not to exceed two (2) boards, provided that such activities do not materially interfere with the performance of Executive's duties and responsibilities hereunder and are consented to in writing by the Board.

(d) Compliance with Policies. The employment relationship between the parties shall be subject to the Company's policies and procedures as they may be reasonably interpreted, adopted, revised or deleted from time to time in the Company's sole discretion. Executive will abide by all policies of the Company, as in effect from time to time. In the event of a conflict between the terms of this Agreement and any such policy or procedure, the terms of this Agreement will control.

3. **Salary, Bonus and Benefits**. During the Employment Period:

(a) Base Salary. The Company shall pay to Executive a base salary (the "**Base Salary**") at a rate of not less than $474,778 per annum ($550,000 per annum beginning January 1, 2025), paid pursuant to the Company's normal payroll policies in approximately equal installments no less frequently than semi-monthly.

(b) Annual Bonus. Executive will be eligible for an annual bonus (the "**Annual Bonus**"). The Annual Bonus shall be targeted at (i) seventy-five percent (75%) of the Base Salary for the 2024 fiscal year and (ii) eighty-five percent (85%) of the Base Salary for the 2025 fiscal year and subsequent fiscal years (as applicable, the "**Target Bonus**"); provided, that the actual Annual Bonus shall be based on performance and may exceed the Target Bonus. Executive's Target Bonus will be reviewed annually and may be increased but not decreased from time to time in the Board's (or the Compensation Committee of the Board) sole discretion. Annual incentive payments will be based on achievement against goals established for the senior executive officer group (including Executive) by the Board. Except as stated herein, Executive must be actively employed by the Company on the bonus pay-out date in order to be eligible for an Annual Bonus in any given year. Any Annual Bonus payable with respect to any fiscal year pursuant to this Section shall be payable by March 15 following the end of such fiscal year. Except as stated herein, Executive will not be eligible to earn a prorated Annual Bonus based on a partial year of service or *quantum meruit* theories. The Company shall deduct from Executive's compensation, including Base Salary and Annual Bonus all applicable local, state, Federal or foreign taxes, including, but not limited to, income tax, withholding tax, social security tax and pension contributions (if any), and required deductions.

(c) Benefits. Executive shall be eligible to participate in all health, retirement, Company-paid insurance, disability, expense reimbursement and other benefit programs, if any, which the Company makes available, in its sole discretion, to its senior executives; however, nothing herein shall be construed to obligate the Company to establish or maintain any benefit program. The Company may purchase and maintain in force a death and disability insurance policy in an amount at all times equal to not less than an amount equal to Executive's annual Base Salary. The Company shall be the beneficiary of said policy. Reimbursement of Executive's reasonable and necessary business expenses incurred in the pursuit of the business of the Company or any of its affiliates shall be made to Executive upon his presentation to the Company of itemized bills, vouchers or accountings prepared in

conformance with applicable regulations of the Internal Revenue Service and the policies and guidelines of the Company.

(d) Vacation. Executive will be eligible for the Director and above PTO program (the "**PTO Program**"). Under the PTO Program, Executive shall have access to PTO time that is not accrued or tracked. As a professional in the workplace, it is understood that Executive will manage his time appropriately and take time off as needed for personal reasons. The Company reserves the right to amend or terminate the PTO Program at any time.

4. **Annual Equity Awards**. Executive shall be eligible to be granted equity awards under the Company's annual equity incentive award program in effect for other senior executives of the Company. The terms and conditions of such equity awards (including, without limitation, the form of award(s), the number of shares covered by such awards, the vesting schedule, performance conditions, restrictive provisions, etc.) shall be determined by the Compensation Committee of the Board in its sole discretion.

5. **Certain Terms Defined**. For purposes of this Agreement:

(a) Executive shall be deemed to be "**Disabled**" if a physical or mental condition shall occur and persist which, in the written opinion of two (2) licensed physicians, has rendered Executive unable to perform his assigned duties for a period of ninety (90) calendar days or more, and which condition, in the opinion of such physicians, is likely to continue for an indefinite period of time, rendering Executive unable to return to his duties for the Company. One (1) of the two (2) physicians shall be selected in good faith by the Company, and the other of the two (2) physicians shall be selected in good faith by Executive. In the event that the two (2) physicians selected do not agree as to whether Executive is disabled, as described above, then said two (2) physicians shall mutually agree upon a third (3rd) physician whose written opinion as to Executive's condition shall be conclusive upon the Company and Executive for purposes of this Agreement.

(b) A termination of Executive's employment by the Company shall be deemed to be "**for Cause**" if Executive has (i) been indicted for any felony, or convicted of a misdemeanor involving personal dishonesty, (ii) committed an act of disloyalty pertaining to Executive's fiduciary duties to the Company or its affiliates, including but not limited to embezzlement, misuse or diversion of funds, (iii) committed a willful breach of any material employment policy of the Company, including, but not limited to, conduct relating to falsification of business records, violation of the Company's code of business conduct and ethics, harassment, creation of a hostile work environment, excessive absenteeism, insubordination, violation of the Company's policy on drug and alcohol use, or violent acts or threats of violence, (iv) materially breached a covenant, representation, warranty or obligation of Executive under this Agreement, (v) materially failed to perform his job duties, or failed to follow or comply with the lawful and reasonable directives of the Board, in the case of this subsection (v) after Executive shall have been informed, in writing, of such performance issues and given a period of thirty (30) days to remedy the same, to the extent curable. "Cause" shall not include or be predicated upon any act or omission by Executive which is taken or made either (x) at the direction of the Board; (y) pursuant to the good faith reliance of the advice of the Company's legal counsel pertaining to the implementation or effectuating of any Company policy; or (z) to comply with a lawful court order, directive from a federal, state or local government agency or industry regulatory authority, or subpoena.

(c) A resignation by Executive shall not be deemed to be voluntary, and shall be deemed to be a resignation for "**Good Reason**" if it is based upon (i) a material diminution in Executive's Base Salary, (ii) a material diminution in or other substantial adverse alteration in (A) the nature or scope of Executive's responsibilities with Company or (B) the reporting lines between Executive and the Board, (iii) the Company requiring Executive to be based at a location in excess of fifty (50) miles from the location of the Company's principal executive office as of the effective date of this Agreement, except for required travel on Company business; or (iv) a material breach by the Company of the Company's obligations to Executive under this Agreement. Notwithstanding the foregoing, Executive shall not have the right to terminate the Executive's employment hereunder for Good Reason unless (A) within sixty (60) days of the initial existence of the condition or conditions giving rise to such right, Executive provides written notice to the Company of the existence of such condition or conditions, and (B) the Company fails to remedy such condition or conditions within thirty (30) days following the receipt of such written notice. If any such condition is not remedied within such thirty (30)-day period, Executive may provide a notice of his resignation for Good Reason within five (5) business days thereafter.

(d) "**Change in Control**" shall mean (i) the consummation of a merger, consolidation, statutory share exchange or sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company that requires the consent or vote of the holders of the Common Stock, other than a consolidation, merger or share exchange of the Company in which the holders of the Common Stock immediately prior to such transaction have the same proportionate ownership of common stock of the surviving corporation immediately after such transaction (provided that, for the avoidance of doubt, a Change in Control shall only be deemed to occur upon the consummation of such merger, consolidation, statutory share exchange or sale, lease, exchange or other asset transfer and not upon any shareholder approval related to such event); (ii) the shareholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company; (iii) the cessation of control (by virtue of their not constituting a majority of Directors) of the Board of Directors of the Company by the individuals (the "**Continuing Directors**") who (x) on the Effective Date were Directors, or (y) become Directors after the Effective Date and whose election or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the Directors then in office who were Directors on the Effective Date or whose election or nomination for election was previously so approved; (iv) the acquisition of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of an aggregate of 20% or more of the voting power of the Company's outstanding voting securities by any person or group (as such term is used in Rule 13d-5 under the Exchange Act) who beneficially owned less than 15% of the voting power of the Company's outstanding voting securities on the Effective Date, or the acquisition of beneficial ownership of an additional 5% of the voting power of the Company's outstanding voting securities by any person or group who beneficially owned at least 15% of the voting power of the Company's outstanding voting securities on the Effective Date; provided, however, that notwithstanding the foregoing, an acquisition shall not be described hereunder if the acquirer is (x) a trustee or other fiduciary holding securities under an employee benefit plan of the Company and acting in such capacity, (y) a wholly-owned subsidiary of the Company or a corporation owned, directly or indirectly, by the shareholders of the Company in the same proportions as their ownership of voting securities of the Company, or (z) any other person whose acquisition of shares of voting securities is approved in advance by a majority of the Continuing Directors; or (v) in a Title 11 bankruptcy

proceeding, the appointment of a trustee or the conversion of a case involving the Company to a case under Chapter 7.

(e) "**Common Stock**" shall mean the common stock, par value $0.01 per share, of the Company.

(f) "**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended.

(g) **"Performance-Based Equity Award**" means any equity or equity-based award (including, without limitation, any award of restricted shares or stock options) granted to Executive under the terms of any Company equity incentive plan or program that is not a Time-Based Equity Award or a Shareholder Alignment Award.

(h) "**Shareholder Alignment Award**" means each of (i) the award of 76,450 shares of performance-based restricted stock granted to Executive on January 26, 2023, and (ii) the award of 38,550 shares of performance-based restricted stock granted to Executive on November 15, 2021.

(i) "**Time-Based Equity Award**" means any equity or equity-based award (including, without limitation, any award of restricted shares or stock options) granted to Executive under the terms of any Company equity incentive plan or program that vests solely based on Executive's continued employment or service with the Company.

6. **Certain Benefits and Obligations Upon Termination**. The employment of the Executive hereunder may be terminated by the Company at any time, subject to the Company providing the compensation and benefits in accordance with the terms of this Section 6.

(a) Termination Due To Death Or Disability. In the event of the Executive's death, Executive's employment shall automatically cease and terminate as of the date of death. If Executive becomes Disabled, the Company may terminate Executive's employment upon thirty (30) days written notice to Executive. In the event of the termination of employment due to Executive's death or Disability, Executive or his estate or legal representatives shall be entitled to receive the following amounts within thirty (30) days of Executive's death or the expiration of the thirty (30)-day notice period in the event of Executive's Disability, as applicable (unless otherwise specifically noted herein):

(i) payment for all accrued but unpaid Base Salary as of the date of Executive's termination of employment;

(ii) reimbursement for expenses incurred by the Executive pursuant to Sections 3 hereof up to and including the date on which employment is terminated;

(iii) any earned benefits to which the Executive may be entitled as of the date of termination pursuant to the terms of any compensation or benefit plans to the extent permitted by such plans; (with the payments described in subsections (i) through this subsection (iii) collectively called the "**Accrued Payments**"); and

(iv) any unpaid annual incentive bonuses, including, without limitation, the Annual Bonus described in Section 3(b), for any completed full fiscal year immediately preceding the employment termination date.

(b) Termination For Cause. The Company may at any time, by providing written notice to Executive setting forth in reasonable detail the facts that are the basis therefor, terminate Executive's employment for Cause. In the event of the termination of Executive's employment hereunder by the Company for Cause, then Executive shall be entitled to receive payment of the Accrued Payments within thirty (30) days after such termination.

(c) Termination without Cause or for Good Reason. The Company may terminate Executive's employment hereunder without Cause at any time, by providing Executive thirty (30) days' prior written notice of such termination. Such notice shall specify the effective date of the termination of Executive's employment. The Executive may terminate his employment for Good Reason by providing thirty (30) days' prior written notice to the Company pursuant to Section 5(c). In the event of the termination of Executive's employment under this Section 6(c) without Cause or by the Executive for Good Reason, in each case prior to or more than twelve (12) months following a Change in Control, then Executive shall be entitled to payment of the Executive's Accrued Payments within thirty (30) days after such termination and, subject to the Executive's compliance with Section 6(g), the payments and benefits described below:

(i) a separation allowance, payable in equal installments in accordance with normal payroll practices over an eighteen (18) month period beginning immediately following the date of termination, equal to one and one half (1.5) times the sum of (x) Executive's then Base Salary and (y) the Executive's then Target Bonus;

(ii) any annual incentive bonuses earned but not yet paid for any completed full fiscal year immediately preceding the employment termination date, due and payable in lump sum within seventy-five (75) days after the termination date;

(iii) if employment termination occurs prior to the end of any fiscal year, a pro rata annual incentive bonus for such fiscal year in which employment termination occurs (based on actual business days in such fiscal year prior to such employment termination, divided by the total annual business days in such fiscal year) determined and paid based on actual performance achieved for such fiscal year against the performance goals for that fiscal year no later than March 15 of the fiscal year following the fiscal year in which Executive's termination occurred;

(iv) the Company shall arrange for the Executive to continue to participate (through COBRA or otherwise), on substantially the same terms and conditions as in effect for the Executive (including any required contribution) immediately prior to such termination, in the medical, dental, disability and life insurance programs provided to the Executive pursuant to Section 3(c) hereof until the earlier of (i) the end of the 18 month period beginning on the effective date of the termination of Executive's employment hereunder, or (ii) such time as the Executive is eligible to be covered by comparable benefit(s) of a subsequent employer. The foregoing of this Section 6(c)(iv) is referred to as "**Benefits Continuation**". The Executive agrees to notify the Company promptly if and when he begins employment with another employer and if and when he becomes eligible to participate in any welfare plans, programs or arrangements of another employer;

(v) upon the sixtieth (60th) day following the date on which Executive's employment pursuant to this Agreement is terminated (the "**Termination Date**"), a portion of each outstanding and unvested Time-Based Equity Award held by Executive on the Termination Date shall vest, which portion shall be the portion of such Time-Based Equity Award that would have vested per terms of the applicable Time-Based Equity Award as of the one-year anniversary of the Termination Date had Executive remained continuously employed by Company through such date;

(vi) each outstanding and unvested Performance-Based Equity Award held by Executive on the Termination Date for which the performance period is scheduled to end on or before the date that is twelve (12) months following the Termination Date shall remain outstanding until the end of such performance period, and a pro-rated portion thereof shall be eligible to vest based on actual performance for the performance period, with such pro-rated portion determined as a fraction, the numerator of which is the number of days that have elapsed between the first day of the performance period applicable to such Performance-Based Equity Award and the Termination Date and the denominator of which is the total number of days in the performance period applicable to such Performance-Based Equity Award; and

(vii) each outstanding and unvested Shareholder Alignment Award shall remain outstanding and a pro-rated portion thereof shall vest if the applicable performance target is satisfied during the performance period, with such pro-rated portion determined as a fraction, the numerator of which is the number of days that have elapsed between the date of grant of the applicable Shareholder Alignment Award and the Termination Date and the denominator of which is the number of days that have elapsed between the date of grant of the Shareholder Alignment Award and the date the applicable performance target is satisfied or deemed satisfied pursuant to the terms of the applicable Shareholder Alignment Award.

(d) Termination of Employment without Cause or for Good Reason following a Change in Control. If the Company terminates Executive's employment without Cause or Executive terminates his employment for Good Reason in each case within 12 months following a Change in Control, then Executive shall be entitled to payment of the Executive's Accrued Payments and, subject to the Executive's compliance with Section 6(g), the payments and benefits described below:

(i) a lump sum separation allowance equal to two and one half (2.5) times the sum of (x) Executive's then Base Salary and (y) Executive's then Target Bonus, due and payable in lump sum within seventy-five (75) days after such termination;

(ii) any annual incentive bonuses earned but not yet paid for any completed full fiscal year immediately preceding the employment termination date, due and payable in lump sum within seventy-five (75) days after such termination;

(iii) if employment termination occurs prior to the end of any fiscal year, a pro rata annual incentive bonus for such fiscal year in which employment termination occurs (based on actual business days in such fiscal year prior to such employment termination, divided by the total annual business days) determined and paid based on actual performance achieved for such fiscal year against the performance goals for that

fiscal year no later than March 15 of the fiscal year following the fiscal year in which Executive's termination occurred; and

(iv) Benefit Continuation until the earlier of eighteen (18) months after termination of employment or such time as Executive is eligible to be covered by comparable benefit(s) of a subsequent employer. The Executive agrees to notify the Company promptly if and when he begins employment with another employer and if and when he becomes eligible to participate in any benefit or other welfare plans, programs or arrangements of another employer.

