

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

NIZAR S. NAYANI, Individually and on Behalf of All Others
Similarly Situated,

Plaintiff,

vs.

LIFESTANCE HEALTH GROUP, INC., MICHAEL K. LESTER,
J. MICHAEL BRUFF, ROBERT BESSLER, DARREN BLACK,
JEFFREY CRISAN, WILLIAM MILLER, JEFFREY RHODES,
ERIC SHUEY, KATHERINE WOOD, MORGAN STANLEY &
CO. LLC, GOLDMAN SACHS & CO. LLC, J.P. MORGAN
SECURITIES LLC, JEFFERIES LLC, TPG CAPITAL BD, LLC,
UBS SECURITIES LLC, and WILLIAM BLAIR & COMPANY,
L.L.C.,

Defendants.

Civil Action No. 1:22-cv-06833-JSR

CLASS ACTION

NOTICE OF PENDENCY OF CLASS
ACTION, PROPOSED SETTLEMENT,
AND MOTION FOR ATTORNEYS' FEES
AND EXPENSES

If you purchased or otherwise acquired LifeStance Health Group, Inc. (“LifeStance” or the “Company”) common stock pursuant and/or traceable to LifeStance’s June 10, 2021, initial public offering (“IPO”) and no later than November 8, 2021, you may be entitled to a payment from a class action settlement.

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

- This Notice describes important rights you may have and what steps you must take if you wish to participate in the Settlement of this securities class action, wish to object, or wish to be excluded from the Class.¹
- If approved by the Court, the proposed Settlement will create a \$50 million cash fund, plus earned interest, for the benefit of eligible members of the Class after the deduction of Court-approved fees, expenses, and Taxes. This is an average recovery of approximately \$0.72 per allegedly damaged share before deductions for awarded attorneys’ fees and Litigation Expenses, and approximately \$0.53 per allegedly damaged share after deductions for awarded attorneys’ fees and Litigation Expenses.
- The Settlement resolves claims by Court-appointed Lead Plaintiff Nizar S. Nayani (the “Lead Plaintiff”) that have been asserted on behalf of the Class (defined below) against LifeStance, Michael K. Lester, J. Michael Bruff, Robert Bessler, Darren Black, Jeffrey Crisan, William Miller, Jeffrey Rhodes, Eric Shuey, and Katherine Wood (the “Individual Defendants” and, together with LifeStance, the “LifeStance Defendants”), and Morgan Stanley & Co., LLC, Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Jefferies LLC, TPG Capital BD, LLC, UBS Securities LLC, and William Blair & Company, L.L.C. (the “Underwriter Defendants” and, together with the LifeStance Defendants, “Defendants”). It avoids the costs and risks of continuing the litigation; pays money to eligible investors; and releases the Released Defendant Parties (defined below) from liability.

If you are a member of the Class, your legal rights will be affected by this Settlement whether you act or do not act. Please read this Notice carefully.

¹ The terms of the Settlement are in the Stipulation of Settlement, dated October 13, 2023 (the “Stipulation”), which can be viewed at www.LifeStanceSecuritiesSettlement.com. All capitalized terms not defined in this Notice have the same meanings as defined in the Stipulation.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A CLAIM FORM BY JANUARY 17, 2024	The <u>only</u> way to get a payment. <i>See</i> Question 8 for details.
EXCLUDE YOURSELF FROM THE CLASS BY JANUARY 3, 2024	Get no payment. This is the only option that, assuming your claim is timely brought, might allow you to ever bring or be part of any other lawsuit against Defendants and/or the other Released Defendant Parties concerning the Released Plaintiff's Claims. <i>See</i> Question 10 for details.
OBJECT BY JANUARY 3, 2024	Write to the Court about why you do not like the Settlement, the Plan of Allocation for distributing the proceeds of the Settlement, and/or Lead Counsel's Fee and Expense Application. If you object, you will still be in the Class. <i>See</i> Question 14 for details.
PARTICIPATE IN A HEARING ON JANUARY 24, 2024, AND FILE A NOTICE OF INTENTION TO APPEAR BY JANUARY 3, 2024	Ask to speak in Court at the Settlement Hearing about the Settlement. <i>See</i> Question 18 for details.
DO NOTHING	Get no payment. Give up rights. Still be bound by the terms of the Settlement.

- These rights and options – **and the deadlines to exercise them** – are explained below.
- The Court in charge of this case still has to decide whether to approve the proposed Settlement. Payments will be made to all members of the Class who timely submit valid Claim Forms, if the Court approves the Settlement and after any appeals are resolved.

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PSLRA SUMMARY OF THE NOTICE

Statement of the Class's Recovery

1. Lead Plaintiff has entered into the proposed Settlement with Defendants which, if approved by the Court, will resolve the Action in its entirety. Subject to Court approval, Lead Plaintiff, on behalf of the Class, has agreed to settle the Action in exchange for a payment of \$50,000,000 in cash (the "Settlement Amount"), which will be deposited into an interest-bearing Escrow Account (the "Settlement Fund"). Based on Lead Plaintiff's damages consultant's estimate of the number of shares of LifeStance common stock eligible to participate in the Settlement, and assuming that all investors eligible to participate in the Settlement do so, it is estimated that the average recovery, before deduction of any Court-approved fees and expenses, such as attorneys' fees, Litigation Expenses, Taxes, and Notice and Administration Expenses, would be approximately \$0.72 per allegedly damaged share.² If the Court approves Lead Counsel's Fee and Expense Application (discussed below), the average recovery would be approximately \$0.53 per allegedly damaged share. **These average recovery amounts are only estimates and members of the Class may recover more or less than these estimates.** A member of the Class's actual recovery will depend on, for example: (i) the number of claims submitted; (ii) the amount of the Net Settlement Fund; (iii) when and how many shares of LifeStance common stock the member of the Class purchased or acquired during the Class Period; and (iv) whether and when the member of the Class sold LifeStance common stock. See the Plan of Allocation beginning on page 11 for information on the calculation of your Recognized Claim.

