

**THE ENSIGN GROUP, INC.**  
**UNAUDITED RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION**  
(In thousands, except per share data)

**RECONCILIATION OF GAAP TO NON-GAAP NET INCOME**

The following table reconciles net income to Non-GAAP net income for the periods presented:

|                                                                                   | <b>Three Months Ended March 31,</b> |                  |
|-----------------------------------------------------------------------------------|-------------------------------------|------------------|
|                                                                                   | <b>2022</b>                         | <b>2021</b>      |
| Net income attributable to The Ensign Group, Inc.                                 | \$ 50,340                           | \$ 49,206        |
| <b>Non-GAAP adjustments</b>                                                       |                                     |                  |
| Stock-based compensation expense(a)                                               | 5,167                               | 4,054            |
| Results related to operations not at full capacity(b)                             | —                                   | 657              |
| Legal finding(c)                                                                  | 3,353                               | —                |
| Acquisition related costs(d)                                                      | 106                                 | 36               |
| Depreciation and amortization - patient base(e)                                   | 56                                  | 12               |
| General and administrative - costs incurred related to new systems implementation | 65                                  | —                |
| Cost of services - gain on sale of assets                                         | —                                   | (540)            |
| Provision for income taxes on Non-GAAP adjustments(f)                             | (2,673)                             | (3,801)          |
| <b>Non-GAAP income</b>                                                            | <b>\$ 56,414</b>                    | <b>\$ 49,624</b> |
| Average number of diluted shares outstanding                                      | 56,871                              | 56,891           |
| <b>Diluted Earnings Per Share</b>                                                 |                                     |                  |
| Net income                                                                        | \$ 0.89                             | \$ 0.86          |
| <b>Adjusted Diluted Earnings Per Share</b>                                        |                                     |                  |
| Net Income                                                                        | \$ 0.99                             | \$ 0.87          |

**Footnotes:**

(a) Represents stock-based compensation expense incurred.

|                            | <b>Three Months Ended March 31,</b> |             |
|----------------------------|-------------------------------------|-------------|
|                            | <b>2022</b>                         | <b>2021</b> |
| Cost of services           | \$ 3,375                            | \$ 2,500    |
| General and administrative | 1,792                               | 1,554       |
| Total Non-GAAP adjustment  | \$ 5,167                            | \$ 4,054    |

(b) Represents results to operations not at full capacity

|                               | <b>Three Months Ended March 31,</b> |             |
|-------------------------------|-------------------------------------|-------------|
|                               | <b>2022</b>                         | <b>2021</b> |
| Revenue                       | \$ —                                | \$ (456)    |
| Cost of services              | —                                   | 1,040       |
| Rent                          | —                                   | 38          |
| Depreciation and amortization | —                                   | 35          |
| Total Non-GAAP adjustment     | \$ —                                | \$ 657      |

(c) Legal finding against our non-emergent transportation subsidiary.

(d) Represents costs incurred to acquire operations which are not capitalizable.

(e) Included in depreciation and amortization are amortization expenses related to patient base intangible assets at newly acquired skilled nursing and senior living facilities.

(f) Represents an adjustment to the provision for income tax to our historical year to date effective tax rate of 25.0%.