(e) Voluntary Termination by the Executive without Good Reason. In the event Executive terminates his employment without Good Reason, he shall provide thirty (30) days' prior written notice of such termination to the Company. Upon such voluntary termination, the Executive will be entitled to the Accrued Payments.

(f) Resignation from all Boards and Other Offices. Upon any termination or cessation of Executive's employment with the Company, for any reason, Executive agrees immediately to resign, and any notice of termination or actual termination or cessation of employment shall act automatically to effect such resignation, from the Board and all other offices and board (or similar governing body) memberships, if any, then held with the Company or any of its affiliates. At the Company's request, Executive will execute such documents as are necessary or desirable to effectuate such resignation.

(g) Release of Claims as Condition. The Company's obligation to pay the separation allowance and provide all other benefits and rights referred to in Section 6(c) or (d) shall be conditioned upon the Executive having delivered to the Company within sixty (60) days after the Termination Date (the "**Release Period**") an executed full and unconditional release that is in substantially the same form as the "**Release and Waiver**" attached hereto as Exhibit A and that Executive does not revoke within the Release Period, provided that if the Release Period begins in one taxable year of the Executive and ends in another taxable year of the Executive, payments under Section 6(c) or (d) shall not begin until the beginning of the second taxable year of the Executive. If Executive fails to satisfy the requirements set forth in the immediately preceding sentence, the Executive shall forfeit his right to any separation allowance and any other benefits and rights set forth under Section 6(c) or (d) and the Company shall be relieved of any obligation to pay the Executive any amounts or provide the Executive any benefits under Section 6(c) or (d) other than the Accrued Payments. The foregoing notwithstanding, the Benefits Continuation shall be provided to Executive from and after the Termination Date, but shall discontinue in the event that the Release and Waiver is not delivered within the Release Period or if the Release and Waiver is revoked by Executive.

(h) No Mitigation. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement, nor shall the amount of any payment hereunder be reduced by any compensation earned by Executive as a result of subsequent employment.

(i) Board Approval. Any determination required to be made by the Company or the Board in this Section 6 must be approved by the Board by an affirmative vote of no less than two-thirds majority of the entire Board.

7. **Confidentiality**. Executive hereby acknowledges his understanding that as a result of his employment by the Company, in order to assist Executive with his duties, the Company and its affiliates will provide Executive with, and Executive will develop on behalf of the Company and its affiliates, valuable and important confidential or proprietary data, documents and information concerning the Company and its affiliates, their operations and their future plans. Executive hereby agrees that he will not, either during the term of his employment with the Company, or at any time after the term of his employment with the Company, divulge or communicate to any person or entity, or direct any Executive or agent of the Company or its affiliates or of his to divulge or communicate to any person or entity, or use to the detriment of the Company or its affiliates or for the benefit of any other person or entity, or make or remove any copies of, such confidential information or proprietary data or information, whether or not marked or otherwise identified as confidential or secret. Upon any termination of this Agreement for any reason whatsoever, Executive shall surrender to the Company any and all materials, including but not limited to drawings, manuals, reports, documents, lists, photographs, maps, surveys, plans, specifications, accountings and any and all other materials relating to the Company, its affiliates or any of its or their business, including all copies thereof, that Executive has in his possession, whether or not such material was created or compiled by Executive, but excluding, however, personal memorabilia belonging to Executive. With the exception of such excluded items, materials, etc., Executive acknowledges that all such material is solely the property of the Company or its affiliates, and that Executive has no right, title or interest in or to such materials. Notwithstanding anything to the contrary set forth in this Section 8, the provisions of this Section 8 shall not apply to information which: (i) is or becomes generally available to the public other than as a result of improper disclosure by Executive, or (ii) is already known to Executive as of the date of this Agreement from sources other than the Company or its affiliates, (iii) is required to be disclosed by law or by regulatory or judicial process, or (iv) is used or disclosed by or on behalf of Executive in connection with the enforcement of any claim against, or defense of any claim by or on behalf of, the Company or any of its affiliates. Executive acknowledges that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that - (A) is made (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

8. **Non-Competition**. In order to protect the Company's and its affiliates' confidential information and good will, Executive agrees that for a period of eighteen (18) months after any termination for any reason whatsoever of Executive's employment, Executive will not, directly or indirectly, commence doing business, in any manner whatsoever, which is in competition with all or any portion of the business of the Company or its affiliates in any state in which the Company or its affiliates then operates, owns, or is in the process of developing more than three (3) facilities. the Company hereby acknowledges and agrees that Executive's ownership of a class of securities listed on a stock exchange or traded on the over-the-counter market that represents five percent (5%) or less of the number of shares of such class of securities then issued and outstanding shall not constitute a violation of this Section 8.

9. **Work Product**. The Executive agrees that all innovations, improvements, developments, methods, designs, analyses, reports and all similar or related information which relates to the Company's or any of its affiliates' actual or anticipated business, or existing or future products

or services and which are conceived, developed or made by the Executive while employed by the Company ("**Work Product**") belong to the Company or such affiliate. The Executive will promptly disclose such Work Product to the Board and perform all actions reasonably requested by the Board (whether during or after the Employment Period) to establish and to confirm such ownership (including, without limitation, assignments, consents, powers of attorney and other instruments).

10. **Non-Solicitation of Employees and Consultants**. During the Employment Period and for a period of twenty-four (24) months after the termination, the Executive will not directly or indirectly through any other person or entity (a) induce or attempt to induce any employee or independent contractor of the Company to leave the employ or service, as applicable, of the Company, or in any way interfere with the relationship between the Company, on the one hand, and any employee or independent contractor thereof, on the other hand, or (b) hire any person who was an employee of the Company, in each case, until six (6) months after such individual's employment relationship with the Company has been terminated; provided, however, that clause (a) shall not restrict general soliciting activity not specifically targeted at the Company or its subsidiaries (including the placement of general advertisements in trade media and the engagement of search firms that are not instructed to target the Company or its subsidiaries); provided, however, that the foregoing provision shall not allow the hiring of such persons.

11. **Non-Solicitation of Customers**. During the period of employment and for a period of twenty-four (24) months after the termination or Expiration date, the Executive will not directly or indirectly through any other person or entity influence or attempt to influence customers, vendors, suppliers, licensors, lessors, joint ventures, ceding companies, associates, consultants, agents, or partners of the Company to divert their business away from the Company, and the Executive will not otherwise interfere with, disrupt or attempt to disrupt the business relationships, contractual or otherwise, between the Company, on the one hand, and any of its or their customers, suppliers, vendors, lessors, licensors, joint venturers, associates, officers, executives, consultants, managers, partners, members or investors, on the other hand.

12. **Legal Action**.

(a) In the event that any action or proceeding is brought to enforce the terms and provisions of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs. In the event of a breach or threatened breach by Executive of the provisions of Sections 7, 8, 9, 10, or 11, Executive and the Company agree that the Company shall, in addition to any other available remedies, be entitled to an injunction restraining Executive from violating the terms of the applicable Section and that said injunction is appropriate and proper relief for such violation. Moreover, in addition for the Executive to be required to repay the Company any of the payments received pursuant to the terms of Section 6 herein, the Executive will be required to account for and pay over to the Company all compensation, profits, moneys, accruals, increments or other benefits derived from or received as a result of any transactions constituting a breach of these Sections 7, 8, 9, 10, or 11, if and when final judgment of a court of competent jurisdiction is so entered against the Executive.

(b) Executive represents to the Company that the enforcement of the restrictions contained in Sections 7, 8, 9, 10, or 11 would not be unduly burdensome to Executive. Further, during

any period in which Executive is in breach of Section 9, the time period of such provisions shall be extended for an amount of time that Executive is in breach thereof.

(c) The representations and covenants contained in Sections 7, 8, 9, 10, and 11 on the part of Executive will be construed as ancillary to and independent of any other provision of this Agreement, and the existence of any claim or cause of action of Executive against the Company or any member, owner, employee, director, manager, officer or affiliate of the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants of Executive contained in Sections 7, 8, 9, 10, and 11. In addition, the provisions of Sections 7, 8, 9, 10, and 11 shall continue to be binding upon Executive in accordance with their terms, notwithstanding the termination of Executive's employment hereunder for any reason.

(d) The parties to this Agreement agree that the limitations contained in Sections 7, 8, 9, 10, and 11 are reasonable. However, if any court shall determine that any restriction contained in Sections 7, 8, 9, 10, and 11 is unenforceable, it is the intention of the parties that such restriction set forth herein shall not thereby be terminated but shall be deemed amended to the extent required to render it valid and enforceable and the parties expressly authorize any court to so amend this Agreement.

13. **Cooperation**. During Executive's employment and for a period of two (2) years thereafter, Executive shall, upon reasonable notice, and at reasonably mutually convenient times that do not unduly interfere with any future employment or business activity of Executive, furnish such information and proper assistance to the Company as may reasonably be required by the Company in connection with any legal proceeding in which the Company or any of its affiliates is, or may become, a party. The Company shall reimburse Executive for all reasonable out-of-pocket expenses, including reasonable attorneys' fees and expenses, incurred by Executive in rendering such assistance no later than thirty (30) business days after submission by Executive of an invoice. The provisions of this Section 13 shall continue in effect notwithstanding termination of Executive's employment hereunder for any reason.

14. **Protected Rights**. Executive understands that nothing contained in this Agreement limits Executive's ability to communicate with any government agencies or otherwise participate in any investigation or proceeding that may be conducted by any government agency, including providing documents or other information. This Agreement does not limit Executive's right to receive an award for information provided to any government agencies.

15. **Notices**. All notices and other communications provided to either party hereto under this Agreement shall be in writing and delivered by hand delivery, overnight courier service or certified mail, return receipt requested, to the party being notified at said party's address set forth adjacent to said party's signature on this Agreement, or at such other address as may be designated by a party in a notice to the other party given in accordance with this Agreement. Notices given by hand delivery or overnight courier service shall be deemed received on the date of delivery shown on the courier's delivery receipt or log. Notices given by certified mail shall be deemed received three (3) days after deposit in the U.S. Mail.

16. **Construction**. In construing this Agreement, if any portion of this Agreement shall be found to be invalid or unenforceable, the remaining terms and provisions of this Agreement shall be given effect to the maximum extent permitted without considering the void, invalid or unenforceable

provision. In construing this Agreement, the singular shall include the plural, the masculine shall include the feminine and neuter genders, as appropriate, and no meaning or effect shall be given to the captions of the paragraphs in this Agreement, which are inserted for convenience of reference only.

17. **Choice of Law; Survival**. This Agreement shall be governed and construed in accordance with the internal laws of the State of Texas without resort to choice of law principles. The provisions of Sections 6, 7, 8, 9, 10, 11, 12, 13, 14 and 18 shall survive the termination of this Agreement for any reason whatsoever.

18. **Jurisdiction**. (i) In any suit, action or proceeding seeking to enforce any provision of this Agreement or for purposes of resolving any dispute arising out of or related to this Agreement, the Company and the Executive each hereby irrevocably consents to the exclusive jurisdiction of any federal court located in the State of Texas, Dallas County, or any of the state courts of the State of Texas located in Dallas County; (ii) the Company and the Executive each hereby waives, to the fullest extent permitted by applicable law, any objection which it or he may now or hereafter have to the laying of venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum; (iii) process in any such suit, action or proceeding may be served on either party anywhere in the world, whether within or without the jurisdiction of such court, and, without limiting the foregoing, each of the Company and the Executive irrevocably agrees that service of process on such party, in the same manner as provided for notices in Section 15 above, shall be deemed effective service of process on such party in any such suit; action or proceeding; and (iv) WAIVER OF JURY TRIAL: EACH OF THE COMP ANY AND THE EXECUTIVE HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT; and (v) Limitation on Damages: the parties agree that there will be no punitive damages payable as a result of or in connection with any claim, matter or breach under or related to this Agreement or the transactions contemplated by this Agreement, and each of the parties agrees not to request punitive damages. Notwithstanding the foregoing of this Section, each of the parties agrees that prior to commencing any claims for breach of this Agreement (except to pursue injunctive relief) to submit, for a period of sixty (60) days, to voluntary mediation before a jointly selected neutral third party mediator under the auspices of JAMS, Dallas, Texas, Resolutions Center (or any successor location), pursuant to the procedures of JAMS Mediation Rules conducted in the State of Texas (however, such mediation or obligation to mediate shall not suspend or otherwise delay any termination or other action of the Company or affect the Company's other rights).

19. **Integration; Amendments**. This is an integrated Agreement that amends, supersedes and replaces the Prior Employment Agreement in its entirety. This Agreement constitutes and is intended as a final expression and a complete and exclusive statement of the understanding and agreement of the parties hereto with respect to the subject matter of this Agreement. All negotiations, discussions and writings between the parties hereto relating to the subject matter of this Agreement are merged into this Agreement, and there are no rights conferred, nor promises, agreements, conditions, undertakings, warranties or representations, oral or written, expressed or implied, between the undersigned parties as to such matters other than as specifically set forth herein. No amendment or modification of or addendum to, this Agreement shall be valid unless the same shall be in writing and

signed by the parties hereto. No waiver of any of the provisions of this Agreement shall be valid unless in writing and signed by the party against whom it is sought to be enforced.

20. **Binding Effect**. This Agreement is binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns; provided, however, that Executive shall not be entitled to assign his interest in this Agreement (except for an assignment by operation of law to his estate), or any portion hereof, or any rights hereunder, to any party. Any attempted assignment by Executive in violation of this Section 20 shall be null, void, ab initio and of no effect of any kind or nature whatsoever.

21. **Waiver**. Any term or condition of this Agreement may be waived at any time by the party hereto which is entitled to have the benefit thereof, but such waiver shall only be effective if evidenced by a writing signed by such party, and a waiver on one occasion shall not be deemed to be a waiver of the same or any other type of breach on a future occasion. No failure or delay by a party hereto in exercising any right or power hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right or power.

22. **Taxes**.

(a) All payments to be made to and on behalf of the Executive under this Agreement will be subject to required withholding of federal, employment and excise taxes, and to related reporting requirements.

(b) Limitation on Parachute Payments. In the event that the payment and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 11 (b), would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's payments and benefits will be either:

(i) delivered in full, or

(ii) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code.

If a reduction in severance and other payments and benefits constituting "parachute payments" is necessary so that benefits are delivered to a lesser extent, reduction will occur in the following order: (i) reduction of cash payments; (ii) cancellation of awards granted "contingent on a change in ownership or control" (within the meaning of Code Section 280G), (iii) cancellation of accelerated vesting of equity awards, and (iv) reduction of employee benefits. Within any such category of payments and benefits (that is, (i), (ii), (iii) or (iv)), a reduction shall occur first with respect to amounts that are not Deferred Payments and then with respect to amounts that are. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting will be cancelled in the reverse order of the date of grant of Executive's equity awards.

Any determination required under this Section 22(b) will be made in writing by the Company's independent public accountants engaged by the Company for general audit purposes immediately prior to the Change in Control (the "**Accountants**"), whose good faith determination will be conclusive and binding upon Executive and the Company for all purposes. If the independent registered public accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, or if such firm otherwise cannot perform the calculations, the Company shall appoint a nationally recognized independent registered public accounting firm to make the determinations required hereunder. For purposes of making the calculations required by this Section 22(b), the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company will bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this section.

23. **409A**. This Agreement is intended to provide payments that are exempt from and/or that comply with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**") and related regulations and Treasury pronouncements ("**Section 409A**"), and this Agreement shall be interpreted accordingly (it being understood that the payment of any reimbursement hereunder shall be made in a manner exempt from, or in compliance with, Section 409A). If any provision of this Agreement would cause Executive to incur any additional tax under Section 409A, this Agreement shall be deemed amended to reform, and/or the parties hereto will in good faith attempt to reform, the provision in a manner that maintains, to the extent possible, the original intent of the applicable provision without violating the provisions of Section 409A. For purposes of Section 409A, each payment made under this Agreement shall be designated as a "separate payment" within the meaning of the Section 409A. All references herein to Executive's "termination of employment" or other similar term shall refer to Executive's "separation from service" within the meaning of Section 409A and Treas. Reg. Section 1.409A-l(h).