Statement of Potential Outcome of Case if the Action Continued to Be Litigated

2. The Parties disagree about both liability and damages and do not agree about the amount of damages that would be recoverable if Lead Plaintiff prevailed on each claim. The issues that the Parties disagree about include, for example: (i) whether Defendants made any statements or omitted any facts that were materially false or misleading, or otherwise actionable under the federal securities laws; and (ii) whether Lead Plaintiff or the Class have suffered any legally cognizable damages.

3. Defendants have denied and continue to deny any and all allegations of wrongdoing or fault asserted in the Action, deny that they have committed any act or omission giving rise to any liability or violation of law, and deny that Lead Plaintiff and the Class have suffered any loss attributable to Defendants' actions or omissions.

Statement of Attorneys' Fees and Expenses Sought

4. Lead Counsel will apply to the Court for attorneys' fees from the Settlement Fund in an amount not to exceed 25% of the Settlement Fund, which includes any accrued interest, or \$12,500,000, plus accrued interest. Lead Counsel will also apply for payment of Litigation Expenses incurred in prosecuting the Action in an amount not to exceed \$700,000, plus accrued interest, which may include an application pursuant to the Private Securities Litigation Reform Act of 1995 ("PSLRA") for the reasonable costs and expenses (including lost wages) of Lead Plaintiff directly related to his representation of the Class. If the Court approves Lead Counsel's Fee and Expense Application in full, the average amount of fees and expenses is estimated to be approximately \$0.19 per allegedly damaged share of LifeStance common stock. A copy of the Fee and Expense Application will be posted on www.LifeStanceSecuritiesSettlement.com after it has been filed with the Court.

Reasons for the Settlement

5. For Lead Plaintiff, the principal reason for the Settlement is the guaranteed cash benefit to the Class. This benefit must be compared to the uncertainty of being able to prove the allegations in the Complaint; the risk that the Court may grant some or all of the anticipated summary judgment motions to be filed by Defendants; the uncertainty of a greater recovery after a trial and appeals; and the difficulties and delays inherent in such litigation.

6. For Defendants, who deny all allegations of wrongdoing or liability whatsoever and deny that members of the Class were damaged, the principal reasons for entering into the Settlement are to end the burden, expense, uncertainty, and risk of further litigation.

² An allegedly damaged share might have been traded, and potentially damaged, more than once during the Class Period, and the average recovery indicated above represents the estimated average recovery for each share that allegedly incurred damages.

Identification of Representatives

7. Lead Plaintiff and the Class are represented by Lead Counsel, Samuel H. Rudman, Robbins Geller Rudman & Dowd LLP, 58 South Service Road, Suite 200, Melville, NY 11747, www.rgrdlaw.com, settlementinfo@rgrdlaw.com, (800) 449-4900.

8. Further information regarding this Action, the Settlement, and this Notice may be obtained by contacting the Claims Administrator: A.B. Data, Ltd., P.O. Box 173090, Milwaukee, WI 53217, (877) 884-3360, www.LifeStanceSecuritiesSettlement.com.

Please Do Not Call the Court with Questions About the Settlement.

BASIC INFORMATION

1. Why did I get this Notice?

9. The Court authorized that this Notice be sent to you because you or someone in your family may have purchased or otherwise acquired LifeStance common stock during the period from June 10, 2021, through November 8, 2021, inclusive (the “Class Period”). **Receipt of this Notice does not mean that you are a member of the Class or that you will be entitled to receive a payment. The Parties do not have access to your individual investment information. If you wish to be eligible for a payment, you are required to submit the Claim Form that is being distributed with this Notice. See Question 8 below.**

10. The Court directed that this Notice be sent to members of the Class because they have a right to know about the proposed Settlement of this class action lawsuit, and about all of their options, before the Court decides whether to approve the Settlement.

11. The Court in charge of the Action is the United States District Court for the Southern District of New York, and the case is known as *Nayani v. LifeStance Health Group, Inc., et al.*, Civil Action No. 1:22-cv-06833-JSR. The Action is assigned to the Honorable Jed S. Rakoff, United States District Judge.

2. How do I know if I am part of the Class?

12. The Court has directed that everyone who fits the following description is a member of the Class and subject to the Settlement unless they are an excluded person (*see* Question 3 below) or take steps to exclude themselves from the Class (*see* Question 10 below):

All Persons who or which purchased LifeStance common stock in and/or traceable to LifeStance’s June 10, 2021, IPO and no later than November 8, 2021.

13. If one of your mutual funds purchased LifeStance common stock during the Class Period, that does not make you a Class Member, although your mutual fund may be. You are a member of the Class only if you individually purchased LifeStance common stock during the Class Period. Check your investment records or contact your broker to see if you have any eligible purchases. The Parties do not independently have access to your trading information.

3. Are there exceptions to being included?

14. Yes. There are some individuals and entities who are excluded from the Class by definition. Excluded from the Class are: Defendants, the officers and directors of LifeStance (at all relevant times), members of their Immediate Families and their legal representatives, heirs, successors, or assigns, and any entity in which any Defendant has controlling interest, *provided however*, that any Investment Vehicle shall not be excluded from the Class.³ Also excluded from the Class is anyone who timely and validly seeks exclusion from the Class in accordance with the procedures described in Question 10 below.