Notwithstanding anything herein to the contrary, if on the date of Executive's separation from service Executive is a "specified employee," as defined in Section 409A, then any portion of any payments, benefits or other consideration under this Agreement that are determined to be subject to the additional tax provided by Section 409A(a)(1)(B) of the Code if not delayed as required by Section 409A(a)(2)(B)(i) of the Code shall be delayed until the first (1st) business day of the seventh (7th) month following Executive's separation from service date (or, if earlier, Executive's date of death), and the total of such delayed amounts shall be paid as a lump sum on such date. For purposes of clarification, any portion of any separation allowance or other payment due to Executive under this Agreement that is not considered deferred compensation under Section 409A through either the "short-term deferral" exception pursuant to Treasury Reg. 1.409A-l(b)(4) or the "separation pay" exception pursuant to Treasury Reg. 1.409A-l(b)(9) will not be subject to the 6 month delay described in this paragraph as provided under Section 409A.

With respect to any expense, reimbursement or in-kind benefit provided pursuant to this Agreement that constitutes a "deferral of compensation" within the meaning of Section 409A, (i) the expenses eligible for reimbursement or in-kind benefits provided to Executive must be incurred during the Employment Period (or applicable survival period), (ii) the amount of expenses eligible for

reimbursement or in-kind benefits provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year, (iii) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred, and (iv) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

Executive acknowledges and agrees that Executive has obtained no advice from the Company or any of its affiliates, or any of their respective officers, directors, employees, subsidiaries, affiliates, agents, attorneys or other representatives, and that none of such persons or entities have made any representation regarding the tax consequences, if any, of Executive's receipt of the payments, benefits and other consideration provided for in this Agreement. Executive further acknowledges and agrees that Executive is personally responsible for the payment of all federal, state and local taxes that are due, or may be due, for any payments and other consideration received by Executive under this Agreement. Executive agrees to hold the Company harmless for any and all taxes, penalties or other assessments that Executive is, or may become, obligated to pay on account of any payments made and other consideration provided to Executive under this Agreement.

[*Signature page follows.*]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth above in the preamble of this Agreement.

SONIDA SENIOR LIVING, INC.
A Delaware Corporation

Address:
14755 Preston Road, Suite 810
Dallas, TX 75254

By: ______________________________
Name: David R. Brickman
Its: Senior Vice President, General Counsel and Secretary

EXECUTIVE

Address:
105 Harvard Drive
Southlake, TX 76092

By: Signed by: Brandon Ribar
E2EEB703D70247F...
Brandon Ribar

[Signature Page to Amended and Restated Executive Employment Agreement]

EXHIBIT A - RELEASE AND WAIVER

This Release and Waiver (this "**Release**") is entered into by Sonida Senior Living, Inc., a Delaware Corporation (the "**Company**"), and Brandon Ribar ("**Executive**") as of the date this Release is signed by Executive. The Company and Executive are referred to as the "Parties." This Release cancels and supersedes all prior agreements relating to Executive's employment with the Company except as provided in this Release.

WHEREAS, the Company and Executive entered into an Amended and Restated Employment Agreement as of December 17, 2024 (the "**Employment Agreement**"). This Release is entered into by and between Executive and the Company, pursuant to the Employment Agreement;

WHEREAS, because of Executive's employment as an Executive of the Company, Executive has obtained intimate and unique knowledge of all aspects of the Company's business operations, current and future plans, financial plans and other confidential and proprietary information;

WHEREAS, Executive's employment, with the Company and all other positions, if any, held by Executive in the Company or any of its subsidiaries or affiliates, including officer positions, terminated effective as of [DATE] (the "**Separation Date**"); and

WHEREAS, except as otherwise provided herein, the Parties desire to finally, fully and completely resolve all disputes that now or may exist between them, including, but not limited to those concerning the Employment Agreement (except for the post-termination obligations contained in the Employment Agreement), Executive's job performance and activities while employed by the Company and Executive's hiring, employment and separation from the Company, and all disputes over benefits and compensation connected with such employment;

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Termination of Executive's Employment. Executive's employment with the Company terminated on the Separation Date.

2. Certain Payments and Benefits.

(a) Accrued Obligations. In accordance with the Company's customary payroll practices, the Company shall pay Executive the Accrued Payments (as defined in the Employment Agreement), including, without limitation, all unpaid salary, unreimbursed business expenses, and any accrued but unused vacation through the Separation Date ("**Accrued Obligations**").

(b) Separation Benefits. Subject to Executive's consent to and fulfillment of Executive's obligations in this Release and Executive's post-termination obligations in the Employment Agreement, and provided that Executive does not revoke this Release, the Company shall pay Executive the amount of **$**[**AMOUNT**] pursuant to Section 6 of the Employment Agreement,

minus normal payroll withholdings and taxes ("Separation Benefit"), payable as provided in the Employment Agreement.

(c) Waiver of Additional Compensation or Benefits. Other than the compensation and payments provided for in this Release, the post-termination benefits provided for in the Employment Agreement (including Section 6 of the Employment Agreement) and any right or benefit provided upon termination under any outstanding equity awards, Executive shall not be entitled to any additional compensation, benefits, payments or grants under any agreement, benefit plan, severance plan or bonus or incentive program established by the Company. Executive agrees that the waiver and release in Section 3 below covers any claims Executive might have regarding Executive's compensation and any benefits Executive may or may not have received during Executive's employment with the Company, other than the post-termination benefits provided for in the Employment Agreement (including Section 6 of the Employment Agreement) and any right or benefit provided upon termination under any outstanding equity awards.

3. General Release and Waiver.

(i) In consideration of the payments and other consideration provided for in this Release, that being good and valuable consideration, the receipt, adequacy and sufficiency of which are acknowledged by Executive, Executive, on Executive's own behalf and on behalf of Executive's agents, administrators, representatives, executors, successors, heirs, devisees and assigns (collectively, the "**Releasing Parties**") hereby fully releases, remises, acquits and forever discharges the Company, and all of its affiliates, and each of their respective past, present and future officers, directors, shareholders, equity holders, members, partners, agents, employees, consultants, independent contractors, attorneys, advisers, successors and assigns (collectively, the "**Released Parties**"), jointly and severally, from any and all claims, rights, demands, debts, obligations, losses, causes of action, suits, controversies, setoffs, affirmative defenses, counterclaims, third party actions, damages, penalties, costs, expenses, attorneys' fees, and liabilities of any kind or nature whatsoever (collectively, the "**Claims**"), whether known or unknown, suspected or unsuspected, accrued or unaccrued, whether at law, equity, administrative, statutory or otherwise, and whether for injunctive relief, back pay, fringe benefits, reinstatement, reemployment, or compensatory, punitive or any other kind of damages, which any of the Releasing Parties ever have had in the past or presently have against the Released Parties, and each of them, arising from or relating to Executive's employment with the Company or its affiliates or the termination of that employment or any circumstances related thereto, or (except as otherwise provided below) any other matter, cause or thing whatsoever, including without limitation all claims arising under or relating to employment, employment contracts, employee benefits or purported employment discrimination or violations of civil rights of whatever kind or nature, including without limitation all claims arising under the Age Discrimination in Employment Act ("**ADEA**"), the Americans with Disabilities Act, as amended, the Family and Medical Leave Act of 1993, the Equal Pay Act of 1963, the Rehabilitation Act of 1973, Title VII of the United States Civil Rights Act of 1964, 42 U.S.C. § 1981, the Executive Retirement Income Security Act, the Civil Rights Act of 1991, the Civil Rights Acts of 1866 and/or 1871, the Genetic Information Nondiscrimination Act, Chapter 21 of the Texas Labor Code, the Texas Payday Law, the Texas Labor Code or any other applicable federal, state or local employment statute, law or ordinance, including, without limitation, any disability claims under any such laws, claims for wrongful discharge, claims arising under state law,

contract claims including breach of express or implied contract, alleged tortious conduct, claims relating to alleged fraud, breach of fiduciary duty or reliance, breach of implied covenant of good faith and fair dealing, and any other claims arising under state or federal law, as well as any expenses, costs or attorneys' fees. Executive further agrees that Executive will not file or permit to be filed on Executive's behalf any such claim. Notwithstanding the preceding sentence or any other provision of this Release, this Release is not intended to interfere with Executive's right to file a charge with the Equal Employment Opportunity Commission (the "**EEOC**"), or other governmental agency, in connection with any claim Executive believes Executive may have against the Company or its affiliates. However, by executing this Release, Executive hereby waives the right to recover in any proceeding Executive may bring before the EEOC or any other governmental agency or in any proceeding brought by the EEOC or other governmental agency on Executive's behalf. This Release shall not apply to any of the Company's obligations under this Release or post-termination obligations under the Employment Agreement, including Section 6 thereof. Executive acknowledges that certain of the payments and benefits provided for in Section 2 of this Release constitute good and valuable consideration for the release contained in this Section 3. Anything to the contrary contained in this Release notwithstanding, nothing in this Release shall release or adversely affect (i) rights to indemnification and advancement of expenses the Executive has or may have under the bylaws or certificate of incorporation or other governing documents of the Company or any subsidiary or affiliate of the Company or any separate indemnification or similar agreement, or as an insured under any director's and officer's liability insurance policy now or previously in force;

(ii) any matters which expressly survive the execution of this Release as set forth in the Employment Agreement, the terms and conditions of which are incorporated herein by reference;

(iii) vested rights under benefit plans, which rights shall be governed by the terms of such plans; or

(iv) rights granted to Executive related to or arising out of the purchase or ownership of equity of the Company and any related award or similar agreement.

4. Return of Company Property. As soon as possible, Executive shall, to the extent not previously returned or delivered: (a) return all equipment, records, files, programs or other materials and properly in Executive's possession which belongs to the Company or any of its affiliates, including, without limitation, all computers, printers, laptops, personal data assistants, cell phones, credit cards, keys and access cards; and (b) deliver all original and copies of confidential and proprietary information (as described in Section 8 of the Employment Agreement) in Executive's possession and notes, materials, records, plans, technical data or other documents, files or programs (whether stored in paper form, computer form, digital form, electronically or otherwise) in Executive's possession that contain Proprietary Information. By signing this Release, Executive represents and warrants that Executive has not retained and has or will timely return and deliver all the items described or referenced in subsections (a) or (b) above; and, that should Executive later discover additional items described or referenced in subsections (a) or (b) above, Executive will promptly notify the Company and return/deliver such items to the Company.

5. Non-Disparagement. Executive agrees that Executive will not, directly or indirectly, disclose, communicate, or publish any disparaging information concerning the Company or the Released Parties, or cause others to disclose, communicate, or publish any disparaging information concerning the same. Notwithstanding the foregoing, the provisions of this Section shall not apply with respect to (i) any charge filed by Executive with the EEOC or other comparable agency or in connection with any proceeding with respect to any claim not released by this Release or (ii) any disclosure or communication that is made by or on behalf of Executive in connection with the enforcement of any claim against, or defense of any claim by or on behalf of, the Company or any of its affiliates.

6. Protected Rights. Executive understands that nothing contained in this Release limits Executive's ability to file a charge or complaint with the EEOC, the NLRB, OSHA, the SEC or any other federal, state or local governmental agency or commission ("**Government Agencies**"). Executive further understands that this Release does not limit Executive's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. This Release does not limit Executive's right to receive an award for information provided to any Government Agencies.

7. Not An Admission of Wrongdoing. This Release shall not in any way be construed as an admission by either Party of any acts of wrongdoing, violation of any statute, law or legal or contractual right.

8. Voluntary Execution of the Release. Executive and the Company represent and agree that they have had an opportunity to review all aspects of this Release, and that they fully understand all the provisions of this Release and are voluntarily entering into this Release. Executive further represents that Executive has not transferred or assigned to any person or entity any claim involving the Company or any portion thereof or interest therein.

9. Continuing Obligations. Executive reaffirms and understands his continuing obligations in the Employment Agreement, including Sections 7, 8, 9, 10, and 11.

10. Binding Effect. This Release shall be binding upon the Company and upon Executive and Executive's heirs, administrators, representatives, executors, successors and assigns and the Company's representatives, successors and assigns. In the event of Executive's death, this Release shall operate in favor of Executive's estate and all payments, obligations and consideration will continue to be performed in favor of Executive's estate.

11. Severability. Should any provision of this Release be declared or determined to be illegal or invalid by any government agency or court of competent jurisdiction, the validity of the remaining parts, terms or provisions of this Release shall not be affected and such provisions shall remain in full force and effect.

12. Entire Agreement. Except for the post-termination obligations in the Employment Agreement, this Release sets forth the entire agreement between the Parties, and fully supersedes any and all prior agreements, understandings, or representations between the Parties pertaining to

Executive's employment with the Company, the subject matter of this Release or any other term or condition of the employment relationship between the Company and Executive. Executive represents and acknowledges that in executing this Release, Executive does not rely, and has not relied, upon any representation(s) by the Company or its agents except as expressly contained in this Release or the Employment Agreement. Executive and the Company agree that they have each used their own judgment in entering into this Release.

13. Consideration and Revocation Periods. Executive, by Executive's free and voluntary act of signing below, (a) acknowledges that Executive has been given a period of twenty-one (21) days to consider whether to agree to the terms contained herein, (b) acknowledges that Executive has been advised to consult with an attorney prior to executing this Release, (c) acknowledges that Executive understands that this Release specifically releases and waives all rights and claims Executive may have under the ADEA, prior to the date on which Executive signs this Release, and (d) agrees to all of the terms of this Release and intends to be legally bound thereby. The Parties acknowledge and agree that each Party has reviewed and negotiated the terms and provisions of this Release and has contributed to its preparation (with advice of counsel). Accordingly, the rule of construction to the effect that ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Release. Rather, the terms of this Release shall be construed fairly as to both Patties and not in favor of or against either Party, regardless of which Party generally was responsible for the preparation of this Release.

This Release will become effective, enforceable and irrevocable on the eighth day after the date on which it is executed by Executive (the "**Effective Date**"). During the seven-day period prior to the Effective Date, Executive may revoke Executive's agreement to accept the terms hereof by giving notice to the Company of Executive's intention to revoke. If Executive exercises Executive's right to revoke hereunder, Executive shall not be entitled, except as required by applicable wage payment laws, including but not limited to the Accrued Obligations, to any payment hereunder until Executive executes and does not revoke a comparable release of claims, and to the extent such payments or benefits have already been made, Executive agrees that Executive will immediately reimburse the Company for the amounts of such payments and benefits to which he is not entitled.

14. Notices. All notices and other communications hereunder will be in writing. Any notice or other communication hereunder shall be deemed duly given if it is delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth:

If to Executive:
[EXECUTIVE]
[EXECUTIVE ADDRESS]
[CITY STATE ZIP]

If to the Company:
[COMPANY]
[COMP ANY ADDRESS]
[CITY STATE ZIP]

Attention: [NAME]

Any Party may change the address to which notices and other communications are to be delivered by giving the other Party notice.

15. Governing Law. This Release shall be governed by the laws of the State of Texas.

16. Counterparts. This Release may be executed in counterparts, each of which when executed and delivered (which deliveries may be by facsimile or other electronic method of delivery) shall be deemed an original and all of which together shall constitute one and the same instrument.

17. No Assignment of Claims. Executive represents and agrees that Executive has not transferred or assigned, to any person or entity, any claim involving the Company, or any portion thereof or interest therein.

18. No Waiver. This Release may not be waived, modified, amended, supplemented, canceled or discharged, except by written agreement of the Parties. Failure to exercise and/or delay in exercising any right, power or privilege in this Release shall not operate as a waiver. No waiver of any breach of any provision shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision, nor shall any waiver be implied from any course of dealing between or among the Parties.

I ACKNOWLEDGE THAT I HAVE CAREFULLY READ THE FOREGOING RELEASE, THAT I UNDERSTAND ALL OF ITS TERMS AND THAT I AM RELEASING CLAIMS AND THAT I AM ENTERING INTO IT VOLUNTARILY.

EXECUTIVE

____

Name: Brandon Ribar
Address:________________________
____
Date:__________________________

FORM PERFORMANCE AWARD
UNDER THE
SONIDA SENIOR LIVING, INC.
2019 OMNIBUS STOCK AND INCENTIVE PLAN

Effective as of _____________, 202_ ("**Date of Grant**"), a **PERFORMANCE AWARD** ("**Award"**) was granted by Sonida Senior Living, Inc. (the "**Company**") to **[NAME]** (the "**Holder**"). This Performance Award is in all respects subject to the terms, definitions and provisions, of the 2019 Omnibus Stock and Incentive Plan For Sonida Senior Living, Inc. (the "**Plan**"), and all of which are incorporated herein by reference, except to the extent otherwise expressly provided in this Award.

1. **Performance Award**. The Company hereby sells, transfers, assigns and delivers to the Holder an aggregate of **[________]** shares of the Company **("Award Restricted Shares")** subject to the Plan and to the terms and conditions set forth in this Award, including, without limitation, the Restrictions more specifically set forth in Section 4 below ("**Restrictions**"), and further subject to Holder's execution of this Award agreement.

2. **Vesting of Award Restricted Shares**.

(a) The Award shall be one hundred percent (100%) unvested as of the Date of Grant. Except as otherwise provided in the Plan and this Award, the Award Restricted Shares shall vest and become non- forfeitable (referred to hereafter as "**Vested Shares**") on the later of (i) the third (3^{rd}) anniversary of the Date of Grant (such date, the "**Scheduled Vesting Date**") or (ii) the date that the Committee certifies the performance results as described on Schedule I attached hereto (the "**Performance Vesting Date**"), provided that the Holder remains in continuous service with the Company or any of its Subsidiaries on the Scheduled Vesting Date or the Performance Vesting Date, as applicable. The Holder shall be entitled to receive that number of Award Restricted Shares (if any) equal to (x) the Payout Percentage (as defined on Schedule I) *multiplied by* (y) the Target Restricted Shares (as defined on Schedule I).

(b) Except as otherwise provided in this Section 2, in the event that the Holder's continuous service is terminated by the Company or by the Holder for any reason, the Holder shall forfeit the unvested Award as of the Holder's termination date.

(c) In the event that the Holder's continuous service is terminated by the Company due to the Holder's death or Disability (as defined in such Holder's employment agreement (or, if not defined therein, as defined in the Plan)), the unvested Award shall immediately vest in the amount of the Target Restricted Shares.

3. **Change in Control**. Immediately prior to a Change in Control, the Target Restricted Shares shall convert into time-based Award Restricted Shares and the Award shall vest on the Scheduled Vesting Date (without regard to achievement of any of the Performance Measures set forth on Schedule I), provided that the Holder remains in continuous service with the Company or any of its Subsidiaries on the Scheduled Vesting Date. Notwithstanding any provision herein to the contrary, (i) if the Committee has made a provision for the substitution, assumption, exchange or other continuation of the Award in connection with a Change in Control, then in the event that the Holder's continuous service is terminated (A) by the Company due to death or Disability following the occurrence of the Change in Control, the unvested Award shall immediately fully vest, or (B) by the Company other than for Cause (as defined in such Holder's employment agreement (or, if not defined therein, as defined in the Plan)), and other than due to death or

Disability, or by the Holder for Good Reason (as defined in such Holder's employment agreement), in each case within one (1) year following the occurrence of the Change in Control, the unvested Award shall immediately fully vest; or (ii) if the Committee has not made a provision for the substitution, assumption, exchange or other continuation of the Award in connection with a Change in Control, 100% of the unvested Award Restricted Shares shall fully vest immediately prior to the Change in Control.

4. **Restriction - Forfeiture of Award Restricted Shares**. The Award Restricted Shares are each subject to the restrictions ("**Restrictions**") that (i) all rights of Holder to any Award Restricted Shares which have not become Vested Shares shall, automatically and without notice, terminate and be permanently forfeited on the date Holder, for any reason, ceases to be employed by the Company, except as otherwise stated herein; and (ii) all rights of Holder to the specified percentage of Award Restricted Shares which have not become Vested Shares because the Performance Measures (as shown on Schedule I) have not been satisfied shall, automatically and without notice, terminate and be permanently forfeited.

5. **Withholding**. As set forth in Section 14.3 of the Plan, the Company shall have the authority and the right to deduct or withhold, or to require the Holder to remit to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes required by law to be withheld with respect to any taxable event arising in connection with the Awarded Restricted Shares.

6. **Issuance of Shares**. During the Restricted Period (as defined in the Plan), the certificates representing the Award Restricted Shares, shall be registered in the Holder's name and bear a restrictive legend disclosing the Restrictions and the existence of this Award. Such certificates shall be deposited by the Holder with the Company, together with stock powers or other instruments of assignment, each endorsed in blank, which will permit the transfer to the Company of all or any portion of the Award Restricted Shares which shall be forfeited in accordance with the terms of this Award. The Company will retain custody of all related Restricted Share Distributions, which will be subject to the same Restrictions, terms, and conditions as their related Award Restricted Shares, until Holder is entitled to receive Vested Share certificates for the such Award Restricted Shares; and provided, further, that the Restricted Share Distributions which relate to Award Restricted Shares which are forfeited, shall be forfeited on the same date as such Award Restricted Shares are forfeited; and provided, further, that any Restricted Share Distributions shall not bear interest or be segregated into a separate account but shall remain a general asset of the Company, subject to the claims of the Company's creditors, until the conclusion of the applicable Restricted Period; and provided, finally, that on the date of any material breach of any terms of this Award, as reasonably determined by the Committee (as defined in the Plan), there shall be, automatically and without notice, an immediate forfeiture of all of both Award Restricted Shares and Restricted Share Distributions.

Award Restricted Shares shall constitute issued and outstanding Common Stock for all corporate purposes and, without limitation, Holder shall have all of the rights and privileges of an owner of the Award Restricted Shares (including voting rights) except that Holder shall not be entitled to delivery of the certificates evidencing any of the Award Restricted Shares, nor the related Restricted Share Distributions, unless and until they become Vested Shares.

7. **Administration of Award**. The determinations under, and the interpretations of, any provision of this Award by the Committee shall, in all cases, be in its sole discretion, and shall be final and conclusive.

8. **No Transfers Permitted**. Without limitation, the rights under this Award are not transferable.

9. **Section 83(b) Election**. Holder may elect under Section 83(b) of the Code to include in his or her gross income, for his or her taxable year in which the Award Restricted Shares are transferred to such

Holder under this Award, the excess of the fair market value (determined without regard to any Restriction other than one which by its terms will never lapse), of such Award Restricted Shares at the Date of Grant, over the amount (if any) paid for the Award Restricted Shares. If the Holder makes the Section 83(b) election described above, the Holder shall (i) make such election in a manner that is satisfactory to the Committee, (ii) provide the Committee with a copy of such election, (iii) agree to promptly notify the Company if any Internal Revenue Service or state tax agent, on audit or otherwise, questions the validity or correctness of such election or of the amount of income reportable on account of such election, and (iv) agree to pay the minimum withholding taxes required to be made by the Company.

10. **Claw-Back**. If Holder is covered under the Company's Company Recovery Policy (as the same may be amended or restated, the "***Claw-Back Policy***") and/or the Company's Supplemental Compensation Recovery Policy (as the same may be amended or restated, the "***Supplemental Claw-Back Policy***"), the Award Restricted Shares and any proceeds, gains or other economic benefit actually or constructively received by Holder upon the sale of any Award Restricted Shares shall be subject to the provisions of, as applicable, (i) the Claw-Policy and/or the Supplemental Claw-Back Policy.

11. **Interpretation**.

(a) If any provision of this Award is held invalid for any reason, such holding shall not affect the remaining provisions hereof, but instead the Award shall be construed and enforced as if such provision had never been included in the Award.

(b) **THIS AWARD SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS.**

(c) Headings contained in this Award are for convenience only and shall in no manner be construed as part of this Award.

(d) Any reference to the masculine, feminine, or neuter gender shall be a reference to such other gender as is appropriate.

Dated as of this day of __, 202_.

———**SONIDA SENIOR LIVING, INC.**

By:__ Name:
Title:

SCHEDULE I PERFORMANCE MEASURE

<u>Assignment Separate From Certificate</u>

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto Sonida Senior Living, Inc. the Award Restricted Shares subject to this Award, standing in the undersigned's name on the books of said Sonida Senior Living, Inc., represented by a Stock Certificate herewith and do hereby irrevocably constitute and appoint the corporate secretary of Sonida Senior Living, Inc. as attorney to transfer the said stock on the books of Sonida Senior Living, Inc. with full power of substitution in the premises.

Dated __

____

[NAME], Holder

ACKNOWLEDGMENT

The undersigned hereby acknowledges (i) my receipt of this Award and the Plan, (ii) my opportunity to discuss this Award with a representative of the Company, and my personal advisors, to the extent I deem necessary or appropriate, (iii) my understanding of the terms and provisions of this Award, and (iv) my understanding that, by my signature below, I am agreeing to be bound by all of the terms and provisions of this Award.

Without limitation, I agree to accept as binding, conclusive and final all decisions or interpretations of the Committee (as defined in the Plan) upon any questions arising under this Award or the Plan.

Dated __

____

[NAME], Holder

FORM OF
EMPLOYEE'S RESTRICTED STOCK AWARD
UNDER THE
SONIDA SENIOR LIVING, INC.
2019 OMNIBUS STOCK AND INCENTIVE PLAN

Effective as of [[GRANTDATE]] ("**Date of Grant**"), a **RESTRICTED STOCK AWARD** ("**Award**") is granted by Sonida Senior Living, Inc. (the "**Company**") to [[FIRSTNAME]] [[LASTNAME]] (the "**Holder**"), this Award being in all respects subject to the terms, definitions and provisions, of the 2019 Omnibus Stock and Incentive Plan For Sonida Senior Living, Inc. (the "**Plan**"), and all of which are incorporated herein by reference, except to the extent otherwise expressly provided in this Award.

1. **Restricted Share Award**. The Company hereby sells, transfers, assigns and delivers to the Holder an aggregate of [[SHARESGRANTED]] Shares ("**Award Restricted Shares**") on the terms and conditions set forth in this Award, including, without limitation, the Restriction more specifically set forth in Section 4. below, subject only to Holder's execution of this Award agreement.

2. **Vesting of Award Restricted Shares.** The Restriction on the specified percentage of Award Restricted Shares shall lapse (Award Restricted Shares with respect to which the Restriction has lapsed are Vested and herein referred to as "**Vested Shares**") on the earlier of (1) the dates set forth in the following Vesting schedule:

(i) 33% of the Award Restricted Shares shown in Section 1, on the 1st anniversary of the Date of Grant; and

(ii) 33% of the Award Restricted Shares shown in Section 1 on the 2nd anniversary of the Date of Grant; and

(iii) 34% of the Award Restricted Shares shown in Section 1 on the 3rd anniversary of the Date of Grant;

so that, without limitation, the Restriction on all of the Award Restricted Shares will have lapsed no later than the third anniversary of the Date of Grant; or (2) 100% of the Award Restricted Shares shown in Section 1, on the date of Holder's death, or (3) 100% of the Award Restricted Shares shown in Section 1, on the date of Holder's Disability, or (4) 100% of the Award Restricted Shares shown in Section 1, on the date of Holder's Retirement.

3. **Change in Control.** Award Restricted Shares shall not automatically become Vested Shares on a Change in Control. Notwithstanding any provision herein to the contrary, (i) if the Committee has made a provision for the substitution, assumption, exchange or other continuation of the Award in connection with a Change in Control, then in the event that the Holder's continuous service is terminated (A) by the Company due to

death or Disability or Retirement following the occurrence of the Change in Control, the unvested Award shall immediately fully vest, or (B) by the Company other than for Cause (as defined in such Holder's employment agreement (or, if not defined therein, as defined in the Plan)), and other than due to death or Disability or Retirement or by the Holder for Good Reason (as defined in such Holders employment agreement), in each case within one (1) year following the occurrence of the Change in Control, the unvested Award shall immediately fully vest; or (ii) if the Committee has not made a provision for the substitution, assumption, exchange or other continuation of the Award in connection with a Change in Control, the unvested Award shall fully vest immediately prior to the Change in Control.

4. **Restriction – Forfeiture of Award Restricted Shares.** The Award Restricted Shares are each subject to the restriction ("**Restriction**") that all rights of Holder to any Award Restricted Shares which have not become Vested Shares shall, automatically and without notice, terminate and be permanently forfeited on the date Holder, for any reason, ceases to be employed by the Company.

5. **Withholding.** As set forth in Section 14.3 of the Plan, the Company shall have the authority and the right to deduct or withhold, or to require the Holder to remit to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes required by law to be withheld with respect to any taxable event arising in connection with the Awarded Restricted Shares.

6. **Issuance of Shares.** During such time as the Award Restricted Shares are subject to the Restriction, the certificates representing the Award Restricted Shares, and any Restricted Share Distributions, shall be registered in the Holder's name and bear a restrictive legend disclosing the Restriction and the existence of this Award. Such certificates shall be deposited by the Holder with the Company, together with stock powers or other instruments of assignment, each endorsed in blank, which will permit the transfer to the Company of all or any portion of the Award Restricted Shares, and any assets constituting Restricted Share Distributions, which shall be forfeited in accordance with the terms of this Award. The Company will retain custody of all related Restricted Share Distributions (i.e., dividends, which will be subject to the same Restriction, terms, and conditions as the related Award Restricted Shares) unless and until Holder is entitled to receive the certificates for the related Vested Shares; provided, however, that any Restricted Share Distributions shall not bear interest or be segregated into a separate account but shall remain a general asset of the Company, subject to the claims of the Company's creditors, until the Restriction lapses; and provided, further, that any material breach of any terms of this Award, as reasonably determined by the Committee, will cause a forfeiture of both Award Restricted Shares and Restricted Share Distributions.

Award Restricted Shares shall constitute issued and outstanding Common Stock for all corporate purposes and, without limitation, Holder shall have all of the rights and privileges of an owner of the Award Restricted Shares (including voting rights) except that

Holder shall not be entitled to delivery of the certificates evidencing any of the Award Restricted Shares, nor the related Restricted Share Distributions, unless and until they become Vested Shares.

7. **Administration of Award.** The determinations under, and the interpretations of, any provision of this Award by the Committee shall, in all cases, be in its sole discretion, and shall be final and conclusive.

8. **No Transfers Permitted.** Without limitation, the rights under this Award are not transferable.

9. **Section 83(b) Election.** Holder may elect under Section 83(b) of the Code to include in his or her gross income, for his or her taxable year in which the Award Restricted Shares are transferred to such Holder under this Award, the excess of the fair market value (determined without regard to any Restriction other than one which by its terms will never lapse), of such Award Restricted Shares at the Date of Grant, over the amount (if any) paid for the Award Restricted Shares. If the Holder makes the Section 83(b) election described above, the Holder shall (i) make such election in a manner that is satisfactory to the Committee, (ii) provide the Committee with a copy of such election, (iii) agree to promptly notify the Company if any Internal Revenue Service or state tax agent, on audit or otherwise, questions the validity or correctness of such election or of the amount of income reportable on account of such election, and (iv) agree to pay the withholding amounts described in Section 5. above.

10. **Interpretation.**

(a) If any provision of this Award is held invalid for any reason, such holding shall not affect the remaining provisions hereof, but instead the Award shall be construed and enforced as if such provision had never been included in the Award.

(b) **THIS AWARD SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS.**

(c) Headings contained in this Award are for convenience only and shall in no manner be construed as part of this Award.

(d) Any reference to the masculine, feminine, or neuter gender shall be a reference to such other gender as is appropriate.

Dated: [[GRANTDATE]]

SONIDA SENIOR LIVING, INC.

By:

[NAME, TITLE]

Assignment Separate From Certificate

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto Sonida Senior Living, Inc. the Award Restricted Shares subject to this Award, standing in the undersigned's name on the books of said Sonida Senior Living, Inc. , represented by a Stock Certificate herewith and do hereby irrevocably constitute and appoint the corporate secretary of Sonida Senior Living, Inc. as attorney to transfer the said stock on the books of Sonida Senior Living, Inc. with full power of substitution in the premises.

Dated: [[SIGNATURE_DATE]]

[[SIGNATURE]]

___________________________________ [[FIRSTNAME]] [[LASTNAME]], Holder

ACKNOWLEDGMENT

The undersigned hereby acknowledges (i) my receipt of this Award and the Plan, (ii) my opportunity to discuss this Award with a representative of the Company, and my personal advisors, to the extent I deem necessary or appropriate, (iii) my understanding of the terms and provisions of this Award, and (iv) my understanding that, by my signature below, I am agreeing to be bound by all of the terms and provisions of this Award.