4. Why is this a class action?

15. In a class action, one or more persons or entities (in this case, Lead Plaintiff) sue on behalf of people and entities who have similar claims. Together, these people and entities are a “class,” and each is a “class member.” A class action allows one court to resolve, in a single case, many similar claims that, if brought separately by individual people,

³ “Investment Vehicle” means any investment company or pooled investment fund, including, but not limited to, mutual fund families, exchange traded funds, fund of funds, and hedge funds, in which any Underwriter Defendant has or may have a direct or indirect interest, or as to which its affiliates may act as an investment advisor, but in which any Underwriter Defendant alone or together with its, his, or her respective affiliates is not a majority owner or does not hold a majority beneficial interest.

might be too small economically to litigate. One court resolves the issues for all members of the Class at the same time, except for those who exclude themselves, or “opt out,” from the class. In this Action, the Court has appointed Nizar S. Nayani to serve as Lead Plaintiff and has appointed Robbins Geller Rudman & Dowd LLP to serve as Lead Counsel.

5. What is this case about and what has happened so far?

16. LifeStance is one of the nation’s largest providers of virtual and in-person outpatient mental healthcare. Lead Plaintiff alleged that LifeStance generates revenue on a per-visit basis when a patient receives care from one of its clinicians, and therefore the Company’s ability to retain clinicians was important to investors in the initial public offering (“IPO”). The Registration Statement for the IPO represented that from the time of its inception in March 2017 through December 2020, LifeStance had a clinician retention rate of 87% compared to the industry average of 77%. LifeStance conducted an IPO on June 10, 2021, selling 46 million shares at \$18 per share, raising \$828 million. In the Action, Lead Plaintiff alleged that the Registration Statement for the IPO failed to disclose that, in the weeks leading up to the IPO, LifeStance began experiencing a material uptick in clinician turnover. Therefore, as Lead Plaintiff alleged, LifeStance’s business metrics and financial prospects were not as strong as the Registration Statement represented. At the time Lead Plaintiff filed his initial complaint, LifeStance common stock traded in a range of \$4.77-\$7.70 per share.

17. On August 10, 2022, the above-captioned action was filed in the United States District Court for the Southern District of New York (the “Court”) alleging violations of the Securities Act of 1933 (the “Securities Act”).

18. By Opinion and Order dated November 17, 2022, the Court (1) appointed Nizar S. Nayani as Lead Plaintiff, and (2) his chosen counsel, Robbins Geller Rudman & Dowd LLP, as Lead Counsel.

19. On December 19, 2022, Lead Plaintiff filed the Amended Complaint for Violations of Federal Securities Laws (the “Complaint”) asserting claims against Defendants under Sections 11 and 15 of the Securities Act.

20. Prior to filing the Complaint, Lead Plaintiff, through Lead Counsel, conducted a thorough investigation relating to the claims, defenses, and underlying events and transactions that are the subject of the Action. This process included reviewing and analyzing: (i) documents filed publicly by the Company with the U.S. Securities and Exchange Commission (“SEC”); (ii) publicly available information, including press releases, LifeStance earnings call transcripts, news articles, and other public statements issued by or concerning the Company and the Defendants; (iii) research reports issued by financial analysts concerning the Company; (iv) other publicly available information and data concerning the Company; and (v) the applicable law governing the claims and potential defenses.

21. On January 18, 2023, Defendants filed their motion to dismiss the Complaint. On February 17, 2023, Lead Plaintiff filed his memorandum of law in opposition to the motion to dismiss, and, on March 6, 2023, Defendants filed their reply memorandum of law. On March 31, 2023, the Court heard oral argument on Defendants’ motion to dismiss.

22. On April 10, 2023, the Court denied Defendants’ motion to dismiss.

23. On April 17, 2023, the Court entered in the Case Management Plan, with a trial ready date of November 16, 2023.

24. On May 1, 2023, Defendants filed their respective answers to the Complaint.

25. On June 2, 2023, Lead Plaintiff filed his motion for class certification and appointment of class counsel. On June 30, 2023, Defendants filed their opposition to Lead Plaintiff’s motion for class certification and appointment of class counsel. Lead Plaintiff filed his reply memorandum of law in further support of that motion on July 28, 2023. On August 24, 2023, the Court heard oral argument on Lead Plaintiff’s motion for class certification.

26. On August 7, 2023, the Parties exchanged opening expert reports and, on August 28, 2023, the Parties exchanged rebuttal expert reports.

27. On September 7, 2023, the Court entered an order granting Lead Plaintiff’s motion for class certification, but which order limited the Class to those stockholders who purchased LifeStance common stock in and/or traceable to LifeStance’s June 10, 2021, IPO and no later than November 8, 2021.

28. In connection with formal discovery, which commenced in April 2023, Defendants produced documents to Lead Plaintiff totaling more than 779,000 pages, and Lead Plaintiff produced documents totaling more than 2,100 pages to Defendants. Lead Plaintiff also obtained more than 1,700 pages of documents from third parties. In total, nearly 800,000 pages of documents were produced by the Parties and third parties in connection with formal discovery.

29. Defendants took Lead Plaintiff’s deposition on June 15, 2023, and Lead Plaintiff took four depositions of LifeStance employees. Lead Plaintiff and the Defendants were preparing for the depositions of additional witnesses at the time the Parties agreed to resolve the Action.

30. The Parties began exploring the possibility of a settlement in July 2023. Specifically, the Parties agreed to engage in mediation and subsequently retained the Hon. Layn R. Phillips (Ret.) of Phillips ADR Enterprises to act as mediator in the Action.

31. On September 13, 2023, Lead Counsel and the LifeStance Defendants' Counsel, among others, participated in a full-day mediation session before the Mediator. In advance of the mediation, Lead Plaintiff and the LifeStance Defendants submitted detailed mediation statements to the Mediator, together with numerous supporting exhibits, which addressed both liability and damages issues. Lead Plaintiff's damages/loss causation expert conducted an in-depth analysis that was used at mediation to assess potential damage scenarios. After the conclusion of the mediation session, on September 15, 2023, the Parties reached an agreement to settle the Action, which was memorialized in a term sheet executed and finalized on September 27, 2023, subject to the execution of a "customary long form" stipulation of settlement and related papers. On the same day, the Parties notified the Court of the Settlement and requested a stay of the Action, which was granted on September 28, 2023.

6. What are the reasons for the Settlement?

32. The Court did not finally decide in favor of Lead Plaintiff or Defendants. Instead, both sides agreed to a settlement. Lead Plaintiff and Lead Counsel believe that the claims asserted in the Action have merit. They recognize, however, the expense and length of continued proceedings needed to pursue the claims through trial and appeals, as well as the difficulties in establishing liability. Assuming the claims proceeded to trial, the Parties would present factual and expert testimony on each of the disputed issues, and there is risk that the Court or jury would resolve these issues unfavorably against Lead Plaintiff and the Class. In light of the Settlement and the guaranteed cash recovery to the Class, Lead Plaintiff and Lead Counsel believe that the proposed Settlement is fair, reasonable, and adequate, and in the best interests of the Class.

33. Defendants have denied and continue to deny each and every one of the claims alleged by Lead Plaintiff in the Action, including all claims in the Complaint, and specifically deny any wrongdoing and that they have committed any act or omission giving rise to any liability or violation of law. Defendants deny the allegations that they knowingly, or otherwise, made any material misstatements or omissions or that any member of the Class has suffered damages. Nonetheless, Defendants have concluded that continuation of the Action would be protracted and expensive, and have taken into account the uncertainty and risks inherent in any litigation, especially a complex case like this Action.

THE SETTLEMENT BENEFITS

7. What does the Settlement provide?

34. In exchange for the Settlement and the release of the Released Plaintiff's Claims against the Released Defendant Parties, LifeStance has agreed to cause a \$50 million (\$50,000,000) cash payment to be made, which, along with any interest earned, will be distributed after deduction of Court-awarded attorneys' fees and Litigation Expenses, Notice and Administration Expenses, Taxes, and any other fees or expenses approved by the Court (the "Net Settlement Fund"), to members of the Class who submit valid and timely Claim Forms and are found to be eligible to receive a distribution from the Net Settlement Fund.

8. How can I receive a payment?

35. To qualify for a payment from the Net Settlement Fund, you must submit a timely and valid Claim Form. A Claim Form is included with this Notice. You may also obtain one from the website dedicated to the Settlement, www.LifeStanceSecuritiesSettlement.com, or submit a claim online at www.LifeStanceSecuritiesSettlement.com. You can also request that a Claim Form be mailed to you by calling the Claims Administrator toll-free at (877) 884-3360.

36. Please read the instructions contained in the Claim Form carefully, fill out the Claim Form, include all the documents the form requests, sign it, and mail or submit it to the Claims Administrator so that it is **postmarked or received no later than January 17, 2024**.

9. What am I giving up to receive a payment and by staying in the Class?

37. If you are a member of the Class and do not timely and validly exclude yourself from the Class, you will remain in the Class and that means that, upon the "Effective Date" of the Settlement, you will release all "Released Plaintiff's Claims" against the "Released Defendant Parties." All of the Court's orders about the Settlement, whether favorable or unfavorable, will apply to you and legally bind you.

(a) **"Released Plaintiff's Claims"** means any and all claims (including Unknown Claims), demands, losses, costs, interest, penalties, fees, attorneys' fees, expenses, rights, causes of action, actions, duties, obligations,

judgments, debts, sums of money, suits, contracts, agreements, promises, damages, and liabilities of every nature and description, whether direct or indirect, representative, class, individual, asserted or unasserted, matured or unmatured, accrued or unaccrued, foreseen or unforeseen, disclosed or undisclosed, contingent or fixed or vested, at law or equity, whether arising under federal, state, local, foreign, statutory, common, administrative, or any other law, statute, rule, or regulation, that (i) arise out of, are based upon, or relate in any way to any of the allegations, acts, transactions, facts, events, matters, occurrences, statements, representations, misrepresentations, or omissions involved, set forth, alleged, or referred to, in this Action or the Complaint, or which could have been alleged in, referred to, or made part of this Action, the Complaint, or asserted in any other forum; and (ii) arise out of, are based upon, or relate in any way to the purchase, acquisition, holding, sale, or disposition of LifeStance common stock purchased in and/or traceable to LifeStance's IPO on or before November 8, 2021. Released Plaintiff's Claims also include any and all claims (including Unknown Claims) arising out of, relating to, or in connection with the Settlement or resolution of the Action. For the avoidance of doubt, Released Plaintiff's Claims do not include: (i) claims relating to the enforcement of the Settlement; or (ii) any claims of Persons who submit a timely and valid request for exclusion from the Class that is accepted by the Court.

(b) **"Released Defendant Parties"** means Defendants, Defendants' respective former or current, direct or indirect parents, affiliates, controlling Persons, officers, directors, stockholders, employees, agents, fiduciaries, predecessors, successors, trusts, trustees, trust beneficiaries, Immediate Families, heirs, executors, estates, administrators, assigns, beneficiaries, distributees, foundations, joint ventures, general or limited partners, members, managers, managing members, attorneys, heirs, assigns, insurers, reinsurers, advisors (including without limitation financial and investment advisors), consultants, other affiliated Persons, representatives, and insurers.