Without limitation, I agree to accept as binding, conclusive and final all decisions or interpretations of the Committee (as defined in the Plan) upon any questions arising under this Award or the Plan.

Dated: [[SIGNATURE_DATE]]

[[SIGNATURE]]

____
[[FIRSTNAME]] [[LASTNAME]], Holder

Should you choose to decline this award, please contact ____________ (_______@sonidaliving.com).

FORM OUTSIDE DIRECTOR'S
RESTRICTED STOCK AWARD
UNDER THE
SONIDA SENIOR LIVING, INC. 2019
OMNIBUS STOCK AND INCENTIVE PLAN

Effective as of ____________, 202_ ("**Date of Grant**"), a **RESTRICTED STOCK AWARD** ("**Award**") is granted by Sonida Senior Living, Inc. (the "**Company**") to NAME (the "**Holder**"), this Award being in all respects subject to the terms, definitions and provisions of the 2019 Omnibus Stock and Incentive Plan For Sonida Senior Living, Inc., (the "**Plan**"), and all of which are incorporated herein by reference, except to the extent otherwise expressly provided in this Award.

1. **Restricted Share Award**. The Company hereby sells, transfers, assigns and delivers to the Holder an aggregate of _________ Shares ("**Award Restricted Shares**") on the terms and conditions set forth in this Award, including, without limitation, the Restriction more specifically set forth in Section 3. below, subject only to Holder's execution of this Award agreement.

2. **Vesting of Award Restricted Shares**. The Restriction on the specified percentage of Award Restricted Shares shall lapse (Award Restricted Shares with respect to which the Restriction has lapsed are Vested and herein referred to as "**Vested Shares**") on the date set forth in the following Vesting schedule:

(i) 100% of the Award Restricted Shares shown in Section 1, on the 1st anniversary of the Date of Grant;

so that, without limitation, the Restriction on all of the Award Restricted Shares will have lapsed no later than the first anniversary of the Date of Grant; or (2) 100% of the Award Restricted Shares shown in Section 1 on the date of Holder's death, or (3) 100% of the Award Restricted Shares shown in Section 1, on the date of Holder's Disability, or (4) 100% of the Award Restricted Shares as shown in Section 1, on the date of Holder's Retirement. Without limitation, as provided in the Plan and limited by this Award, the Restriction on the Award Restricted Shares shown in Section 1 will lapse, and such Award Restricted Shares shall be Vested, on the date of a Change in Control.

3. **Restriction - Forfeiture of Award Restricted Shares**. The Award Restricted Shares are each subject to the restriction ("**Restriction**") that all rights of Holder to any Award Restricted Shares which have not become Vested Shares shall, automatically and without notice, terminate and be permanently forfeited on the date of Holder's termination of service as a Director.

4. **Withholding**. On the date Award Restricted Shares become Vested Shares, the minimum withholding required to be made by the Company shall be paid by Holder to the Company (as defined in the Plan) in cash.

5. **Issuance of Shares**. During such time as the Award Restricted Shares are subject to the Restriction, the certificates representing the Award Restricted Shares, and any Restricted Share Distributions, shall be registered in the Holder's name and bear a restrictive legend disclosing the Restriction and the existence of this Award. Such certificates shall be deposited by the Holder with the Company, together with stock powers or other instruments of assignment, each endorsed in blank, which will permit the transfer to the Company of all or any portion of the Award Restricted Shares, and any assets constituting Restricted Share Distributions, which shall be forfeited in accordance with the terms of this Award. The Company will retain custody of all related Restricted Share Distributions (i.e., dividends, which will be subject to the same Restriction, terms, and conditions as the related Award Restricted Shares) unless and until Holder is entitled to receive the certificates for the related Vested Shares; provided, however, that any Restricted Share Distributions shall not bear interest or be segregated into a separate account but shall remain a general asset of the Company, subject to the claims of the Company's creditors, until the Restriction lapses; and provided, further, that any material breach of any terms of this Award, as reasonably determined by the Committee, will cause a forfeiture of both Award Restricted Shares and Restricted Share Distributions.

Award Restricted Shares shall constitute issued and outstanding Common Stock for all corporate purposes and, without limitation, Holder shall have all of the rights and privileges of an owner of the Award Restricted Shares (including voting rights) except that Holder shall not be entitled to delivery of the certificates evidencing any of the Award Restricted Shares, nor the related Restricted Share Distributions, unless and until they become Vested Shares.

6. **Administration of Award**. The determinations under, and the interpretations of, any provision of this Award by the Committee shall, in all cases, be in its sole discretion, and shall be final and conclusive.

7. No Transfers Permitted. Without limitation, the rights under this Award are not transferable.

8. **Section 83(b) Election**. Holder may elect under Section 83(b) of the Code to include in his or her gross income, for his or her taxable year in which the Award Restricted Shares are transferred to such Holder under this Award, the excess of the fair market value (determined without regard to any Restriction other than one which by its terms will never lapse), of such Award Restricted Shares at the Date of Grant, over the amount (if any) paid for the Award Restricted Shares. If the Holder makes the Section 83(b) election described above, the Holder shall (i) make such election in a manner that is

satisfactory to the Committee, (ii) provide the Committee with a copy of such election, (iii) agree to promptly notify the Company if any Internal Revenue Service or state tax agent, on audit or otherwise, questions the validity or correctness of such election or of the amount of income reportable on account of such election, and (iv) agree to pay the withholding amounts, if any, described in Section 4. above.

9. **Interpretation**.

(a) If any provision of this Award is held invalid for any reason, such holding shall not affect the remaining provisions hereof, but instead the Award shall be construed and enforced as if such provision had never been included in the Award.

(b) **THIS AWARD SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS.**

(c) Headings contained in this Award are for convenience only and shall in no manner be construed as part of this Award.

(d) Any reference to the masculine, feminine, or neuter gender shall be a reference to such other gender as is appropriate.

Dated as of this day of ______, 202_

SONIDA SENIOR LIVING, INC.

By: ____
Brandon Ribar, President and Chief Executive Officer

Assignment Separate From Certificate

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto Sonida Senior Living, Inc. the Award Restricted Shares subject to this Award, standing in the undersigned's name on the books of said Sonida Senior Living, Inc., represented by a Stock Certificate herewith and do hereby irrevocably constitute and appoint the corporate secretary of Sonida Senior Living, Inc. as attorney to transfer the said stock on the books of Sonida Senior Living, Inc. with full power of substitution in the premises.

Dated ____________, 202_

____
NAME, Holder

ACKNOWLEDGMENT

The undersigned hereby acknowledges (i) my receipt of this Award and the Plan, (ii) my opportunity to discuss this Award with a representative of the Company, and my personal advisors, to the extent I deem necessary or appropriate, (iii) my understanding of the terms and provisions of this Award, and (iv) my understanding that, by my signature below, I am agreeing to be bound by all of the terms and provisions of this Award.

Without limitation, I agree to accept as binding, conclusive and final all decisions or interpretations of the Committee (as defined in the Plan) upon any questions arising under this Award or the Plan.

Dated as of this ________ day of __________, 202_.

____
NAME, Holder

FORM OUTSIDE DIRECTOR'S
RESTRICTED SHARE UNIT AWARD
UNDER THE
SONIDA SENIOR LIVING, INC. 2019 OMNIBUS STOCK AND INCENTIVE PLAN

Effective as of [[GRANT DATE]] ("**Date of Grant**"), a **RESTRICTED SHARE UNIT AWARD** ("**Award**") is granted by Sonida Senior Living, Inc. (the "**Company**") to [[FIRST NAME]] [[LAST NAME]] ("**Director**"), this Award being in all respects subject to the terms, definitions and provisions of the 2019 Omnibus Stock and Incentive Plan For Sonida Senior Living, Inc. (the "**Plan**"), and all of which are incorporated herein by reference, except to the extent otherwise expressly provided in this Award.

1. **<u>Restricted Share Unit Award</u>**. Pursuant to Section 8.3 of the Plan, the Company hereby issues to Director on the Date of Grant an Award consisting of, in the aggregate, [[NUMBER OF RESTRICTED SHARE UNITS]] Restricted Share Units (the "**Award Restricted Share Units**"). Each Award Restricted Share Unit represents the right to receive one share of Common Stock, subject to the terms and conditions set forth in this Award and the Plan. The Award Restricted Share Units shall be credited to a separate account maintained for Director on the books and records of the Company (the "**Account**"). All amounts credited to the Account shall continue for all purposes to be part of the general assets of the Company.

2. **<u>Vesting of Award Restricted Share Units</u>**. The Restriction on the specified percentage of Award Restricted Share Units shall lapse (Award Restricted Share Units with respect to which the Restriction has lapsed are Vested and herein referred to as "**Vested Restricted Share Units**") on the date set forth in the following Vesting Schedule:

(a) 100% of the Award Restricted Share Units shown in Section 1, on the 1st anniversary of the Date of Grant;

so that, without limitation, the Restriction on all of the Award Restricted Share Units will have lapsed no later than the first anniversary of the Date of Grant; or (b) 100% of the Award Restricted Share Units shown in Section 1 on the date of Director's death, or (c) 100% of the Award Restricted Share Units shown in Section 1, on the date of Director's Disability, or (d) 100% of the Award Restricted Share Units as shown in Section 1, on the date of Director's Retirement. Without limitation, as provided in the Plan and limited by this Award, the Restriction on the Award Restricted Share Units shown in Section 1 will lapse, and such Award Restricted Share Units shall be Vested, on the date of a Change in Control.

3. **<u>Restriction - Forfeiture of Award Restricted Share Units</u>**. The Award Restricted Share Units are each subject to the restriction ("**Restriction**") that all rights of Director to any Award Restricted Share Units which have not become Vested Restricted Share Units shall, automatically and without notice, terminate and be permanently forfeited on the date of Director's termination of service as a Director.

4. **Rights as Shareholder; Dividend Equivalents**.

(a) Director shall not have any rights of a shareholder with respect to the shares of Common Stock underlying the Award Restricted Share Units unless and until the Award Restricted Share Units vest and are settled by the issuance of such shares of Common Stock.

(b) Upon and following the settlement of the Vested Restricted Share Units, Director shall be the record owner of the shares of Common Stock underlying the Vested Restricted Share Units unless and until such shares are sold or otherwise disposed of, and as record owner shall be entitled to all rights of a shareholder of the Company (including voting rights).

(c) Until such time as the Award Restricted Share Units vest, Director's Account shall be credited with an amount equal to all cash dividends ("**Dividend Equivalents**") that would have been paid to Director if one share of Common Stock had been issued on the Date of Grant for each Award Restricted Share Unit granted to Director as set forth in this Agreement. Dividend Equivalents shall be subject to the same vesting restrictions as the Award Restricted Share Units to which they are attributable and shall be paid without interest on the same date that the Award Restricted Share Units to which they are attributable are settled in accordance with Section 5 hereof.

5. **Settlement of Award Restricted Share Units**.

(a) Subject to Section 5(b) hereof, promptly following the vesting date, and in any event no later than March 15 of the calendar year following the calendar year in which such vesting occurs, the Company shall (i) issue and deliver to Director the number of shares of Common Stock equal to the number of Vested Restricted Share Units and cash equal to any Dividend Equivalents credited with respect to such Vested Restricted Share Units; and (ii) enter the Director's name on the books of the Company as the shareholder of record with respect to the shares of Common Stock delivered to the Director.

(b) Notwithstanding Section 5(a), the Committee may, but is not required to, prescribe rules pursuant to which Director may elect to defer settlement of Vested Restricted Share Units. Any deferral election must be made in compliance with such rules and procedures as the Committee deems advisable.

6. **Withholding**. On the date of settlement of a Vested Restricted Share Unit, the minimum withholding required to be made by the Company shall be paid by Director to the Company in cash.

7. **Administration of Award.** The determinations under, and the interpretations of, any provision of this Award by the Committee shall, in all cases, be in its sole discretion, and shall be final and conclusive.

8. **No Transfers Permitted**. Without limitation, the rights under this Award are not transferable.

9. **Section 409A**. This Award is intended to comply with Section 409A of the Code or an exemption thereunder and shall be construed and interpreted in a manner that is consistent with the requirements for avoiding additional taxes or penalties under Section 409A of the Code. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A of the Code and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Director on account of non-compliance with Section 409A of the Code.

10. **Interpretation**.

(a) If any provision of this Award is held invalid for any reason, such holding shall not affect the remaining provisions hereof, but instead the Award shall be construed and enforced as if such provision had never been included in the Award.

(b) **THIS AWARD SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS.**

(c) Headings contained in this Award are for convenience only and shall in no manner be construed as part of this Award.

(d) Any reference to the masculine, feminine, or neuter gender shall be a reference to such other gender as is appropriate.

Dated as of this day of ____, 20__.

SONIDA SENIOR LIVING, INC.

By: ___________________________________
Brandon Ribar, President and CEO

ACKNOWLEDGMENT

The undersigned hereby acknowledges (i) my receipt of this Award and the Plan, (ii) my opportunity to discuss this Award with a representative of the Company, and my personal advisors, to the extent I deem necessary or appropriate, (iii) my understanding of the terms and provisions of this Award, and (iv) my understanding that, by my signature below, I am agreeing to be bound by all of the terms and provisions of this Award.

Without limitation, I agree to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under this Award or the Plan.

Dated as of this ________ day of _________________, 20__.

____
[[DIRECTOR NAME]], Director

FORM PERFORMANCE AWARD UNDER THE
SONIDA SENIOR LIVING, INC.
2019 OMNIBUS STOCK AND INCENTIVE PLAN

Effective as of **[•]** ("**Date of Grant**"), a **PERFORMANCE AWARD** ("**Award**") was granted by Sonida Senior Living, Inc. (the "**Company**") to **[NAME]** (the "**Holder**"). This Performance Award is in all respects subject to the terms, definitions and provisions, of the Company 2019 Omnibus Stock and Incentive Plan (the "**Plan**"), and all of which are incorporated herein by reference, except to the extent otherwise expressly provided in this Award.

1. **Performance Award.** The Company hereby sells, transfers, assigns and delivers to the Holder an aggregate of **[•]**Shares of the Company as of the Date of Grant ("**Target Award Restricted Shares**") subject to the Plan and to the terms and conditions set forth in this Award, including, without limitation, the Restrictions more specifically set forth in Section 4 below ("**Restrictions**"), and further subject to Holder's execution of this Award agreement.

2. Vesting of Target Award Restricted Shares.

(a) The Award shall be one hundred percent (100%) unvested as of the Date of Grant. Except as otherwise provided in the Plan and this Award, the Target Award Restricted Shares shall vest and become non-forfeitable (referred to hereafter as "**Vested Shares**") on the date that the performance results as described in Section (i), (ii), or (iii) of this Section 2(a) are satisfied at any time during the period that begins on the Date of Grant and ends on **[•]** (the "**Performance Period**"), provided that the Holder remains in continuous service with the Company or any of its Subsidiaries through the later of (i) the date on which the applicable performance results are satisfied, as applicable, or (ii) the first anniversary of the Date of Grant:

(i) If the volume weighted average price (the "**VWAP**") of a share of the Company's Common Stock exceeds $**[•]** per share for any ninety (90) calendar day trading period during the Performance Period, fifty percent (50%) of the Target Award Restricted Shares shall become vested as of the later of (A) the last trading day of such trading period or (B) the first anniversary of the Date of Grant;

(ii) If the VWAP of a share of the Company's Common Stock exceeds $**[•]** per share for any ninety (90) calendar day trading period during the Performance Period, seventy-five percent (75%) of the Target Award Restricted Shares shall become vested as of the later of (A) the last trading day of such trading period or (B) the first anniversary of the Date of Grant; and

(iii) If the VWAP of a share of the Company's Common Stock exceeds $**[•]** per share for any ninety (90) calendar day trading period during the Performance Period, one hundred percent (100%) of the Target Award Restricted Shares shall become vested as of the later of (A) the last trading day of such trading period or (B) the first anniversary of the Date of Grant.