(c) **"Unknown Claims"** means any and all Released Plaintiff's Claims that Lead Plaintiff or any other member of the Class does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Defendant Parties, and any and all Released Defendants' Claims that any Defendant does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Plaintiff Parties, which if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Settlement, including the decision to object to the terms of the Settlement or to exclude himself, herself, or itself from the Class. With respect to any and all Released Plaintiff's Claims and Released Defendants' Claims, the Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff and Defendants shall expressly, and each other member of the Class shall be deemed to have, and by operation of the Judgment or Alternative Judgment shall have, to the fullest extent permitted by law, expressly waived and relinquished any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or foreign law, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code §1542, which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Lead Plaintiff, other members of the Class, or Defendants may hereafter discover facts, legal theories, or authorities in addition to or different from those which any of them now knows or believes to be true with respect to the subject matter of the Released Plaintiff's Claims and the Released Defendants' Claims, but Lead Plaintiff and Defendants shall expressly, fully, finally, and forever settle and release, and each member of the Class shall be deemed to have settled and released, and upon the Effective Date and by operation of the Judgment or Alternative Judgment shall have settled and released, fully, finally, and forever, any and all Released Plaintiff's Claims and Released Defendants' Claims as applicable, without regard to the subsequent discovery or existence of such different or additional facts, legal theories, or authorities. Lead Plaintiff and Defendants acknowledge, and other members of the Class by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Plaintiff's Claims and Released Defendants' Claims was separately bargained for and was a material element of the Settlement.

38. The "Effective Date" will occur when an Order entered by the Court approving the Settlement becomes Final and a Judgment or Alternative Judgment has been entered and has become Final.

39. Upon the "Effective Date," the Released Defendant Parties will also provide a release of any claims against Lead Plaintiff, the Class, and Lead Counsel arising out of or related to the institution, prosecution, or settlement of the claims in the Action.

EXCLUDING YOURSELF FROM THE CLASS

40. If you want to keep any right you may have to sue or continue to sue Defendants and the other Released Defendant Parties on your own concerning the Released Plaintiff's Claims, then you must take steps to remove yourself from the Class. This is called excluding yourself or "opting out." **Please note:** If you decide to exclude yourself from the Class, there is a risk that any lawsuit you may file to pursue claims alleged in the Action may be dismissed, including

because the suit is not filed within the applicable time periods required for filing suit. LifeStance has the option to terminate the Settlement if a certain number of members of the Class request exclusion.

10. How do I exclude myself from the Class?

41. To exclude yourself from the Class, you must mail a signed letter stating that you request to be “excluded from the Class in *Nayani v. LifeStance Health Group, Inc., et al.*, No. 1:22-cv-06833-JSR (S.D.N.Y.)” You cannot exclude yourself by telephone or email. Each request for exclusion must also: (i) state the name, address, and telephone number of the person or entity requesting exclusion; (ii) state the number of shares of LifeStance common stock the person or entity purchased, acquired, and sold during the Class Period, as well as the dates and prices of each such purchase, acquisition, and sale; and (iii) be signed by the Person requesting exclusion or an authorized representative. A request for exclusion must be mailed so that it is **received no later than January 3, 2024**, at:

LifeStance Securities Settlement
EXCLUSIONS
c/o A.B. Data, Ltd.
P.O. Box 173001
Milwaukee, WI 53217

42. This information is needed to determine whether you are a member of the Class. Your exclusion request must comply with these requirements in order to be valid.

43. If you ask to be excluded, do not submit a Claim Form because you cannot receive any payment from the Net Settlement Fund. Also, you cannot object to the Settlement because you will not be a member of the Class and the Settlement will not affect you. If you submit a valid exclusion request, you will not be legally bound by anything that happens in the Action, and you may be able to sue (or continue to sue) Defendants and the other Released Defendant Parties in the future.

11. If I do not exclude myself, can I sue Defendants and the other Released Defendant Parties for the same reasons later?

44. No. Unless you properly exclude yourself, you will give up any rights to sue Defendants and the other Released Defendant Parties for any and all Released Plaintiff’s Claims. If you have a pending lawsuit against any of the Released Defendant Parties, **speak to your lawyer in that case immediately**. You must exclude yourself from this Class to continue your own lawsuit. Remember, the exclusion deadline is **January 3, 2024**.

THE LAWYERS REPRESENTING YOU

12. Do I have a lawyer in this case?

45. Robbins Geller Rudman & Dowd LLP is Lead Counsel in the Action and represents all members of the Class. You will not be separately charged for these lawyers. The Court will determine the amount of attorneys’ fees and Litigation Expenses, which will be paid from the Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

13. How will the lawyers be paid?

46. Lead Counsel has been prosecuting the Action on a contingent basis and has not been paid for any of its work. Lead Counsel will seek an attorneys’ fee award of no more than 25% of the Settlement Fund, or \$12,500,000, plus accrued interest. Lead Counsel will also seek payment of Litigation Expenses incurred in the prosecution of the Action of no more than \$700,000, plus accrued interest. In addition, Lead Plaintiff may request an award not to exceed \$7,000 for his reasonable costs and expenses (including lost wages) directly related to his representation of the Class. Any attorneys’ fees and expenses awarded by the Court will be paid from the Settlement Fund. Members of the Class are not personally liable for any such fees or expenses.

OBJECTING TO THE SETTLEMENT, THE PLAN OF ALLOCATION, OR THE FEE AND EXPENSE APPLICATION

14. How do I tell the Court that I do not like something about the proposed Settlement?

47. If you are a member of the Class, you can object to the Settlement or any of its terms, the proposed Plan of Allocation of the Net Settlement Fund, and/or Lead Counsel’s Fee and Expense Application. You may write to the Court

about why you think the Court should not approve any or all of the Settlement terms or related relief. If you would like the Court to consider your views, you must file a proper objection within the deadline, and according to the following procedures.