(b) Except as otherwise provided in this Section 2, in the event that the Holder's continuous service is terminated by the Company or by the Holder for any reason, the Holder shall forfeit the unvested Award as of the Holder's termination date.

(c) In the event that the Holder's continuous service is terminated by the Company on or after the first anniversary of the Date of Grant due to the Holder's death or Disability (as defined in such Holder's employment agreement (or, if not defined therein, as defined in the Plan)), the unvested Award shall remain outstanding and a pro-rated portion thereof shall vest if the applicable VWAP target is satisfied during the

Performance Period. The pro-rata portion, determined separately for each VWAP target set forth in clauses (i), (ii) and (iii) of Section 2(a) (or is deemed to be satisfied as provided in Section 3), and shall be based on a fraction, the numerator of which is the number of days that have elapsed between the Date of Grant and the date of the Holder's termination and the denominator of which is the number of days that have elapsed between the date of grant and the date the applicable VWAP target is satisfied or, if applicable, is deemed satisfied as provided in Section 3.

3. **Change in Control or Take Private**.

(a) Change in Control or Private Transaction Before First Anniversary of Date of Grant. If, before the first anniversary of the Date of Grant, there occurs a Change in Control or an event which results in the Company's Common Stock no longer being readily tradeable on an established securities market ("**Private Transaction**"), the number of Target Award Restricted Shares that shall vest upon the first anniversary of the Date of Grant (subject to the Holder's continuous service with the Company or a Subsidiary through such date) (herein, the "**Earned CiC Target Award Restricted Shares**") shall be determined under Section 2 using the greater of (i) the highest VWAP of a share of the Company's Common Stock for any ninety (90) calendar day trading period during the portion of the Performance Period that began on the Date of Grant and ended on the date of (as applicable) the Change in Control or Private Transaction, and (ii) a deemed 90-trading-day VWAP equal to the highest price per Share paid to shareholders in the transaction. Notwithstanding anything in this Agreement to the contrary, if the Holder's continuous service with the Company or any of its Subsidiaries terminates in (x) an Involuntary Termination or (y) due to the Holder's death or Disability, in either case on or after the date of the Change in Control or Private Transaction (as applicable) and before the first anniversary of the Date of Grant, then the Holder will be vested in the Holder's Earned CiC Target Award Restricted Shares immediately upon such termination.

(b) Change in Control or Private Transaction on or After First Anniversary of Date of Grant. If, on or after the first anniversary of the Date of Grant, there occurs a Change in Control or a Private Transaction and, except as provided in Section 2(c), provided that the Holder remains in continuous service with the Company or any of its Subsidiaries on the date of the Change in Control or Private Transaction, the price per Share paid to shareholders in the transaction shall be deemed to be the VWAP of a Share and the provisions of Section 2 shall be applied based on such deemed VWAP to determine the extent to which, if any, the Target Award Restricted Shares shall vest.

4. **Restriction - Forfeiture of Target Award Restricted Shares.** The Target Award Restricted Shares are each subject to the restrictions ("**Restrictions**") that (i) all rights of Holder to any Target Award Restricted Shares which have not become Vested Shares shall, automatically and without notice, terminate and be permanently forfeited on the date Holder, for any reason, ceases to be in service with the Company or any of its Subsidiaries, except as otherwise stated herein; and (ii) all rights of Holder to the specified percentage of Target Award Restricted Shares which have not become Vested Shares because the performance results as defined in Section 2 or Section 3 have not been satisfied during the Performance Period shall, automatically and without notice, terminate and be permanently forfeited upon the expiration of the Performance Period or, if earlier, upon the occurrence of a Change in Control or a Private Transaction.

5. **Withholding.** As set forth in Section 14.3 of the Plan, the Company shall have the authority and the right to deduct or withhold, or to require the Holder to remit to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes required by law to be withheld with respect to any taxable event arising in connection with the Awarded Restricted Shares.

6. **Issuance of Shares.** During the Restricted Period (as defined in the Plan), the certificates representing the Target Award Restricted Shares, shall be registered in the Holder's name and bear a restrictive legend disclosing the Restrictions and the existence of this Award. Such certificates shall be deposited by the Holder with the Company, together with stock powers or other instruments of assignment, each endorsed in blank, which will permit the transfer to the Company of all or any portion of the Target Award Restricted Shares which shall be forfeited in accordance with the terms of this Award. The Company will retain custody of all related Restricted Share Distributions, which will be subject to the same Restrictions, terms, and conditions as their related Target Award Restricted Shares, until Holder is entitled to receive Vested Share certificates for the such Target Award Restricted Shares; and provided, further, that the Restricted Share Distributions which relate to Target Award Restricted Shares which are forfeited, shall be forfeited on the same date as such Target Award Restricted Shares are forfeited; and provided, further, that any Restricted Share Distributions shall not bear interest or be segregated into a separate account but shall remain a general asset of the Company, subject to the claims of the Company's creditors, until the conclusion of the applicable Restricted Period; and provided, finally, that on the date of any material breach of any terms of this Award, as reasonably determined by the Committee (as defined in the Plan), there shall be, automatically and without notice, an immediate forfeiture of all of both Target Award Restricted Shares and Restricted Share Distributions.

Target Award Restricted Shares shall constitute issued and outstanding Common Stock for all corporate purposes and, without limitation, Holder shall have all of the rights and privileges of an owner of the Target Award Restricted Shares (including voting rights) except that Holder shall not be entitled to delivery of the certificates evidencing any of the Target Award Restricted Shares, nor the related Restricted Share Distributions, unless and until they become Vested Shares.

7. **Administration of Award.** The determinations under, and the interpretations of, any provision of this Award by the Committee shall, in all cases, be in its sole discretion, and shall be final and conclusive.

8. **No Transfers Permitted.** Without limitation, the rights under this Award are not transferable.

9. **Section 83(b) Election.** Holder may elect under Section 83(b) of the Code to include in his or her gross income, for his or her taxable year in which the Target Award Restricted Shares are transferred to such Holder under this Award, the excess of the fair market value (determined without regard to any Restriction other than one which by its terms will never lapse), of such Target Award Restricted Shares at the Date of Grant, over the amount (if any) paid for the Target Award Restricted Shares. If the Holder makes the Section 83(b) election described above, the Holder shall (i) make such election in a manner that is satisfactory to the Committee, (ii) provide the Committee with a copy of such election, (iii) agree to promptly notify the Company if any Internal Revenue Service or state tax agent, on audit or otherwise, questions the validity or correctness of such election or of the amount of income reportable on account of such election, and (iv) agree to pay the minimum withholding taxes required to be made by the Company.

10. **Interpretation.**

(a) If any provision of this Award is held invalid for any reason, such holding shall not affect the remaining provisions hereof, but instead the Award shall be construed and enforced as if such provision had never been included in the Award.

(b) **THIS AWARD SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS.**

(c) Headings contained in this Award are for convenience only and shall in no manner be construed as part of this Award.

(d) Any reference to the masculine, feminine, or neuter gender shall be a reference to such other gender as is appropriate.

SONIDA SENIOR LIVING, INC.

By:__ Name:
Title:

Assignment Separate From Certificate

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto Sonida Senior Living, Inc. the Target Award Restricted Shares subject to this Award, standing in the undersigned's name on the books of said Sonida Senior Living, Inc., represented by a Stock Certificate herewith and do hereby irrevocably constitute and appoint the corporate secretary of Sonida Senior Living, Inc. as attorney to transfer the said stock on the books of Sonida Senior Living, Inc. with full power of substitution in the premises.

Dated __

____
[•], Holder

ACKNOWLEDGMENT

The undersigned hereby acknowledges (i) my receipt of this Award and the Plan, (ii) my opportunity to discuss this Award with a representative of the Company, and my personal advisors, to the extent I deem necessary or appropriate, (iii) my understanding of the terms and provisions of this Award, and (iv) my understanding that, by my signature below, I am agreeing to be bound by all of the terms and provisions of this Award.

Without limitation, I agree to accept as binding, conclusive and final all decisions or interpretations of the Committee (as defined in the Plan) upon any questions arising under this Award or the Plan.

Dated __

____
[•], Holder

SONIDA SENIOR LIVING, INC.

Policy on Insider Trading

In October 1997, Capital Senior Living Corporation (the "Company") began trading shares of Common Stock on the New York Stock Exchange under the symbol CSU. On November 15, 2021, Capital Senior Living Corporation changed its name to Sonida Senior Living, Inc., whose ticker symbol is SNDA. Because the Company is a public company, employees, officers, directors and consultants of the Company and its subsidiaries have responsibilities under federal securities laws regarding trading the Company's stock and the disclosure of material information about the Company that is not known by the public. It is unlawful to buy or sell securities while in possession of material, non-public information concerning the Company or concerning another company where the information was obtained through Company sources. It also is unlawful to pass such information to others who then trade in the Company's stock. The Securities and Exchange Commission (SEC) aggressively prosecutes persons who trade on "inside" information, as it sometimes is called. In addition, the disclosure of material, non-public information by a person acting on behalf of the Company can result in a violation of SEC Regulation FD.

THE CONSEQUENCES

The consequences of insider trading violations can be severe. For individuals who trade on inside information (or tip information to others), the following may be imposed:

- a civil penalty of up to three times the profit gained or loss avoided;
- a criminal fine (no matter how small the profit) of up to $5 million; and
- a jail term of up to 20 years.

For a company (as well as possibly any supervisory person) that fails to take appropriate steps to prevent illegal trading, the following may be imposed:

- a civil penalty of the greater of $1 million or three times the profit gained or loss avoided as a result of the employee's violation; and
- a criminal penalty for entities of up to $25 million.

It is also important to note that insider trading offenses can implicate broader criminal charges such as mail or wire fraud.

If an employee violates the Company's insider trading policy, sanctions imposed by the Company, including dismissal for cause, could result from failing to comply with the Company's policy or procedures.

Violations of SEC Regulation FD can result in civil sanctions (including cease and desist order and monetary fines) against both the violating individual as well as the Company itself.

THE COMPANY'S POLICY

If an employee, consultant, director or officer of the Company or its subsidiaries has material, non-public information relating to the Company, it is the Company's policy that neither that person nor any related person may buy or sell stock of the Company or engage in any other action to take advantage of, or pass on to others, that information. This policy also applies to information relating to any other company, including without limitation our customers, suppliers, landlords, or joint venture partners obtained in the course of service as a director, officer, employee or consultant of the Company. **Unless clearly demonstrated otherwise, you should presume that information is material and that it has not been disclosed to the public.**

The Company has adopted as corporate policy that only the Chief Executive Officer, Chief Financial Officer or other persons specifically designated by them are authorized to speak to the financial community regarding the Company's financial condition, results of operations or strategic or other business matters. In addition, disclosure of material, non-public information concerning the Company by anyone acting on its behalf (which will generally include directors, officers and employees) can result in a violation of Regulation FD promulgated by the Securities and Exchange Commission. Violations of that Regulation can result in sanctions against the disclosing party as well as the Company itself.

Transactions and disclosures that may be necessary or justifiable for independent or personal reasons are not exceptions. **Even the appearance of an improper transaction or disclosure must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.** If you have any questions about the Company's policy, you should contact the General Counsel of the Company to assist in interpreting these standards.

Material Information. In general, information is "material" if its disclosure to the public could affect an investor's decisions to purchase or sell the Company's stock. **In short, any information that reasonably could be expected to affect the price of the stock is material. <u>However, other circumstances may exist (particularly under SEC Regulation FD) where the price of the Company's securities is irrelevant as to whether the information in question is material.</u>**

Information, whether positive or negative, relating to the following topics often is deemed to be material. Such information includes, but is not limited to:

- projections of future earnings or losses, or other earnings guidance;
- changes in previously disclosed financial information or earnings guidance;
- news of a pending or proposed joint venture, merger, acquisition, divestiture or tender offer;
- news of a significant purchase or sale of assets or of a potential purchase or sale;
- the disposition of a subsidiary;
- changes in dividend policies;
- the proposed offering or issuance of new securities;
- recapitalizations;
- issuer tender offers;
- changes in management, including board changes;
- significant changes in operations;

- substantial changes in accounting methods;
- labor disputes, including strikes or lock-outs;
- significant increases or declines in backlog orders or the award of a significant contract;
- the gain or loss of or disputes with a substantial customer or supplier;
- significant new products, services or discoveries;
- extraordinary borrowings;
- major litigation;
- criminal indictments or government investigations;
- financial liquidity problems;
- write-downs or write-offs of assets; and
- additions to reserves for bad debt or contingent liabilities.

Please note that these are only examples. Any other information, positive or negative, that could reasonably affect the price of stock also is material.

If your stock transactions become the subject of an investigation, they will be viewed after-the-fact with the benefit of hindsight. Thus, before engaging in any transaction, you should carefully consider how the SEC and others might view your transaction in hindsight.

When Information is Public. In order for information to qualify as inside information, it must not only be material, it also must be "non-public." Non-public information is information that generally has not been made available to investors. Information received under circumstances where it is not yet in general circulation or where the recipient knows or should know that only an insider could have provided the information also is deemed non-public information.

Once material, non-public information has been released to the investing public, it loses its status as inside information. However, for non-public information to become public information, it must be disseminated through recognized channels of distribution designed to reach the securities marketplace with sufficient time to be assessed by the marketplace in general rather than a particular segment of the market.

Material, non-public information is not made public by selective dissemination. Material, non-public information improperly disclosed only to a particular institutional investor or group of investors or to a particular analyst or group of analysts is a violation of this policy as well as the SEC Regulation FD. Such disclosures can also result in a violation of the SEC's insider trading rules. Similarly, partial disclosure does not constitute public dissemination. When any material component of the inside information possessed by the Company or an affiliate has yet to be publicly disclosed, the information is deemed non-public and may not be misused.

To show that material information is public, you should be able to point to some fact that verifies the information has become generally available from the Company itself. For example, disclosure must have been made by the Company via a national business and financial wire service (BusinessWire, PR Newswire or Dow Jones), a national news service (Reuters, Associated Press or United Press International), a national newspaper of record (the *Wall Street Journal* or the *New York Times*), or a publicly disseminated Company disclosure document (Form 8-K, Form 10-Q, Form 10-K, proxy statement or prospectus). The circulation of rumors or talk on the street, even if accurate, widespread and reported in the media, does not constitute the requisite public disclosure by the Company.

It is improper for an employee, consultant, director or officer, or their spouses or immediate family members, to enter a trade immediately after the Company has made a public announcement of material information, including earnings releases. Because the Company's shareholders and the investing public should be given time to receive the information and act upon it, as a general rule you should not buy or sell any Company stock until after the first business (trading) day following the release of the material information. Thus, if an announcement is made on a Monday, you should not trade before Wednesday. If an announcement is made on a Friday, you should not trade before Tuesday.

HEDGING TRANSACTIONS

Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such hedging transactions may permit a director, officer or employee to continue to own securities of the Company obtained through the Company's incentive plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the director, officer or employee may no longer have the same objectives as the Company's other stockholders. Therefore, directors, officers and employees are prohibited from engaging in any such transactions.

MARGIN ACCOUNTS AND PLEDGING COMPANY SECURITIES

Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledger is aware of material nonpublic information or otherwise is not permitted to trade in the Company's securities, directors, officers, and other employees are prohibited from holding securities of the Company in a margin account and also are prohibited from pledging securities of the Company as collateral for a loan unless such pledging has been disclosed to the Board and pre-approved by the Board.

TRANSACTIONS UNDER COMPANY PLANS

This policy does not apply in the case of the following transactions, except as specifically noted:

<u>Stock Option Exercises</u>. This policy does not apply to the exercise of an employee stock option acquired pursuant to the Company's incentive plans. This policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

<u>Restricted Stock Awards</u>. This policy does not apply to the vesting of restricted stock. This policy does apply, however, to any market sale of restricted stock.

RULE 10B5-1 TRADING PLANS

Notwithstanding anything else contained in the Company's Policy on Insider Trading, officers and directors shall be entitled to execute transactions in accordance with a trading plan that is adopted in accordance with Rule 10b5-1 promulgated by the Securities and Exchange Commission. As a general rule, such plans cannot be established during the pendency of a Company blackout period or at any other time during which the party establishing the plan is in possession of material, non-public information concerning the Company.