48. To object, you must send a signed letter stating that you object to the proposed Settlement, the Plan of Allocation, and/or the Fee and Expense Application in “*Nayani v. LifeStance Health Group, Inc., et al.*, No. 1:22-cv-06833-JSR (S.D.N.Y.)” The objection must also: (i) state the name, address, telephone number, and email address of the objector and must be signed by the objector, even if the objector is represented by counsel; (ii) contain a statement of the member of the Class’s objection or objections and the specific reasons for each objection, including whether it applies only to the objector, to a specific subset of the Class, or to the entire Class, and any legal and evidentiary support (including witnesses) the member of the Class wishes to bring to the Court’s attention; and (iii) include documents sufficient to show the objector’s membership in the Class, including the number of shares of LifeStance common stock purchased and sold during the Class Period as well as the dates and prices of each such purchase and sale. The objection must also identify all class action settlements to which the objector and his, her, or its counsel have objected in the prior five (5) years. Unless otherwise ordered by the Court, any member of the Class who does not object in the manner described in this Notice will be deemed to have waived any objection and will be foreclosed from making any objection to the proposed Settlement, the Plan of Allocation, and/or Lead Counsel’s Fee and Expense Application. Your objection must be filed with the Court **no later than January 3, 2024, and** be mailed or delivered to the following counsel so that it is **received no later than January 3, 2024:**

<u>Court</u>	<u>Lead Counsel</u>	<u>Defendants’ Counsel</u>
Clerk of the Court United States District Court Southern District of New York Daniel Patrick Moynihan U.S. Courthouse 500 Pearl Street New York, NY 10007	Robbins Geller Rudman & Dowd LLP Ellen Gusikoff Stewart 655 West Broadway, Suite 1900 San Diego, CA 92101	Ropes & Gray LLP Martin J. Crisp 1211 Avenue of the Americas New York, NY 10036 <i>Counsel to the LifeStance Defendants</i> -and- Davis Polk & Wardwell LLP Brian S. Weinstein 450 Lexington Avenue New York, NY 10017 <i>Counsel to the Underwriter Defendants</i>

49. You do not need to attend the Settlement Hearing to have your written objection considered by the Court. However, any member of the Class who has complied with the procedures described in this Question 14 and below in Question 18 may appear at the Settlement Hearing and be heard, to the extent allowed by the Court. An objector may appear in person or arrange, at his, her, or its own expense, for a lawyer to represent him, her, or it at the Settlement Hearing.

15. What is the difference between objecting and seeking exclusion?

50. Objecting is telling the Court that you do not like something about the proposed Settlement, Plan of Allocation, or Lead Counsel’s Fee and Expense Application. You can still recover money from the Settlement. You can object *only* if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself from the Class, you have no basis to object because the Settlement and the Action no longer affect you.

THE SETTLEMENT HEARING

16. When and where will the Court decide whether to approve the Settlement?

51. The Court will hold the Settlement Hearing on **January 24, 2024, at 4:00 p.m.**, in Courtroom 14B at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007.

52. At this hearing, the Honorable Jed S. Rakoff will consider whether: (i) the Settlement is fair, reasonable, adequate, and should be approved; (ii) the Plan of Allocation is fair and reasonable, and should be approved; and (iii) the application of Lead Counsel for an award of attorneys’ fees and payment of Litigation Expenses is reasonable and should

be approved. The Court will take into consideration any written objections filed in accordance with the instructions in Question 14 above. We do not know how long it will take the Court to make these decisions.

53. The Court may change the date and time of the Settlement Hearing without another individual notice being sent to members of the Class. If you want to attend the hearing, you should check with Lead Counsel beforehand to be sure that the date and/or time has not changed, or periodically check the Settlement website at www.LifeStanceSecuritiesSettlement.com to see if the Settlement Hearing stays as scheduled or is changed.

17. Do I have to come to the Settlement Hearing?

54. No. Lead Counsel will answer any questions the Court may have. But, you are welcome to attend at your own expense. If you submit a valid and timely objection, the Court will consider it and you do not have to come to Court to discuss it. You may have your own lawyer attend (at your own expense), but it is not required. If you do hire your own lawyer, he or she must file and serve a Notice of Appearance in the manner described in the answer to Question 18 below **no later than January 3, 2024.**

18. May I speak at the Settlement Hearing?

55. You may ask the Court for permission to speak at the Settlement Hearing. To do so, you must, **no later than January 3, 2024**, submit a statement that you, or your attorney, intend to appear in “*Nayani v. LifeStance Health Group, Inc., et al.*, No. 1:22-cv-06833-JSR (S.D.N.Y.)” If you intend to present evidence at the Settlement Hearing, you must also include in your objections (prepared and submitted according to the answer to Question 14 above) the identities of any witnesses you may wish to call to testify and any exhibits you intend to introduce into evidence at the Settlement Hearing. You may not speak at the Settlement Hearing if you exclude yourself from the Class or if you have not provided written notice of your intention to speak at the Settlement Hearing in accordance with the procedures described in this Question 18 and Question 14 above.

IF YOU DO NOTHING

19. What happens if I do nothing at all?

56. If you do nothing and you are a member of the Class, you will receive no money from this Settlement and you will be precluded from starting a lawsuit, continuing with a lawsuit, or being part of any other lawsuit against Defendants and the other Released Defendant Parties concerning the Released Plaintiff’s Claims. To share in the Net Settlement Fund, you must submit a Claim Form (*see* Question 8 above). To start, continue, or be a part of any other lawsuit against Defendants and the other Released Defendant Parties concerning the Released Plaintiff’s Claims, you must exclude yourself from the Class (*see* Question 10 above).