POST TERMINATION TRANSACTIONS

This policy continues to apply to transactions in Company stock even after termination of employment to the Company. If an individual is in possession of material nonpublic information when his or her employment terminates, that individual may not trade in Company stock until that information has become public or is no longer material. The preclearance procedures specified in Rule 1 below, however, will cease to apply to transactions in Company stock upon the expiration of any blackout period or other Company-imposed trading restrictions applicable at the time of the termination of employment.

RULES OF TRADING

Following are certain rules prohibiting the misuse of inside information. No Company employee, consultant, director or officer may violate these rules or authorize or allow any violation of these rules. Any Company employee, consultant, director or officer who knows or has reason to suspect that these rules have or may be violated shall bring such actual or potential violation to the immediate attention of the Company's General Counsel and may not be retaliated against for disclosing such actual or potential violations.

Rule 1. All transactions in Company stock (purchases, sales, transfers, etc.) by directors and officers, as well as their spouses and members of their immediate family residing with such director or officer, must be pre-approved. If an officer or director is considering entering into a transaction involving the Company's stock, such officer or director should contact the Chief Executive Officer or the General Counsel in advance. This requirement does apply to stock option exercises as well as market sales of stock received by stock option exercises, market sales of restricted stock, open market purchases of sales and trades for accounts where a director or officer or a related entity has discretionary authority.

Rule 2. No purchases or sales of Company stock will be permitted by Company directors or officers or any other employee in or outside of the Company's Dallas corporate who may have access to current non-public financial information about the Company for a period beginning 20 days before the scheduled date of an earnings release and ending following the first trading day after an earnings release. No purchase and sale of Company stock will be permitted during any other blackout period established by the Company by those persons to whom such blackout applies.

Rule 3. Under SEC Rule 16(b), sales and purchases, or purchases and sales, of Company shares during any six-month period can result in "short-swing profit" liability to any buying or selling directors and officers of the Company. As a result, under this policy, the shares you purchase must be held for a minimum of six months and a day before those shares or any other shares of the Company can be sold. Likewise, you cannot have a purchase of shares of Company stock within six months after a prior sale of Company stock. [Note: Section 16(b) liability can attach even if no actual economic profit is realized.]

Rule 4. No employee, consultant, director or officer of the Company, while in possession of inside information relevant to a security, shall purchase, sell, recommend or direct the purchase or sale of that security for himself/herself, his/her friends or family, the Company, any affiliate or any third party including any account over which he/she or a related entity has investment authority.

For example, in the course of a meeting, you learn that the Company's management is considering a major acquisition. Upon leaving the meeting, you direct your broker, or tip a friend, family member or business relationship, to buy the targeted company's or the Company's stock even though the proposed buy-out has not been publicly disclosed. By doing so, you have exposed yourself and the Company to very substantial liability, since you directed the trading of securities in an account over which you had investment discretion while in possession of inside information relating to those securities.

Rule 5. No employee, consultant, director or officer of the Company shall utilize or take advantage of inside information to purchase or sell or recommend or direct the purchase or sale of a security for his/her own account or for any account over which he/she has a direct or indirect beneficial interest, including an account held by or for any family member, e.g., custodial account for a minor child, or for any other account over which he/she has discretionary investment authority or power of attorney, e.g., a spouse's account or elderly parent's account or an account for which he/she or a related entity serves as an investment advisor.

For example, in the course of your Company duties, you learn that the Company is having financial problems. While there has been occasional speculation about these problems in the media and a Dallas Morning News *columnist recently suggested that readers sell the Company's securities, the specific inside information known by you because of your relationship with the Company has not been publicly disclosed. You sell the Company stock held by the family foundation and your spouse's individual retirement account and you retain the* Dallas Morning News *column in case there is any question as to what motivated the sales. Once you possess inside information, you are foreclosed from trading securities affected by that information, as well as tipping that information to friends, family members or business relationships. Rumors and talk on the street, even if accurate, do not release you from that obligation.*

Moreover, the fact that a columnist advised readers to sell the Company's securities is immaterial, since you will be deemed to have traded on the inside information you possessed and not on the columnist's advice.

Rule 6. No employee, consultant, director or officer of the Company shall disclose inside information to any person unless such disclosure is both authorized by the Company under its stated policies and necessary to effectively carry out the project or transaction for which the Company has been approached or engaged.

For example, in your capacity as a Company actuary, you learn that XYZ Firm has advised the Company in confidence that it seeks to terminate its overfunded pension plan and use the excess *funds to immediately repurchase 20 percent of its outstanding shares. Though you are made privy to this information solely because you are charged with calculating the Company's bid on XYZ Firm's vested pension obligations, you improperly disclose this inside information to an employee of an affiliated mutual fund who, trading on the information, realizes a net profit of $10 million for the fund's shareholders. Though the fund's shareholders have profited from the transaction, they do not incur any liability. By contrast, you (the tipper) and the individual who improperly traded on the inside information would be jointly and severally liable for three times the profit gained or loss avoided, or $30 million in civil sanctions alone. Additionally, depending on the adequacy of the relevant supervisory procedures, the corporate investment adviser, the Company, and the personnel of both could face substantial, additional sanctions.*

Rule 7. No employee, consultant, director or officer of the Company shall engage in "tipping" or solicit or recommend, whether formally, informally, orally or in writing, the purchase or sale of any security based on inside information relevant to that security.

For example, you are a petroleum industry analyst and you're playing golf with the CEO of one of the corporations you follow. After a particularly poor round, the CEO turns to you and notes, "My golf was terrible. Luckily, I'm a much better geologist. Last night, the Bayou well came in. Tests show it is guaranteed to quadruple our reserves. It'll be on the broad tape late tomorrow." Upon returning to the office, you immediately prepare a research report recommending purchase of the shares of the CEO's oil concern. While there may not have been any implied expectation of confidentiality, the CEO disclosed the information either as a gift to you or to enhance his reputation in your eyes. Accordingly, you have inside information that cannot be the basis of a recommendation.

Rule 8. No employee, consultant, director or officer of the Company shall misappropriate confidential information held by the Company in connection with the purchase or sale of securities.

For example, you learn in your capacity as a Company attorney that the Company has been cooperating with the Justice Department regarding certain antitrust violations engaged in by a competitor and that an indictment of the competitor and its management is imminent. You buy the competitor's October put options. While you have no confidential commercial relationship with the competitor, you nevertheless incur liability because you have misappropriated confidential information possessed by the Company for your own use.

Rule 9. The foregoing prohibitions apply not only to all securities directly affected by the inside information, including any options related to those securities, such as puts, calls or index securities, but also to any other securities including debt securities that may be reasonably expected to be indirectly affected by the public disclosure of the inside information.

Rule 10. No employee, consultant, director or officer of the Company shall make purchases of Company stock on margin or engage in short sales.

Rule 11. No employee, consultant, director or officer of the Company shall engage in the purchase or sale of puts, calls or index securities that violate any of the foregoing rules.

For example, the prohibition against the misuse of inside information reaches all types of securities (whether stock or other equity interests, corporate debt, government or municipal obligations, or commercial paper), as well as any option related to that security (such as a put, call or index security).

Rule 12. The very same restrictions that apply to employees, consultants, directors and officers apply to their family members and any others living in their household. Family members include spouses, children, stepchildren, grandchildren, parents, grandparents, siblings, and in-laws as well as all persons (whether or not related to the employee, consultant, director or officer) who are financially dependent on the employee, consultant, director or officer, or whose investments are controlled by the employee, consultant, director or officer. Employees are expected to be responsible for seeing that members of their immediate family and personal household comply with these restrictions. In addition, these restrictions apply to any entities influenced or controlled by employees, consultant, directors and officers, including any corporations, partnerships or trusts (collectively referred to as "Controlled Entities"), and transactions by these Controlled Entities should be treated as if they were for such employee's, consultant's, director's and officer's own account.

Rule 13. When information about the Company is proprietary or could have an impact on the Company's stock price, employees, consultants, directors and officers must not pass the information on to others. The aforementioned penalties apply, whether or not you get any benefit from another's actions.

For example, the SEC has imposed penalties on a tipper even though he did not profit from his tippee's trading.

To reduce the chances of inadvertent tipping of inside information, any nonpublic information that might be considered should not be discussed with any person outside the Company. In addition, employees, consultants, directors and officers should avoid recommending to any person the purchase or sale of the Company's stock.

Caution must especially be used when receiving inquiries from securities analysts, investors, prospective investors, companies in the same business as the Company and members of the press. All such inquiries should be referred to the Company's General Counsel, at 972/770-5600. As noted elsewhere herein, the Company has adopted Corporate Governance Guidelines that specify that only certain authorized persons in management should speak to the financial community regarding the Company's financial condition, results of operations or strategic or other business matters. Disclosure of material, non-public information concerning the Company by anyone acting on its behalf (which will generally include directors, officers and employees) can result in a violation of Regulation FD promulgated by the Securities and Exchange Commission. Violations of that Regulation can result in sanctions against the disclosing party as well as the Company itself.

Rule 14. Any person who has any questions about specific transactions may obtain additional guidance from the Company's General Counsel, at 972/770-5600. However, please remember that the ultimate responsibility for adhering to this Policy and avoiding improper transactions rests with the employee, consultant, director or officer.

Exhibit 21.1

Sonida Senior Living, Inc.
SUBSIDIARIES

Name	Jurisdiction of Organization	Percentage Ownership
Capital Senior Living, Inc.	Texas	100 %
Capital Senior Development, Inc.	Texas	100 %
Capital Senior Management 1, Inc.	Texas	100 %
Capital Senior Management 2, Inc.	Texas	100 %
Capital Senior Management AC, Inc.	Delaware	100 %
Capital Senior Peoria, LLC	Delaware	100 %
Capital Senior Living Properties, Inc.	Texas	100 %
Capital Senior Living Properties 2, Inc.	Texas	100 %
Capital Senior Living Properties 2 - Gramercy, Inc.	Delaware	100 %
Capital Senior Living Properties 2 – NHPT, Inc.	Delaware	100 %
Capital Senior Living Properties 3, Inc.	Delaware	100 %
Capital Senior Living Properties 4, Inc.	Delaware	100 %
Capital Senior Living Properties 5, Inc.	Delaware	100 %
Capital Senior Living Properties 6, Inc.	Delaware	100 %
Capital Senior Living A, Inc.	Delaware	100 %
Capital Senior Living, ILM-A, Inc.	Delaware	100 %
Capital Senior Living P-B, Inc.	Delaware	100 %
Capital Senior Living ILM-B, Inc.	Delaware	100 %
Capital Senior Living P-C, Inc.	Delaware	100 %
Capital Senior Living ILM-C, Inc.	Delaware	100 %
Sonida Acquisition, LLC (formerly Capital Senior Living Acquisition, LLC)	Delaware	100 %
CGI Management, Inc.	Delaware	100 %
Quality Home Care, Inc.	Indiana	100 %
Triad Senior Living I, L.P.	Texas	100 %
Triad Senior Living II, L.P.	Texas	100 %
Triad Senior Living III, L.P.	Texas	100 %
Triad Senior Living IV, L.P.	Texas	100 %
Triad Senior Living V, L.P.	Texas	100 %
Waterford Senior Living, Inc.	Texas	100 %
Capital Senior Management S, Inc.	Texas	100 %
CSL CE Arlington, LLC	Delaware	100 %
CSL CE College Station, LLC	Delaware	100 %
CSL CE Conroe, LLC	Delaware	100 %
CSL CE Corpus, LLC	Delaware	100 %
CSL CE Stephenville, LLC	Delaware	100 %
CSL Management V-ARK, LLC	Delaware	100 %
CSL RE Corpus, LLC	Delaware	100 %

Exhibit 21.1

Name	Jurisdiction of Organization	Percentage Ownership
CSL Amberleigh, Inc.	Virginia	100 %
CSL Aspen Grove, LLC	Delaware	100 %
CSL Aspen Grove Management, LLC	Delaware	100 %
CSL Autumn Glen, LLC	Delaware	100 %
CSL Autumn Glen Management, LLC	Delaware	100 %
CSL Batesville, LLC	Delaware	100 %
CSL Batesville Management, LLC	Delaware	100 %
CSL Baytown, LLC	Delaware	100 %
CSL Carpenter’s Creek FL, LLC	Delaware	100 %
CSL Chardon, LLC	Delaware	100 %
CSL Cincinnati, LLC	Delaware	100 %
CSL Colby, LLC	Delaware	100 %
CSL Columbus, LLC	Delaware	100 %
CSL Cottonwood, LLC	Delaware	100 %
CSL Creekside FL, LLC	Delaware	100 %
CSL Elkhorn, LLC	Delaware	100 %
CSL Elkhorn Management, LLC	Delaware	100 %
CSL Fitchburg, LLC	Delaware	100 %
CSL Fitchburg Management, LLC	Delaware	100 %
CSL Georgetowne, LLC	Delaware	100 %
CSL Granbury, LLC	Delaware	100 %
CSL Green Bay, LLC	Delaware	100 %
CSL Green Bay Management, LLC	Delaware	100 %
CSL Greenbriar, LLC	Delaware	100 %
CSL Hamilton, LLC	Delaware	100 %
CSL Harrison, LLC	Delaware	100 %
CSL Hartford, LLC	Delaware	100 %
CSL Heritage, LLC	Delaware	100 %
CSL Heritage AL, Inc.	Virginia	100 %
CSL Heritage Management, LLC	Delaware	100 %
CSL Keystone Woods, LLC	Delaware	100 %
CSL Kingwood, LLC	Delaware	100 %
CSL Laurelhurst NC, LLC	Delaware	100 %
CSL LeaseCo, Inc.	Delaware	100 %
CSL Levis Commons, LLC	Delaware	100 %
CSL Marion, LLC	Delaware	100 %
CSL Miami, LLC	Delaware	100 %
CSL North Pointe SC, LLC	Delaware	100 %
CSL Ohio JV, LLC	Delaware	100 %
CSL Park Falls, LLC	Delaware	100 %

Exhibit 21.1

Name	Jurisdiction of Organization	Percentage Ownership
CSL Plymouth, LLC	Delaware	100 %
CSL Plymouth Management, LLC	Delaware	100 %
CSL Remington, LLC	Delaware	100 %
CSL Riverbend IN, LLC	Delaware	100 %
CSL Rose Arbor, LLC	Delaware	100 %
CSL Shaker Heights, LLC	Delaware	100 %
CSL Springfield MA, LLC	Delaware	100 %
CSL Summit Place SC, LLC	Delaware	100 %
CSL Summit Point, LLC	Delaware	100 %
CSL Vintage, LLC	Delaware	100 %
CSL Vintage Land, LLC	Delaware	100 %
CSL Vintage Management, LLC	Delaware	100 %
CSL Virginia Beach, LLC	Delaware	100 %
CSL West Bend, LLC	Delaware	100 %
CSL Whispering Pines, LLC	Delaware	100 %
CSL White River, LLC	Delaware	100 %
CSL Wisconsin Rapids, LLC	Delaware	100 %
CSL Woodlands Management, LLC	Delaware	100 %
CSL Wynnfield Crossing, LLC	Delaware	100 %
Sonida Airy Hills LLC	Delaware	100 %
Sonida Bluffton, LLC	Delaware	100 %
Sonida Brownsburg IN, LLC	Delaware	100 %
Sonida Charleston, LLC	Delaware	100 %
Sonida Florence, LLC	Delaware	100 %
Sonida Jacksonville LLC	Delaware	100 %
Sonida Lawrenceville LLC	Delaware	100 %
Sonida Macedonia, LLC	Delaware	100 %
Sonida Oviedo, LLC	Delaware	100 %
Sonida Peachtree Corners, LLC	Delaware	100 %
Sonida Plainfield IN, LLC	Delaware	100 %
Sonida Port Orange, LLC	Delaware	100 %
Sonida St. Augustine, LLC	Delaware	100 %
Sonida St. Cloud, LLC	Delaware	100 %
SSL - PAL JV Management, LLC	Delaware	100 %
SSL Texas JV, LLC	Delaware	100 %
SSL Georgia JV, LLC	Delaware	100 %
PAL-SSL Decatur JV, LLC	Delaware	51 %
PAL-SSL Seniors-III Portfolio JV, LLC	Delaware	51 %
PAL-SSL TRS, LLC	Delaware	51 %
PAL Round Rock Owner GP, LLC	Delaware	51 %

Exhibit 21.1

Name	Jurisdiction of Organization	Percentage Ownership
PAL Round Rock Owner, LP	Delaware	51 %
PAL Round Rock TRS, LLC	Delaware	51 %
PAL Shavano Park Owner GP, LLC	Delaware	51 %
PAL Shavano Park Owner, LP	Delaware	51 %
PAL Shavano Park TRS, LLC	Delaware	51 %
PAL SL Decatur, LLC	Delaware	51 %
PAL Westover Hills Owner GP, LLC	Delaware	51 %
PAL Westover Hills Owner, LP	Delaware	51 %
PAL Westover Hills TRS, LLC	Delaware	51 %

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-271545, 333-273716, 333-280906, and 333-282375) and Form S-8 (Nos. 333-143403, 333-204351, 333-229160, 333-231622, 333-233692, 333-260846, 333-272869, and 333-280619) of Sonida Senior Living, Inc. (the Company) of our reports dated March 17, 2025, relating to the consolidated financial statements, and the effectiveness of the Company's internal control over financial reporting, which appear in this Annual Report on Form 10-K. Our report on the effectiveness of internal control over financial reporting expresses an adverse opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2024.

/s/ BDO USA, P.C.
Dallas, Texas

March 17, 2025

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-3 No. 333-271545) of Sonida Senior Living, Inc.,

(2) Registration Statement (Form S-8 No. 333-143403, and Form S-8 No. 333-204351) pertaining to the 2007 Omnibus Stock and Incentive Plan for Sonida Senior Living, Inc.,

(3) Registration Statement (Form S-8 No. 333-229160) pertaining to employment inducement awards outside of a plan,

(4) Registration Statement (Form S-8 No. 333-231622, Form S-8 No. 333-260846, Form S-8 No. 333-272869 and Form S-8 No. 333-280619) pertaining to the 2019 Omnibus Stock and Incentive Plan for Sonida Senior Living, Inc.,

(5) Registration Statement (Form S-3 and Form S-3/A No. 333-273716) pertaining to the offer and resale of certain securities by certain stockholders of Sonida Senior Living, Inc., and

(6) Registration Statement (Form S-8 No. 333-233692) pertaining to employment inducement awards outside of a plan;

(7) Registration Statement (Form S-3 No. 333-280906) of Sonida Senior Living, Inc., and

(8) Registration Statement (Form S-3 No. 333-282375) pertaining to the offer and resale of certain securities by certain stockholders of Sonida Senior Living, Inc.;

of our report dated March 27, 2024, relating to the consolidated financial statements of Sonida Senior Living, Inc. appearing in the Annual Report on Form 10-K of Sonida Senior Living, Inc. for the year ended December 31, 2024.

/s/ RSM US LLP
Dallas, Texas
March 17, 2025

EXHIBIT 31.1

SONIDA SENIOR LIVING CORPORATION

CERTIFICATIONS

I, Brandon M. Ribar, certify that:

1. I have reviewed this annual report on Form 10-K of Sonida Senior Living Corporation ("Registrant");

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(s) 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 we 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 controls 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 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(s) 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 function):

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.

/s/ BRANDON M. RIBAR

Brandon M. Ribar
President and Chief Executive Officer
(Principal Executive Officer)
March 17, 2025

EXHIBIT 31.2

SONIDA SENIOR LIVING CORPORATION

CERTIFICATIONS

I, Kevin J. Detz, certify that:

1. I have reviewed this annual report on Form 10-K of Sonida Senior Living Corporation ("Registrant");

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(s) 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 we 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 controls 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 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(s) 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 function):

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.

/s/ KEVIN J. DETZ

Kevin J. Detz
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
March 17, 2025

EXHIBIT 32.1

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the filing of the Annual Report of Sonida Senior Living Corporation (the "Company") on Form 10-K for the twelve months ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brandon M. Ribar, Chief Executive Officer of the Company, 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, as amended, and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ BRANDON M. RIBAR

Brandon M. Ribar
President and Chief Executive Officer
(Principal Executive Officer)
March 17, 2025

EXHIBIT 32.2

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the filing of the Annual Report of Sonida Senior Living Corporation (the “Company”) on Form 10-K for the twelve months ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Kevin J. Detz, Chief Executive Officer of the Company, 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, as amended, and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ KEVIN J. DETZ

Kevin J. Detz
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
March 17, 2025

Sonida Senior Living, Inc.

Supplemental Compensation Recovery Policy

1. **Purpose**. Sonida Senior Living, Inc. (the "*Company*") is committed to doing business ethically and in compliance with the law and maintaining a strong culture of integrity. The purpose of this Policy is to set forth the procedures established by the Company's Board of Directors (the "*Board*") for (a) the recoupment of Erroneously Awarded Compensation received by a Covered Employee in connection with an Accounting Restatement or a Reporting Error (each as defined below) and (b) the recoupment of certain compensation in the event of Misconduct (as defined below) by a Covered Employee. This Policy supplements the Sonida Senior Living, Inc. Compensation Recovery Policy dated effective December 1, 2023 (the "*Mandatory Recovery Policy*").

2. **Administration**. This Policy shall be administered by the Committee. Any determinations made by the Committee shall be final and binding on all affected individuals.

3. **Definitions**. For purposes of this Policy, the following capitalized terms shall have the meanings set forth below.

(a) "*Accounting Restatement*" shall mean, with respect to any financial reporting period that begins on or after April 1, 2024, an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement (i) to correct an error in previously issued financial restatements that is material to the previously issued financial statements (a "Big R" restatement), or (ii) that corrects an error that is not material to previously issued financial statements, but would result in a material misstatement if the error were not corrected in the current period or left uncorrected in the current period (a "little r" restatement).

(b) For purposes of this Policy, an Accounting Restatement shall not be deemed to occur in the event of a revision of the Company's financial statements due to an out-of-period adjustment or a retrospective: (i) application of a change in accounting principles; (ii) revision to reportable segment information due to a change in the structure of the Company's internal organization, (iii) reclassification due to a discontinued operation; (iv) application of a change in reporting entity, such as from a reorganization of entities under common control; or (v) revision for stock splits, reverse stock splits, stock dividends, or other changes in capital structure.

(c) "*Board*" shall mean the Board of Directors of the Company.

(d) "*Clawback Period*" shall mean: (i) with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the Restatement Date and any transition period (that results from a change in the Company's fiscal year) of less than nine months within or immediately following those three completed fiscal years; (ii) with respect to any Reporting Error, the three (3) completed fiscal years of the Company immediately preceding the date the Company discovers the Reporting Error; and (iii) with respect to a Covered Individual's Misconduct, the sixty (60) month period that begins thirty-six (36) months immediately preceding the date on which such Misconduct occurs, provided that, for purposes of this clause (iii), if such Misconduct occurs after the Covered Individual's termination of employment with the Company Group, the Clawback Period will be the sixty (60) month period that begins thirty-six (36) months immediately preceding the date on which the Covered Individual ceased to be employed by the Company Group.

(e) "*Committee*" shall mean the Compensation Committee of the Board.

(f) "*Company*" shall mean Sonida Senior Living, Inc., a Delaware corporation.

(g) "*Company Group*" shall mean the Company, together with each of its direct and indirect subsidiaries.

(h) "*Covered Compensation*" shall mean any annual incentive compensation, performance-based long-term cash incentive compensation, performance-based equity compensation, time-based cash retention awards, time-based equity compensation and/or cash severance payments, in each case Received by a Covered Individual (i) on or after the Effective Date, (ii) after beginning service as an Covered Individual, and (iii) during the applicable Clawback Period.

(i) "*Covered Individuals*" shall mean, collectively, (i) any employee of any member of the Company Group who receives an award under the Stock Incentive Plan, and (ii) any employee of any member of the Company Group listed on, or whose title is listed on, Appendix A hereto, in each case regardless of whether such employee ceases to be employed by any member of the Company Group after the Effective Date.

(j) "*Effective Date*" shall mean April 5, 2024.

(k) "*Erroneously Awarded Compensation*" shall mean, with respect to each Covered Individual in connection with an Accounting Restatement or Reporting Error, the amount of Incentive-based Compensation received by the Covered Individual during the applicable Clawback Period that exceeds the amount of Incentive-based Compensation that otherwise would have been Received by the Covered Individual during such Clawback Period had it been determined based on the corrected amount(s), computed without regard to any taxes paid.

(l) "*Financial Reporting Measures*" shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and all other measures that are derived wholly or in part from such measures. Stock price and total shareholder return (and any measures that are derived wholly or in part from stock price or total shareholder return) shall for purposes of this Policy be considered Financial Reporting Measures. For the avoidance of doubt, a Financial Reporting Measure need not be presented in the Company's financial statements or included in a filing with the SEC.

(m) "*Incentive-based Compensation*" shall mean any Covered Compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure or Objective Non-Financial Performance Measure.

(n) "*Misconduct*" shall mean a Covered Individual's: (i) willful and material breach of the Company's code of conduct/code of ethics, insider trading or other related internal policies; (ii) material breach of any restrictive covenant (*e.g.*, non-competition, non-solicitation, confidentiality provision, non-disparagement); (iii) gross or willful failure to substantially perform reasonably assigned duties; (iv) conviction of or plea of nolo contendere to (A) a felony or (B) any misdemeanor involving moral turpitude, deceit, dishonesty or fraud in the performance of the Covered Individual's duties on behalf of the Company Group or that causes demonstrable harm to the business or reputation of any member of the Company Group; or (v) commission of any act of fraud, misappropriation, or embezzlement against any member of the Company Group.

(o) "*Objective Non-Financial Performance Measure*" shall mean any objective performance measure that is not a Financial Reporting Measure, which shall include, but shall not be limited to, number of senior communities, number of residents, rate optimization, occupancy rate, reputation score, resident satisfaction score and employee engagement score.

(p) "*Policy*" shall mean this Compensation Recovery Policy, as the same may be amended and/or restated from time to time.

(q) "*Received*" shall mean:

(i) With respect to Incentive-based Compensation, the actual or deemed receipt of such Incentive-based Compensation, and Incentive-based Compensation shall be deemed received in the Company's fiscal period during which the Financial Reporting Measure or Objective Non-Financial Performance Measures, as applicable, specified in the Incentive-based Compensation award is attained, even if payment or grant of the Incentive-based Compensation occurs after the end of that period;

(ii) With respect to Covered Compensation that is subject solely to a service-based vesting or payment condition, the actual or deemed receipt of such Covered Compensation, and such Covered Compensation shall be deemed received in the Company's fiscal period during which the service-based vesting or payment condition is satisfied, event if the payment or grant of such Covered Compensation occurs after the end of that period;

(iii) With respect to any Covered Compensation that is in the nature of severance pay or benefits, the actual receipt of such severance pay or benefits.

(r) "*Reporting Error*" shall mean an error in the calculation or determination of any Financial Reporting Measure or Objective Non-Financial Measure used to determine the amount or timing of payment of a Covered Employee's Incentive-based Compensation. Covered Compensation shall be subject to recovery under this Policy with respect to Reporting Errors that occur on or after April 1, 2024.

(s) "*Stock Incentive Plan*" shall mean the Sonida Senior Living 2019 Omnibus Stock and Incentive Plan, as the same may be amended or restated from time to time, and any successor equity incentive plan adopted by the Company.

(t) "*Vested Time-Based Awards*" means, with respect to any Covered Individual as of any date, any time-based cash retention awards or time-based equity compensation previously granted to such Covered Individual that have become vested as of such date.

4. **Repayment of Erroneously Awarded Compensation**.

(a) If the Committee determines that a Covered Individual is responsible for or had a material role in causing (directly or indirectly) the Accounting Restatement or Reporting Error, the Committee may, in its sole discretion and to the extent legally permitted, require the return, repayment, or forfeiture of any Erroneously Awarded Compensation for such Covered Individual in connection with such Accounting Restatement or Reporting Error.

(b) The Committee shall have broad discretion to determine the timing and appropriate method of recovery of Erroneously Awarded Compensation based on all applicable facts and circumstances. The method of recovery may include, but not be limited to, (i) seeking reimbursement of all or part of any cash or equity-based award, (ii) cancelling outstanding cash or equity-based awards, whether vested or unvested or paid or unpaid, (iii) cancelling or offsetting any planned future cash or equity-based awards, (iv) forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code of 1986, as amended, or (v) any other method authorized by applicable law or contract.

(c) To the extent that a Covered Individual fails to repay all Erroneously Awarded Compensation to the Company Group when due (as determined by the Committee), the Committee may, in its discretion, cause the Company to take any actions reasonable and appropriate to recover such Erroneously Awarded Compensation from the applicable Covered Individual. The applicable Covered Individual shall, in the Committee's discretion, be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in recovering such Erroneously Awarded Compensation in accordance with the immediately preceding sentence.

5. **Repayment of Covered Compensation for Misconduct**.

(a) If the Committee determines that a Covered Individual has engaged in Misconduct and the Committee makes such determination within twenty-four (24) months following the date on which such Misconduct occurred, the Committee may, in its sole discretion and to the extent legally permitted, require the return, repayment, or forfeiture of any Covered Compensation received by such Covered Individual during the Clawback Period; provided, however, that the Committee may not require the return, repayment, or forfeiture of any of such Covered Individual's Vested Time-Based Awards as of the date immediately preceding the date on which such Misconduct occurred. In each such instance, the amount of Covered Compensation required to be returned, repaid, or forfeited (the "*Forfeited Amount*") shall be determined by the Committee in its sole discretion based on all applicable facts and circumstance, including (i) the nature and severity of the Misconduct, (ii) the impact of the Misconduct on the Company's financial condition and reputation, (iii) the impact of the Misconduct on the Company's shareholders, employees and residents, (iv) whether and to what extent the Covered Individual was unjustly enriched, (v) whether the expense of recovering the applicable Covered Compensation exceeds the amount sought to be recovered, (vi) any pending or threatened legal proceedings relating to, directly or indirectly, the Misconduct, and any actual or anticipated resolution, (vii) whether seeking recovery could harm or prejudice the interests of any member of the Company Group in any way, and (viii) how the Company has addressed prior similar incidents of Misconduct. For avoidance of doubt, in no event shall the Forfeited Amount for a Covered Individual exceed the amount equal to the aggregate Covered Compensation Received by such Covered Individual during the Clawback Period.

(b) The Committee shall have broad discretion to determine the timing and appropriate method of recovery of the Forfeited Amount, which may include, but no be limited to, (i) seeking reimbursement of all or part of any cash or equity-based award, (ii) cancelling outstanding cash or equity-based awards, whether vested or unvested or paid or unpaid, (iii) cancelling or offsetting any planned future cash or equity-based awards, (iv) forfeiture of deferred compensation, subject to compliance with Section 409A, or (v) any other method authorized by applicable law or contract.

(c) To the extent that a Covered Individual fails to repay all of the Forfeited Amount when due (as determined by the Committee), the Committee may, in its discretion, cause the Company to take any actions reasonable and appropriate to recover such Forfeited Amount from the applicable Covered Individual. The applicable Covered Individual shall, in the Committee's discretion, be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in recovering such Forfeited Amount in accordance with the immediately preceding sentence.

6. **Interpretation**. The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy.

7. **Effective Date**. This Policy shall be effective as of the Effective Date.

8. **Amendment**; **Termination**. The Committee may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary. The Committee may terminate this Policy at any time.

9. **Other**.

(a) Any applicable award agreement or other document setting forth the terms and conditions of any compensation covered by this Policy shall be deemed to include the restrictions imposed herein and incorporate this Policy by reference and, in the event of any inconsistency, the terms of this Policy will govern.

(b) Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company Group under applicable law, regulation or rule or pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company Group. For avoidance of doubt, this Policy shall apply in addition to, and not in lieu of, the Mandatory Recovery Policy. Any amounts recouped under any other policy (including the Mandatory Recovery Policy) that would be recoupable under this Policy shall count toward any required recoupment under this policy and vice versa.

(c) The provisions in this Policy are intended to be applied to the fullest extent of the law. To the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to applicable law. The invalidity or unenforceability of any provision of this Policy shall not affect the validity or enforceability of any other provision of this Policy.

* * *

APPENDIX A

Other Covered Individuals[1]

[1] **NTD:** Sonida to provide or state "None" if none to be listed as of Effective Date.