GETTING MORE INFORMATION

20. Are there more details about the Settlement?

57. This Notice summarizes the proposed Settlement. More details are contained in the Stipulation. You may review the Stipulation filed with the Court or other documents in the case during business hours at the Office of the Clerk of the United States District Court, Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007. (Please check the Court’s website, www.nysd.uscourts.gov, for information about Court closures before visiting.) Subscribers to PACER, a fee-based service, can also view the papers filed publicly in the Action through the Court’s online Case Management/Electronic Case Files System at <https://www.pacer.gov>.

58. You can also get a copy of the Stipulation, and other documents related to the Settlement, as well as additional information about the Settlement by visiting the website dedicated to the Settlement, www.LifeStanceSecuritiesSettlement.com. You may also call the Claims Administrator toll-free at (877) 884-3360 or write to the Claims Administrator at *LifeStance Securities Settlement*, c/o A.B. Data, Ltd., P.O. Box 173090, Milwaukee, WI 53217. **Please do not call the Court with questions about the Settlement.**

PLAN OF ALLOCATION OF THE NET SETTLEMENT FUND

21. How will my claim be calculated?

59. The Plan of Allocation set forth below is the plan for calculating claims and distributing the proceeds of the Settlement that is being proposed by Lead Plaintiff and Lead Counsel to the Court for approval. The Court may approve this Plan of Allocation or modify it without additional notice to the Class. Any order modifying the Plan of Allocation will be posted on the Settlement website at: www.LifeStanceSecuritiesSettlement.com.

60. As noted above, the Settlement Amount and the interest it earns is the Settlement Fund. The Settlement Fund, after deduction of Court-approved attorneys' fees and Litigation Expenses, Notice and Administration Expenses, Taxes, and any other fees or expenses approved by the Court is the Net Settlement Fund. The Net Settlement Fund will be distributed to members of the Class who timely submit valid Claim Forms that show a "Recognized Claim" according to the proposed Plan of Allocation (or any other plan of allocation approved by the Court). Members of the Class who do not timely submit valid Claim Forms will not share in the Net Settlement Fund but will still be bound by the Settlement.

61. The objective of this Plan of Allocation is to distribute the Net Settlement Fund among claimants who allegedly suffered economic losses as a result of the alleged wrongdoing. To design this Plan, Lead Counsel conferred with Lead Plaintiff's damages consultant. This Plan is intended to be generally consistent with the statutory measure of damages under Section 11(e) of the Securities Act. The Plan of Allocation, however, is not a formal damages analysis and the calculations made pursuant to the Plan are not intended to be estimates of, nor indicative of, the amounts that members of the Class might have been able to recover after a trial. The calculations pursuant to the Plan of Allocation are also not estimates of the amounts that will be paid to Authorized Claimants. An individual member of the Class's recovery will depend on, for example: (i) the total number and value of claims submitted; (ii) when the claimant purchased or otherwise acquired LifeStance common stock; and (iii) whether and when the claimant sold his, her, or its shares of LifeStance common stock. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund. The Claims Administrator will determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's "Recognized Claim."

CALCULATION OF RECOGNIZED LOSS AMOUNTS

62. For purposes of determining whether a claimant has a "Recognized Claim," if a member of the Class has more than one purchase or sale of LifeStance common stock during the Class Period, all purchases and sales will be matched on a "First in First Out" (FIFO) basis. Class Period sales will be matched first against any holdings at the beginning of the Class Period and then against purchases in chronological order, beginning with the earliest purchase made during the Class Period.

63. A "Recognized Loss Amount" will be calculated for each purchase of LifeStance common stock during the Class Period from June 10, 2021, through November 8, 2021, that is listed in the Claim Form and for which adequate documentation is provided. To the extent that the calculation of a claimant's Recognized Loss Amount results in a negative number, that number will be set to zero.

64. For each share of LifeStance common stock *purchased in the IPO, or on the open market from June 10, 2021, through August 11, 2021*, inclusive, and

- A. *sold prior to August 11, 2022*, the recognized loss per share is the difference between (a) the purchase price per share, not exceeding the IPO price of \$18.00 per share, minus (b) the sales price per share; or
- B. *retained at the end of August 10, 2022*, the recognized loss per share is \$10.14 per share.⁴

65. For each share of LifeStance common stock *purchased on the open market from August 12, 2021, through November 8, 2021*, inclusive, and

- A. *sold prior to November 9, 2021*, the recognized loss per share is \$0;

⁴ The \$10.14 per share loss represents a statutory limitation on recoverable damages and equals the difference between LifeStance's IPO price of \$18 per share minus LifeStance's \$7.86 per share closing price on August 10, 2022, when the first suit was filed. The \$10.21 per share loss is also less than the sum of LifeStance's two statistically significant price declines on August 12, 2021, of \$10.28 per share, and on November 9, 2021, of \$3.20 per share, following the two corrective disclosures.

- B. ***sold from November 9, 2021, through August 10, 2022***, inclusive, the recognized loss per share is the lesser of:
- i. \$3.20 per share,⁵ or
 - ii. the difference between (a) the purchase price per share, minus (b) the sales price per share; or
- C. ***retained at the end of August 10, 2022***, the recognized loss per share is the lesser of:
- i. \$3.20 per share,⁶ or
 - ii. the difference between (a) the purchase price per share, minus (b) \$7.86 per share.⁷

ADDITIONAL PROVISIONS OF THE PLAN OF ALLOCATION

66. The sum of a claimant's Recognized Loss Amounts will be the claimant's "Recognized Claim."

67. If the sum total of Recognized Claims of all Authorized Claimants who are entitled to receive payment out of the Net Settlement Fund is greater than the Net Settlement Fund, each Authorized Claimant will receive his, her, or its *pro rata* share of the Net Settlement Fund. The *pro rata* share will be the Authorized Claimant's Recognized Claim divided by the total of Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. If the Net Settlement Fund exceeds the sum total amount of the Recognized Claims of all Authorized Claimants entitled to receive payment out of the Net Settlement Fund, the excess amount in the Net Settlement Fund will be distributed *pro rata* to all Authorized Claimants entitled to receive payment.

68. Purchases and sales of LifeStance common stock will be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" or "sale" date. The receipt or grant of shares of LifeStance common stock by gift, inheritance, or operation of law during the Class Period will not be deemed an eligible purchase or sale of these shares of LifeStance common stock for the calculation of a claimant's Recognized Claim, nor will the receipt or grant be deemed an assignment of any claim relating to the purchase of such shares of such LifeStance common stock unless (i) the donor or decedent purchased such shares of LifeStance common stock during the Class Period; (ii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such shares of LifeStance common stock; and (iii) it is specifically so provided in the instrument of gift or assignment.

69. In accordance with the Plan of Allocation, the Recognized Loss Amount on any portion of a purchase that matches against (or "covers") a "short sale" is zero. The Recognized Loss Amount on a "short sale" that is not covered by a purchase is also zero.

70. In the event that a claimant newly establishes a short position during the Class Period, the earliest subsequent Class Period purchase will be matched against such short position on a FIFO basis and will not be entitled to a recovery.

71. LifeStance common stock is the only security eligible for recovery under the Plan of Allocation. With respect to LifeStance common stock purchased or sold through the exercise of an option, the purchase/sale date of the LifeStance common stock is the exercise date of the option and the purchase/sale price is the exercise price of the option.

72. The Net Settlement Fund will be allocated among all Authorized Claimants whose prorated payment is \$10.00 or greater. If the prorated payment to any Authorized Claimant calculates to less than \$10.00, it will not be included in the calculation and no distribution will be made to that Authorized Claimant.

73. Distributions will be made to eligible Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement. If there is any balance remaining in the Net Settlement Fund (whether by reason of tax refunds, uncashed checks, or otherwise) after at least six (6) months from the date of initial distribution of the Net Settlement Fund, the Claims Administrator will, if feasible and economical after payment of Notice and Administration Expenses, Taxes, and attorneys' fees and Litigation Expenses, if any, redistribute such balance among Authorized Claimants who have cashed their checks in an equitable and economic fashion. Once it is no longer feasible or economical to make further distributions, any balance that still remains in the Net Settlement Fund after re-distribution(s) and after payment of outstanding Notice and Administration Expenses, Taxes, and attorneys' fees and expenses, if any, shall be contributed to the Investor Protection Trust or such other private, nonprofit, non-sectarian 501(c)(3) organization approved by the Court.

74. Payment pursuant to the Plan of Allocation or such other plan of allocation as may be approved by the Court will be conclusive against all claimants. No person will have any claim against Lead Plaintiff, Lead Counsel, their

⁵ The \$3.20 per share amount represents LifeStance's statistically significant price decline on November 9, 2021.

⁶ The \$3.20 per share amount represents LifeStance's statistically significant price decline on November 9, 2021.

⁷ The \$7.86 per share amount equals LifeStance's closing price on August 10, 2022, when the first suit was filed.

damages expert, the Claims Administrator, or other agent designated by Lead Counsel, arising from determinations or distributions to claimants made substantially in accordance with the Stipulation, the Plan of Allocation approved by the Court, or further orders of the Court. Lead Plaintiff, Defendants, Defendants' Counsel, and all other Released Parties will have no responsibility for or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the Plan of Allocation, or the determination, administration, calculation, or payment of any Claim Form or non-performance of the Claims Administrator, the payment or withholding of Taxes owed by the Settlement Fund, or any losses incurred in connection therewith.

75. Each claimant is deemed to have submitted to the jurisdiction of the United States District Court for the Southern District of New York with respect to his, her, or its claim.

SPECIAL NOTICE TO SECURITIES BROKERS AND NOMINEES

76. If you purchased LifeStance common stock during the Class Period for the beneficial interest of a person or entity other than yourself, the Court has directed that **WITHIN TEN (10) CALENDAR DAYS OF YOUR RECEIPT OF THIS NOTICE, YOU MUST EITHER:** (a) provide a list of the names and addresses of all such beneficial owners to the Claims Administrator and the Claims Administrator is ordered to send the Notice and Claim Form ("Claims Packet") promptly to such identified beneficial owners; or (b) request additional copies of the Claims Packet from the Claims Administrator, which will be provided to you free of charge, and **WITHIN TEN (10) CALENDAR DAYS** of receipt, mail the Claims Packet directly to all such beneficial owners. If you choose to follow procedure (b), the Court has also directed that, upon making that mailing, **YOU MUST SEND A STATEMENT** to the Claims Administrator confirming that the mailing was made as directed and keep a record of the names and mailing addresses used. Nominees shall also provide email addresses for all such beneficial owners to the Claims Administrator, to the extent they are available. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including up to \$0.03 per record for providing names, addresses, and email addresses to the Claims Administrator; up to a maximum of \$0.03 per Claims Packet mailed by the nominee, plus postage at the rate used by the Claims Administrator; or \$0.03 per Claims Packet sent by email. Those expenses will be paid upon request and submission of appropriate supporting documentation and timely compliance with the above directives. All communications concerning the foregoing should be addressed to the Claims Administrator:

LifeStance Securities Settlement
c/o A.B. Data, Ltd.
P.O. Box 173090
Milwaukee, WI 53217

Dated: October 25, 2023

BY ORDER OF THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK