Table of Contents

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 June 30, 2022

or

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

For the transition period from ______ to

Commission File Number: 001-40159

InnovAge Holding Corp.
(Exact name of registrant as specified in its charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**81-0710819** **(I.R.S. Employer Identification Number)**
8950 E. Lowry Boulevard **Denver, CO** **(Address of Principal Executive Offices)**	**80230** **(Zip Code)**

(844) 803-8745
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value	INNV	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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. ☐

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

Based on the closing price of the registrant's common stock as reported on the Nasdaq Global Select Market, the aggregate market value of the registrant's common stock held by non-affiliates on December 31, 2021 (the last business day of the registrant's most recently completed second fiscal quarter) was $94.9 million.

As of September 12, 2022, there were 135,565,699 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for the upcoming Annual Meeting of Shareholders to be filed no later than 120 days after the end of the registrant's fiscal year ended June 30, 2022, are incorporated by reference in Part III of this Annual Report on Form 10-K to the extent described therein.

TABLE OF CONTENTS

PART I		I-1
Item 1.	Business	I-1
Item 1A.	Risk Factors	I-20
Item 1B.	Unresolved Staff Comments	I-55
Item 2.	Properties	I-55
Item 3.	Legal Proceedings	I-56
Item 4.	Mine Safety Disclosures	I-57
PART II		II-58
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	II-58
Item 6.	Reserved	II-58
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	II-59
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	II-76
Item 8.	Financial Statements and Supplementary Data	II-77
Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	II-110
Item 9A.	Controls and Procedures	II-110
Item 9B.	Other Information	II-111
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	II-111
PART III		III-111
Item 10.	Directors, Executive Officers and Corporate Governance	III-111
Item 11.	Executive Compensation	III-111
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	III-111
Item 13.	Certain Relationships and Related Transactions, and Director Independence	III-111
Item 14.	Principal Accounting Fees and Services	III-111
PART IV		IV-112
Item 15.	Exhibits, Financial Statement Schedules	IV-112
Item 16.	Form 10-K Summary	IV-114
	Signatures	

Cautionary Note About Forward-Looking Statements

Throughout this Annual Report on Form 10-K for the year ended June 30, 2022 (this "Annual Report"), we make "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This Annual Report contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical fact included in this Annual Report are forward-looking statements. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "will," "should," "can have," "likely" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. For example, all statements we make relating to our estimated and projected costs, expenditures, cash flows, growth rates and financial results, our plans and objectives for future operations, growth opportunities or initiatives, strategies or the expected outcome or impact of pending or threatened litigation are forward-looking statements. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected, including:

- the results of periodic inspections, reviews, audits and investigations under the federal and state government programs, including the sanctions currently in place on our centers in Colorado and in our Sacramento center in California and our ability to sufficiently cure any deficiencies identified by the respective federal and state government programs including with respect to the audits of our Albuquerque, New Mexico center and San Bernardino, California center;
- the adverse impact of inspections, reviews, audits, investigations, legal proceedings, enforcement actions and litigation, including the current civil investigative demands initiated by federal and state agencies, as well as the litigation and other proceedings initiated by, or on behalf, of our stockholders;
- the risk that the cost of providing services will exceed our compensation under the Program of All Inclusive Care for the Elderly ("PACE");
- the dependence of our revenues and operations upon a limited number of government payors;
- changes in the rules governing the Medicare, Medicaid or PACE programs or applicable licensure requirements;
- the risk that our submissions to government payors may contain inaccurate or unsupportable information, including regarding risk adjustment scores of participants;
- the viability of our business strategy and our ability to realize expected results;
- the impact on our business of renegotiation, non-renewal or termination of capitation agreements with government payors;
- the impact of state and federal efforts to reduce healthcare spending;
- the impact on our business from an economic downturn
- the effects of a pandemic, epidemic or outbreak of an infectious disease, including the ongoing effects of COVID-19;
- our dependence on our senior management team and other key employees;
- the effect of sustained inflation on our business;
- the impact of failures by our suppliers, sustained material price increases on supplies or limitations on our ability to access new technology or medical products;
- the effect of our relatively limited operating history as a for-profit company on investors' ability to evaluate our current business and future prospects;
- our ability to enroll or attract new participants and grow our revenue, especially as a result of the sanctions currently in place on our centers in Colorado and in our Sacramento center in California and actions from other states;
- the concentration of our presence in Colorado;
- our ability to manage our operations effectively, execute our business plan, maintain effective levels of service and participant satisfaction and adequately address competitive challenges;
- our ability to compete in the healthcare industry;

- our ability to establish a presence in new geographic markets, especially as a result of the actions taken by certain states and us in light of our ongoing audit processes;
- the impact of competition for physicians and other clinical personnel and related increases in our labor costs;
- the impact on our business of security breaches, loss of data or other disruptions causing the compromise of sensitive information or preventing us from accessing critical information;
- our ability to effectively invest in, implement improvements to and properly maintain the uninterrupted operation and data integrity of our information technology and other business systems;
- our ability to accurately estimate incurred but not reported medical expense or the risk scores of our participants;
- risks associated with our use of "open-source" software;
- the impact on our business of the termination of our leases, increases in rent or inability to renew or extend leases;
- our ability to maintain our corporate culture;
- the impact of negative publicity regarding the managed healthcare industry;
- the impact of weather and other factors beyond our control;
- our ability to adhere to complex and changing government laws and regulations in the healthcare industry, including U.S. Healthcare reform, the regulation of the corporate practice of medicine and the Health Information Technology for Economic and Clinical Health Act of 2009 (the "HITECH Act"), and their implementing regulations (collectively, "HIPAA"), CCPA and other privacy laws and regulations in the healthcare industry;
- our status as a "controlled company";
- our ability to maintain effective internal controls over financial reporting and other enhanced requirements of being a public company;
- our ability to maintain and enhance our reputation and brand recognition;
- the impact on our business of disruptions in our disaster recovery systems or business continuity planning;
- changes in accounting principles and guidance, resulting in unfavorable accounting charges or effects; and
- other factors disclosed in the section entitled "Risk Factors" and elsewhere in this Annual Report.

We derive many of our forward-looking statements from our operating budgets and forecasts, which are based on many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, are disclosed under the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report. You should evaluate all forward-looking statements made in this Annual Report in the context of these risks and uncertainties.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. The forward-looking statements included in this Annual Report are made only as of the date hereof. We undertake no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

PART I

Item 1. BUSINESS

Who We Are

InnovAge is the leading healthcare delivery platform by number of participants focused on providing all-inclusive, capitated care to high-cost, dual-eligible seniors. Our programs are designed to address two of the most pressing challenges facing the U.S. healthcare industry: rising costs and poor outcomes. Our participant-centered care delivery approach is designed to improve the quality of care our participants receive, while keeping them in their homes for as long as safely possible and reducing over-utilization of high-cost care settings such as hospitals and nursing homes. Our participant-centered approach is led by our Interdisciplinary Care Teams ("IDTs"), who design, manage and coordinate each participant's personalized care plan. We directly manage and are responsible for all healthcare needs and associated costs, including housing costs where applicable, for our participants. We directly contract with government payors, such as Medicare and Medicaid, and do not rely on third-party administrative organizations or health plans. We believe our model aligns with how healthcare is evolving, namely (i) the shift toward value-based care, in which coordinated, outcomes-driven, quality care is delivered while reducing unnecessary spend, (ii) eliminating excessive administrative costs by contracting directly with the government, (iii) focusing on the patient experience and (iv) addressing social determinants of health.

InnovAge Holding Corp. (formerly, TCO Group Holdings, Inc.) and certain wholly owned subsidiaries were formed as for-profit corporations effective May 13, 2016, for the purpose of purchasing all the outstanding common stock of Total Community Options, Inc. d/b/a InnovAge, which was formed in May 2007. In connection with this purchase, Total Community Options, Inc. and certain of its subsidiaries converted from not-for-profit organizations to for-profit corporations, and Total Community Options Foundation, Inc. and Johnson Adult Day Program, Inc., both not-for-profit organizations, separated from Total Community Options, Inc. In connection with our initial public offering ("IPO"), which occurred in March 2021, we changed the name of our company from TCO Group Holdings, Inc. to InnovAge Holding Corp. ("InnovAge"). In the following text, the terms "we", "our", "our company" and "us" may refer, as the context requires, to InnovAge or collectively to InnovAge and its subsidiaries.

InnovAge is headquartered in Denver, Colorado. Our mission is to allow seniors in need of care and support to live life on their terms by aging in place, in their own homes and communities, for as long as safely possible. Through PACE, we manage, and in many cases directly provide, a broad range of medical and ancillary services for seniors, including in-home care services (skilled, unskilled and personal care); in-center services such as primary care, physical therapy, occupational therapy, speech therapy, dental services, mental health and psychiatric services, meals, and activities; transportation to the PACE center and third-party medical appointments; and care management. The Company manages its business as one reportable segment, PACE.

PACE

As of June 30, 2022, the Company served approximately 6,650 PACE participants, making it the largest PACE provider in the United States of America (the "U.S.") based on participants served, and operated 18 PACE centers across Colorado, California, New Mexico, Pennsylvania and Virginia.

PACE is a fully-capitated managed care program, which serves the frail elderly, and predominantly dual-eligible, population in a community-based service model. We define dual-eligible seniors as individuals who are 55+ and qualify for benefits under both Medicare and Medicaid. InnovAge provides all needed healthcare services through an all-inclusive, coordinated model of care, and the Company is at risk for 100% of healthcare costs incurred with respect to the care of its participants. PACE programs receive capitation payments directly from Medicare Parts C and D, Medicaid, Veterans Administration ("VA"), and private pay sources. Additionally, under the Medicare Prescription Drug Plan, the Centers for Medicare and Medicaid Services ("CMS") share part of the risk for providing prescription medication to the Company's participants. We deliver our participant-centered care through the InnovAge Platform, which is designed to bring high-touch, comprehensive, value-based care.

We believe the traditional fee-for-service reimbursement model in healthcare does not adequately incentivize providers to efficiently manage this complex population. Dual-eligible seniors must navigate a disjointed, separately administered set of Medicare and Medicaid benefits, which often results in uncoordinated care delivered in silos. Our vertically integrated care model and full-risk contracts incentivize us to coordinate and manage all aspects of a participant's health. Costs under the PACE program are estimated to be 13% lower on average than for a comparable dual-eligible population aged 65 and older under Medicaid, based on an analysis of available data by the National PACE Association in November 2020. Importantly, we believe we can deliver better health outcomes. Our care model reduces unnecessary or avoidable medical spend. Based on an analysis performed using the data most recently available to us from 2018, we estimate that across our mature markets, our participants on average have 16% fewer hospital admissions and 73% fewer low- to medium-severity emergency room visits relative to a comparable Medicare fee-for-service population with similar risk scores for which data is available. In addition, as of June 30, 2022, our participants had a 23% lower 30-day hospital readmission rate compared to a frail, dual-eligible or disabled waiver population. In addition to reducing spend, we also focus on ensuring our participants are satisfied and receive the necessary care. Our participant satisfaction, based on our most recent survey of participants administered by an independent third party as of January 1, 2022, is 81%.

We believe our value proposition to each constituency translates into a predictable economic model. We directly contract with Medicare and Medicaid on a per member, per month ("PMPM") basis, which creates recurring revenue streams and provides significant visibility into our revenue trajectory. We receive 100% of the pooled capitated payment to directly provide or manage the healthcare needs of our participants.

Industry Challenges

Unsustainable and rising healthcare costs. According to data from the Office of the Actuary of CMS, healthcare spending in the United States grew at approximately 5% per year from 2015 to 2020, and in 2020 represented $4.1 trillion of annual spend, or 19.7% of U.S. GDP. The overall growth rate of healthcare spending is expected to accelerate due to the aging population.

Government healthcare spend is disproportionally concentrated in the dual-eligible population, who typically suffer from multiple chronic conditions and require long-term services and supports. Medicare and Medicaid spend on average three times more per capita on a dual-eligible senior than a Medicare-only senior. Improved care management of dual-eligible seniors is critical to reducing the rapid growth in government healthcare spending in the United States.

Highly fragmented, uncoordinated healthcare system. The U.S. healthcare system is complex and highly fragmented, resulting in piecemeal care delivery across different providers who each lack a complete picture of the patient. Furthermore, this dynamic often makes the healthcare system difficult for patients to navigate. Primary, acute, behavioral and long-term care providers need to work together to effectively manage a patient's care, yet, today, they often work in silos. This lack of care coordination can result in missed or inaccurate diagnoses, gaps in care, unnecessary spend and ultimately sub-optimal patient outcomes.

High-cost, dual-eligible seniors are at high risk of falling through the cracks of the U.S. healthcare system. Few government-sponsored programs other than PACE bring together the Medicare and Medicaid benefit for these individuals, creating further barriers to delivering coordinated care. Dual-eligible beneficiaries are among the most medically complex, high-frequency users of healthcare services. Based on InnovAge data as of June 30, 2022, the typical InnovAge participant had, on average, eight chronic conditions and, based on the data most recently available to us from a 2018 health outcomes survey, required, on average, assistance with two or more activities of daily living ("ADLs"). A lack of coordination across providers can have severe consequences given the high occurrence of chronic illnesses and other underlying health issues in this population.

Prevalence of wasteful spending and sub-optimal outcomes. A 2019 study, published in the Journal of the American Medical Association, estimated that approximately 25% of all annual healthcare spending is for unnecessary services, excessive administrative costs, fraud and other inefficiencies creating waste.

Proper management of chronic conditions and targeted interventions to mitigate challenges presented by social determinants of health can significantly reduce the incidence of acute episodes, which are the main driver of emergency room visits and hospitalization among the dual-eligible senior population. Healthcare spending on nursing care facilities

and continuing care retirement communities was expected to reach approximately $188.1 billion in 2022, based on the latest projections made by the Office of the Actuary of CMS, which is a 6.4% decrease compared to the 2022 projection from the prior year. Similar to spend on hospitals and other high-acuity care settings, we believe many of these dollars can ultimately be saved by providing proactive treatment and investing in proper medical and social supports to enable frail seniors to live in their homes and communities.

Despite high levels of spending, the U.S. healthcare system struggles to produce better health outcomes and delivers low levels of patient and provider satisfaction.

Payment structures are evolving to address healthcare issues. Policymakers and healthcare experts generally acknowledge that the fee-for-service model is not designed to deliver on the “triple aim” of providing low-cost, high-quality care while improving the patient experience. Historically, healthcare delivery was oriented around reactive care for acute events, which resulted in the development of a fee-for-service payment model. By linking payments to the volume of encounters and pricing for higher complexity interventions, the fee-for-service model does not incentivize providers to practice preventative medicine or manage patients in lower cost settings. Rather, many policymakers and healthcare experts believe it unintentionally creates the opposite result—acute, episodic care delivered in high-cost settings that unnecessarily drive up the total cost of healthcare.

High-cost, dual-eligible seniors often require proactive, coordinated care plans to address their medical acuity, need for long term support and risks related to social determinants of health. Without personalized, patient-centered care that removes barriers to preventative or other early treatment, high-cost, dual-eligible seniors would continue to likely over-utilize healthcare in higher-cost settings, such as emergency rooms and nursing homes.

Government payors have responded by incentivizing a transition to value-based reimbursement models for dual-eligible seniors. A recent example of this has been the growth of the PACE program.

PACE is a government-sponsored, provider-led managed care program focused on enabling frail, dual-eligible seniors who qualify to live in a nursing home to age independently in their homes. PACE providers receive a monthly risk-adjusted payment for each participant (PMPM) directly from Medicare and Medicaid to oversee the totality of medical care an enrolled participant needs. Fully capitated models, such as PACE, incentivize organizations to better manage chronic conditions to avoid high-cost acute episodes and to invest in services that fall outside the scope of a fee-for-service model. These services, such as care coordination and ancillary support to remove barriers created by social determinants of health, can have a significant impact on a participant’s overall health.

InnovAge participants are, on average, more complex and medically fragile than other Medicare-eligible patients, including those in average Medicare Advantage (“MA”) programs. As a result, we receive larger payments for our participants compared to MA participants. This is driven by two factors: (i) we provide care for a higher acuity population, with an average Medicare Risk Adjustment Factor (“RAF”) score of 2.40 based on InnovAge data as of June 30, 2022, compared to an average RAF score of 1.08 for Medicare fee-for-service non-dual enrollees, as calculated in an analysis by Avalere Health in June 2020 of a cohort of individuals enrolled in Medicare Fee-for-Service in 2019, and (ii) we have Medicaid spend in addition to Medicare. Our comprehensive care model and globally capitated payments are designed to cover participants from enrollment until the end of life, including coverage for participants requiring hospice and palliative care.

The successful clinical approaches of PACE helped inform certain aspects of the Center for Medicare and Medicaid Innovation’s Global and Professional Direct Contracting (“GPDC”) Model which began in 2021. The GPDC Model is an alternative Accountable Care Organization (“ACO”) model that aims to create value-based payment arrangements directly with provider groups for their current Medicare fee-for-service patients. By transitioning from fee-for-service arrangements to value-based payments, CMS expects healthcare providers will be financially incentivized to simultaneously improve quality while lowering the cost of care and focusing on patient experience, as is done in PACE today.

Legacy healthcare delivery infrastructure has been slow to transition from fee-for-service to value-based care models. In order for the shift to value-based payment models to drive meaningful results, we believe there must be a corresponding shift in care delivery models. While there has been significant investment by providers, payors and technology companies

in developing solutions to enable higher-quality and lower-cost care, the healthcare industry is still heavily reliant on fee-for-service reimbursement models.

The COVID-19 pandemic amplified several flaws in the current legacy healthcare delivery system. Traditional healthcare providers faced dwindling fee-for-service visits during the stay-at-home orders, government restrictions and general patient fear of medical settings. This not only reduced revenues for traditional providers, but also strained their ability to provide necessary care for their patients. Patients in long-term care facilities, such as nursing homes, also saw and continue to see a disproportionately high infection rate as a result of the pandemic. The highly contagious nature of the virus that causes COVID-19 combined with the higher mortality rate in frail seniors created devastating conditions that led to many avoidable deaths.

Providers that operate comprehensive value-based models, like us, were better positioned to quickly pivot their care delivery approach to safely treat patients in virtual and home-based settings without losing any revenue. PACE participants had one-third the COVID-19 cases and deaths compared to the rates of nursing home residents as of June 30, 2021, according to an analysis performed by The New York Times. We believe the COVID-19 pandemic has further highlighted the need for integrated, multimodal value-based care delivery models.

Our Market Opportunity

We are one of the largest healthcare platforms focused on frail, dual-eligible seniors, and we serve participants primarily through PACE. We have built the largest PACE-focused operation in the country based on number of participants; we are almost twice the size of our closest PACE-focused competitor, more than 30 times larger than the typical PACE operator and the only for-profit PACE operator with a footprint in three or more states. Given our scale across geographies, we believe we are positioned to capitalize on a significant market opportunity to provide care to frail, high-cost, dual-eligible seniors once restrictions on our ability to enroll participants as a result of the audits of our centers in Sacramento, California and Colorado and on our ability to open de novo centers as a result of actions taken by other states or us, are lifted or resolved.

Our care model targets the most complex, frail subset of the dual-eligible senior population. We estimated our target population at approximately 2.1 million in 2021 based on data from the U.S. Census Bureau from 2018, representing seniors who we believe are dually eligible for Medicare and Medicaid and meet the nursing home eligibility criteria for PACE. We have historically and, once restrictions on our ability to enroll participants as a result of the audits on our centers in Sacramento, California and Colorado and on our ability to open de novo centers as a result of actions taken by other states or us, are lifted or resolved, expect to prioritize growth in high-density urban and suburban areas, where there are sizable numbers of frail dual-eligible seniors who would benefit most from our program. We leverage the InnovAge Platform which is designed to provide comprehensive, coordinated healthcare to enable our frail, nursing home-eligible seniors to live independently in their homes and communities. We believe people want to stay in their home for as long as possible, and the InnovAge Platform is designed to empower seniors to age independently in their own homes, on their own terms, for as long as possible.

Based on historical results for the year ended June 30, 2022 and our experience and industry knowledge, we estimate an average annual revenue opportunity of $98,000 per participant (or $8,200 PMPM) and a total addressable market opportunity of $220 billion, based on our estimated market of approximately 2.2 million PACE eligible in the United States in 2021, as described above. Of these estimated PACE eligible participants, only approximately 61,000 are enrolled in a PACE program, based on a July 2022 report from the National PACE Association, and over the next six years, the National PACE Association is targeting a PACE enrollment increase at a compound annual growth rate ("CAGR") of approximately 20%. As a result, we believe that, subject to our ability to effectively remediate deficiencies identified during audits of our centers, we have a substantial opportunity for growth by bringing our comprehensive value-based model of care to more frail, dual-eligible seniors across the country.

The InnovAge Platform

Our participant-centered approach is tailored to address the complex medical and social needs of our frail dual-eligible senior population. We leverage the InnovAge Platform to deliver comprehensive, coordinated healthcare to our

participants. The InnovAge Platform consists of (1) our interdisciplinary care teams and (2) our community-based care delivery model. The key attributes of the InnovAge Platform include:

Our participant focus. Our model is focused on caring for frail, high-cost, dual-eligible seniors. Our target participant population is the frail, nursing home-eligible subset of dual-eligible seniors to whom we refer as “high-cost, dual-eligibles” given their high healthcare acuity and the associated high level of spend. Our participants are among the most frail and medically complex individuals in the U.S. healthcare system. Based on InnovAge data as of June 30, 2022, the typical InnovAge participant had, on average, eight chronic conditions and, based on the data most recently available to us from a 2018 health outcomes survey, required, on average, assistance with three or more ADLs. As a result, the average InnovAge participant has a Medicare RAF of 2.40 based on InnovAge data as of June 30, 2022, compared to an average RAF score of 1.08 for Medicare fee-for-service non-dual enrollees, as calculated in an analysis by Avalere Health in June 2020 of a cohort of individuals enrolled in Medicare Fee-for-Service in 2019. A higher RAF score indicates poorer health and higher predicted health care costs. Our platform is designed to enable participants to exercise their preference to age independently in their homes and stay active in their communities for as long as safely possible. All of our participants are certified as nursing home-eligible. As of June 30 2022, over 90% of our participants are able to live safely in their homes and communities.

Our interdisciplinary care teams. The IDT structure is core to our clinical model. Our IDTs oversee all aspects of each participant’s unique care plan and function as the core group of care providers to our participants. Our IDT structure is designed to enhance access to care for our participants and eliminate information silos and gaps in care that frequently occur in a fee-for-service model. We are responsible for all of our participants’ medical care, and we direct care delivery across multiple settings. We deliver individualized care for each participant that addresses both his or her specific medical conditions and social determinants of health. We deliver or manage primary and specialist care, in-home care, hospital visits, nutrition, transportation to our care centers and to other medical appointments, pharmacy and behavioral health. We leverage a technology suite, which we believe is powered by industry-leading clinical and operational information technology solutions to collect and analyze data, streamline IDT workflows and empower our teams with timely participant insights that improve outcomes.

Each IDT convenes, at a minimum, experts across at least 11 disciplines to collectively manage the complex care needs of each participant. IDTs are typically comprised of a primary care provider, registered nurse, master’s level social worker, physical therapist, occupational therapist, recreational therapist or activity coordinator, dietician, center manager, home care coordinator, personal care attendant and driver. The IDTs meet multiple times per week to discuss each participant’s care plan and closely monitor key clinical metrics to ensure each participant receives optimal treatment based on his or her current conditions.

Our community-based care delivery model. Our high-touch model delivers care across a continuum of community-based settings. Our multimodal approach leverages (1) the care center, (2) the home and (3) virtual care capabilities to deliver comprehensive care to our participants. Our capitated payment model gives us the flexibility to invest in care coordination, transportation and other services to mitigate challenges presented by participants’ social determinants of health, regardless of what is traditionally covered by insurance. As a result, our capabilities are not limited to what we are able to offer inside of our centers.

Our community-based care centers. Our purpose-built community-based care centers are designed for the specific needs of our target population and serve as a medical and social hub for our participants. Our participants often spend the full day in these centers receiving medical treatment, meals and physical therapy and socializing with peers. Our care centers are larger than those of most other comparable care organizations and include dedicated spaces for medical care, physical therapy, behavioral health and dentistry, in addition to day-rooms and dining spaces for socialization among our participants. We incorporate population-specific design elements, such as grab bars and rounded hallways, to accommodate the frailty and the prevalence of dementia among our participant population. The size and design of our centers enable us to deliver a significant portion of our participants’ care in one location, simplifying the healthcare experience for participants and their families.

Our in-home care capabilities. Our in-home care capabilities are designed to enable our participants to live safely in their homes and avoid nursing homes to the extent safely possible. We directly deliver or manage all skilled and unskilled care a participant may require to live independently at home. Additionally, we have dedicated strategic partnerships with

"hospital-at-home" providers to deliver acute care in-home when appropriate. In addition, we manage transportation not only to our centers but also to all third-party medical appointments. Our capitated payment model gives us the flexibility to invest in home modifications, such as ramps, grab bars and shower chairs, to reduce falls and make the home safer for our seniors. We believe our presence in our participants' homes gives us real-time insight into our participants' health and enables us to positively influence many environmentally-driven social determinants of health.

Our virtual care capabilities. Our virtual care capabilities give us the flexibility to deliver medical care and social services virtually when appropriate. Our physicians are equipped with several telehealth platforms to provide virtual care and utilize the option best suited for each individual participant's preferences and needs. Our aim is to make virtual care access simple and convenient for our participants. In situations where a participant is unable to use telehealth technology on their own, we dispatch a team member to their home to assist.

We developed our telehealth capabilities during the COVID-19 pandemic. The pandemic highlighted the adaptability of the InnovAge Platform and our community-based care delivery model. Although participant attendance in the centers increased over the past fiscal year, our telehealth capabilities remain an important offering in our multimodal approach to deliver comprehensive care with 6% of our provider visits and 5% of IDT visits provided to our participants remotely during the year ended June 30, 2022.

Addressing social determinants of health. Our care delivery model is designed to provide services that mitigate challenges presented by participants' social determinants of health, such as:

- Economic stability
- Transportation
- Physical environment
- Community and social context
- Food and nutrition
- Health literacy
- Fitness

Our technology suite. Our fully capitated care model is operationally complex; it requires coordination among dozens of different providers per participant, real-time integration of clinical data from disparate sources and predictive analytics to enable effective interventions. We license a suite of third-party clinical technologies that we use to create a comprehensive view of our participants' health, empowering our IDTs to make optimal care decisions. We leverage what we believe to be industry-leading reporting and predictive analytics solutions to collect and analyze data, stratify our population and uncover actionable participant insights.

Fiscal Year 2022 Audit Processes and Remediation Efforts

In May 2021, CMS, together with other state regulatory authorities, commenced audits in our Sacramento center in California and in all our centers in Colorado. Based on deficiencies detected in the audits related to participant provision of services, which can be categorized as care delivery and management, care coordination and documentation of care, CMS and regulatory authorities in the states of California and Colorado suspended new enrollments at our Sacramento center in California and all our centers in Colorado. The suspensions will remain in effect until CMS and the other regulatory authorities determine that we have remediated the deficiencies to their satisfaction. In November 2021 and March 2022, CMS began audits of our Albuquerque, New Mexico center and San Bernardino, California center, respectively. CMS issued preliminary results in both audits identifying certain deficiencies, but in both cases have verbally notified us that no enforcement actions will be taken. To address the deficiencies identified in the audit processes, we are required to implement immediate corrective actions. Our plans to do so ("iCARs") have been accepted by CMS and we are currently working on the audit close out process for these two audits. There can be no assurance as to the timelines of such close outs.

In addition, the States of Kentucky and Indiana have taken actions to suspend our ability to open de novo centers in those states, and we have committed to regulatory agencies in the State of Florida, that we will proactively pause remaining steps with respect to planned de novo centers in that state. For more information, see Item 1A. Risk Factors, "Risks Related to Our Business—We face inspections, reviews, audits and investigations under federal and state government programs

and contracts. These audits require corrective actions and have resulted in adverse findings that have negatively affected and continue to affect our business, including our results of operations, liquidity, financial condition and reputation."

The Company's priority is to remediate the deficiencies raised in the audit processes and to return to growth as a company, both for the short- and long-term. We continue to work with the appropriate authorities to make the necessary changes within the Company to increase care coordination and care documentation among our centers. As part of this focus, we are working to fill critical personnel gaps at our centers. We recently hired a Chief People Officer to help provide assistance and oversight of current employee engagement and personnel hiring. Other key remediation initiatives include standardizing the process of our IDTs, strengthening our home care network and reliability, improving timeliness of scheduling and coordinating care with providers outside the centers, improving our telephonic channel response times, improving the efficiency and reliability of transportation for our participants, standardizing our wound care program across the enterprise and reducing documentation outside the electronic medical record. True to our mission, which seeks to provide quality care to our participants so that they can live in their homes and communities for as long as possible, we continue to work to enhance our practices and implement measures adopted in our centers under audit throughout all our centers, not only to satisfy federal and state government agencies' concerns, but most importantly to enhance the quality of care we provide to our participants.

Our Value Proposition

We believe that our healthcare model is one where all constituencies involved, including participants, their families, providers and government payors, have the ability to "Win."

Our participants "Win" by enjoying a better participant experience, improved health outcomes and remaining in their homes and communities for longer. We leverage our differentiated care delivery model to improve the health of our participants and help them avoid unnecessary hospitalizations and nursing home care. We enable our participants to remain in their homes and age independently. As a result, as of June 30 2022, over 90% of our participants lived in their preferred setting: their home or community. We believe our care model also delivers better clinical outcomes: our participants have fewer hospital admissions, fewer low- to medium-severity emergency room visits and lower 30-day hospital readmission rates. Our care model is not "one size fits all," it is customized to the unique needs of each participant, which benefits participant health and increases participant satisfaction with our program.

Families "Win" as we reduce their caregiving burden and provide "peace of mind". We significantly reduce the caregiving burden on the families of our participants. Our model handles all transportation to and from medical appointments and center visits, helps participants with ADLs, and creates social outlets for participants to reduce isolation. Most importantly, we believe we offer "peace of mind" to our participants' families who know their loved one's complex needs are cared for. "Friends and family" of participants remain one of our largest referral sources for recruiting new participants.

Our providers "Win" as they are able to focus on improving the lives of their participants. We enable our providers to focus on taking care of participants by providing them with meaningful clinical and administrative support. We remove the pressure of trying to optimize visit volume by rewarding quality, not quantity, of care. We estimate that our providers (1) have a smaller number of participants to care for and spend more time with each participant than providers in similar care organizations, and (2) benefit from the support of a multidisciplinary team.

Government payors "Win" through fiscal certainty and lower costs. We believe we provide fiscal certainty through our capitated payment arrangements and reduce the cost of both medical and long-term support and services for high-cost, dual-eligible seniors. Costs under the PACE program were estimated to be 13% lower on average than for a comparable dual-eligible population aged 65 and older under Medicaid, based on an analysis of available data by the National PACE Association in November 2020.

Our Growth Strategy

Increase participant enrollment and capacity within existing centers

- For the fiscal year ended June 30, 2022, our participant census was approximately 6,650 across our 18 centers in five states. Once restrictions on our ability to enroll participants as a result of the audits of our centers in

Sacramento, California and Colorado and on our ability to open de novo centers as a result of actions taken by other states or us, are lifted or resolved, we expect to strengthen our efforts to grow our census.

Build de novo centers

- We believe de novo centers generate compelling long-term unit economics and the potential for robust internal rates of return.
- We have operated our platform across different geographies and, once restrictions on our ability to enroll participants as a result of the audits of our centers in Sacramento, California and Colorado and on our ability to open de novo centers as a result of actions taken by other states or us, are lifted or resolved, we expect to prioritize a list of target markets that we believe are optimal environments to launch the InnovAge Platform.
- Our approach to de novo developments is expected to include building centers to our experience-based specifications, with flexibility for future center expansion factored into the blueprints where possible.

Execute tuck-in acquisitions

- From fiscal year 2019 through fiscal year 2021, we have acquired and integrated three PACE organizations, expanding into one new state and four new markets through those acquisitions. By bringing acquired organizations under the InnovAge Platform, we hope to further realize revenue growth and improve operational efficiency and care delivery post-integration.
- Once restrictions on our ability to enroll participants as a result of the audits of our centers in Sacramento, California and Colorado and on our ability to open de novo centers as a result of actions taken by other states or us, are lifted or resolved, we believe there is a robust landscape of potential tuck-in acquisitions to supplement our organic growth and that our history of integrating business will help increase efficiencies during the integration process.

Reinvest in the InnovAge Platform to optimize performance

- We believe that our ongoing investment in the InnovAge Platform drives greater efficiency across our business, creating a virtuous cycle that allows us to continue providing necessary care to our participants. Our platform is the largest among PACE providers based on participants served and one of the most geographically diverse.
- We plan to continually invest in technology improvements and seek to unlock new insights through enhanced data analytics capabilities that will advance our care model.
- We believe our investments will ultimately result in better health outcomes and lower medical costs for participants. As we continue to reduce medical costs, we expect to generate incremental savings that can be reinvested to support continuous improvement of the InnovAge Platform.

Regulation

Our operations are subject to extensive federal, state and local governmental laws and regulations. These laws and regulations require us to meet various standards relating to, among other things, arrangement and provision of covered health care services to our participants, operation and management of PACE centers, dispensing of pharmaceuticals, personnel qualifications, maintenance of proper records, and quality assurance programs. If any of our operations are found to violate applicable laws or regulations, we could suffer severe consequences that would have a material adverse effect on our business, results of operations, financial condition, cash flows, reputation and stock price, including:

- suspension, termination or exclusion of our participation in government payor programs;
- loss of our licenses required to operate healthcare facilities or administer prescription drugs in the states in which we operate;
- criminal or civil liability, fines, damages or monetary penalties for violations of healthcare fraud and abuse laws, including the federal Anti-Kickback Statute, Civil Monetary Penalties Law, the False Claims Act (“FCA”) and/or state analogs to these federal enforcement authorities, or other regulatory requirements;

- enforcement actions by governmental agencies and/or state law claims for monetary damages by patients or employees who believe their protected health information ("PHI") and other types of personal data or personally identifiable information (collectively, "PII" and, together with PHI, "PHI/PII") has been impermissibly used or disclosed or not properly safeguarded, or their rights with respect to PHI/PII have been protected, in violation of federal or state health privacy laws, including, for example and without limitation, the Health Insurance Portability and Accountability Act of 1996, as amended by HIPAA, the California Consumer Privacy Act ("CCPA"), other state comprehensive privacy laws, and the Privacy Act of 1974;
- mandated changes to our practices or procedures that significantly increase operating expenses or decrease our revenue;
- imposition of and compliance with corporate integrity agreements that could subject us to ongoing audits and reporting requirements as well as increased scrutiny of our business practices which could lead to potential fines, among other things;
- termination of various relationships and/or contracts related to our business, including joint venture arrangements, contracts with government payors and real estate leases or contracts with specialty medical providers;
- changes in and reinterpretation of rules and laws by a regulatory agency or court, such as state corporate practice of medicine laws, that could affect the structure and management of our business;
- negative adjustments to government payment models including, but not limited to, Medicare Parts C and D and Medicaid; and
- harm to our reputation, which could negatively impact our business relationships, the terms of government payor contracts, our ability to attract and retain participants and physicians, our ability to obtain financing and our access to new business opportunities, among other things.

We expect that our industry will continue to be subject to substantial regulation, the scope and effect of which are difficult to predict. Our activities could be subject to investigations, audits and inquiries by various government and regulatory agencies with whom we contract at any time in the future. See Item 1A. Risk Factors, "Risks Related to Regulation."

Federal and State Regulation of PACE Providers

We are subject to a complex array of federal and state laws, regulations, and guidance, including legal requirements directly applicable to PACE providers as well as Medicare and Medicaid laws and regulations. These laws and guidance relate to our organizational structure, governance, fiscal soundness, marketing activities, participant enrollment and disenrollment, charges to participants, provision of healthcare and other services to participants, care planning activities, service delivery settings and maintenance of centers, participant rights, employment and contractual arrangements with health care providers and other staff, quality assessment and performance improvement activities, participant grievances and appeals, medical records documentation, compliance program activities, and other aspects of our operations and financing. As a PACE provider that provides qualified prescription drug coverage, we are also subject to requirements applicable to Medicare Part D plan sponsors.

As a PACE provider, we and our centers are subject to audits by CMS and state agencies, which have in the past and may in the future result in the identification of deficiencies in connection with our compliance with regulatory requirements, participant quality of care, care plan development and implementation, grievance and appeal processes, clinicians acting outside of their scope of practice, and other issues. See Item 1A. Risk Factors, "Risks Related to Regulation" for a description of current audits in the States of California, Colorado, and New Mexico and their results. We expect these audits to continue in the future. In addition to risks associated with audits of our current centers, we also face risks associated with new centers that we may acquire in the future, which may not have developed the same compliance and quality infrastructure that we currently have in place or are in the process of implementing. Issues identified through these audits have and may in the future result in corrective action plans, civil monetary penalties, enrollment suspensions, and other financial penalties and enforcement actions, in addition to loss of our contracts with CMS and state agencies.

The regulations and contractual requirements applicable to PACE providers are complex and subject to change, making it necessary for us to invest significant resources in complying with these requirements. Scrutiny through federal and state government audits, oversight and enforcement and the highly technical regulatory scheme mean that our compliance efforts in this area will continue to require significant resources. CMS and state regulatory authorities regularly

audit our performance to determine our compliance with CMS's regulations and our contracts with CMS and to assess the quality of the services we provide to our participants. Whether identified through these audits or other avenues, our failure to comply with the federal and state laws applicable to our business have and may continue to result in significant or material retroactive adjustments to and/or withholding of capitation payments, fines, criminal liability, civil monetary penalties, requirements to make significant changes to our operations, CMS imposed sanctions (including suspension or exclusion from participation in government programs), loss of contracts, or cessation of our services.

Licensing Laws

We, our healthcare professionals, and our centers are subject to various state and local licensure and certification requirements in connection with our provision of health care and other services. Specifically, in some of the states in which we operate, we are required to maintain licensure or certification as an adult day health center, home health or home care provider, diagnostic and treatment center, pharmacy provider, clinical laboratory and/or other type of facility, and our employed physicians and other clinicians also must be licensed or certified, as applicable, in the states in which they are providing services. We, our healthcare professionals and our centers are also subject to a variety of other state laws and regulations, relating to, among other things, the quality of medical care, equipment, privacy of health information, physician relationships, personnel and operating policies and procedures. In addition to state requirements, we and/or our healthcare professionals are in some cases subject to federal licensing and certification requirements, such as certification or waiver under the Clinical Laboratory Improvement Amendments of 1988 for performing limited laboratory testing and Drug Enforcement Administration registration for writing prescriptions for controlled substances. In addition, certain of the states where we currently operate or may choose to operate in the future regulate the operations and financial condition of risk bearing providers. These regulations can include capital requirements, licensing or certification, governance controls and other similar matters. While the states in which we operate do not currently impose these regulations on entities solely bearing risk under the PACE program, these states or states that we expand into may in the future seek to license or otherwise regulate our operations and financial solvency.

Failure to comply with federal, state and local licensing and certification laws, regulations and standards could result in a variety of consequences, including cessation of our services, loss of our contracts, prior payments by payors being subject to recoupment, requirements to make significant changes to our operations, or civil or criminal penalties. We routinely take the steps we believe are necessary to retain or obtain all requisite licensure and operating authorities. While we endeavor to comply with federal, state and local licensing and certification laws and regulations and standards as we interpret them, the laws and regulations in these areas are complex, changing and often subject to varying interpretations. For example, in Pennsylvania, the statutes that pertain to the employment of health care practitioners by health care facilities do not explicitly include a PACE organization in the list of health care facilities by which a health care practitioner may be employed. Any failure to satisfy applicable laws and regulations could have a material adverse impact on our business, results of operations, financial condition, cash flows and reputation.

Corporate Practice of Medicine

The laws and regulations relating to our operations vary from state to state, and some states in which we operate prohibit general business corporations, such as us, from practicing medicine, controlling physicians' medical decisions or engaging in some practices such as splitting professional fees with physicians. In certain states, we currently contract with physicians to provide healthcare services that are required to be provided by licensed physicians. While we believe that we are in substantial compliance with state laws prohibiting the corporate practice of medicine, other parties may assert that we could be engaged in the corporate practice of medicine. Further, many such state laws are often vague or have otherwise only been infrequently interpreted by courts or regulatory agencies. Were allegations to be asserted successfully before the appropriate judicial or administrative forums, we could be subject to adverse judicial or administrative penalties, certain contracts could be determined to be unenforceable and we may be required to restructure our contractual arrangements.

The consequences associated with violating corporate practice of medicine laws vary by state and may result in physicians being subject to disciplinary action, as well as forfeiture of revenues from government payors for services rendered. For lay entities, violations may also bring both civil and, in more extreme cases, criminal liability for engaging in medical practice without a license. Some of the relevant laws, regulations and agency interpretations in states with corporate practice of medicine restrictions have been subject to limited judicial and regulatory interpretation. In limited

cases, courts have required companies to divest or reorganize structures deemed to violate corporate practice restrictions. Moreover, state laws are subject to change. Any allegations or findings that we have violated these laws could have a material adverse impact on our reputation, business, results of operations and financial condition. In addition, agreements between the corporation and the physician could be considered void and unenforceable if in violation of such state laws.

See Item 1A. Risk Factors, "Risks Related to Our Business—Laws regulating the corporate practice of medicine could restrict the manner in which we are permitted to conduct our business, and the failure to comply with such laws could subject us to penalties or require a restructuring of our business."

Federal Anti-Kickback Statute

The federal Anti-Kickback Statute prohibits, among other things, knowingly and willfully offering, paying, soliciting or receiving remuneration, directly or indirectly, in cash or kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under federal and state healthcare programs such as Medicare and Medicaid.

Federal criminal penalties for the violation of the federal Anti-Kickback Statute include imprisonment, fines and exclusion of the provider from future participation in federal healthcare programs, including Medicare and Medicaid. Violations of the federal Anti-Kickback Statute are punishable by imprisonment for up to ten years, fines of up to $100,000 per kickback or both. Larger fines can be imposed upon corporations under the provisions of the U.S. Sentencing Guidelines and the Alternate Fines Statute. Individuals and entities convicted of violating the federal Anti-Kickback Statute are subject to mandatory exclusion from participation in Medicare, Medicaid and other federal healthcare programs for a minimum of five years in the case of criminal conviction. Civil penalties for violation of the Anti-Kickback Statute include up to $112,131 in monetary penalties per violation, repayments of up to three times the total payments between the parties to the arrangement and potential exclusion from participation in Medicare and Medicaid. Court decisions have held that the statute may be violated even if only one purpose of remuneration is to induce referrals. The Affordable Care Act (the "ACA") amended the federal Anti-Kickback Statute to clarify the intent that is required to prove a violation. Under the statute as amended, the defendant does not need to have actual knowledge of the federal Anti-Kickback Statute or have the specific intent to violate it. In addition, the ACA amended the federal Anti-Kickback Statute to provide that any claims for items or services resulting from a violation of the federal Anti-Kickback Statute are considered false or fraudulent for purposes of the FCA.

The federal Anti-Kickback Statute includes statutory exceptions and regulatory safe harbors that protect certain arrangements. These exceptions and safe harbors are voluntary. Business transactions and arrangements that are structured to comply fully with an applicable safe harbor do not violate the federal Anti-Kickback Statute. However, transactions and arrangements that do not satisfy all elements of a relevant safe harbor do not necessarily violate the law. When an arrangement does not satisfy a safe harbor, the arrangement must be evaluated on a case-by-case basis in light of the parties' intent and the arrangement's potential for abuse. Arrangements that do not satisfy a safe harbor may be subject to greater scrutiny by enforcement agencies.

We enter into several arrangements that could potentially implicate the Anti-Kickback Statute if the requisite intent were present, such as:

- ***Joint Ventures.*** To prove the concept of our ability to work with not-for-profits, we operate one of our centers under a joint venture with a not-for-profit healthcare provider. Although we do not expressly seek to enter into new joint ventures, it is possible that the government payor landscape in certain markets we may attempt to enter in the future may make entering into additional joint ventures attractive. Investment interests in the joint venture may not fully satisfy a safe harbor. The Office of Inspector General (the "OIG") of HHS has warned health care entities in the past that certain joint venture relationships have a potential for abuse. We have endeavored to structure our joint venture to satisfy as many elements of the applicable safe harbor for investments in small entities as we believe are commercially reasonable. For example, we believe that these investments are offered and made by us on a fair market value basis and provide returns to the investors in proportion to their actual investment in the venture.

- ***Discounts.*** Our centers sometimes acquire certain items and services at a discount that may be reimbursed by a federal healthcare program. We endeavor to structure our vendor contracts that include discount or rebate provisions to comply with the federal Anti-Kickback Statute safe harbor for discounts.
- ***Sales Forces and Participant Recruitment.*** We employ our own sales force and attempt to meet the Anti-Kickback safe harbor for bona fide employment.

If any of our business transactions or arrangements, including those described above, were found to violate the federal Anti-Kickback Statute, we could face, among other things, criminal, civil or administrative sanctions, including possible exclusion from participation in Medicare, Medicaid and other state and federal healthcare programs and FCA liability. Any findings that we have violated these laws could have a material adverse impact on our business, results of operations, financial condition, cash flows, reputation and stock price. In addition to the federal Anti-Kickback Statute, various states in which we operate have adopted their own anti-kickback statutes.

As part of HHS's Regulatory Sprint to Coordinated Care, OIG issued a request for information in August 2018 seeking input on regulatory provisions that may act as barriers to coordinated care or value-based care. Specifically, OIG sought to identify ways in which it might modify or add new safe harbors to the Anti-Kickback Statute (as well as exceptions to the definition of "remuneration" in the beneficiary inducements provision of the Civil Monetary Penalty Statute) in order to foster arrangements that promote care coordination and advance the delivery of value-based care, while also protecting against harms caused by fraud and abuse. OIG issued final rules effective January 19, 2021, that modify existing safe harbors and create new safe harbors and exceptions that may impact our business, results of operations and financial condition.

Federal Self-Referral Prohibition

The federal Ethics in Patient Referral Act ("Stark Law") generally prohibits a physician who has (or whose immediate family member has) a financial relationship with a provider from making referrals to that "entity" for "designated health services" if payment for the services may be made under Medicare or Medicaid. "Designated health services" include clinical laboratory services, inpatient and outpatient hospital services, physical and occupational therapy services, outpatient speech-language pathology services, certain radiology services, radiation therapy services and supplies, durable medical equipment and supplies, parenteral and enteral nutrients equipment and supplies, prosthetics, orthotics and prosthetic devices and supplies, home health services and outpatient prescription drugs. If our operations ever result in us being included within the definition of an "entity" under the Stark Law, then any financial relationships that we have with a referring provider would be prohibited unless a statutory or regulatory exception is available.

Providers are prohibited from filing Medicare claims for services related to a prohibited referral and a provider that has billed for prohibited services is obligated to notify and refund the amounts collected from the Medicare program or to make a self-disclosure to CMS under its Self-Referral Disclosure Protocol. Penalties for violation of the Stark Law include denial of payment, recoupment, refunds of amounts paid in violation of the law, exclusion from the Medicare or Medicaid programs, and substantial civil monetary penalties ($27,750 per prohibited item or service and $185,009 if there is a circumvention scheme; penalty amounts reflect current 2021 levels and are adjusted for inflation from time to time). Claims filed in violation of the Stark Law may be deemed false claims under the FCA. In addition to the Stark Law, various states in which we operate have adopted their own self-referral prohibition statutes.

The False Claims Act

Among other things, the FCA authorizes the imposition of up to three times the government's damages and significant per claim civil penalties on any "person" (including an individual, organization or company) who, among other acts:

- knowingly presents or causes to be presented to the federal government a false or fraudulent claim for payment or approval;
- knowingly makes, uses or causes to be made or used a false record or statement material to a false or fraudulent claim;

- knowingly makes, uses or causes to be made or used a false record, report or statement material to an obligation to pay the government, or knowingly conceals or knowingly and improperly avoids or decreases an obligation to pay or transmit money or property to the federal government; or
- conspires to commit the above acts.

The federal government has used the FCA to prosecute a wide variety of alleged false claims and fraud allegedly perpetrated against Medicare and state healthcare programs, including but not limited to coding errors, billing for services not rendered, the submission of false cost or other reports, billing for services at a higher payment rate than appropriate, billing under a comprehensive code as well as under one or more component codes included in the comprehensive code, billing for care that is not considered medically necessary and false reporting of risk-adjusted diagnostic codes, encounter data or other information used to determine capitated payments. The ACA provides that claims for payment that are tainted by a violation of the federal Anti-Kickback Statute (which could include, for example, illegal incentives or remuneration in exchange for enrollment or referrals) are false for purposes of the FCA. In addition, amendments to the FCA and Social Security Act impose severe penalties for the knowing and improper retention of overpayments from government payors. This could be relevant to the extent we received payments on account of RAF determinations that are based on improper or erroneous records or reports. Failure to return overpayments could subject us to liability under the FCA, exclusion from government healthcare programs and penalties under the federal Civil Monetary Penalty Statute.

The penalties for a violation of the FCA may include per claim penalties, plus up to three times the amount of damages caused by each false claim, which can be as much as the amounts received directly or indirectly from the government for each such false claim. The Department of Justice has adjusted the per claim penalty range from $12,537 to $25,076 for penalties assessed after May 9, 2022, if the underlying conduct occurred after November 2, 2015.

In addition to civil enforcement under the FCA, the federal government can use several criminal statutes to prosecute persons who are alleged to have submitted false or fraudulent claims for payment to the federal government. Any allegations or findings that we have violated the FCA could have a material adverse impact on our reputation, business, results of operations and financial condition.

In addition to the FCA, the various states in which we operate have adopted their own analogs of the FCA. States are becoming increasingly active in using their false claims laws to police the same activities listed above, particularly with regard to capitated government-sponsored healthcare programs, such as Medicaid managed care and PACE. For additional information regarding allegations against us under Federal and State FCA statutes, see Item 1A. Risk Factors, “Risks Related to Our Business—We are subject to legal proceedings, enforcement actions and litigation, malpractice and privacy disputes, which are costly to defend and could materially harm our business and results of operations.”

Civil Monetary Penalties Statute

The Civil Monetary Penalties Statute, 42 U.S.C. § 1320a-7a, authorizes the imposition of civil monetary penalties, assessments and exclusion against an individual or entity based on a variety of prohibited conduct, including, but not limited to:

- presenting, or causing to be presented, claims, reports or records relating to payment by Medicare, Medicaid or other government payors that the individual or entity knows or should know are for an item or service that was not provided as reported, is false or fraudulent or was presented for a physician’s service by a person who knows or should know that the individual providing the service is not a licensed physician, obtained licensure through misrepresentation or represented certification in a medical specialty without in fact possessing such certification;
- offering remuneration to a federal health care program beneficiary that the individual or entity knows or should know is likely to influence the beneficiary to order or receive health care items or services from a particular provider;
- arranging contracts with or making payments to an entity or individual excluded from participation in the federal health care programs or included on CMS’s preclusion list;
- violating the federal Anti-Kickback Statute;
- making, using or causing to be made or used a false record or statement material to a false or fraudulent claim for payment for items and services furnished under a federal health care program;

- making, using or causing to be made any false statement, omission or misrepresentation of a material fact in any application, bid or contract to participate or enroll as a provider of services or a supplier under a federal health care program; and
- failing to report and return an overpayment owed to the federal government.

We could be exposed to a wide range of allegations to which the federal Civil Monetary Penalty Statute would apply. We perform monthly checks on our employees and certain affiliates and vendors using government databases to confirm that these individuals have not been excluded from federal programs or otherwise ineligible for payment. We have also implemented processes to ensure that we do not make payments to contracted or noncontracted providers listed on CMS's preclusion list nor make payments for drugs prescribed by individuals on the preclusion list. However, should an individual or entity be excluded, on the preclusion list, or otherwise ineligible for payment and we fail to detect it, a federal agency could require us to refund amounts attributable to all claims or services performed or sufficiently linked to such individual or entity. Due to this area of risk and the possibility of other allegations being brought against us, we cannot foreclose the possibility that we could face allegations of noncompliance with the Civil Monetary Penalty Statute that have the potential for a material adverse impact on our business, results of operations and financial condition.

Privacy and Security

The federal regulations promulgated under the authority of HIPAA require us to provide certain protections to our participants and their health information. The HIPAA privacy and security regulations extensively regulate the use and disclosure of PHI and require covered entities, which include healthcare providers and their business associates, to implement and maintain administrative, physical and technical safeguards to protect the security of such information. Additional security requirements apply to electronic PHI. These regulations also provide our participants with substantive rights with respect to their health information.

The HIPAA privacy and security regulations also require us to enter into written agreements with certain contractors, known as business associates, to whom we disclose PHI. A business associate is any person or entity (other than members of a covered entity's workforce) that performs a service for or on behalf of a covered entity involving the use or disclosure of protected health information. Covered entities may be subject to penalties for, among other activities, failing to enter into a business associate agreement where required by law or as a result of a business associate violating HIPAA, if the business associate is found to be an agent of the covered entity and acting within the scope of the agency. Business associates are also directly subject to liability under certain HIPAA privacy and security regulations. In instances where we act as a business associate to a covered entity, there is the potential for additional liability beyond our status as a covered entity.

Covered entities must notify affected individuals of breaches of unsecured PHI without unreasonable delay but no later than 60 days after discovery of the breach by a covered entity or its agents. Reporting must also be made to the HHS Office for Civil Rights and, for breaches of unsecured PHI involving more than 500 residents of a state or jurisdiction, to the media. All impermissible uses or disclosures of unsecured PHI are presumed to be breaches unless an exception to the definition of breach applies or the covered entity or business associate establishes that there is a low probability the PHI has been compromised. Various state laws and regulations may also require us to notify affected individuals in the event of a data breach involving personal information without regard to the probability of the information being compromised.

Violations of HIPAA by providers like us, including, but not limited to, failing to implement appropriate administrative, physical and technical safeguards, have resulted in enforcement actions and in some cases triggered settlement payments or civil monetary penalties. Penalties for impermissible use or disclosure of PHI were increased by the HITECH Act by imposing tiered penalties of more than $50,000 (not adjusted for inflation) per violation and up to approximately $1.9 million (not adjusted for inflation) per year for identical violations. In addition, HIPAA provides for criminal penalties of up to $250,000 and ten years in prison, with the severest penalties for obtaining and disclosing PHI with the intent to sell, transfer or use such information for commercial advantage, personal gain or malicious harm. Further, state attorneys general may bring civil actions seeking either injunction or damages in response to violations of the HIPAA privacy and security regulations that threaten the privacy of state residents. There can be no assurance that we will not be the subject of an investigation (arising out of a reportable breach incident, audit or otherwise) alleging non-compliance with HIPAA regulations in our maintenance of PHI.

In addition to HIPAA, we may be subject to other laws governing the privacy and security of data, such as the CCPA and data breach notification laws.

Healthcare Reform Efforts

The U.S. federal and state governments continue to enact and seriously consider many broad-based legislative and regulatory proposals that have had a material impact on or could materially impact various aspects of the healthcare system and our business, operating results and/or cash flows. In addition, state and federal budgetary shortfalls and constraints pose potential risks for our revenue streams. We cannot predict how government payors or healthcare consumers might react to federal and state healthcare legislation and regulation, whether already enacted or enacted in the future, nor can we predict what form such legislation or regulations will take. Some examples of legislative and regulatory changes impacting our business include:

- In March 2010, broad healthcare reform legislation was enacted in the United States through the ACA. There have since been numerous political and legal efforts to repeal, replace or modify the ACA, some of which have been successful, in part, in modifying the law. Although some provisions of the ACA have been and may be modified, the reforms could continue to have an impact on our business in a number of ways. Provisions of the ACA that impact the Medicare and Medicaid programs, in particular, may have an impact on our business. These and other provisions of the ACA remain subject to ongoing uncertainty due to developing regulations as well as continuing political and legal challenges at both the federal and state levels.
- There have in recent years been congressional efforts to move Medicaid from an open-ended program with coverage and benefits set by the federal government to one in which states receive a fixed amount of federal funds, either through block grants or per capita caps, and have more flexibility to determine benefits, eligibility or provider payments. If these types of changes are implemented in the future, we cannot predict whether the amount of fixed federal funding to the states will be based on current payment amounts, or if it will be based on lower payment amounts, which would negatively impact those states that expanded their Medicaid programs in response to the ACA.
- Legislation enacted in 2011 requires CMS to sequester or reduce all Medicare payments, including payments to PACE organizations, by two percent per year for a period of years. Subsequent legislation extended these cuts through 2031, but legislation enacted in 2020 suspended the cuts during the pandemic. On December 10, 2021 the "Protecting Medicare and American Farmers from Sequester Cuts Act" extended the 2% Medicare sequester moratorium through March 31, 2022, and adjusted the sequester to 1% between April 1, 2022 and June 30, 2022. These cuts were reinstated on July 1, 2022 and will negatively impact our revenue.
- The Inflation Reduction Act of 2022 includes a number of provisions intended to lower the costs of some drugs covered under Medicare Part D and to limit Medicare beneficiaries' out-of-pocket spending under the Medicare Part D benefit. It is not yet clear what effect, if any, these legislative changes and any subsequent implementing regulations and guidance will have on our business.

While there may be significant changes to the healthcare environment in the future, the specific changes and their timing are not yet apparent. Specifically, changes in Medicare and Medicaid could lower PACE rates or increase our expenses. Any failure to successfully implement strategic initiatives that respond to future legislative, regulatory, and executive changes could have a material adverse effect on government-sponsored PACE programs, our business, results of operations and financial condition.

CMS and state Medicaid agencies also routinely adjust the RAF which is central to payment under PACE and Managed Medicaid programs in which we participate. The monetary "coefficient" values associated with diseases that we manage in our population are subject to change by CMS and state agencies. Such changes could have a material adverse effect on our financial condition. See Item 1A. Risk Factors, "Risks Related to Our Business — Our records and submissions to government payors may contain inaccurate or unsupportable information regarding risk adjustment scores of participants, which could cause us to overstate or understate our revenue and subject us to payment obligations or penalties."

Other Regulations

Our operations are subject to various state hazardous waste and non-hazardous medical waste disposal laws. These laws do not classify as hazardous most of the waste produced from medical services. Occupational Safety and Health Administration regulations require employers to provide workers who are occupationally subject to blood or other potentially infectious materials with prescribed protections. These regulatory requirements apply to all healthcare facilities, including our community centers, and require employers to make a determination as to which employees may be exposed to blood or other potentially infectious materials and to have in effect a written exposure control plan. In addition, employers are required to provide or employ hepatitis B vaccinations, personal protective equipment and other safety devices, infection control training, post-exposure evaluation and follow-up, waste disposal techniques and procedures and work practice controls. Employers are also required to comply with various record-keeping requirements.

Federal and state law also governs the dispensing of controlled substances by physicians. For example, the Prescription Drug Marketing Act governs the distribution of drug samples. Physicians are required to report relationships they have with the manufacturers of drugs, medical devices and biologics through the Open Payments Program database. Any allegations or findings that we or our providers have violated any of these laws or regulations could have a material adverse impact on our reputation, business, results of operations and financial condition. Certain states in which we do business or may desire to do business in the future have certificate of need programs regulating the establishment or expansion of healthcare facilities, including our community centers. These regulations can be complex and time-consuming to ensure compliance with. Any failure to comply with such regulatory requirements could adversely impact our business, results of operations and financial condition.

Impact of COVID-19 and Macroeconomic Conditions

The COVID-19 pandemic altered the behavior of businesses and people, the effects of which continue on federal, state and local economies.

Expenses. The virus has and continues to disproportionately impact older adults, especially those with chronic illnesses, which describes our participants. The United States continues to experience supply chain issues with respect to personal protective equipment (“PPE”) and other medical supplies used to prevent transmission of COVID-19. During the years ended June 30, 2022 and 2021, we acquired significantly greater quantities of medical supplies at significantly higher prices than pre-pandemic rates to ensure the safety of our employees and our participants. Costs related to PPE medical supplies represented approximately 0.6% and 0.6% of our total cost of care for the years ended June 30, 2022 and 2021, respectively. These costs did not have a material effect on our business or expenses.

Labor market. The COVID-19 pandemic has and continues to exacerbate difficulties to hire additional healthcare professionals, causing certain of our centers to be understaffed or staffed with personnel that requires training. The labor shortage has also contributed to the increased wage pressure to retain and attract such healthcare professionals. The combination of increased wage pressure and labor shortage amongst healthcare personnel, and specifically, trained personnel, has impacted and may continue to impact our expenses and ability to adhere to the complex government laws and regulations that apply to our business.

Additionally, geopolitical events have contributed to adverse macroeconomic conditions, including but not limited to inflation, new or increased tariffs, changes to fiscal monetary policy, higher interest rates, potential global security issues and market volatility. None of these factors have had a material effect on our operations to date.

Trademarks and Intellectual Property

Although we own trademarks and service marks such as “InnovAge,” which are protected under applicable intellectual property laws and are the property of us or our subsidiaries, we do not currently believe our intellectual property is material to our business.

Competition

The U.S. healthcare industry is highly competitive. We compete directly with national, regional and local providers of healthcare for participants and clinical providers. We also compete with payors and other alternate managed care

programs for participants. Of these providers, there are many other companies and individuals currently providing healthcare services, many of which have been in business longer and/or have substantially more resources. Given the regulatory environment, there may be high barriers to entry for PACE providers; however, since there are relatively modest capital expenditures required for providing healthcare services, there are less substantial financial barriers to entry in the healthcare industry generally. Other companies could enter the healthcare industry in the future and divert some or all of our business. Our principal competitors for dual-eligible seniors vary considerably in type and identity by market. Sanctions imposed on our Sacramento, California center and our Colorado centers have adversely affected and may continue to affect our ability to grow our business and recruit qualified physicians and could cause participant attrition to our competitors. See Item 1A. Risk Factors—Risks Related to Our Business—The healthcare industry is highly competitive and, if we are not able to compete effectively, our business could be harmed."

We believe the principal competitive factors for serving adults dually-eligible for Medicare and Medicaid and who meet nursing home eligibility criteria include: participant experience, quality of care, health outcomes, total cost of care, brand identity and trust in that brand.

Seasonality

Our business experiences some variability depending upon the time of year. Medical costs will vary seasonally depending on a number of factors, but most significantly the weather. Certain illnesses, such as the influenza virus and possibly COVID-19, are far more prevalent during colder months of the year, which will result in an increase in medical expenses during these time periods. We would therefore expect to see higher levels of per-participant medical costs in our second and third quarters. Medical costs also depend upon the number of business days in a period, and shorter periods will have lower medical costs. Business days can also create year-over-year comparability issues if a period in one year has a different number of business days compared to the same period in another.

In addition, the retrospective capitation payments we receive for each participant are determined by a participant's RAF score, which is calculated twice per year and is based on the evolving acuity and chronic conditions of a participant. We estimate and accrue for the expected true-up payments of our participants. Though no assurances can be made in the future, we have historically used our best estimate for accruing for this payment, and we received net positive true-up payments during the fiscal years ended June 30, 2022 and 2021. Historically, these true-up payments typically occur between May and August, but the timing of these payments is determined by CMS, and we have neither visibility nor control over the timing of such payments.

Human Capital Resources

As of June 30, 2022, we had approximately 2,000 employees, including 1,300 clinical professionals (excluding contract labor). We consider our relationship with our employees to be good. None of our employees are unionized or party to a collective bargaining agreement.

Our people are our product at InnovAge, and their commitment to our participants propels our mission of enabling seniors to age at home, with dignity, for as long as is safely possible. We believe that our employees are drawn to this mission and our values, which is why our voluntary retention rate was 63.6% over fiscal year 2022. Additionally, in our most recent employee engagement survey conducted in April 2022, 73% of our employees indicated that they feel engaged by their work at InnovAge.

Attracting and retaining top talent is critical to the success of InnovAge's mission and one of the highest priorities to leadership. To keep leadership informed of the health of our employee base, we report weekly on key hiring and retention metrics. We launched employee engagement surveys in fiscal year 2022, and we are implementing action plans with all staff groups based on survey findings and opportunities uncovered. We intend to monitor progress by releasing multiple engagement surveys annually.

We have recently added proven, experienced leaders at the executive level, including our new Chief Executive Officer and President, Patrick Blair, and our new Chief Medical Officer, Chief People Officer, and Chief Business Development Officer. We continue to evaluate talent needs at the senior management level, aiming to hire ahead of the curve as the business evolves and to assess and respond to any gaps in our capabilities.

Diversity

At InnovAge, we strive to be a reflection of the diverse communities that we serve. We are committed to promoting diversity, equity, and inclusion across all teams at InnovAge and we believe in creating an environment where individual differences are respected and embraced. In our most recent engagement survey conducted in April 2022, 79.2% of employees indicated that they feel that they can be their authentic selves at work.

As of June 30, 2022, our employed workforce was comprised of individuals who identified as women – 76%, and minorities – 40.3%. Six of nine members of our executive leadership team identify as women.

Training and Development

We aim to provide our employees opportunities to grow and advance in their careers at InnovAge with learning and development programs. Each year we conduct soft skills training for managers and supervisors, the content of which is informed by gap assessment surveys. A quarterly training series for front-line leaders enables them to develop their management skills. Our clinical leaders also conduct separate physician leadership trainings quarterly, with a new topic for each installment (e.g., email / phone etiquette).

We also launched a training needs assessment survey in August 2020 to hear directly from employees and managers where they think they could use more support and learning content in the coming year. As a result of these assessment surveys, the Company has developed trainings tailored to the most prevalent needs identified by our employees.

Implications of being an emerging growth company and a smaller reporting company

We qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). We will remain an emerging growth company until the earlier of (1) June 30, 2026, (2) the last day of the fiscal year in which we have total annual gross revenue of at least $1.07 billion, (3) the date on which we are deemed to be a large accelerated filer or (4) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period. Additionally, we qualify as a “smaller reporting company,” and even after we no longer qualify as an “emerging growth company,” we may still qualify as a “smaller reporting company” based on the aggregate worldwide market value of common equity securities held by non-affiliates assessed on an annual basis and measured as of the last business day of the issuer’s most recently completed second fiscal quarter.

As an emerging growth company and a smaller reporting company, we may take advantage of reduced reporting requirements that are otherwise applicable to public companies. These provisions include, but are not limited to:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the “Sarbanes-Oxley Act”);
- a requirement to present only two years of audited financial statements, plus unaudited condensed consolidated financial statements for any interim period and related discussion in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations”;
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

In addition, under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We intend to take advantage of the longer phase-in periods for the adoption of new or revised financial accounting standards under the JOBS Act until we are no longer an emerging growth company. Our election to use the phase-in periods permitted by this election may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the longer phase-in periods permitted under the JOBS Act and who will comply with new or revised financial accounting standards. If we were to subsequently elect instead to comply with public company effective dates, such election would be irrevocable pursuant to the JOBS Act.

As a result, the information that we provide to our shareholders may be different than you might receive from other public reporting companies in which you hold equity interests.

Available Information

Our internet website is www.innovage.com. We include our website address on this Annual Report on Form 10-K for reference only. The information contained on our website is not incorporated by reference into this Annual Report on Form 10-K or any other report or document we file with the SEC.

Item 1A. Risk Factors

Our business, results of operations, and financial condition are subject to numerous risks and uncertainties. You should carefully consider the following risk factors before making a decision to invest in our common stock. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that affect us. If any of the following risks occur, our business, financial condition, operating results and prospects could be materially and adversely affected. You should read these risk factors in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 and our consolidated financial statements and related notes in Item 8 of this Annual Report on Form 10-K.

Summary of Risk Factors

There are a number of risks related to our business, regulation, our indebtedness and our common stock that you should consider. Some of the principal risks related to our business include the following:

- **We face inspections, reviews, audits and investigations under federal and state government programs and contracts**. As a result of PACE contracts with CMS and state government agencies, state licenses and participation in Medicaid, we are routinely subject to various governmental inspections, reviews, audits, requests for information and investigations to verify our compliance with applicable laws and regulations, assess the quality of our services provided to our participants and evaluate the accuracy of the risk adjustment data we submit. As a result of deficiencies found in these audits, our enrollments are suspended in each of our centers in Colorado and our Sacramento, California center and are in the process of implementing corrective action plans (CAPs). At this time, we cannot guarantee the final outcome of the processes described above or other audits of our centers. If we are unable to effectively remediate the deficiencies and implement the CAPs or otherwise satisfy the agencies' concerns, we could be subject to additional sanctions.

- **We are subject to legal proceedings, enforcement actions and litigation, malpractice and privacy disputes, which are costly and could materially harm our business.** We are party to lawsuits and legal proceedings from employees, participants and various third parties in the normal course of business. These matters are often expensive and disruptive to normal business operations. In October 2021, as amended in June 2022, we were named as a defendant in a putative class action complaint filed in the District Court of Colorado on behalf of individuals who purchased or acquired shares of our stock during a specified period. Additionally, in April 2022, we received a books and records demand pursuant to Section 220 of Delaware law in connection with a shareholder's investigation of, among other things, breaches of fiduciary duty and mismanagement. In addition, we have received civil investigative demands from the Attorney General for the State of Colorado, with respect to our Colorado centers, and the Department of Justice ("DOJ"), with respect to all our centers, on similar subject matter. There can be no assurance that these matters are resolved in our favor or without significant cash settlements. The time and resources necessary to litigate the claims could harm our reputation, business, financial condition, results of operations and market price of our common stock.

- **Under our PACE contracts, we assume all of the risk that the cost of providing services will exceed our compensation**. Approximately 99.7% and 99.5% of our revenue for the years ended June 30, 2022 and 2021, respectively, was derived from capitation agreements with government payors in which we receive fixed PMPM fees. To the extent that our participants require more care than is anticipated and/or the cost of care increases, aggregate fixed capitation payments may be insufficient to cover the costs associated with treatment. If, in aggregate, our expenses exceed the underlying capitation payment received, we will not be able to fund operations and pursue acquisitions.

- **Our revenues and operations are dependent upon a limited number of government payors, particularly Medicare and Medicaid.** When aggregating the revenue associated with Medicare and Medicaid by state, Colorado, California and Virginia accounted for a total of approximately 83.3% and 82.6% of our capitation revenue for the years ended June 30, 2022 and 2021, respectively. We expect a majority of our revenues will continue to be derived from a limited number of key government payors, which may terminate their

contracts with us upon the occurrence of certain events. The sudden loss of any of our government contracts or the renegotiation of any of our contracts could adversely affect our operating results and limit our ability to expand into new markets.

- **Reductions in PACE reimbursement rates or changes in the rules governing PACE programs could have a material adverse effect on our financial condition and results of operations.** We receive a substantial portion of our revenue through the PACE program, which accounted for 99.8% and 99.6% of our revenue for the years ended June 30, 2022 and 2021, respectively. As a result, our operations are dependent on government funding levels for PACE programs. Any changes that limit or reduce general PACE rates could have a material adverse effect on our business, results of operations, financial condition and cash flows, restrict our ability to continue providing quality care to our participants and limit our opportunities for growth.

- **Our records and submissions to government payors may contain inaccurate or unsupportable information regarding risk adjustment scores of participants, which could cause us to overstate or understate our revenue and subject us to payment obligations or penalties.** The submission of erroneous data could result in inaccurate revenue and risk adjustment payments, which may be subject to correction or retroactive adjustment in later periods. CMS may audit PACE organizations' risk adjustment data submissions. We could be required to refund a portion of the revenue that we received, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

- **Renegotiation, non-renewal or termination of capitation agreements with government payors could have a material adverse effect on our business, results of operations, financial condition and cash flows.** If we enter into capitation contracts with unfavorable economic terms, or a capitation contract is adjusted to include unfavorable terms, we could suffer losses with respect to such contract. In addition, some states in which we operate undergo periodic reconciliations with respect to enrollments that present a risk to our business, results of operations, financial condition and cash flows.

- **Allegations of failure and failure to adhere to complex government laws and regulations that apply to our business, have had and could in the future have a material adverse effect on our business, results of operations, financial condition, cash flows, reputation and stock price.** Our operations are subject to extensive federal, state and local government laws and regulations. Allegations of violation, or actual violations of the legal requirements implicated by our business has resulted in and may in the future result in, among other things, government audits, decreased payment rates, significant fines and penalties, the potential loss of certification, recoupment efforts or retractions of reimbursement previously paid, voluntary repayments, exclusion from governmental healthcare programs, written warnings, corrective action plans, monitoring, reputational harm, suspension of new enrollment (as is the case currently with respect to our Sacramento, California and Colorado centers) or the restriction of current enrollment, the withholding of payments under the PACE program agreement, and termination of the PACE program agreement.

- **Ignite Aggregator LP (an investment vehicle owned by certain funds advised by Apax Partners LLP) and funds affiliated with Welsh, Carson, Anderson & Stowe (together, our "Principal Shareholders") control us, and their interests may conflict with ours or yours in the future.** Our Principal Shareholders beneficially own approximately 86% of our common stock, which means that, based on their combined percentage voting power of our common stock, the Principal Shareholders together control the vote of all matters submitted to a vote of our stockholders, which enable them to control the election of the members of the Board of Directors of the Company (the "Board") and all other corporate decisions. Accordingly, for such period of time as our Principal Shareholders beneficially own a majority of the voting power, they will have significant influence with respect to our management, business plans and policies, including the appointment and removal of our officers, decisions on whether to raise future capital and amending our charter and bylaws, which govern the rights attached to our common stock.

Risks Related to Our Business

We face inspections, reviews, audits and investigations under federal and state government programs and contracts. These audits require corrective actions and have resulted in adverse findings that have negatively affected and continue to affect our business, including our results of operations, liquidity, financial condition and reputation.

As a result of our PACE contracts with CMS and state government agencies, state licenses, and participation in Medicaid, we are routinely subject to, and will continue to be subject to, various governmental inspections, reviews, audits, requests for information and investigations to verify our compliance with requirements of these programs and applicable laws and regulations, assess the quality of the services we are providing to our participants, and evaluate the accuracy of the risk adjustment data we have submitted to the government.

Colorado. On May 26, 2021, the Colorado Department of Health Care Policy & Financing ("HCPF") and the Colorado Department of Public Health and Environment ("CDPHE") initiated a joint audit of our Colorado PACE centers, and on June 21, 2021, CMS also initiated a separate focused desk audit of our Colorado PACE program. Effective December 23, 2021, CMS suspended new enrollments at the Company's Colorado centers, based on deficiencies detected in the joint audit related to participant provision of services, which can be categorized as care delivery and management, care coordination and documentation of care. The suspension will remain in effect until CMS determines that we have remediated the deficiencies to their satisfaction. Effective on the same date, HCPF also determined to impose sanctions and suspended new enrollments at the Company's Colorado centers identifying certain deficiencies specific to Medicaid or state law. In addition, as a result of their specific findings, CDPHE mandated that we retain a consultant for a period of 12 months to oversee our remediation efforts, and issued a $10,000 penalty, which we have paid. In January and February 2022, we submitted corrective action plans ("CAP") to each of these agencies. Each of the agencies has accepted our CAPs, and, in June 2022, both CMS and HCPF began monitoring the implementation of the CAPs. We cannot guarantee that we will be able to implement the CAPs, or that we will be able to remedy the deficiencies specified by each of the agencies. In addition, although these agencies coordinate many of the actions taken with respect to these audits, they each have separate mandates and are not obligated to act together or reach the same decisions. Therefore, we cannot guarantee that the agencies will not separately request further actions or impose additional separate sanctions.

California. On May 10, 2021, CMS began an audit of our Sacramento, California center. On September 17, 2021, we were notified that CMS had determined to suspend new enrollments at our Sacramento center based on deficiencies detected in the audit related to participant provision of services, which can be categorized as care delivery and management, care coordination and documentation of care, and on September 30, 2021, we were further notified that the Department of Health Care Services ("DHCS") of the State of California had reached the same determination. The suspension will remain in effect until CMS and DHCS determine that we have remediated the deficiencies to their satisfaction. We submitted a CAP in October 2021, which has been accepted by both CMS and DHCS. We are in the process of working with CMS and the state to determine the remaining steps before entering the validation process.

On January 7, 2022, DHCS notified us that it was suspending the State's previously provided assurances that it would enter into a PACE program agreement with the Company (State Attestations) with respect to de novo centers in the State of California until such time as the CAPs and the remediation and validation processes for our Sacramento center have been successfully completed and the enrollment sanctions are lifted. As a result of the suspension, we will be unable to open one of the de novo centers we had identified in California within our planned timeline.

In March 2022, CMS and DHCS began separate audits of our San Bernardino, California center. In August 2022, CMS issued preliminary results identifying certain deficiencies, but verbally notified us that no enforcement actions will be taken. To address the deficiencies identified in the audit processes, we are required to implement immediate corrective actions. Our plans to do so ("iCARs") have been accepted by CMS and we are currently working on the audit close process. There can be no assurance as to the timeline of such close out.

New Mexico. In November 2021, CMS began an audit of our Albuquerque, New Mexico center. On November 23, 2021, we received preliminary results identifying certain deficiencies related to participant provision of services, which can be categorized as care delivery and management, care coordination and documentation of care. Validation results were received in March 2022. In July 2022, CMS verbally notified us that no enforcement actions will be taken. To address the deficiencies identified in the audit process, we are required to implement iCARs. Our iCARs have been submitted to CMS

and we are currently working with CMS on the audit close out process. There can be no assurance as to the timeline of such close out.

Kentucky. On February 9, 2022, we received notice from the Cabinet for Health and Family Services of the State of Kentucky informing us that they no longer intend to enter into an agreement with us to be a PACE provider in the State of Kentucky.

Indiana. On February 14, 2022, CMS denied our initial application to develop the previously announced PACE center in Terre Haute, Indiana, based on deficiencies detected during CMS's 2021 audits of our Sacramento and Colorado PACE programs.

Florida. We have committed to CMS and the Agency for Healthcare Administration in the State of Florida, that we will proactively pause remaining steps with respect to planned de novo centers in the State of Florida, to focus on remediating deficiencies raised in the audit processes.

We cannot guarantee the final outcome of any of the audits and processes described above. If we are unable to effectively remediate the deficiencies raised by the audits, implement the CAPs or iCARs we have submitted, will submit or may be required to submit, or otherwise satisfy the agencies' concerns, we could be subject to additional sanctions and our business plan, including our growth strategy (including with respect to enrollment growth and de novo openings), would continue to be adversely impacted. Our management has been working collaboratively with the various agencies, including CMS.

In general, inspections, reviews, audits, requests for information or investigations with adverse findings, and in particular the audits described above, have resulted in and may further result in:

- temporary or permanent enrollment sanctions in the affected center(s), as is the case with our Sacramento, California center and our centers in the State of Colorado;
- refunding amounts we have been paid by the government;
- state or federal agencies imposing CAPs, fines, penalties, training, policies and procedures, and other requirements or sanctions on us;
- temporary suspension of payments;
- debarment or exclusion from participation in federal health care programs;
- self-disclosure of violations to applicable regulatory authorities;
- damage to our reputation;
- the revocation of a center's license; and
- loss of certain rights under, or termination of, our contracts with government payors.

We may be required to refund amounts we have been paid and/or pay fines and penalties as a result of these inspections, reviews, audits, requests for information and investigations. Any of the results noted above could have further material adverse effects on our business and operating results. Furthermore, the legal, document production and other costs associated with complying with these inspections, reviews, audits, requests for information or investigations is significant.

We are subject to legal proceedings, enforcement actions and litigation, malpractice and privacy disputes, which are costly to defend and could materially harm our business and results of operations.

We are party to lawsuits and legal proceedings in the normal course of business from participants, employees, or other third parties for various actions. These matters are often expensive and disruptive to normal business operations. We face

or may face allegations, lawsuits, including class actions, and regulatory inquiries, requests for information, audits and investigations regarding care and services provided to participants, the FCA, data privacy, security, labor and employment, consumer protection or intellectual property. We also face or may face allegations or litigation related to our acquisitions, securities issuances or business practices, including public disclosures about our business. On October 14, 2021, and subsequently amended on June 21, 2022, the Company was named as a defendant in a putative class action complaint filed in the District Court for the District of Colorado on behalf of individuals who purchased or acquired shares of the Company's common stock during a specified period. We are currently unable to predict the outcome of this proceeding. In addition, on April 20, 2022, the Board of Directors of the Company received a books and records demand pursuant to Section 220 of the Delaware General Corporation Law, from a purported stockholder of the Company, in connection with the stockholder's investigation of, among other matters, potential breaches of fiduciary duty, mismanagement, self-dealing, corporate waste or other violations of law by the Company's Board with respect to these matters. We are currently unable to predict the outcome of this matter.

Litigation and regulatory proceedings are protracted and expensive, and the results are difficult to predict. Certain of these matters include claims for substantial or indeterminate amounts of damages and may include claims for injunctive relief. Additionally, our litigation costs could be significant. Adverse outcomes with respect to litigation or any of these legal proceedings may result in significant settlement costs or judgments, penalties, fines and sanctions. In the event of compliance issues, sanctions could include civil monetary penalties, corrective action plans, monitoring, contract termination, and/or CMS and/or Medicaid agencies suspending or restricting enrollment with us (as is the case currently with respect to our Sacramento, California center, and our centers in the State of Colorado), which have and could continue to negatively impact our expansion and revenue growth. We are also subject to periodic audits, which have and may continue to increase our regulatory compliance costs and have required and may require further change to our business practices, which could negatively impact our revenue growth. Managing legal proceedings, regulatory inquiries, litigation and audits, even if we achieve favorable outcomes, is costly, time-consuming and diverts management's attention from our business.

The results of regulatory proceedings, investigations, inquiries, litigation, claims, and audits cannot be predicted with certainty, and determining reserves for pending litigation and other legal, regulatory and audit matters requires significant judgment and assumptions. There can be no assurance that our expectations will prove correct, and even if these matters are resolved in our favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, cause harm to our reputation, business, financial condition, results of operations and the market price of our common stock.

We are also subject to lawsuits under the FCA and comparable state laws for submitting allegedly fraudulent, inadequately supported or otherwise inappropriate bills for services to the Medicare and Medicaid programs. These lawsuits, which may be initiated by government authorities as well as private party relators, can involve significant monetary damages, fines, attorney fees and the award of bounties to private plaintiffs who successfully bring these suits, as well as to the government programs. In recent years, government oversight and law enforcement have become increasingly active and aggressive in investigating and taking legal action against potential fraud and abuse.

In July 2021, the Company received a civil investigative demand from the Attorney General for the State of Colorado under the Colorado Medicaid False Claims Act. The demand requests information and documents regarding Medicaid billing, patient services and referrals in connection with the Company's PACE program in Colorado. We continue to fully cooperate with the Attorney General and produce the requested information and documentation. We are currently unable to predict the outcome of this investigation.

In February 2022, the Company received a civil investigative demand from the Department of Justice ("DOJ") under the Federal False Claims Act on similar subject matter. The demand requests information and documents regarding audits, billing, orders tracking, and quality and timeliness of patient services in connection with the Company's PACE programs in the states where the Company operates (California, Colorado, New Mexico, Pennsylvania, and Virginia). We continue to fully cooperate with the DOJ and produce the requested information and documentation. We are currently unable to predict the outcome of this investigation.

Furthermore, our business exposes us to potential medical malpractice, professional negligence or other related actions or claims that are inherent in the provision of healthcare services. While the industry has not seen an increase in the number

of claims of this nature due to the impact of the COVID-19 pandemic, this remains a possibility due to the relatively lengthy claim development inherent in professional liability claims. These claims, whether or not they have merit, could cause us to incur substantial costs, and could place a significant strain on our financial resources, divert the attention of management from our core business, harm our reputation and adversely affect our ability to attract and retain participants, any of which could have a material adverse effect on our business, financial condition and results of operations.

Although we maintain third-party professional liability insurance coverage, it is possible that claims against us may exceed the coverage limits of our insurance policies. Even if any professional liability loss is covered by an insurance policy, these policies typically have substantial deductibles for which we are responsible. Professional liability claims in excess of applicable insurance coverage could have a material adverse effect on our business, financial condition and results of operations. In addition, any professional liability claim brought against us, whether or not they have merit, could result in an increase of our professional liability insurance premiums. Insurance coverage varies in cost and can be difficult to obtain, and we cannot guarantee that we will be able to obtain insurance coverage in the future on terms acceptable to us or at all. If our costs of insurance and claims increase, then our earnings could decline.

We may not realize expected results from our business strategy.

Part of our business strategy, if and when allowed, is to grow by expanding our network of centers and is significantly dependent on adding center capacity in our existing markets, expanding into new geographies by developing de novo centers, executing on tuck-in acquisitions, recruiting new participants and directly contracting with government payors, such as Medicare and Medicaid. In the future, we expect to seek growth opportunities both organically and through acquisitions, the availability and success of which may be impacted by factors outside of our control. Our ability to grow organically depends upon a number of factors, including the results of ongoing and future audits (including our audits in California, Colorado and New Mexico), investigations and remediation efforts, recruiting new participants, finding suitable geographies that have aging populations and viable rate structures, entering into government payor arrangements in new jurisdictions, ensuring compliance with regulatory and contractual requirements, identifying appropriate centers, purchasing centers or obtaining leases, completing build-outs of new centers within proposed timelines and budgets and hiring members of our IDTs and other employees. We cannot predict the results of ongoing or future investigations or audits, nor can we guarantee that we will be successful in our remediation efforts necessary to enter additional markets. Additionally, if we fail to evaluate and execute new business opportunities properly, we may not achieve anticipated benefits and may incur increased costs.

Our growth strategy involves a number of risks and uncertainties, including that:

- we are subject to sanctions as a result of deficiencies identified during audits of our PACE centers in Sacramento, California and Colorado and may not be able to successfully implement the corrective action plans (CAPs); as a result, we are currently precluded from growing organically in the states of California and Colorado and from opening de novo centers in the states of California, Kentucky, Indiana and Florida;

- we may not be able to successfully enter into contracts with government payors and/or other healthcare providers on terms favorable to us or at all. In addition, we compete for government payor relationships with other potential players, some of whom may have greater resources than we do. This competition may intensify due to the ongoing consolidation in the healthcare industry, which may increase our costs to pursue such opportunities;

- we may not be able to recruit or retain a sufficient number of new participants to execute our growth strategy, and we may incur substantial costs to recruit new participants and we may be unable to recruit a sufficient number of new participants to offset those costs;

- we may not be able to hire sufficient numbers of physicians and other clinical staff, particularly on account of heightened demand for healthcare personnel on account of the COVID-19 pandemic;

- when expanding our business into new states, we may be required to comply with laws and regulations that may differ from states in which we currently operate; and
- we may have difficulty identifying appropriate acquisition targets, be precluded from acquiring targets as a result of the sanctions we face in the states of California and Colorado or due to other legal restrictions (e.g. federal or state antitrust laws), or make investments in acquisitions that we are unable to effectively integrate, involve associated risks or liabilities that we are unable to uncover in advance, or that require greater resources than anticipated.

There can be no assurance that we will be able to successfully capitalize on growth opportunities, which has negatively impacted our business model, revenues, results of operations and financial condition.

Under our PACE contracts, we assume all of the risk that the cost of providing services will exceed our compensation.

Approximately 99.7% and 99.5% of our revenue for the years ended June 30, 2022 and 2021, respectively, was derived from capitation agreements with government payors in which we receive fixed PMPM fees. While there are variations specific to each agreement, we generally contract with government payors to receive a fixed per member per month fee to provide or manage all healthcare services a participant may require while assuming financial responsibility for the totality of our participants' healthcare expenses. This type of contract is often referred to as an "at-risk" or a "capitation" contract. To the extent that our participants require more care than is anticipated and/or the cost of care increases, aggregate fixed capitation payments may be insufficient to cover the costs associated with treatment. If medical costs and expenses exceed the underlying capitation payment received, we will not be able to correspondingly increase our capitated payment and we could suffer losses with respect to such agreements.

Changes in our anticipated ratio of medical expense to revenue can significantly impact our financial results. Accordingly, the failure to adequately predict and control medical costs and expenses and to make reasonable estimates and maintain adequate accruals for incurred but not reported claims, could have a material adverse effect on our business, results of operations, financial condition and cash flows. Additionally, the Medicare and Medicaid expenses of our participants may be outside of our control in the event that participants take certain actions that increase such expenses, such as emergency room visits or preventable hospital admissions.

Historically, our medical costs and expenses as a percentage of revenue have fluctuated. Factors that may cause medical expenses to exceed estimates include:

- the health status of participants requiring higher levels of care, such as nursing home care or higher incidents of hospitalization;
- higher than expected utilization of new or existing healthcare services;
- more frequent catastrophic medical cases (e.g. transplants);
- an increase in the cost of healthcare services and supplies, whether as a result of inflation, wage increases, purchases of vaccines and PPE as a result of the COVID-19 pandemic, other health emergencies, such as Monkeypox, or otherwise;
- changes to mandated benefits or other changes in healthcare laws, regulations and practices;
- increased costs attributable to specialist physicians, hospitals and ancillary providers;
- changes in the demographics of our participants and medical trends;
- contractual or claims disputes with providers, hospitals or other service providers;

- the occurrence of catastrophes, health emergencies, including epidemics or pandemics or acts of terrorism; and
- the reduction of government payor payments.

Our revenues and operations are dependent upon a limited number of government payors, particularly Medicare and Medicaid.

Our operations are dependent on a limited number of government payors, particularly Medicare and Medicaid, with whom we directly contract to provide services to participants. We generally manage our contracts on a state-by-state basis, entering into a separate contract in each state. When aggregating the revenue associated with Medicare and Medicaid by state, Colorado, California and Virginia accounted for a total of approximately 83.3% and 82.6% of our capitation revenue for the years ended June 30, 2022 and 2021, respectively. We believe that majority of our revenues will continue to be derived from a limited number of key government payors, which may terminate their contracts with us upon the occurrence of certain events, including as a result of inspections, reviews, audits, requests for information or investigations with adverse findings. The sudden loss of any of our government contracts or the renegotiation of any of such contracts could adversely affect our operating results. In the ordinary course of business, we engage in active discussions and renegotiations with government payors in respect of the services we provide and the terms of our agreements. As the states respond to market dynamics and financial pressures, and as government payors make strategic budgetary decisions in respect of the programs in which they participate, certain government payors may seek to renegotiate or terminate their agreements with us. Any reduction in the budgetary appropriations for our services, whether as a result of fiscal constraints due to recession, or economic downturn, emergency situations such as the COVID-19 pandemic, changes in policy or otherwise, could result in a reduction in our capitated fee payments, changes to the scope of services and possibly loss of contracts and could negatively impact our revenues, business and prospects. See Item 1A. Risk Factors, "Risks Related to Our Business—A pandemic, epidemic or outbreak of an infectious disease in the United States or worldwide, including the ongoing effects of COVID-19, could adversely affect our business" and "Risks Related to Our Business—We conduct a significant percentage of our operations in the State of Colorado and, as a result, we are particularly susceptible to any reduction in budget appropriations for our services or any other adverse developments in that state."

Because we rely on a limited number of government-funded agencies, namely CMS and state Medicaid agencies, for a significant portion of our revenues, we depend on federal funding, as well as the financial condition of the states in which we operate, and each state's commitment to its participation in the PACE program. Government-funded healthcare programs in the states in which we operate face a number of risks, including higher than expected health care costs and lack of predictability of tax basis and budget needs. If the financial condition of the states in which we operate declines, our credit risk could increase.

Reductions in PACE reimbursement rates or changes in the rules governing PACE programs could have a material adverse effect on our financial condition and results of operations.

We receive a substantial portion of our revenue through the PACE program, which accounted for 99.8% and 99.6% of our revenue for the years ended June 30, 2022 and 2021, respectively. As a result, our operations are dependent on government funding levels for PACE programs. Any changes that limit or reduce general PACE funding, such as reductions in or limitations of reimbursement amounts or rates under programs, reductions in funding of programs, expansion of benefits, services or treatments under programs without adequate funding, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

The PACE programs and their respective reimbursement rates, payment structures and rules are subject to frequent change. These include statutory and regulatory changes, rate adjustments (including retroactive adjustments), administrative or executive orders and government funding restrictions, all of which may materially adversely affect the PACE rates at which we are compensated for our services. Budget pressures can lead federal and state governments to reduce or place limits on reimbursement rates and payment structures under PACE. Implementation of these and other types of measures has in the past and could in the future result in substantial reductions in our revenue and operating margins. Legislation enacted in 2011 requires CMS to sequester or reduce all Medicare payments, including payments to PACE organizations, by 2% per year for a period of years. Subsequent legislation extended these cuts through 2030, but legislation enacted temporarily suspended these cuts in 2020 during the pandemic. On December 10, 2021, the "Protecting

Medicare and American Farmers from Sequester Cuts Act" extended the 2% Medicare sequester moratorium through March 31, 2022, and adjusted the sequester to 1% between April 1, 2022 and June 30, 2022. These cuts were reinstated on July 1, 2022 and will negatively impact our revenue. We cannot predict what other deficit reduction, other payment reduction or budget enforcement initiatives may be proposed by Congress, which could impact our business, including whether Congress will attempt to increase, restructure or suspend sequestration.

Each year, CMS establishes the Medicare PACE benchmark payment rates by county for the following calendar year. Because a substantial portion of our revenue is through the PACE program, any negative changes to the PACE benchmark payment rates could have a material adverse effect on our business, results of operations, financial condition and cash flows. In addition, our PACE revenues may become volatile in the future, which could have a material adverse impact on our business, results of operations, financial condition and cash flows.

Reductions in reimbursement rates could have a material, adverse effect on our financial condition and results of operations or even result in rates that are insufficient to cover our operating expenses. For example, our external provider costs are driven by rates set by Medicare and Medicaid, which are outside of our control and may be negotiated in a manner unfavorable to us. Additionally, any delay or default by state governments in funding our capitated payments could materially and adversely affect our business, financial condition and results of operations.

Recent legislative, judicial and executive efforts to enact further healthcare reform legislation have caused the future state of reforms under the ACA and many core aspects of the current U.S. healthcare system to be unclear. While specific changes and their timing are not yet apparent, enacted reforms and future legislative, regulatory, judicial, or executive changes, particularly any changes to the PACE program, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our records and submissions to government payors may contain inaccurate or unsupportable information regarding risk adjustment scores of participants, which could cause us to overstate or understate our revenue and subject us to repayment obligations or penalties.

The claims and encounter records that we submit to government payors impact data that support the RAF scores attributable to participants. These RAF scores determine the payment we are entitled for the provision of medical care to such participants. The data submitted to CMS is based on diagnosis codes and medical charts that our employed, contracted, and noncontracted providers identify, record and prepare. Since CMS has started allowing documentation of conditions identified during qualifying telehealth visits with participants, we have been able to document the health conditions of our participants during telehealth visits as well as we did during in-person visits prior to COVID-19; however, any issues with documenting such conditions could adversely impact Medicare RAF scores and our resulting revenue for future periods. CMS periodically audits PACE organizations' risk adjustment submissions. The submission of inaccurate, incomplete or erroneous data could result in inaccurate revenue and risk adjustment payments, which may be subject to correction or retroactive adjustment in later periods. This corrected or adjusted information may be reflected in financial statements for periods subsequent to the period in which the revenue was recorded. We could be required to refund a portion of the revenue that we received, which could have a material adverse effect on our business, results of operations, financial condition and cash flows. Historically, these true-up payments typically occur between May and August, but the timing of these payments is determined by CMS, and we have neither visibility nor control over the timing of such payments. From time to time, we may experience reconciliation issues as government payors modify or adopt new systems which may be reflected as provision for bad debt in our financial statements.

If CMS seeks repayment from us for payment adjustments as a result of its audits, we could also be subject to liability for penalties for inaccurate or unsupportable RAF scores provided by us or our providers. In addition, we could be liable for penalties to the federal government under the FCA, which may include per claim penalties, plus up to three times the amount of damages caused by each false claim, which can be as much as the amounts received directly or indirectly from the government for each such false claim. In addition, the penalties that can be imposed for each false claim ranges from $12,537 to $25,076 for penalties assessed after May 9, 2022, if the underlying conduct occurred after November 2, 2015. There is a high potential for substantial penalties in connection with any alleged FCA violations.

Elements of the risk adjustment mechanism continue to be challenged, reevaluated, and revised by the U.S. Department of Justice, the OIG, and CMS. For example, CMS has indicated that payment adjustments, such as adjustments

made in connection with Risk Adjustment Data Validation ("RADV") audits, will not be limited to errors identified in the sampled population, but that the error rate identified in the sample may also be extrapolated to all risk adjusted payments made under the PACE contract being audited. CMS has described its audit process as plan-year specific and stated that it will not extrapolate audit results for plan years prior to 2011. Because CMS has not stated otherwise, there is a risk that payment adjustments made as a result of one plan year's audit would be extrapolated to prior plan years after 2011. The proposed regulations relating to RADV audit and extrapolation methodology have been outstanding since 2018 and if implemented, could allow retroactive recoupments arising from RADV audits. CMS is expected to issue its final rule on the audit and extrapolation methodology by November 1, 2022.

There can be no assurance that a PACE organization will not be randomly selected or targeted for review by CMS or that the outcome of such a review will not result in a material adjustment in our revenue and profitability, even if the information we submitted to CMS is accurate and supportable. Substantial changes in the risk adjustment mechanism, including changes that result from enforcement or audit actions, could materially affect our capitated reimbursement.

Renegotiation, non-renewal or termination of capitation agreements with government payors could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Under most of our capitation agreements with government payors, the state is generally permitted to adjust certain terms of the agreements from time to time. If a government payor exercises its right to adjust certain terms of the agreements, we are generally allowed a period of time to object to such adjustment. If we enter into capitation contracts with unfavorable economic terms, or a capitation contract is adjusted to include unfavorable terms, we could suffer losses with respect to such contract. In addition, some states in which we operate undergo periodic reconciliations with respect to enrollments that present a risk to our business, results of operations, financial condition and cash flows.

Our contracts with government payors may be terminated to the extent that state or federal funds are not appropriated at sufficient levels to fund our contracts or PACE programs in general. Certain of our contracts are terminable immediately upon the occurrence of certain events. Government payors may terminate, suspend or cancel our contracts, in whole or in part, for cause in the event of our noncompliance with the terms, conditions or responsibilities under the contracts, or if we are debarred or suspended from providing services by state or federal government authorities. CMS may also impose sanctions for noncompliance with regulatory or contractual requirements, including the suspension of enrollment of participants, the occurrence of which would adversely affect our operating results and our ability to pursue our growth strategies. If any of our contracts with government payors are terminated or if the government payors seek to renegotiate their contract rates with us, we may suffer a significant loss of revenue, which may adversely affect our operating results.

State and federal efforts to reduce healthcare spending could adversely affect our financial condition and results of operations.

Most of our participants are dually-eligible, meaning they are qualified for coverage under both Medicare and Medicaid when enrolled in our PACE program, and nearly all our revenue is derived from government payors. Medicaid is a joint federal and state funded program for healthcare services for low income as well as certain higher-income individuals who qualify for nursing home level of care. Under broad federal criteria, states establish rules for eligibility, services and payment. PACE programs are administered at the state level and are financed by both state and federal funds. Medicaid spending has increased rapidly in recent years, becoming a significant component of state budgets. This increase, combined with slower state revenue growth, has led both the federal government and many states to institute measures aimed at controlling the growth of Medicaid spending, and in some instances reducing aggregate Medicaid spending. Due to budget constraints, including those resulting from the COVID-19 pandemic or a potential economic downturn or recession, we may experience negative Medicaid capitated rate payment pressure from certain states where we operate, such as Colorado, where we conduct a significant percentage of our operations.

In addition, as part of past attempts to repeal, replace or modify the ACA and as a means to reduce the federal budget deficit, there have in recent years been congressional efforts to move Medicaid from an open-ended program with coverage and benefits set by the federal government to one in which states receive a fixed amount of federal funds, either through block grants or per capita caps, and have more flexibility to determine benefits, eligibility or provider payments. If those changes are implemented, we cannot predict whether the amount of fixed federal funding to the states will be based on current payment amounts, or if it will be based on lower payment amounts, which would negatively impact those states

that expanded their Medicaid programs in response to the ACA. We expect state and federal efforts to reduce healthcare spending to continue for the foreseeable future.

Our overall business results may suffer from an economic downturn.

During periods of high unemployment, governmental entities often experience budget deficits as a result of increased costs and lower than expected tax collections. These budget deficits at federal, state and local government entities have decreased, and may continue to decrease, spending for health and human service programs, including Medicare, Medicaid, PACE and similar programs, which represent nearly all of the payor sources for our centers. Additionally, we have and may continue to experience an increase in cost of care due to enhanced wage pressures, labor shortages, or other adverse economic conditions which we might not be able to offset and which may have a material effect on our results of operations and financial condition.

A pandemic, epidemic or outbreak of an infectious disease in the United States or worldwide, including the ongoing effects of COVID-19, could adversely affect our business.

We face a wide variety of risks related to health epidemics, pandemics and similar outbreaks, especially of infectious diseases, including COVID-19 and its variants and Monkeypox. While the full effects of the COVID-19 pandemic continue to develop, the pandemic dramatically impacted the global health and economic environment, including business slowdowns or shutdowns, labor shortages and supply chain challenges. Additionally, any future pandemic, epidemic or outbreak of an infectious disease may adversely affect our business if one of the geographies we serve is affected by such outbreak, particularly at the onset of any such outbreak before response protocols have been developed. Specifically, if our participants fall ill due to an outbreak, we may experience a high level of unexpected deaths, increased costs, and other effects, including a loss of revenue, negative publicity, litigation and inquiries from government regulators.

Although the COVID-19 pandemic has not materially adversely impacted our revenue or expenses, it may continue to have an adverse effect on market conditions, including the value of our common stock, and impact our workforce, including increased competition for healthcare professionals and wage increases. In addition, the COVID-19 virus disproportionately impacts older adults, especially those with chronic illnesses, which describes many of our participants.

Due to the COVID-19 pandemic, our ability to document the health conditions of our participants as completely as in the past may have been impacted. Medicare pays capitation using a “risk adjustment model,” which compensates providers based on the health status (acuity) of each individual participant. Participants with higher RAF scores necessitate larger capitated payments, and those with lower RAF scores necessitate smaller capitated payments. Medicare requires that a participant’s health issues be documented annually regardless of the permanence of the underlying causes. Any issues with documenting such conditions during the COVID-19 pandemic could have adversely impacted our ability to accurately record Medicare RAF scores and may result in adjustments to revenues. See Item 1A.Risk Factors “—Risks Related to Our Business—Our records and submissions to government payors may contain inaccurate or unsupportable information regarding risk adjustment scores of participants, which could cause us to overstate or understate our revenue and subject us to repayment obligations or penalties.”

The COVID-19 pandemic has and continues to exacerbate difficulties to hire additional healthcare professionals, causing certain of our centers to be understaffed or staffed with personnel that requires training. The reduction in healthcare personnel, and specifically, trained personnel, has impacted and may continue to impact our ability to adhere to the complex government laws and regulations that apply to our business. PACE regulators require that new participants be assessed within a period of 30 days from enrollment to our programs and for us to provide them a personalized care plan. In the third quarter of 2021, we became aware that certain of our centers had failed to timely complete a portion of these participant assessments and care plans. We have implemented improvement plans and continue to work diligently and monitor our progress in remediating this issue. Failure to conduct assessments or produce care plans within the required period of time may further subject us to suspension of new enrollment or restrict enrollment at the affected centers and other centers in the affected state. These or future violations of these requirements or other government laws or regulations could result in significant consequences that may have a material adverse effect on our business, results of operations, financial condition and cash flows.

On March 27, 2020, the CARES Act was signed into law and provided for $100.0 billion in funding for healthcare providers. Pursuant to the CARES Act, the state of Pennsylvania granted our Pennsylvania centers $1.0 million of funding. As a result of receiving this funding, we may be subject to audits and oversight by the federal government and Pennsylvania regulators, and there is no guarantee that the funds we received could not be subject to recoupment. We are not required to repay these funds, provided that we attest to and comply with certain terms and conditions, including not using funds received to reimburse expenses or losses that other sources are obligated to reimburse, as well as certain audit and reporting requirements.

We depend on our senior management team and other key employees, and the loss of one or more of these employees or an inability to attract and retain other highly skilled employees could harm our business.

Our future success depends largely upon the services of our senior management team and other key employees. We rely on our leadership team in the areas of operations, provision of medical services, information technology and security, marketing, and general and administrative functions. Since we became a public company, there have been changes in our executive management team resulting from the hiring or departure of executives, including the appointment of Patrick Blair to the position of President and Chief Executive Officer effective January 1, 2022. Even though Mr. Blair has had a long and successful career in healthcare, joining the Company from BAYADA Home Health Care, where he was the Group President responsible for overall quality and financial performance of the Home Health, Hospice and Personal Care businesses, changes to our business strategy resulting from this transition could have a disruptive impact on our ability to implement our business strategy and could have a material adverse effect on our business.

In addition, our employment agreements with our executive officers and other key personnel do not require them to continue to work for us for any specified period and, therefore, they could terminate their employment with us at any time. The loss, whether as a result of voluntary termination or illness, of one or more of the members of our senior management team, or other key employees, could harm our business. Changes in our executive management team may also cause disruptions in, and harm to, our business.

If certain of our suppliers do not meet our needs, if the price increases on supplies is sustained as a result of inflation, if we are not reimbursed or adequately reimbursed for medical products we purchase or if we are unable to effectively access new technology or medical products, it could negatively impact our ability to effectively provide the services we offer and could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We have significant suppliers that may be the sole or primary source of products critical to the services we provide, or to which we have committed obligations to make purchases, sometimes at particular prices. If any of these suppliers do not meet our needs for the products they supply, including sustained price increases as a result of inflation, a product recall, product shortage or dispute, and we are not able to find adequate alternative sources, it could have a material adverse impact on our business, results of operations, financial condition and cash flows. In addition, the technology related to the products critical to the services we provide is subject to new developments which may result in the availability of superior products. If we are not able to access superior products or new medical products, including biopharmaceuticals or medical devices, on a cost-effective basis or if suppliers are not able to fulfill our requirements for such products, including PPE, we could face attrition with respect to our participants or health care providers and other personnel and other negative consequences which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We began operating as a for-profit company in 2016 and have limited operating history as a for-profit company. Accordingly, our historical and recent financial and business results may not be representative of what they may be in the future.

We were originally formed in 2007 as a not-for-profit company and converted to a for-profit company in 2016. Due to our relatively limited operating history as a for-profit company, our historical and recent financial and business results may not be representative of what they may be in the future. We have encountered and will continue to encounter significant risks and uncertainties frequently experienced by new companies in rapidly changing and highly regulated industries, such as determining appropriate investments for our limited resources, competition from other providers, acquiring and retaining participants, hiring, integrating, training and retaining skilled personnel, unforeseen expenses and

challenges in forecasting accuracy. Although we have expanded our footprint outside of Colorado into other geographies, we cannot provide assurance that we will be able to expand into new geographies or that any new centers we open or acquire, or new geographies we enter will be successful. If we are unable to increase participant enrollment, manage our external provider costs or expand into new geographies, our revenue and our ability to sustain profitability could be impaired. If we make acquisitions to expand our footprint, we may experience operational difficulties or challenges with integrating and realizing the benefits of such acquisitions and we may need to expend resources to ensure such centers are operating in compliance with regulatory and contractual requirements, as well as any corrective action plans. Additional risks include, but are not limited to, our ability to effectively manage growth, process, store, protect and use personal data in compliance with governmental regulations and contractual obligations and manage our obligations as a provider of healthcare services under Medicare, Medicaid and PACE. If our assumptions regarding these and other similar risks and uncertainties, which we use to plan our business, are incorrect or change as we gain more experience operating a for-profit business or due to changes in our industry, or if we do not address these challenges successfully, our operating and financial results could differ materially from our expectations and our reputation and business could suffer materially.

We expect to continue to increase our headcount and to hire or contract with more physicians, nurses and other specialized medical personnel in the future as we grow our business and open or acquire new centers. We will need to continue to hire, train and manage additional qualified information technology, operations and marketing staff, and improve and maintain our technology and information systems to properly manage our growth. If our new hires perform poorly, if we are unsuccessful in hiring, training, managing and integrating these new employees, if we are not successful in retaining our existing employees, or if we are unable to provide the care and services that our participants require in compliance with regulatory requirements, our business may be adversely affected.

If we are unable to attract new participants, our revenue growth will be adversely affected.

To increase our revenue, our business strategy is to expand the number of centers and participants in our network. In order to support such growth, we must continue to recruit and retain a sufficient number of new participants. Our ability to do so depends in large part on the states of California and Colorado lifting current enrollment sanctions and the success of our sales and marketing efforts, which are subject to various federal and state laws and regulations that impact marketing. As a result of the sanctions and deficiencies identified during the audits of our centers, our reputation has been harmed which has impacted and could in the future continue to impact our ability to attract new participants. Additionally, as part of our remediation efforts, we have hired additional staff which has increased our PMPM expenses and, as a result, has negatively impacted our profit margin. If we are unable to convince the frail, dual-eligible senior population of the benefits of the InnovAge Platform or if potential or existing participants prefer the healthcare provider model of one of our competitors, we may not be able to effectively implement our growth strategy, which depends on our ability to attract new participants, if permitted. Participant enrollment for PACE is ongoing each month and requires states to verify eligibility, a process which can result in delays in enrollment. Our inability to identify and recruit new eligible participants and retain existing participants has and could continue to harm our ability to execute our growth strategy and has and may continue to have a material adverse effect on our business operations and financial position.

We conduct a significant percentage of our operations in the State of Colorado and, as a result, we are particularly susceptible to any reduction in budget appropriations for our services or any other adverse developments in that state.

For the fiscal year ended June 30, 2022, 25.8% of our total revenues were derived from contracts with government agencies in the State of Colorado. Accordingly, any reduction in Colorado's budgetary appropriations for our services, whether as a result of fiscal constraints due to recession, emergency situations such as the COVID-19 pandemic, changes in policy or otherwise, could result in a reduction in our capitated fee payments and possibly the loss of contracts. In fiscal year 2021, we experienced a low single digit rate decrease as a result of COVID-19 related budget pressure borne by the State of Colorado. In June 2022, we completed negotiations relating to the capitated fee rates with government payors in the State of Colorado, which resulted in a mid-single digit rate increase applicable for the fiscal year ended June 30, 2022. See Item 1A. Risk Factors, "Risks Related to Our Business—Our business strategy may not realize expected results."

If we fail to manage our operations effectively, we may be unable to execute our business plan, maintain effective levels of service and participant satisfaction or adequately address competitive challenges.

We have experienced, and may continue to experience, and organizational change and growth, which has placed, and may continue to place, significant demands on our management and our operational and financial resources. For example, we completed our conversion from a not-for-profit to a for-profit organization in 2016 and completed our IPO in 2021. Additionally, our organizational structure continues to become more complex as we expand our operational, financial and management controls, as well as our reporting systems and procedures as a public company. We may require significant capital expenditures and the allocation of valuable management resources to grow and evolve our operational and financial operations and grow. We must effectively increase our headcount, ensure our personnel have the necessary licenses and competencies and continue to effectively train and manage our employees. We will be unable to manage our business effectively if we are unable to alleviate the strain on resources caused by growth in a timely and efficient manner. If we fail to effectively manage our potential growth and change or fail to ensure that the level of care and services provided by our employees complies with regulatory and contractual requirements, and levels of patient service and satisfaction, our brand and reputation, could suffer, adversely affecting our ability to attract and retain participants and employees and lead to the need for corrective actions. Results of audits conducted by CMS and other regulators resulted in suspensions of new enrollments in the states of California and Colorado due to deficiencies detected in the audits related to participant care. See Item 1A. Risk Factors “Risks Related to Our Business—We face inspections, reviews, audits and investigations under federal and state government programs and contracts. These audits require corrective actions and have resulted in adverse findings that have negatively affected and may continue to affect our business, including our results of operations, liquidity, financial condition and reputation” for more information.

The healthcare industry is highly competitive and, if we are not able to compete effectively, our business could be harmed.

We compete directly with national, regional and local providers of healthcare for participants and clinical providers. We also compete directly with payors and other alternate managed care programs for participants. There are many other companies and individuals currently providing healthcare services, many of which have been in business longer and/or have substantially more resources. Given the regulatory environment, there may be high barriers to entry for PACE providers; however, since there are relatively modest capital expenditures required for providing healthcare services, there are less substantial financial barriers to entry in the healthcare industry generally. Other companies could enter the healthcare industry in the future and divert some or all of our business. Our ability to compete successfully varies from location to location and depends on a number of factors, including the number of payors who run competitive programs in the local market, our local reputation for quality participant care, the commitment and expertise of our medical staff or contracted health care providers, our local service offerings and community programs, the cost of care in each locality, and the physical appearance, location and condition of our centers. If we are unable to attract participants to our centers our revenue and profitability will be adversely affected. Some of our competitors may have greater brand recognition and be more established in their respective communities than we are, and may have greater financial and other resources than we have. Further, our current or potential competitors may be acquired by third parties with greater available resources. Competing providers may also offer different programs or services than we do, which, combined with the foregoing factors, may result in our competitors being more attractive to our current participants, potential participants and referral sources. Furthermore, while we budget for routine capital expenditures at our centers to keep them competitive in their respective markets, to the extent that competitive forces cause those expenditures to increase in the future, our financial condition may be negatively affected. In addition, our contracts with government payors are not exclusive for PACE programs in California, and competitors in California could seek to establish contracts with the state Medicaid agency and CMS to serve PACE eligible participants in our service areas. For example, the service area for our Sacramento, California center, opened July 1, 2020, overlaps with an existing PACE program in the region. Additionally, once restrictions on our ability to enroll participants as a result of the audits of our centers in Sacramento, California and Colorado and on our ability to open de novo centers as a result of actions taken by other states or us, are lifted or resolved, as we expand into new geographies, we may encounter competitors with stronger local community relationships or brand recognition, which could give those competitors an advantage in attracting new participants. Individual physicians, physician groups and companies in other healthcare industry segments, some of which have greater financial, marketing and staffing resources, may become competitors in providing health care services, and this competition may have a material adverse effect on our business operations and financial position.

Our presence is currently limited to Colorado, California, New Mexico, Pennsylvania and Virginia, and we may not be able to successfully establish a presence in new geographic markets.

We currently operate in Colorado, California, New Mexico, Pennsylvania and Virginia. As described in Item 1A. Risk Factors, “ Risks Related to Our Business—We face inspections, reviews, audits and investigations under federal and state government programs and contracts. These audits require corrective actions and have resulted in adverse findings that have negatively affected and may continue to affect our business, including our results of operations, liquidity, financial condition and reputation,” as we continue to resolve current audits by CMS and other regulatory authorities, our ability to open de novo centers in current or new markets is uncertain and may be delayed. While we continue to provide services in our current centers, there can be no assurance when or if we will expand our operations into new geographic markets. For the year ended June 30, 2022, approximately half of our revenue was driven by our businesses in Colorado. As a result, our exposure to many of the risks described in these risk factors are not mitigated by a diversification of geographic focus. To continue to expand our operations to other regions of the United States, we will have to devote resources to identifying and exploring such perceived opportunities. Thereafter, we will have to, among other things, recruit and retain qualified personnel, develop new centers and establish new relationships or contracts with physicians and other healthcare and services providers. In addition, we will be required to comply with laws and regulations of states that may differ from the ones in which we currently operate, and could face competitors with greater knowledge of such local markets. We anticipate that further geographic expansion will require us to make a substantial investment of management time, capital and/or other resources. There can be no assurance that we will be able to continue to expand our operations in any new geographic markets.

Competition for physicians and other clinical personnel or other factors could increase our labor costs and adversely affect our revenue, profitability and cash flows.

Our operations are dependent on the efforts, abilities and experience of our physicians and clinical personnel. We compete with other healthcare providers, primarily hospitals and other centers, in attracting physicians, nurses and medical staff to support our centers, and recruiting and retaining qualified management and support personnel responsible for the daily operations of each of our centers. In some markets, the lack of availability of clinical personnel, such as nurses and mental health professionals, has become a significant operating issue facing all healthcare providers, which situation was further exacerbated by the COVID-19 pandemic. This shortage has required us to enhance wages and benefits to recruit and retain qualified personnel or to contract for more expensive temporary personnel. For the years ended June 30, 2022 and 2021, our total center-level employee costs represented 18.5% and 17.7%, respectively, of our revenue. We also depend on the available labor pool of semi-skilled and unskilled workers in each of the markets in which we operate. A sustained labor shortage, caused by the COVID-19 pandemic or as a result of general macroeconomic conditions, could have a material adverse effect on our business, prospects and conditions.

Our labor costs have increased due to higher wage rates associated with the increased competitive labor market. Because the vast majority of our revenue consists of prospective monthly capitated, or fixed, payments per participant, our ability to pass along increased labor costs is limited. In particular, if labor costs rise at an annual rate greater than our net annual consumer price index basket update from Medicare, our results of operations and cash flows will likely be adversely affected. Any union activity at our centers that may occur in the future could contribute to increased labor costs. Certain proposed changes in federal labor laws and the National Labor Relations Board’s modification of its election procedures to allow for faster elections and absentee ballots could increase the likelihood of employee unionization attempts. Although none of our employees are currently represented by a collective bargaining agreement, to the extent a significant portion of our employee base unionizes, it is possible our labor costs could increase materially. Our failure to recruit and retain or contract with qualified management and medical personnel, or to control our labor costs, could have a material adverse effect on our business, prospects, results of operations and financial condition.

Security breaches, loss of data and other disruptions have in the past and could in the future compromise sensitive information related to our business or our participants, or prevent us from accessing critical information and expose us to liability, and could adversely affect our business and our reputation.

In the ordinary course of our business, we create, receive, maintain, transmit, collect, store, use, disclose, share and process (collectively, “Process”) sensitive data, including protected health information (“PHI”) and other types of personal data or personally identifiable information (collectively, “PII” and, together with PHI, “PHI/PII”) relating to our

employees, participants and others. We also Process and contract with third-party service providers to Process sensitive information, including PHI/PII, confidential information and other proprietary business information. We manage and maintain PHI/PII and other sensitive data and information using our on premise systems, and we plan to implement cloud-based computing center systems in the future. Third-party service providers that serve our participants may Process PHI/PII data either in their own on-site systems, at managed or co-located data centers, or in the cloud.

We are highly dependent on information technology networks and systems, including the internet, to securely Process PHI/PII and other sensitive data and information. Security breaches of this infrastructure, whether ours or of our third-party service providers, including physical or electronic break-ins, computer viruses, ransomware, attacks by hackers and similar breaches, and employee or contractor error, negligence or malfeasance, have occurred in the past, and have in the past and could in the future, create system disruptions, shutdowns or unauthorized access, acquisition, use, disclosure or modifications of such data or information, and could cause PHI/PII to be accessed, acquired, used, disclosed or modified without authorization, to be made publicly available, or to be further accessed, acquired, used or disclosed.

We use third-party service providers for important aspects of the Processing of employee and participant PHI/PII and other confidential and sensitive data and information, and therefore rely on third parties to manage functions that have material cybersecurity risks. Because of the sensitivity of the PHI/PII and other sensitive data and information that we and our service providers Process, the security of our technology platform and other aspects of our services, including those provided or facilitated by our third-party service providers, are important to our operations and business strategy. We have implemented certain administrative, physical and technological safeguards to address these risks; however, such policies and procedures may not address certain HIPAA requirements or address situations that could lead to increased privacy or security risks, and agreements with contractors and other third-party service providers who handle this PHI/PII and other sensitive data and information for us. However, some PACE organizations that we have acquired in the past or may acquire in the future may not have implemented such agreements with their third-party service providers, which may expose us to legal claims or proceedings, liability, and penalties. We may be required to expend significant capital and other resources to protect against security breaches, to safeguard the privacy, security, and confidentiality of PHI/PII and other sensitive data and information, to investigate, contain, remediate, and mitigate actual or potential security breaches, and/or to report security breaches to participants, employees, regulators, media, credit bureaus, and other third parties in accordance with applicable law and to offer complimentary credit monitoring, identity theft protection, and similar services to participants and/or employees where required by law or otherwise appropriate. Cyber-attacks are becoming more sophisticated, and frequent, and we or our third-party service providers may be unable to anticipate these techniques or to implement adequate protective measures against them or to prevent future attacks. The remote work environment as a result of COVID-19 has increased these risks. We exercise limited control over our third-party service providers and, in the case of some third-party service providers, may not have evaluated the adequacy of their security measures, which increases our vulnerability to problems with services they provide.

A security breach, security incident, or privacy violation that leads to unauthorized use, disclosure, access, acquisition, loss or modification of, or that prevents access to or otherwise impacts the confidentiality, security, or integrity of, participant or employee information, including PHI/PII that we or our third-party service providers Process, could harm our reputation and business, compel us to comply with breach notification laws, cause us to incur significant costs for investigation, containment, remediation, mitigation, fines, penalties, settlements, notification to individuals, regulators, media, credit bureaus, and other third parties, complimentary credit monitoring, identity theft protection, training and similar services to participants and/or employees where required by law or otherwise appropriate, for measures intended to repair or replace systems or technology and to prevent future occurrences. We may also be subject to potential increases in insurance premiums, resulting in increased costs or loss of revenue.

If we or our third-party service providers are unable to prevent or mitigate security breaches, security incidents or privacy violations in the future, or if we or our third-party service providers are unable to implement satisfactory remedial measures with respect to known or future security incidents, or if it is perceived that we have been unable to do so, our operations could be disrupted, we may be unable to provide access to our systems, and we could suffer a loss of participants, loss of reputation, adverse impacts on participant and investor confidence, financial loss, governmental investigations or other actions, regulatory or contractual penalties, and other claims and liability. In addition, security breaches and incidents and other compromise or inappropriate access to, or acquisition or processing of, PHI/PII or other sensitive data or information can be difficult to detect, and any delay in identifying such breaches or incidents or in providing timely notification of such incidents may lead to increased harm and increased penalties.

While we maintain insurance covering certain security and privacy damages and claim expenses, we may not carry insurance or maintain coverage sufficient to compensate for all liability and in any event, insurance coverage would not address the reputational damage that could result from a security incident.

In February 2021, we became aware that a former third-party service provider of acquired organizations was the victim of a ransomware attack that occurred in December 2020. We understand that this attack resulted in the unauthorized access and exfiltration of the PHI/PII of over 2,000 of our current and former participants. The third-party service provider engaged outside counsel and a forensic investigator to assist. To date, the service provider has reported this incident to affected participants, their personal representatives or their next of kin, the U.S. Department of Health and Human Rights Office for Civil Rights ("OCR"), media outlets, state regulators, and others, as required. Participants affected by the incident have been offered the opportunity to enroll in credit monitoring service at the service provider's expense. To date, the service provider has advised that they have not received any reports or concerns regarding misuse or potential identity theft issues. However, it is possible that OCR and/or state regulators could nonetheless initiate investigations of the Company and/or the former third-party service provider in connection with the incident, that the Company could be subject to civil penalties, resolution agreements, monitoring or similar agreements, or third-party claims against the Company, including class-action lawsuits. Although this attack was against a former third-party service-provider, we remain responsible under HIPAA for our participant's PHI/PII, and any failure on our part to comply with HIPAA in connection with such data could subject us to civil penalties, resolution agreements, monitoring or similar agreements or other enforcement action. The Company confirmed that this former third-party service provider has removed the PHI/PII of our participants from its servers, and the service provider has advised that all vulnerabilities in its environment and lack of security controls have been resolved.

Our business depends on our ability to effectively invest in, implement improvements to and properly maintain the uninterrupted operation and data integrity of our information technology and other business systems.

Our business is highly dependent on maintaining effective information systems as well as the integrity and timeliness of the data we use to serve our participants, support our care teams and operate our business. Because of the large amount of data that we collect and manage, it is possible that hardware or software failures or errors in our systems could result in data loss or corruption or cause the information that we collect to be incomplete or contain significant inaccuracies. If our data were found to be inaccurate or unreliable due to fraud or other error, or if we, or any of the third-party service providers we engage, were to fail to maintain information systems and data integrity effectively, we could experience operational disruptions that may impact our participants and providers and hinder our ability to provide services, retain and attract participants, manage our participant risk profiles, establish reserves, report financial results timely and accurately and maintain regulatory compliance, among other things.

Our information technology strategy and execution are critical to our continued success. We must continue to invest in long-term solutions that will enable us to anticipate participant needs and expectations, enhance the participant experience, act as a differentiator in the market and protect against cybersecurity risks and threats. Our success is dependent, in large part, on maintaining the effectiveness of existing technology systems and continuing to deliver technology systems that support our business processes in a cost-efficient and resource-efficient manner, including through maintaining relationships with third-party providers of technology. Increasing regulatory and legislative changes will place additional demands on our information technology infrastructure that could have a direct impact on resources available for other projects tied to our strategic initiatives. In addition, recent trends toward greater participant engagement in health care require new and enhanced technologies, including more sophisticated applications for mobile devices. Connectivity among technologies is becoming increasingly important. Our failure to effectively invest in and properly maintain the uninterrupted operation and data integrity of our information technology and other business systems could adversely affect our results of operations, financial position and cash flow.

A failure to accurately estimate incurred but not reported medical expenses or the risk scores of our participants could adversely affect our results of operations.

External provider costs include estimates of future medical claims that have been incurred by the participant but for which the provider has not yet billed. These claim estimates are made utilizing actuarial methods and are continually evaluated and adjusted by management, based upon our historical claims experience and other factors, including an

independent assessment by a nationally recognized actuarial firm. Positive or negative adjustments, if necessary, are made when the assumptions used to determine our claims liability change and when actual claim costs are ultimately determined.

Due to uncertainties associated with the factors used in these estimates and changes in the patterns and rates of medical utilization, materially different amounts could be reported in our financial statements for a particular period under different conditions or using different, but still reasonable, assumptions. It is possible that our estimates of this type of claim may be excessive or inadequate in the future and we may be obligated to repay certain amounts to CMS. In such event, our results of operations could be adversely impacted. Further, the inability to estimate these claims accurately may also affect our ability to take timely corrective actions, further exacerbating the extent of any adverse effect on our results of operations.

In addition, our operational and financial results will experience some variability depending upon the time of year in which they are measured. For example, medical costs vary seasonally depending primarily on the weather because certain illnesses, such as the influenza virus, are far more prevalent during colder months of the year. It is still uncertain if the virus that causes COVID-19 will follow seasonal patterns and whether, as a result, the seasonality of our results will change in the future. Historically, we have seen higher levels of per-participant medical costs in the second and third quarters of our fiscal year.

Our use of "open source" software could adversely affect our ability to offer our services and subject us to possible litigation.

We may use open source software in connection with our services. Companies that incorporate open source software into their technologies have, from time to time, faced claims challenging the use of open source software and/or compliance with open source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software or claiming noncompliance with open source licensing terms. Such litigation could be costly and time consuming, divert the attention of management, and the outcomes may not be favorable. While the use of open source software may reduce development costs and speed up the development process, it may also present certain risks that may be greater than those associated with the use of third-party commercial software. For example, open source software is generally provided without any warranties or other contractual protections regarding infringement or the quality of the code, including the existence of security vulnerabilities.

We lease approximately half of our centers and may experience risks relating to lease termination, lease expense escalators, lease extensions and special charges.

We currently lease eight of our 18 centers. Our leases typically have terms of nine years, and generally provide for renewal or extension options for an average total potential term of approximately 25 years. Each of our lease agreements provides that the lessor may terminate the lease, subject to applicable cure provisions, for a number of reasons, including the defaults in any payment of rent, taxes or other payment obligations or the breach of any other covenant or agreement in the lease. If a lease agreement is terminated, there can be no assurance that we will be able to enter into a new lease agreement on similar or better terms or at all.

Our lease obligations often include annual fixed rent escalators ranging between 2% and 3%. These escalators could impact our ability to satisfy certain obligations and financial covenants. If the results of our operations do not increase at or above the escalator rates, it would place an additional burden on our results of operations, liquidity and financial position.

If we continue to expand, we may have leases with different start dates, and it is likely that some number of our leases will expire each year. Our lease agreements often provide for renewal or extension options. There can be no assurance that these rights will be exercised in the future or that we will be able to satisfy the conditions precedent to exercising any such renewal or extension. In addition, if we are unable to renew or extend any of our leases, we may lose the center subject to that lease agreement. If we are not able to renew or extend our leases at or prior to the end of the existing lease terms, or if the terms of such options are unfavorable or unacceptable to us, our business, financial condition and results of operation could be adversely affected.

Leasing centers pursuant to binding lease agreements may limit our ability to exit markets. For instance, if one center under a lease has a delayed opening or becomes unprofitable, we have been and may be required to continue making payments under such lease agreement or continue operating such center. We could incur special charges relating to the closing operations of such facility, including lease termination costs, impairment charges and other special charges that would reduce our profits and could have a material adverse effect on our business, financial condition or results of operations.

Our failure to pay the rent or otherwise comply with the provisions of any of our lease agreements could result in an "event of default" under such lease agreement and also could result in a cross default under other lease agreements and agreements for our indebtedness. Upon an event of default, remedies available to our landlords generally include, without limitation, terminating such lease agreement, repossessing and reletting the leased properties and requiring us to remain liable for all obligations under such lease agreement, including the difference between the rent under such lease agreement and the rent payable as a result of reletting the leased properties, or requiring us to pay the net present value of the rent due for the balance of the term of such lease agreement. The exercise of such remedies could have a material adverse effect on our business, financial position, results of operations and liquidity.

We believe that our people are our best product. This culture is vital to our success, and if we are not successful in attracting, hiring, and retaining purpose-driven talent to deliver quality participant care, our business may be harmed.

We believe that people are our product and that it is the most important element in what we do—this extends from our staff to our participants. Our culture has been and will continue to be a critical contributor to our success as a PACE provider. Subject to labor market constraints, we expect to continue to hire additional personnel to deliver on the mission at InnovAge. If we do not continue to develop and evolve our corporate culture or maintain and preserve our core values as we grow, we may be unable to foster the collaborative environment that underpins the integrated care delivery model, which could harm our business.

Our centers have been and may be negatively impacted by public health emergencies, such as the COVID-19 pandemic, weather and other factors beyond our control.

Our results of operations have been and may in the future be negatively impacted by adverse conditions affecting our centers, including severe weather events such as tornadoes, hurricanes and widespread winter storms, earthquakes, public health concerns such as contagious disease outbreaks, epidemics and pandemics, such as the COVID-19 pandemic, violence or threats of violence or other factors beyond our control that cause disruption in provision of participant services, displacement of our participants, employees and care teams, or force certain of our centers to close temporarily. Our insurance coverage may not compensate us for losses that may occur in the event of an earthquake or other significant natural disaster. In certain geographic areas, we have a large concentration of centers that may be simultaneously affected by pandemics, such as the COVID-19 pandemic, adverse weather conditions or other events. Our future operating results may be adversely affected by these and other factors that disrupt the operation of our centers.

Risks Related to Regulation

Allegations of failure and failure to adhere to all of the complex government laws and regulations that apply to our business have had and could in the future have material adverse effect on our business, results of operations, financial condition, cash flows, reputation and stock price.

Our operations are subject to extensive federal, state and local government laws and regulations, such as:

- Medicare, Medicaid, and PACE statutes and regulations;
- federal and state anti-kickback laws, which prohibit, among other things, the knowing and willful offer, payment, solicitation or receipt of any bribe, kickback or remuneration, whether in cash or in kind, for referring an individual, in return for ordering, leasing, purchasing or recommending or arranging for or to induce the referral of an individual or the ordering, purchasing or leasing of items

or services covered, in whole or in part, by federal healthcare programs, such as Medicare and Medicaid, or by any payor;

- the federal civil false claims laws, including the FCA and associated regulations, which impose civil penalties through governmental, whistleblower or qui tam actions, on individuals or entities for, among other things, knowingly submitting false or fraudulent claims for payment to the government or knowingly making, or causing to be made, a false statement in order to have a claim paid. When an entity is determined to have violated the FCA, the government may impose civil fines and penalties ranging from $12,537 to $25,076 for each false claim, plus treble damages, and exclude the entity from participation in Medicare, Medicaid and other federal healthcare programs;

- the federal false claims laws, which impose criminal penalties on individuals who make or present a false, fictitious, or fraudulent claim to the government that the individual knew was false, fictitious, or fraudulent, and was made with the specific intent to violate the law or with a consciousness of wrongdoing;

- state false claims laws, which generally follow the FCA and apply to claims submitted to state healthcare programs, and state health insurance fraud laws that impose penalties for the submission of false or fraudulent claims by providers to commercial insurers or other payors of healthcare services;

- the federal Civil Monetary Penalties Statute and associated regulations, which impose civil fines for, among other things, the offering or transfer of remuneration to a Medicare or state healthcare program beneficiary if the person knows or should know such remuneration is likely to influence the beneficiary's selection of a particular provider or supplier of services reimbursable by Medicare or a state healthcare program, unless an exception applies, and which authorize assessments and program exclusion for various forms of fraud and abuse involving the Medicare and Medicaid programs;

- the federal health care fraud statute and its implementing regulations, which created federal criminal laws that prohibit, among other things, executing or attempting to execute a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;

- federal and state laws regarding the collection, use disclosure and, protection of personal identifiable information or PII and protected health information or PHI (e.g., HIPAA, CCPA) and the storage, handling, shipment, disposal and/or dispensing of pharmaceuticals and blood products and other biological materials, and many other applicable state and federal laws and requirements;

- state and federal statutes and regulations that govern workplace health and safety;

- federal and state laws and policies that require healthcare providers to maintain licensure, certification or accreditation to provide services to patients or to enroll and participate in the Medicaid programs, to report certain changes in their operations to the agencies that administer these programs and, in some cases, to re-enroll in these programs when changes in direct or indirect ownership occur;

- federal and state scope of practice and other laws pertaining to the provision of services by qualified health care providers;

- federal or state consumer protection laws that regulate various trade practices (e.g. consumer communications or consumer-facing activities); and

- federal and state laws pertaining to the provision of services by nurse practitioners and physician assistants in certain settings, including physician supervision of those services.

In addition to the above, PACE contracts also impose complex and extensive requirements upon our operations.

Federal and state manuals, policies, and other guidance may also affect our operations.

The various laws, regulations and agency guidance that apply or relate to our operations are often subject to varying interpretations, and additional laws and regulations potentially affecting healthcare organizations continue to be promulgated and issued. A violation or departure from any of the legal requirements applicable to our business may result in, among other things, government audits, decreased payment rates, significant fines and penalties, the potential loss of licensure or certification, recoupment efforts or retractions of reimbursement previously paid, voluntary repayments, exclusion from governmental healthcare programs, written warnings, corrective action plans, monitoring, reputational harm, suspension of new enrollment or the restriction of current enrollment, the withholding of payments under the PACE program agreement, and termination of the PACE program agreement. These legal requirements may be civil or administrative in nature. We are subject to federal and state regulations that require PACE organizations to maintain fiscally sound operations, as defined by CMS and applicable state agencies. We submit regular financial reports to governmental authorities and are subject to routine financial reviews and audits by both CMS and state agencies. For example, federal and state governments evaluate our assets and liabilities, cash flows, and net operating surpluses against specific regulatory requirements. From time to time, federal and state authorities may identify aspects of the finances of our PACE organizations that do not comply with federal or state requirements and may require us to submit clarifications and/or take action to adjust the capitalization or other financial status of such entities.

We endeavor to comply with all legal requirements. We further endeavor to structure all of our relationships with physicians, providers, and other third parties to comply with state and federal anti-kickback laws and other applicable healthcare laws. We utilize considerable resources to monitor laws and regulations and implement necessary changes. However, the laws and regulations in these areas are complex, changing and often subject to varying interpretations, and any failure to satisfy applicable laws and regulations could have a material adverse impact on our business, results of operations, financial condition, cash flows and reputation. We may face penalties, including penalties under the FCA, if we fail to report and return government overpayments within 60 days of when the overpayment is identified and quantified. See Item 1A. Risk Factors, “Risks Related to Our Business—We are subject to legal proceedings, enforcement actions and litigation, malpractice and privacy disputes, which are costly to defend and could materially harm our business and results of operations.” Additionally, the federal government has used the FCA to prosecute a wide variety of alleged false claims and fraud allegedly perpetrated against Medicare, Medicaid and other federally funded health care programs. Moreover, amendments to the federal Anti-Kickback Statute in the ACA make claims tainted by Anti-Kickback Statute violations subject to liability under the FCA, including *qui tam* or whistleblower suits. In recent years, the number of suits brought in the medical industry by private individuals has increased dramatically. Given the high volume of claims processed by our various operating units, the potential is high for substantial penalties in connection with any alleged FCA violations.

In addition to the provisions of the FCA, the federal government can use several criminal statutes to prosecute persons who are alleged to have submitted false or fraudulent claims for payment to the federal government.

If any of our operations are found to violate these or other government laws or regulations, we could suffer severe consequences that would have a material adverse effect on our business, results of operations, financial condition, cash flows, reputation and stock price, including:

- suspension, termination or exclusion of our participation in government payment programs;
- refunds of amounts received in violation of law or applicable payment program requirements dating back to the applicable statute of limitation periods;
- loss of our licenses required to operate healthcare centers, complete certain limited lab testing or administer prescription drugs in the states in which we operate;
- criminal or civil liability, fines, damages or monetary penalties for violations of healthcare fraud and abuse laws, including the Anti-Kickback Statute, Civil Monetary Penalties Statute and FCA, or other failures to meet regulatory requirements;

- enforcement actions by governmental agencies or state attorneys general and/or state law claims for monetary damages by patients or employees who believe their PHI/PII has been impermissibly used or disclosed or not properly safeguarded, or their rights with respect to PHI/PII have been protected, in violation of federal or state health privacy laws, including, for example and without limitation, HIPAA, CCPA, and the Privacy Act of 1974;

- mandated changes to our practices or procedures that significantly increase operating expenses;

- imposition of and compliance with corporate integrity agreements, monitoring agreements or corrective action plans that could subject us to ongoing audits and reporting requirements as well as increased scrutiny of our billing and business practices which could lead to potential fines, among other things;

- termination of various relationships and/or contracts related to our business, including joint venture arrangements, real estate leases and consulting agreements; and

- harm to our reputation, which could negatively impact our business relationships, affect our ability to attract and retain participants and healthcare professionals, affect our ability to obtain financing and decrease access to new business opportunities, among other things.

We are, from time to time, and may in the future be, a party to various lawsuits, demands, claims, governmental investigations, and audits (including investigations or other actions resulting from our obligation to self-report suspected violations of law) and other legal matters. Responding to subpoenas, requests for information, investigations and other lawsuits, claims and legal proceedings as well as defending ourselves in such matters will require management's attention and cause us to incur significant legal expense. Negative findings or terms and conditions that we might agree to accept as part of a negotiated resolution of such matters could result in, among other things, substantial financial penalties or awards against us, substantial payments made by us, harm to our reputation, required changes to our business practices, exclusion from future participation in the Medicare, Medicaid and other healthcare programs and, in certain cases, criminal penalties, any of which could have a material adverse effect on our business. It is possible that criminal proceedings may be initiated against us and/or individuals in our business in connection with investigations by the federal government. The results of such lawsuits cannot be predicted. Qui tam actions are filed under seal and impose a mandatory duty on the U.S. Department of Justice to investigate such allegations, and because qui tam suits are filed under seal, we could be subject to suits of which we are not aware or have been ordered by the presiding court not to discuss or disclose.

We, our healthcare professionals and the centers in which we operate, are subject to various federal, state and local licensing, certification and other laws and regulations, relating to, among other things, the quality of medical care, equipment, privacy of health information, physician relationships, telehealth, personnel and operating policies and procedures. Failure to comply with these licensing and certification laws, regulations and standards could result in cessation of our services, prior payments by government payors being subject to recoupment, corrective action plans, the suspension of participant enrollment or requirements to make significant changes to our operations and can give rise to civil or, in extreme cases, criminal penalties. We routinely take the steps we believe are necessary to retain or obtain all requisite licensure and operating authorities. While we endeavor to comply with federal, state and local licensing and certification laws and regulations and standards as we interpret them, the laws and regulations in these areas are complex, changing and often subject to varying interpretations. Any failure to satisfy applicable laws and regulations could have a material adverse impact on our business, results of operations, financial condition, cash flows and reputation.

If we are unable to effectively adapt to changes in the healthcare industry, including changes to laws and regulations regarding or affecting U.S. healthcare reform, our business may be harmed.

Due to the importance of the healthcare industry in the lives of all Americans, federal, state, and local legislative bodies frequently pass legislation and administrative agencies promulgate regulations relating to healthcare reform or that affect the healthcare industry. As has been the trend in recent years, it is reasonable to assume that there will continue to be increased government oversight and regulation of the healthcare industry in the future. We cannot assure our

stockholders as to the ultimate content, timing or effect of any new healthcare legislation or regulations, nor is it possible at this time to estimate the impact of potential new legislation or regulations on our business.

Since nearly all of our revenue is derived from government payors, we are always subject to regulatory changes. Federal and state legislators routinely introduce and consider proposed legislation that would impact Medicare, Medicaid, and PACE funding and operations, and state and federal agencies also consider and implement regulations and guidance that impact our business. We cannot predict with certainty what impact any federal and state healthcare legislation or regulation will have on us, but such changes could impose new and/or more stringent regulatory requirements on our activities or result in reduced capitated payments, any of which could adversely affect our business, financial condition, and results of operations.

It is possible that future legislation enacted by Congress or state legislatures, or regulations promulgated by regulatory authorities at the federal or state level, could adversely affect our business or could change the operating environment of our community centers. It is possible that the changes to Medicare, Medicaid or other governmental healthcare program reimbursement policies may serve as precedent to possible changes in other government payors' programs in a manner that adversely impacts the capitation payment arrangements with us. Similarly, changes in private payor reimbursement policies could lead to adverse changes in Medicare, Medicaid and other governmental healthcare programs, which could have a material adverse effect on our business, financial condition and results of operations.

While we believe that we have structured our agreements and operations in material compliance with applicable healthcare laws and regulations, there can be no assurance that regulators will agree with our approach or that we will be able to successfully address changes in the current legislative and regulatory environment. We believe that our business operations materially comply with applicable healthcare laws and regulations. However, some of the healthcare laws and regulations applicable to us are subject to limited or evolving interpretations, and a review of our business or operations by a court, law enforcement or a regulatory authority might result in a determination that could have a material adverse effect on us. Furthermore, the healthcare laws and regulations applicable to us may be amended or interpreted in a manner that could have a material adverse effect on our business, prospects, results of operations and financial condition.

Laws regulating the corporate practice of medicine could restrict the manner in which we are permitted to conduct our business, and the failure to comply with such laws could subject us to penalties or require a restructuring of our business.

Some of the states in which we currently operate have laws that prohibit business entities, such as us, from practicing medicine, employing physicians to practice medicine, exercising control over medical decisions by physicians or engaging in certain arrangements, such as fee-splitting, with physicians (such activities generally referred to as the "corporate practice of medicine"). In some states, these prohibitions are expressly stated in a statute or regulation, while in other states the prohibition is a matter of judicial or regulatory interpretation. For example, in Pennsylvania, the statutes that pertain to the employment of health care practitioners by health care centers do not explicitly include a PACE organization in the list of health care centers by which a health care practitioner may be employed. Other states in which we may operate in the future may also generally prohibit the corporate practice of medicine. While we endeavor to comply with state corporate practice of medicine laws and regulations as we interpret them, the laws and regulations in these areas are complex, changing, and often subject to varying interpretations. The interpretation and enforcement of these laws vary significantly from state to state.

Penalties for violations of the corporate practice of medicine vary by state and may result in physicians being subject to disciplinary action, as well as forfeiture of revenues from payors for services rendered. For business entities, such as us, violations may also bring both civil and, in more extreme cases, criminal liability for engaging in medical practice without a license.

Some of the relevant laws, regulations and agency interpretations in states with corporate practice of medicine restrictions have been subject to limited judicial and regulatory interpretation. State laws or regulations prohibiting the corporate practice of medicine may contemplate the employment of physicians by certain types of entities, but may not provide a specific exemption for PACE organizations. State laws and regulations are subject to change. Regulatory authorities and other parties may assert that our employment of physicians in some states means that we are engaged in the prohibited corporate practice of medicine. If this were to occur, we could be subject to civil and/or criminal penalties,

our agreements with physicians could be found legally invalid and unenforceable (in whole or in part) or we could be required to restructure our arrangements with respect to the physicians that care for our participants, in each case in one or more of the jurisdictions in which we operate. Any of these outcomes may have a material adverse effect on our business, results of operations, financial condition, cash flows and reputation.

Our use, disclosure, and other Processing of PHI/PII is subject to HIPAA, CCPA and other federal and state privacy and security regulations, and our failure to comply with those laws and regulations or to adequately secure the information we hold could result in significant liability or reputational harm and, in turn, a material adverse effect on our participant base and revenue.

Numerous state and federal laws and regulations govern the collection, dissemination, use, disclosure, destruction, retention, privacy, confidentiality, security, availability, integrity and other Processing of PHI/PII. These laws and regulations include HIPAA. HIPAA establishes a set of national privacy and security standards for the protection of PHI by health plans, healthcare clearinghouses and certain healthcare providers, referred to as covered entities, and the business associates with whom such covered entities contract for services. A business associate is any person or entity (other than members of a covered entity's workforce) that performs a service for or on behalf of a covered entity involving the use or disclosure of protected health information.

HIPAA requires covered entities, such as ourselves, and their business associates to develop and maintain policies and procedures with respect to PHI that is used or disclosed, including the adoption of administrative, physical and technical safeguards to protect such information. HIPAA also implemented the use of standard transaction code sets and standard identifiers that covered entities must use when submitting or receiving certain electronic healthcare transactions, including activities associated with the billing and collection of healthcare claims.

HIPAA imposes mandatory penalties for certain violations. Under a notice of enforcement discretion issued by HHS in 2019, penalties for violations of HIPAA and its implementing regulations start at $100 (not adjusted for inflation) per violation and are not to exceed approximately $63,000 (not adjusted for inflation) per violation, subject to a cap of approximately $1.9 million (not adjusted for inflation) for violations of the same standard in a single calendar year. However, a single breach incident can result in violations of multiple standards. HIPAA also authorizes state attorneys general to file suit on behalf of their residents. Courts may award damages, costs and attorneys' fees related to violations of HIPAA in such cases. While HIPAA does not create a private right of action allowing individuals to sue us in civil court for violations of HIPAA, its standards have been used as the basis for duty of care in state civil suits such as those for negligence or recklessness in the misuse or breach of PHI.

In addition, HIPAA mandates that the Secretary of HHS conduct periodic compliance audits of HIPAA covered entities and business associates for compliance with the HIPAA Privacy and Security Standards. It also tasks HHS with establishing a methodology whereby harmed individuals who were the victims of breaches of unsecured PHI may receive a percentage of the civil monetary penalty fine paid by the violator.

HIPAA further requires that individuals be notified of any unauthorized acquisition, access, use or disclosure of their unsecured PHI that compromises the privacy or security of such information, with certain exceptions related to unintentional or inadvertent use or disclosure by employees or authorized individuals. HIPAA specifies that such notifications must be made "without unreasonable delay and in no case later than 60 calendar days after discovery of the breach." If a breach affects 500 individuals or more, it must be reported to HHS without unreasonable delay, and in no case later than 60 calendar days after discovery, and HHS will automatically investigate the breach and post the name of the entity on its public breach portal. If a breach involves fewer than 500 people, the covered entity must record it in a log and notify HHS at least annually. Breaches affecting more than 500 residents in the same state or jurisdiction must also be reported to the local media.

In addition to HIPAA, numerous other federal and state laws and regulations protect the confidentiality, privacy, availability, integrity and security of individually identifiable information. State statutes and regulations vary from state to state, and these laws and regulations in many cases are more restrictive than, and may not be preempted by, HIPAA and its implementing rules. These laws and regulations are often uncertain, contradictory, and subject to changing or differing interpretations, and we expect new laws, rules and regulations regarding privacy, data protection, and information security to be proposed and enacted in the future. For example, the CCPA provides certain exceptions for PHI, but is still applicable

to certain PII we Process in the ordinary course of our business. The effects of the CCPA are wide-ranging and afford consumers certain rights with respect to PII, including a private right of action for data breaches involving certain personal information of California residents. The California voters also passed, on November 3, 2020, the California Privacy Rights Act, or CPRA, which will come into effect on January 1, 2023, and will expand the rights of consumers under the CCPA and create a new enforcement agency. As new data security laws are implemented, we may not be able to timely comply with such requirements, or such requirements may not be compatible with our current processes. Changing our processes could be time consuming and expensive, and failure to implement required changes in a timely manner could subject us to liability for non-compliance. Consumers may also be afforded a private right of action for certain violations of privacy laws. Other states, including Colorado and Virginia, have enacted similar privacy laws that impose new obligations or limitations in areas affecting our business and we continue to assess the impact of this state legislation on our business as additional information and guidance becomes available. Efforts at the federal level to enact similar laws have been ongoing. This complex, dynamic legal landscape regarding privacy, data protection, and information security creates significant compliance issues for us and potentially restricts our ability to Process data and may expose us to additional expense, adverse publicity and liability. While we believe we have implemented data privacy and security measures in an effort to comply with applicable laws and regulations, and we have implemented measures to require our third-party service providers to maintain reasonable data privacy and security measures, we cannot guarantee that these efforts will be adequate, and we may be subject to cybersecurity, ransomware or other security incidents. Further, it is possible that laws, rules and regulations relating to privacy, data protection, or information security may be interpreted and applied in a manner that is inconsistent with our practices or those of our third-party service providers. If we or these third parties are found to have violated such laws, rules or regulations, it could result in regulatory investigations, litigation awards or settlements, government-imposed fines, orders requiring that we or these third parties change our or their practices, or criminal charges, which could adversely affect our business. Complying with these various laws and regulations could cause us to incur substantial costs or require us to change our business practices, systems and compliance procedures in a manner adverse to our business.

We also publish statements to our participants that describe how we handle and protect PHI. If federal or state regulatory authorities, such as the FTC, or private litigants consider any portion of these statements to be untrue, we may be subject to claims of deceptive practices, which could lead to significant liabilities and consequences, including, without limitation, costs of responding to investigations, defending against litigation, settling claims, and complying with regulatory or court orders. The FTC sets expectations for failing to take appropriate steps to keep consumers' personal information secure, or failing to provide a level of security commensurate to promises made to individual about the security of their personal information (such as in a privacy notice) may constitute unfair or deceptive acts or practices in violation of Section 5(a) of the Federal Trade Commission Act ("FTC Act"). The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Individually identifiable health information is considered sensitive data that merits stronger safeguards. With respect to privacy, the FTC also sets expectations that companies honor the privacy promises made to individuals about how the company handles consumers' personal information; any failure to honor promises, such as the statements made in a privacy policy or on a website, may also constitute unfair or deceptive acts or practices in violation of the FTC Act. While we do not intend to engage in unfair or deceptive acts or practices, the FTC has the power to enforce promises as it interprets them, and events that we cannot fully control, such as data breaches, may be result in FTC enforcement. Enforcement by the FTC under the FTC Act can result in civil penalties or enforcement actions. Any of the foregoing consequences could seriously harm our business and our financial results.

Risks Related to Our Indebtedness

Our existing indebtedness could adversely affect our business and growth prospects.

As of June 30, 2022, we had total outstanding debt of (i) $71.2 million principal amount under the Term Loan Facility (as defined in Note 8, "Long-term Debt" to the consolidated financial statements), and (ii) $2.4 million principal amount under the convertible term loan. Our indebtedness, or any additional indebtedness we may incur, could require us to divert funds identified for other purposes for debt service, impairing our liquidity position. If we cannot generate sufficient cash flow from operations to service our debt, we may need to refinance our debt, dispose of assets or issue equity to obtain necessary funds. We do not know whether we will be able to take any of these actions on a timely basis, or on terms satisfactory to us or at all.

Our indebtedness and the cash flow needed to satisfy our debt have important consequences, including:

- limiting funds otherwise available for financing our capital expenditures and pursuing our growth strategies by requiring us to dedicate a portion of our cash flows from operations to the repayment of debt and the interest on this debt;
- making us more vulnerable to rising interest rates; and
- making us more vulnerable in the event of a downturn in our business.

Our level of indebtedness may place us at a competitive disadvantage to our competitors that are not as highly leveraged. Fluctuations in interest rates can increase borrowing costs. Increases in interest rates may directly impact the amount of interest we are required to pay and reduce earnings accordingly. In addition, developments in tax policy, such as the disallowance of tax deductions for interest paid on outstanding indebtedness, could have an adverse effect on our liquidity and our business, financial conditions and results of operations.

We expect to use cash flow from operations to meet current and future financial obligations, including funding our operations, debt service requirements and capital expenditures necessary to grow and maintain our businesses. The ability to make these payments depends on our financial and operating performance, which is subject to prevailing economic, industry and competitive conditions and to certain financial, business, economic and other factors beyond our control.

The terms of the 2021 Credit Agreement restrict our current and future operations, particularly our ability to respond to changes or to take certain actions.

The 2021 Credit Agreement (as defined in Note 8, “Long-term Debt” to the consolidated financial statements) contains a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interests, including restrictions on our ability to:

- incur additional indebtedness or other contingent obligations;
- create liens;
- make investments, acquisitions, loans, guarantees and advances;
- consolidate, merge, liquidate or dissolve;
- sell, transfer, lease or otherwise dispose of our assets;
- pay dividends on our equity interests or make other payments in respect of capital stock; and
- materially alter the business we conduct.

The restrictive covenants in the 2021 Credit Agreement require us to satisfy certain financial condition tests. Our ability to satisfy those tests can be affected by events beyond our control.

A breach of the covenants or restrictions under the 2021 Credit Agreement could result in an event of default under such document. Such a default may allow the creditors to accelerate the related debt and terminate all commitments to extend credit thereunder and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In the event the holders of our indebtedness accelerate the repayment, we may not have sufficient assets to repay that indebtedness or be able to borrow sufficient funds to refinance it. Even if we are able to obtain new financing, it may not be on commercially reasonable terms or on terms acceptable to us. As a result of these restrictions, we may be:

- limited in how we conduct our business;

- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

These restrictions, along with restrictions that may be contained in agreements evidencing or governing other future indebtedness, may affect our ability to grow in accordance with our growth strategy.

Our failure to raise additional capital or generate cash flows necessary to expand our operations and invest in participant services in the future could reduce our ability to compete successfully and harm our results of operations.

We may need to raise additional funds, and we may not be able to obtain additional debt or equity financing on favorable terms or at all. If we raise additional equity financing, our security holders may experience significant dilution of their ownership interests. If we engage in additional debt financing, we may be required to accept terms that restrict our operational flexibility and our ability to incur additional indebtedness, force us to maintain specified liquidity or other ratios or restrict our ability to pay dividends or make acquisitions. In addition, the covenants in our 2021 Credit Agreement may limit our ability to obtain additional debt, and any failure to adhere to these covenants could result in penalties or defaults that could further restrict our liquidity or limit our ability to obtain financing. If we need additional capital and cannot raise it on acceptable terms, or at all, we may not be able to, among other things:

- develop and enhance our participant services;
- continue to expand our business either by increasing enrollment or building de novo centers;
- hire, train and retain employees;
- respond to competitive pressures or unanticipated working capital requirements; or
- pursue acquisition opportunities.

In addition, if we issue additional equity to raise capital, your interest in the Company will be diluted.

Risks Related to Our Common Stock

Our Principal Shareholders control us, and their interests may conflict with ours or yours in the future.

Our Principal Shareholders own approximately 86% of our common stock, which means that, based on their combined percentage voting power held, the Principal Shareholders together control the vote of all matters submitted to a vote of our shareholders, which enables them to control the election of the members of the Board and all other corporate decisions. This concentration of ownership may delay, deter or prevent acts that would be favored by our other shareholders. The interests of the Principal Shareholders may not always coincide with our interests or the interests of our other shareholders. Even when the Principal Shareholders cease to own shares of our stock representing a majority of the total voting power, for so long as the Principal Shareholders continue to own a significant percentage of our stock, the Principal Shareholders will still be able to significantly influence the composition of our Board and the approval of actions requiring shareholder approval. Accordingly, for such period of time, the Principal Shareholders will have significant influence with respect to our management, business plans and policies, including the appointment and removal of our officers, decisions on whether to raise future capital and amending our charter and bylaws, which govern the rights attached to our common stock. In particular, for so long as the Principal Shareholders continue to own a significant percentage of our stock, the Principal Shareholders will be able to cause or prevent a change of control of us or a change in the composition of our Board and could preclude any unsolicited acquisition of us. The concentration of ownership could deprive you of an opportunity to receive a premium for your shares of common stock as part of a sale of us and ultimately might affect the market price of our common stock. In addition, this concentration of ownership may adversely affect the trading price of our common stock because investors may perceive disadvantages in owning shares in a company with significant stockholders.

In addition, we are party to a Director Nomination Agreement (defined herein) with the Principal Shareholders that provides the Principal Shareholders the right to designate: (i) all of the nominees for election to our Board for so long as the Principal Shareholders collectively beneficially own at least 40% of the Original Amount (as defined therein); (ii) 40% of the nominees for election to our Board for so long as the Principal Shareholders collectively beneficially own less than 40% but at least 30% of the Original Amount; (iii) 30% of the nominees for election to our Board for so long as the Principal Shareholders collectively beneficially own less than 30% but at least 20% of the Original Amount; (iv) 20% of the nominees for election to our Board for so long as the Principal Shareholders collectively beneficially own less than 20% but at least 10% of the Original Amount; and (v) one of the nominees for election to our Board for so long as the Principal Shareholders collectively beneficially own at least 5% of the Original Amount. If TCO Group Holdings, L.P., the investment vehicle through which the Principal Shareholders hold their investment is dissolved, then each of the Principal Shareholders will be permitted to nominate (i) up to three directors so long as it owns at least 25% of the Original Amount, (ii) up to two directors so long as it owns at least 15% of the Original Amount and (iii) one director so long as it owns at least 5% of the Original Amount. The Principal Shareholders may also assign such right to their affiliates. The Director Nomination Agreement also provides for certain consent rights for each of the Principal Shareholders so long as such shareholder owns at least 5% of the Original Amount, including for any increase to the size of our Board. Additionally, the Director Nomination Agreement prohibits us from increasing or decreasing the size of our Board without the prior written consent of the Principal Shareholders for so long as either of our Principal Shareholders holds at least 5% of the total outstanding voting power.

The Principal Shareholders and their affiliates engage in a broad spectrum of activities, including investments in the healthcare industry generally. In the ordinary course of their business activities, the Principal Shareholders and their affiliates may engage in activities where their interests conflict with our interests or those of our other shareholders, such as investing in or advising businesses that directly or indirectly compete with certain portions of our business or are suppliers or customers of ours. Our certificate of incorporation provides that neither the Principal Shareholders, any of their affiliates or any director who is not employed by us (including any non-employee director who serves as one of our officers in both her or his director and officer capacities) or its affiliates have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. The Principal Shareholders also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. In addition, the Principal Shareholders may have an interest in pursuing acquisitions, divestitures and other transactions that, in their judgment, could enhance their investment, even though such transactions might involve risks to you.

We are a "controlled company" within the meaning of the rules of Nasdaq and, as a result, we qualify for, and intend to continue relying on, exemptions from certain corporate governance requirements. Therefore, you do not have the same protections as those afforded to stockholders of companies that are subject to such governance requirements.

The Principal Shareholders control a majority of the voting power of our outstanding common stock. As a result, we are a "controlled company" within the meaning of the corporate governance standards of the Nasdaq Global Select Market ("Nasdaq"). Under these rules, a company of which more than 50% of the voting power for the election of directors is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of our Board consist of independent directors;
- the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees.

We currently utilize and intend to continue utilizing these exemptions as long as they are available to us. As a result of these exemptions, we do not have a majority of independent directors on our Board, our Compensation, Nominating and Governance Committee does not consist entirely of independent directors and our Compensation, Nominating and Governance Committee may not be subject to annual performance evaluations. Accordingly, you do not have the same protections afforded to shareholders of companies that are subject to all of the corporate governance requirements of Nasdaq.

We qualify as an "emerging growth company" and a "smaller reporting company" and we have elected to comply with reduced public company reporting requirements, which could make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act and a "smaller reporting company" as defined by the Exchange Act. For as long as we continue to qualify as an emerging growth company, we are eligible for certain exemptions from various public company reporting requirements. These exemptions include, but are not limited to, (i) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, (ii) reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements, (iii) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved, and (iv) an extended transition period to comply with new or revised accounting standards applicable to public companies. Additionally, as long as we qualify as a smaller reporting company, we are required to present only the two most recent fiscal years of audited financial statements in our Annual Reports on Form 10-K.

We could be an emerging growth company for up to five years after the first sale of our common stock pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), which first occurred in March 2021. However, if certain events occur prior to the end of such five-year period, including if we become a "large accelerated filer," our annual gross revenue exceeds $1.07 billion or we issue more than $1.0 billion of non-convertible debt in any three-year period, we would cease to be an emerging growth company prior to the end of such five-year period. Additionally, even after we no longer qualify as an "emerging growth company," we may still qualify as a "smaller reporting company" if the market value of our common stock held by non-affiliates is below $250 million (or $700 million if our annual revenue is less than $100 million) as of December 31 in any given year, which would allow us to continue taking advantage of these exemptions.

Our proxy statement for fiscal year 2023 will include reduced disclosure regarding executive compensation. In addition, we have chosen to take advantage of the extended transition period to comply with new or revised accounting standards applicable to public companies. As a result, the information that we provide to holders of our common stock may be different than you might receive from other public reporting companies in which you hold equity interests. We cannot predict if investors will find our common stock less attractive as a result of reliance on these exemptions. If some investors find our common stock less attractive as a result of any choice we make to reduce disclosure, there may be a less active trading market for our common stock and the market price for our common stock may be more volatile.

The requirements of being a public company may strain our resources and distract our management, which could make it difficult to manage our business, particularly after we no longer qualify as an "emerging growth company" or a "smaller reporting company."

As a new public company, we incur legal, accounting and other expenses that we did not previously incur. We are subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act, the listing requirements of Nasdaq and other applicable securities rules and regulations. Compliance with these rules and regulations has increased our legal and financial compliance costs, made some activities more difficult, time-consuming and costly and increase demand on our systems and resources, particularly after we no longer qualify as an "emerging growth company" or "smaller reporting company." The Exchange Act requires that we file annual, quarterly and current reports with respect to our business, financial condition and results of operations. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting. Furthermore, the need to continue establishing the corporate infrastructure demanded of a public company may divert our management's attention from implementing our business strategy, which could prevent us from improving our business, financial condition and results of operations. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and

accounting systems to meet our reporting obligations as a public company. However, the measures we take may not be sufficient to satisfy our obligations as a public company. These additional obligations could have a material adverse effect on our business, financial condition and results of operations.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We invest in resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of our management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and there could be a material adverse effect on our business, financial condition and results of operations.

As a result of becoming a public company, we are obligated to develop and maintain proper and effective internal controls over financial reporting in order to comply with Section 404 of the Sarbanes-Oxley Act. We may not complete our analysis of our internal controls over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in us and, as a result, the value of our common stock. In addition, because of our status as an emerging growth company, you will not be able to depend on any attestation from our independent registered public accountants as to our internal controls over financial reporting for the foreseeable future.

As a public company, we are required by Section 404 of the Sarbanes-Oxley Act to furnish a report by management on, among other things, the effectiveness of our internal controls over financial reporting in our annual reports. This assessment includes disclosure of any material weaknesses identified by management in our internal controls over financial reporting. We are also required to disclose changes made in our internal controls and procedures on a quarterly basis. To comply with these requirements, we have and may further need to undertake various costly and time-consuming actions, such as implementing new controls and procedures and hiring additional accounting or internal audit staff. The process of designing and implementing internal controls over financial reporting required to comply with this requirement is time-consuming, costly and complicated. If during the evaluation and testing process we identify one or more other material weaknesses in our internal controls over financial reporting, our management will be unable to assert that our internal controls over financial reporting is effective. In addition, if we fail to achieve and maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act.

Even if our management concludes that our internal controls over financial reporting is effective, our independent registered public accounting firm may issue a report that is qualified if it is not satisfied with our controls or the level at which our controls are documented, designed, operated or reviewed. However, our independent registered public accounting firm will not be required to attest formally to the effectiveness of our internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act until we no longer qualify as an "emerging growth company," as defined in the JOBS Act or a "smaller reporting company" as defined by the Exchange Act. Accordingly, you will not be able to depend on any attestation concerning our internal controls over financial reporting from our independent registered public accountants for the foreseeable future.

The existence of any material weaknesses or significant deficiency in internal controls over financial reporting would require management to devote significant time and incur significant expenses to remediate any such issue and management may not be able to remediate the issue in a timely manner. The existence of any material weaknesses or significant deficiency could cause us to reissue our financial statements, fail to meet reporting deadlines or undermine shareholders' confidence in our reported financial statements, all of which could materially and adversely impact our stock price.

We cannot be certain as to the timing of completion of our evaluation, testing and any remediation actions or the impact of the same on our operations. If we are not able to implement the requirements of Section 404 of the Sarbanes-

Oxley Act in a timely manner or with adequate compliance, our independent registered public accounting firm may issue an adverse opinion due to ineffective internal controls over financial reporting, and we may be subject to sanctions or investigation by regulatory authorities, such as the SEC. As a result, there could be a negative reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. In addition, we may be required to incur costs in improving our internal control system and the hiring of additional personnel. Any such action could negatively affect our results of operations and cash flows.

Our executive management team does not have extensive experience managing a public company.

Our executive management team does not have extensive experience managing a publicly-traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage us as a public company that is subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These obligations and constituents require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, results of operations and financial condition.

Provisions of our corporate governance documents could make an acquisition of us more difficult and may prevent attempts by our shareholders to replace or remove our current management, even if beneficial to our shareholders.

In addition to the Principal Shareholders' beneficial ownership of a combined 86% of our common stock, our Director Nomination Agreement, certificate of incorporation and bylaws and the Delaware General Corporation Law (the "DGCL"), contain provisions that could make it more difficult for a third party to acquire us without the consent of our Board or the Principal Shareholders, even if doing so might be beneficial to our shareholders. Among other things, these provisions:

- allow us to authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without shareholder approval, and which may include supermajority voting, special approval, dividend, or other rights or preferences superior to the rights of shareholders;

- provide for a classified board of directors with staggered three-year terms;

- prohibit shareholder action by written consent from and after the date on which the Principal Shareholders beneficially own, in the aggregate, less than 35% of our common stock then outstanding;

- provide that, from and after the date on which the Principal Shareholders beneficially own less than 50% of our common stock then outstanding, any amendment, alteration, rescission or repeal of our bylaws by our shareholders will require the affirmative vote of the holders of at least 66⅔% in voting power of all the then-outstanding shares of our stock entitled to vote thereon, voting together as a single class; and

- establish advance notice requirements for nominations for elections to our Board or for proposing matters that can be acted upon by shareholders at shareholder meetings, provided, however, that at any time when a Principal Shareholder beneficially owns at least 5% of our common stock then outstanding, such advance notice procedure will not apply to such Principal Shareholder.

Our certificate of incorporation contains a provision that provides us with protections similar to Section 203 of the DGCL, and prevents us from engaging in a business combination with a person (excluding the Principal Shareholders and any of their direct or indirect transferees and any group as to which such persons are a party) who acquires at least 85% of our common stock for a period of three years from the date such person acquired such common stock, unless Board or shareholder approval is obtained prior to the acquisition. These provisions could discourage, delay or prevent a transaction involving a change in control of our Company. These provisions could also discourage proxy contests and make it more difficult for you and other shareholders to elect directors of your choosing and cause us to take other corporate actions you

desire, including actions that you may deem advantageous, or negatively affect the trading price of our common stock. In addition, because our Board is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our shareholders to replace current members of our management team.

These and other provisions in our certificate of incorporation, bylaws and Delaware law could make it more difficult for shareholders or potential acquirers to obtain control of our Board or initiate actions that are opposed by our then-current Board, including delay or impede a merger, tender offer or proxy contest involving our Company. The existence of these provisions could negatively affect the price of our common stock and limit opportunities for you to realize value in a corporate transaction.

Our certificate of incorporation designates the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation that may be initiated by our shareholders and the federal district courts of the United States as the exclusive forum for litigation arising under the Securities Act, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us.

Pursuant to our certificate of incorporation, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the United States District Court for the District of Delaware) will, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of us, (ii) any action asserting a claim of breach of fiduciary duty owed by, or other wrongdoing by, any our directors, officers, employees or agents to us or our stockholders, creditors or other constituents, or a claim of aiding and abetting any such breach of fiduciary duty, (iii) any action asserting a claim against the us or any of our directors or officers or other employees arising pursuant to any provision of the DGCL or our certificate of incorporation or our Bylaws (as either may be amended, restated, modified, supplemented or waived from time to time), (iv) any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or our bylaws, (v) any action asserting a claim against us or any of our directors or officers or other employees governed by the internal affairs doctrine or (vi) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL. Our certificate of incorporation also provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. However, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce a duty or liability created by the Securities Act or the rules and regulations thereunder; accordingly, we cannot be certain that a court would enforce such provision. Our certificate of incorporation further provides that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the provisions of our certificate of incorporation described above; however, our shareholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. The forum selection provisions in our certificate of incorporation may have the effect of discouraging lawsuits against us or our directors and officers and may limit our shareholders' ability to obtain a favorable judicial forum for disputes with us. If the enforceability of our forum selection provision were to be challenged, we may incur additional costs associated with resolving such a challenge. While we currently have no basis to expect any such challenge would be successful, if a court were to find our forum selection provision to be inapplicable or unenforceable, we may incur additional costs associated with having to litigate in other jurisdictions, which could have an adverse effect on our business, financial condition and results of operations and result in a diversion of the time and resources of our employees, management and Board.

Our operating results and stock price are volatile.

The price of our common stock has significantly fluctuated since our IPO and our quarterly operating results are likely to fluctuate in the future. In addition, securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could subject the market price of our shares to wide price fluctuations regardless of our operating performance. Our operating results and the trading price of our shares may fluctuate in response to various factors, including:

- developments and results of current audits, sanctions, investigations and litigation;
- market conditions in our industry or the broader stock market;

- actual or anticipated fluctuations in our quarterly financial and operating results;
- introduction of new solutions or services by us or our competitors;
- issuance of new or changed securities analysts' reports or recommendations;
- sales, or anticipated sales, of large blocks of our stock;
- additions or departures of key personnel;
- regulatory or political developments;
- litigation and governmental investigations;
- changing economic conditions;
- investors' perception of us and our prospects;
- events beyond our control such as inflationary pressures, increased interest rates, weather, public health events, such as the COVID-19 pandemic and Monkeypox, and war, including uncertainties surrounding the Russia and Ukraine conflict; and
- any default on our indebtedness.

These and other factors, many of which are beyond our control, may cause our operating results and the market price and demand for our shares to fluctuate substantially. Fluctuations in our quarterly operating results could limit or prevent investors from readily selling their shares and may otherwise negatively affect the market price and liquidity of our shares. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the company that issued the stock. Such a lawsuit was filed against the Company on October 14, 2021 and amended on June 21, 2022. The outcome of this lawsuit is unknown. This and future lawsuits brought against us could incur substantial costs defending the lawsuit. Such lawsuits also divert the time and attention of our management from our business, which could significantly harm our profitability and reputation.

A significant portion of our total outstanding shares may be sold into the market in the near future. This could cause the market price of our common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. As of June 30, 2022, we had 135,532,811 outstanding shares of common stock. All of the shares of common stock sold in our IPO are available for sale in the public market. In addition, we have registered shares of common stock that we may issue under our equity compensation plans. Such shares can be freely sold in the public market upon issuance, subject to vesting, and Rule 144 under the Securities Act. The market price of our stock could decline if the holders of currently restricted shares sell them or are perceived by the market as intending to sell them.

Additionally, we are party to a registration rights agreement with TCO Group Holdings, L.P., the investment vehicle through which the Principal Shareholders hold their investment, which requires us to effect the registration of the Principal Shareholders' shares in certain circumstances. The Principal Shareholders are also entitled to participate in certain of our registered offerings, subject to the restrictions in the registration rights agreement. These registration rights would facilitate the resale of such securities into the public market, and any such resale would increase the number of shares of our common stock available for public trading.

In the future, we may also issue our securities in connection with investments or acquisitions. The number of shares issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding common stock.

Because we have no current plans to pay regular cash dividends on our common stock for the foreseeable future, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.

We do not anticipate paying any regular cash dividends on our common stock for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our Board and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that our Board may deem relevant. In addition, our ability to pay dividends is, and may be, limited by covenants of existing and any future outstanding indebtedness we or our subsidiaries incur. Therefore, any return on investment in our common stock is solely dependent upon the appreciation of the price of our common stock on the open market, which may not occur.

If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our shares or if our results of operations do not meet their expectations, our stock price and trading volume could decline.

The trading market for our shares is influenced by the research and reports that industry or securities analysts publish about us or our business. We do not have any control over these analysts. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, analysts have in the past downgraded, and may in the future downgrade our stock, or if our results of operations do not meet their expectations, our stock price could decline.

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our common stock, which could depress the price of our common stock.

Our certificate of incorporation authorizes us to issue one or more series of preferred stock. Our Board has the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our shareholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our common stock at a premium to the market price, and materially adversely affect the market price and the voting and other rights of the holders of our common stock.

Future offerings of debt or equity securities by us may materially adversely affect the market price of our common stock.

In the future, we may attempt to obtain financing or to further increase our capital resources by issuing additional shares of our common stock or offering debt or other equity securities, including senior or subordinated notes, debt securities convertible into equity or shares of preferred stock. In addition, we may seek to expand operations in the future to other markets which we would expect to finance through a combination of additional issuances of equity, corporate indebtedness and/or cash from operations.

Issuing additional shares of our common stock or other equity securities or securities convertible into equity may dilute the economic and voting rights of our existing stockholders or reduce the market price of our common stock or both. Upon liquidation, holders of such debt securities and preferred shares, if issued, and lenders with respect to other borrowings would receive a distribution of our available assets prior to the holders of our common stock. Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Preferred shares, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of our common stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, which may adversely affect the amount, timing or nature of our future

offerings. Thus, holders of our common stock bear the risk that our future offerings may reduce the market price of our common stock and dilute their stockholdings in us.

General Risk Factors

If we are not able to maintain and enhance our reputation and brand recognition, our business and results of operations will be harmed.

We believe that maintaining and enhancing the InnovAge reputation and its brand recognition is critical to our relationships with our stakeholders and to our ability to attract new participants. The promotion of our brand may require us to make substantial investments, and we anticipate that, as our market becomes increasingly competitive, these marketing initiatives may become increasingly difficult and expensive. Our marketing activities may not be successful or yield increased revenue, and to the extent that these activities yield increased revenue, the increased revenue may not offset the expenses we incur and our results of operations could be harmed. We have made efforts to protect our brand through trademark registration, but we cannot guarantee that these efforts will prevent third parties from infringing our trademarks or using trademarks confusingly similar to ours, nor can we guarantee we will be successful in obtaining or maintaining trademark registrations that we believe are important to our business. If we cannot stop third parties from using trademarks confusingly similar to ours, patients and others could be confused and our reputation could be harmed.

In addition, factors such as failing to meet the expectations of or provide quality medical care for our participants, adverse cyber or data security events, adverse publicity or litigation involving or surrounding us, one of our centers or our management, such as news articles and market rumors with respect to our ongoing audits, litigation and other processes described above, have and may in the future diminish our reputation or that of our management and harmed our brand, making it substantially more difficult for us to attract new participants. Similarly, because our existing participants and their families often act as references for us with prospective new participants, any existing participant or family member of a participant that questions the quality of our care could impair our ability to secure additional new participants. In addition, negative publicity resulting from any adverse government payor audit could further injure our brand and reputation. If we do not successfully enhance our reputation and brand recognition, our business may not grow and we could lose our relationships with participants, which would harm our business, results of operations and financial condition.

We have and expect to continue experiencing increased expenditures in the future.

We have and expect to continue making significant investments in growing our business and increasing our participant base, expanding our operations, hiring additional employees and operating as a public company. As a result of these increased expenditures, we may not succeed in increasing our revenue sufficiently to maintain our current profit margins. To date, we have financed our operations principally from the sale of our equity, revenue from our participant services and the incurrence of indebtedness. We may not continue to generate positive cash flow from operations, access sufficient capital or sustain our current levels of profitability in any given period, and our limited operating history as a for-profit company may make it difficult for you to rely on our historical results as indicative of future performance.

We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly changing and highly regulated industries, including increasing expenses as we continue to grow our business. Our operating expenses have and we expect them to continue to increase over the next several years as we continue to hire additional personnel, expand our operations and infrastructure, and continue to provide services to an increasing number of participants. In addition to the expected costs to grow our business, we also are incurring and expect to incur additional legal, accounting and other expenses as a newly public company. These investments may be more costly than we expect, and if we do not achieve the benefits anticipated from these investments, or if the realization of these benefits is delayed, our profitability could decline in future periods. If our growth rate were to decline significantly or become negative, it could adversely affect our financial condition and results of operations. If we are not able to maintain positive cash flow in the long term, we may require additional financing, which may not be available on favorable terms or at all and/or which would be dilutive to our stockholders. If we are unable to successfully address these risks and challenges as we encounter them, our business, results of operations and financial condition would be adversely affected. Accordingly, we may not be able to maintain our current levels of profitability, and we may incur losses in the future, which could negatively impact the value of our common stock.

Disruptions in our disaster recovery systems or business continuity planning could limit our ability to operate our business effectively.

Our information technology systems facilitate our ability to conduct our business. While we have disaster recovery systems and business continuity plans in place, any disruptions in our disaster recovery systems or the failure of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect our operating results by limiting our capacity to effectively monitor and control our operations. Despite our implementation of a variety of security measures, our information technology systems could be subject to physical or electronic break-ins, ransomware and other cybersecurity incidents and similar disruptions from unauthorized tampering or any weather-related disruptions in Denver, Colorado, where our headquarters is located. In addition, in the event that a significant number of our management personnel were unavailable in the event of a disaster, our ability to effectively conduct business could be adversely affected.

Changes in accounting principles and guidance could result in unfavorable accounting charges or effects.

We prepare our consolidated financial statements in accordance with GAAP. These principles are subject to interpretation by the Securities and Exchange Commission (the “SEC”) and various bodies formed to create and interpret appropriate accounting principles and guidance. A change in these principles or guidance, or in their interpretations, may have a material effect on our reported results, as well as our processes and related controls, and may retroactively affect previously reported results. For example, during February 2016, the Financial Accounting Standards Board issued ASU 2016-02, Leases (Topic 842). The updated standard requires the recognition of a liability for lease obligations and a corresponding right-of-use asset on the balance sheet, and disclosures of certain information regarding leasing arrangements. In June 2020, FASB issued ASU 2020-05, Revenue from contracts with customers (Topic 606) and leases (Topic 842)-Effective dates for certain entities, which deferred the new lease standard effective date for the Company to December 15, 2022, with early adoption permitted. The Company will adopt this ASU in the fiscal year beginning July 1, 2022 and has not yet determined the effect of the standard on its ongoing financial reporting.

Negative publicity regarding the managed healthcare industry generally could adversely affect our results of operations or business.

Negative publicity regarding the managed healthcare industry generally, or the PACE program in particular, may result in increased regulation and legislative review of industry practices that further increase our costs of doing business and adversely affect our results of operations or business by:

- requiring us to change our integrated healthcare services model;
- increasing the regulatory, including compliance, burdens under which we operate, which, in turn, may negatively impact the manner in which we provide services and increase our costs of providing services;
- adversely affecting our ability to market our products or services through the imposition of further regulatory restrictions or guidelines regarding the manner in which plans and providers market to PACE enrollees; or
- adversely affecting our ability to attract and retain participants.

Item 1B. UNRESOLVED STAFF COMMENTS

Not Applicable.

Item 2. PROPERTIES

As of June 30, 2022, we operated an aggregate of 18 centers, of which 10 were owned and eight were leased, representing approximately 410,000 and 160,000 gross square feet, respectively. Our centers are located in 11 markets and five states.

Our principal executive offices are located in Denver, Colorado, where we own facilities totaling approximately 290,000 square feet across the state. We occupy approximately 45,000 square feet of a 69,000 square foot facility for administration, sales and marketing, technology and development and professional services in Denver, Colorado. We also own and lease properties for operational PACE centers in Denver, Colorado; Pueblo, Colorado; Loveland, Colorado; Albuquerque, New Mexico; San Bernardino, California; Sacramento, California; Philadelphia, Pennsylvania; Roanoke, Virginia; Richmond, Virginia; Newport News, Virginia; and Charlottesville, Virginia. We do not have any PACE centers or properties located outside of the United States.

Our leases typically have terms of nine years, and generally provide for renewal or extension options for an average total potential term of approximately 25 years. Our lease obligations often include annual fixed rent escalators ranging between 2.0% and 3.0%. Generally, our leases are "modified gross" leases, which require us to pay the cost of insurance, taxes, maintenance and utilities, but not for costs related to the structure of the building. We generally cannot cancel these leases at our option.

We believe that our facilities and centers are adequate to meet our needs for the immediate future, and that, should it be needed, suitable additional space will be available to accommodate any such expansion of our operations.

Item 3. LEGAL PROCEEDINGS

From time to time, we may be involved in various legal proceedings and subject to claims that arise in the ordinary course of business.

In July 2021, the Company received a civil investigative demand from the Attorney General for the State of Colorado under the Colorado Medicaid False Claims Act. The demand requests information and documents regarding Medicaid billing, patient services and referrals in connection with the Company's PACE program in Colorado. The Company continues to fully cooperate with the Attorney General and produce the requested information and documentation. We are currently unable to predict the outcome of this investigation.

On October 14, 2021, and subsequently amended on June 21, 2022, the Company was named as a defendant in a putative class action complaint filed in the District Court for the District of Colorado on behalf of individuals who purchased or acquired shares of the Company's common stock during a specified period. Through the complaint, plaintiffs are asserting claims against the Company, certain of the Company's officers and directors, Apax Partners, L.P., Welsh, Carson, Anderson & Stowe, and the underwriters in the Company's IPO, alleging violations of Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 for making allegedly inaccurate and misleading statements and omissions in connection with the Company's IPO and subsequent earnings calls and public filings, and seeking compensatory damages, among other things. We are currently unable to predict the outcome of this matter.

In February 2022, the Company received a civil investigative demand from the Department of Justice ("DOJ") under the Federal False Claims Act on similar subject matter. The demand requests information and documents regarding audits, billing, orders tracking, and quality and timeliness of patient services in connection with the Company's PACE programs in the states where the Company operates (California, Colorado, New Mexico, Pennsylvania, and Virginia). The Company continues to fully cooperate with the DOJ and produce the requested information and documentation. We are currently unable to predict the outcome of this investigation.

On April 20, 2022, the Board of Directors of the Company received a books and records demand pursuant to Section 220 of the Delaware General Corporation Law, from a purported stockholder of the Company, in connection with the stockholder's investigation of, among other matters, potential breaches of fiduciary duty, mismanagement, self-dealing, corporate waste or other violations of law by the Company's Board with respect to these matters. We are currently unable to predict the outcome of this matter.

Because the results of legal proceedings and claims are inherently unpredictable and uncertain, we are currently unable to predict whether the legal proceedings we are involved in will, either individually or in the aggregate, have

a material adverse effect on our business, financial condition, or cash flows. The outcomes of legal proceedings and claims could be material to the Company’s operating results for any particular period, depending in part, upon the operating results of such period. Regardless of the outcome, litigation has the potential to have an adverse impact on us due to any related defense and settlement costs, diversion of management resources, and other factors.

Refer to Note 10 “Commitments and Contingencies” to the Consolidated Financial Statements included in this Annual Report for more information.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Securities Market Information

Our common stock is listed on the Nasdaq Global Select Market under the symbol "INNV."

Holders of Record

As of September 12, 2022, there were approximately eight stockholders of record for our common stock. The actual number of stockholders is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by economic banks, brokers and other financial institutions. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividend Policy

We have not paid cash dividends since our initial public offering and currently intend to retain all available funds and any future earnings to fund the development and growth of our business and to repay indebtedness and, therefore, we do not anticipate paying any cash dividends in the foreseeable future. Additionally, because we are a holding company, our ability to pay dividends on our common stock may be limited by restrictions on the ability of our subsidiaries to pay dividends or make distributions to us. Any future determination to pay dividends will be at the discretion of our Board, subject to compliance with covenants in current and future agreements governing our and our subsidiaries' indebtedness, and will depend on our results of operations, financial condition, capital requirements and other factors that our Board may deem relevant.

Recent Sales of Unregistered Securities

There were no unregistered sales of equity securities during the year ended June 30, 2022, except as previously reported.

Issuer Purchases of Equity Securities

None.

Use of Proceeds from Registered Securities

On March 8, 2021, we completed the initial public offering ("IPO") and issued and sold 18,995,901 shares of our common stock, including the partial exercise of the underwriters' option to purchase additional shares, at a price to the public of $21.00 per share for net proceeds of approximately $373.6 million. As of June 30, 2022, we had used all of the net proceeds from our IPO. There was no material change in the expected use of such proceeds from that described in the final prospectus, dated March 3, 2021, filed with the SEC pursuant to Rule 424(b) relating to our Registration Statement on Form S-1 (File No. 333-252853) ("Registration Statement"), as amended.

Item 6. [Reserved]

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

The following discussion and analysis summarizes the significant factors affecting the consolidated operating results, financial condition, liquidity and cash flows of our company as of and for the periods presented below. The following discussion and analysis should be read in conjunction with our consolidated financial statements and the related notes thereto included elsewhere in this Annual Report on Form 10-K. The discussion contains forward-looking statements that are based on the beliefs of management, as well as assumptions made by, and information currently available to, our management. Our historical results are not necessarily indicative of the results that may occur in the future and actual results could differ materially from those discussed in or implied by forward-looking statements as a result of various factors, including those discussed below and in the sections entitled "Risk Factors" and "Forward-Looking Statements" included in this Annual Report on Form 10-K.

Overview

General

InnovAge Holding Corp. ("InnovAge"), formerly TCO Group Holdings, Inc., became a public company in March 2021. The Company serves approximately 6,650 PACE participants, making it the largest PACE provider in the U.S. based upon participants served, and operates 18 PACE centers across Colorado, California, New Mexico, Pennsylvania and Virginia.

Operations

InnovAge aims to allow frail seniors to live life on their terms by aging in place, in their own homes and communities, for as long as safely possible. Through our Program of All-Inclusive Care for the Elderly ("PACE"), we manage, and in many cases directly provide, a broad range of medical and ancillary services for seniors, including in-home care services (skilled, unskilled and personal care); in-center services such as primary care, physical therapy, occupational therapy, speech therapy, dental services, mental health and psychiatric services, meals, and activities; transportation to the PACE center and third-party medical appointments; and care management. The Company manages its business as one reportable segment, PACE.

We are the leading healthcare delivery platform by number of participants focused on providing all-inclusive, capitated care to high-cost, dual-eligible seniors. Our programs are designed to directly address two of the most pressing challenges facing the U.S. healthcare industry: rising costs and poor outcomes. Our participant-centered care delivery approach is designed to improve the quality of care our participants receive, while keeping them in their homes for as long as safely possible and reducing over-utilization of high-cost care settings such as hospitals and nursing homes. Our participant-centered approach is led by our Interdisciplinary Care Teams ("IDTs"), who design, manage and coordinate each participant's personalized care plan. We directly manage and are responsible for all healthcare needs and associated costs for our participants, including housing costs, where applicable. We directly contract with government payors, such as Medicare and Medicaid, and do not rely on third-party administrative organizations or health plans. We believe our model aligns with how healthcare is evolving, namely (i) the shift toward value-based care, in which coordinated, outcomes-driven, quality care is delivered while reducing unnecessary spend, (ii) eliminating excessive administrative costs by contracting directly with the government, (iii) focusing on the participant experience and (iv) addressing social determinants of health.

Impact of COVID-19 and Macroeconomic Conditions

The COVID-19 pandemic altered the behavior of businesses and people, the effects of which continue on federal, state and local economies.

Expenses. The virus has and continues to disproportionately impact older adults, especially those with chronic illnesses, which describes our participants. The United States continues to experience supply chain issues with respect to personal protective equipment ("PPE") and other medical supplies used to prevent transmission of COVID-19. During the years ended June 30, 2022 and 2021, we acquired significantly greater quantities of medical supplies at significantly higher

prices than pre-pandemic rates to ensure the safety of our employees and our participants. These costs did not have a material effect on our business or expenses.

Labor market. The COVID-19 pandemic has and continues to exacerbate difficulties to hire additional healthcare professionals, causing certain of our centers to be understaffed or staffed with personnel that requires training. The labor shortage has also contributed to the increased wage pressure to retain and attract such healthcare professionals. The combination of increased wage pressure and labor shortage amongst healthcare personnel, and specifically, trained personnel, has impacted and may continue to impact our expenses and ability to adhere to the complex government laws and regulations that apply to our business.

Additionally, geopolitical events have contributed to adverse macroeconomic conditions, including but not limited to inflation, new or increased tariffs, changes to fiscal monetary policy, higher interest rates, potential global security issues and market volatility. None of these factors has had a material effect on our operations to date.

Key Factors Affecting Our Performance

Our historical financial performance has been, and we expect our financial performance in the future to be, driven by the following factors:

- *Our participants.* We focus on providing all-inclusive care to frail, high-cost, dual-eligible seniors. We directly contract with government payors, such as Medicare and Medicaid, through PACE and receive a capitated risk-adjusted payment to manage the totality of a participant's medical care across all settings. InnovAge manages participants that are, on average, more complex and medically fragile than other Medicare-eligible patients, including those in Medicare Advantage ("MA") programs. As a result, we receive larger payments for our participants compared to MA participants. This is driven by two factors: (i) we manage a higher acuity population, with an average RAF score of 2.40 based on InnovAge data as of June 30, 2022, compared to an average RAF score of 1.08 for Medicare fee-for-service non-dual enrollees, as calculated in an analysis by Avalere Health in June 2020 of a cohort of individuals enrolled in Medicare Fee-for-Service in 2020; and (ii) we manage Medicaid spend in addition to Medicare. Our participants are managed on a capitated, or at-risk, basis, where InnovAge is financially responsible for all of their medical costs. Our comprehensive care model and globally capitated payments are designed to cover participants from enrollment until the end of life, including coverage for participants requiring hospice and palliative care. For dual-eligible participants, we receive PMPM payments directly from Medicare and Medicaid, which provides recurring revenue streams and significant visibility into our revenue growth trajectory. The Medicare portion of our capitated payment is risk-based on the underlying medical conditions and frailty of each participant.

- *Our ability to effectively implement remediation efforts in our centers as a result of our recent audits.* The Company's priority is to remediate the deficiencies raised in the audit processes in California, Colorado and New Mexico. As part of its actions to do so, the Company has worked with the appropriate authorities to make the necessary changes within the Company to increase care coordination and care documentation among our centers, including working to fill critical personnel gaps at our centers, standardizing the process of our IDTs, strengthening our home care network and reliability, improving timelines of scheduling and coordinating care with providers outside our centers, among others. For more information, see Item 1. "Business." We expect that our ability effectively implement remediation initiatives will have an impact on our efforts to lift the sanctions imposed by regulatory agencies on our ability to increase enrollments at our centers in Sacramento, California and all our centers in Colorado, and our return to growth. For more information, see Item 1A. Risk Factors, "Risks Related to Our Business—Our business strategy may not realize expected returns."

- *Our ability to grow enrollment and capacity within existing centers.* We believe all seniors should have access to the type of all-inclusive care offered by the PACE model. Several factors can affect our ability to grow enrollment and capacity within existing centers, including sanctions issued by regulators. Currently, the Centers for Medicare and Medicaid Services ("CMS") and state agencies have suspended new enrollments at our Sacramento, California center and at our centers in the State of Colorado. See Item 1A.

Risk Factors, "Risks Related to Our Business—We face inspections, reviews, audits and investigations under federal and state government programs and contracts. These audits require corrective actions and have resulted in adverse findings that have negatively affected and may continue to affect our business, including our results of operations, liquidity, financial condition and reputation."

- *Our ability to maintain high participant satisfaction and retention.* Our comprehensive individualized care model and frequency of interaction with participants generates high levels of participant satisfaction. We have multiple touch points with participants and their families, which enhances participant receptivity to our services, leading to an 81% participant satisfaction rating as of January 1, 2022 and average participant tenure of 3.7 years as of June 30, 2022, measured as tenure from enrollment to disenrollment, among our centers that have been operated by us for at least five years. Furthermore, we experience low levels of voluntary disenrollment, averaging 5% annually over the last three fiscal years. Approximately 75% of our historical disenrollments have been involuntary, due primarily to participant death and otherwise to participants moving out of our service areas.

- *Effectively managing the cost of care for our participants*. We receive capitated payments to manage the totality of a participant's medical care across all settings. Because our participants are among the most frail and medically complex individuals in the U.S. healthcare system, our external provider costs and cost of care, excluding depreciation and amortization, represented approximately 79% of our revenue in the year ended June 30, 2022. While we are liable for potentially large medical claims, our care model focuses on delivering high-quality medical care in cost efficient, community-based settings as a means of avoiding costly inpatient and outpatient services. However, our participants retain the freedom to seek care at sites of their choice, including hospitals and emergency rooms; we do not restrict participant access to care.

- *Center-level Contribution Margin*. As we serve more participants in existing centers, we leverage our fixed cost base at those centers and the value of a center to our business increases over time. At this time, the enrollment sanctions in place in Sacramento, California and Colorado limit our ability to grow our participant census and impact Center-level Contribution Margin. See Item 1A. Risk Factors, "Risks Related to Our Business—We face inspections, reviews, audits and investigations under federal and state government programs and contracts. These audits require corrective actions and have resulted in adverse findings that have negatively affected and may continue to affect our business, including our results of operations, liquidity, financial condition and reputation."

- *Our ability to expand via acquisition or de novo centers within existing and new markets.* Several factors can affect our ability to open de novo centers, including sanctions issued by regulators. On January 7, 2022, the Department of Health Care Services ("DHCS") of the State of California notified us that it was suspending the State's previously provided assurances that it would enter into a PACE program agreement with the Company (State Attestations) with respect to de novo centers in the State of California until such time as the corrective action plans ("CAPs") and the remediation and validation processes for our Sacramento center have been successfully completed and the enrollment sanctions are lifted. In addition, on February 9, 2022, we received notice from the Cabinet for Health and Family Services of the State of Kentucky informing us that they no longer intend to enter into an agreement with us to be a PACE provider in the State of Kentucky. On February 14, 2022, CMS denied our application to develop the previously announced PACE center in Terre Haute, Indiana, which was projected to open in fiscal year 2024 based on deficiencies detected during CMS's 2021 audits of our Sacramento and Colorado PACE programs. In addition, we have committed to CMS and the Agency for Healthcare Administration in the State of Florida, that we will proactively pause remaining steps with respect to de novo centers to focus on remediating deficiencies raised in the audit processes.

- *Execute tuck-in acquisitions.* From fiscal year 2019 through fiscal year 2021, we acquired and integrated three PACE organizations, expanding our InnovAge Platform to one new state and four new markets through those acquisitions. When integrating acquired programs, we work closely with key constituencies, including local governments, health systems and senior housing providers, to enable continuity of quality care for our participants. Once restrictions on our ability to enroll participants as a result of the audits of our centers in Sacramento, California and Colorado and on our ability to open

de novo centers as a result of actions taken by other states or us, are lifted or resolved, we believe there is a robust landscape of potential tuck-in acquisitions to supplement our organic growth.

- *Contracting with government payors*. Our economic model relies on our capitated arrangements with government payors, namely Medicare and Medicaid. We view the government not only as a payor but also as a key partner in our efforts to expand into new geographies and access more participants in our existing markets. Maintaining, supporting and growing these relationships, particularly as we enter new geographies, is critical to our long-term success.

- *Investing to support growth*. We intend to continue investing in our centers, value-based care model, and sales and marketing organization to support long-term growth. We expect our expenses to increase in absolute dollars for the foreseeable future to support our growth and due to additional costs we are incurring and expect to incur as a public company, including expenses related to compliance with the rules and regulations of the SEC and the listing standards of Nasdaq, additional corporate and director and officer insurance, investor relations and increased legal, audit, reporting and consulting fees. We also expect to incur additional expenses for the foreseeable future in connection with current and future audits to our centers, remediation plans and current and potential legal and regulatory proceedings. We plan to invest in future growth judiciously and maintain focus on managing our results of operations. Accordingly, in the short term we expect the activities noted above to increase our expenses as a percentage of revenue, but in the longer term, we anticipate that these investments will positively impact our business and results of operations.

- *Seasonality to our business*. Our operational and financial results, including medical costs and per-participant revenue true-ups, will experience some variability depending upon the time of year in which they are measured. Medical costs vary most significantly as a result of (i) the weather, with certain illnesses, such as the influenza virus and possibly COVID-19, being more prevalent during colder months of the year, which generally increases per-participant costs and (ii) the number of business days in a period, with shorter periods generally having lower medical costs all else equal. Per-participant revenue true-ups represent the difference between our estimate of per-participant capitation revenue to be received and actual revenue received by CMS, which is based on CMS's determination of a participant's RAF score as measured twice per year and is based on the evolving acuity of a participant. Based on the difference between our estimate and the final determination from CMS, we may receive incremental true up revenue or be required to repay certain amounts. Historically, these true-up payments typically occur between May and August, but the timing of these payments is determined by CMS, and we have neither visibility nor control over the timing of such payments.

Components of Results of Operations

Revenue

Capitation Revenue. In order to provide comprehensive services to manage the totality of a participant's medical care across all settings, we receive fixed or capitated fees per participant that are paid monthly by Medicare, Medicaid, Veterans Affairs ("VA") and private pay sources. The concentration of capitation revenue from our various payors was:

	2022	2021
Medicaid	54 %	53 %
Medicare	46 %	47 %
Private pay and other	* %	* %
Total	100 %	100 %

* denotes less than 1%

Medicaid and Medicare capitation revenues are based on PMPM capitation rates under the PACE program. The PACE state contracts between us and the respective state Medicaid administering agency are amended annually each

June 30 in all states other than California and Pennsylvania, which contract on a calendar-year basis. We are currently operating in good standing under each of our PACE state contracts. For a discussion of our revenue recognition policies, please see *Critical Accounting Policies and Estimates* below and Note 2 “Summary of Significant Accounting Policies” to our consolidated financial statements included in this Annual Report on Form 10-K.

Other Service Revenue. Other service revenue primarily consists of revenues derived from fee-for-service arrangements, state food grants, rent revenues and management fees. We generate fee-for-service revenue from providing home-care services to non-PACE patients in their homes, for which we bill the patient or their insurance plan on a fee-for-service basis. For a discussion of our revenue recognition policies, please see *Critical Accounting Policies and Estimates* below and Note 2 “Summary of Significant Accounting Policies” to our consolidated financial statements included in this Annual Report on Form 10-K.

Operating Expenses

External Provider Costs. External provider costs consist primarily of the costs for medical care provided by non-InnovAge providers. We separate external provider costs into four categories: inpatient (e.g., hospital), housing (e.g., assisted living), outpatient and pharmacy. In aggregate, external provider costs represent the largest portion of our expenses.

Cost of Care, Excluding Depreciation and Amortization. Cost of care, excluding depreciation and amortization, includes the costs we incur to operate our care delivery model. This includes costs related to IDTs, salaries, wages and benefits for center-level staff, participant transportation, medical supplies, occupancy, insurance and other operating costs. IDT employees include medical doctors, registered nurses, social workers, physical, occupational, and speech therapists, nursing assistants, and transportation workers. Center-level employees include clinic managers, dieticians, activity assistants and certified nursing assistants. Cost of care excludes any expenses associated with sales and marketing activities incurred at a local level as well as any allocation of our corporate, general and administrative expenses. A portion of our cost of care is fixed relative to the number of participants we serve, such as occupancy and insurance expenses. The remainder of our cost of care, including our employee-related costs, is directly related to the number of participants cared for in a center. As a result, as revenue increases due to census growth, cost of care, excluding depreciation and amortization, typically decreases as a percentage of revenue. As we open new centers, we expect cost of care, excluding depreciation and amortization, to increase in absolute dollars due to higher census and facility related costs.

Sales and Marketing. Sales and marketing expenses consist of employee-related expenses, including salaries, commissions, and employee benefits costs, for all employees engaged in marketing, sales, community outreach and sales support. These employee-related expenses capture all costs for both our field-based and corporate sales and marketing teams. Sales and marketing expenses also include local and centralized advertising costs, as well as the infrastructure required to support our marketing efforts. We expect these costs to increase in absolute dollars over time as we continue to grow our participant census. We evaluate our sales and marketing expenses relative to our participant growth and will invest more heavily in sales and marketing from time-to-time to the extent we believe such investment can further our growth without negatively affecting profitability.

Corporate, General and Administrative Expenses. Corporate, general and administrative expenses include employee-related expenses, including salaries and related costs. In addition, general and administrative expenses include all corporate technology and occupancy costs associated with our regional corporate offices. We expect our general and administrative expenses to increase in absolute dollars due to the additional legal, accounting, insurance, investor relations and other costs that we incur as a public company, as well as other costs associated with compliance and continuing to grow our business. However, we anticipate general and administrative expenses to decrease as a percentage of revenue over the long term, although such expenses may fluctuate as a percentage of revenue from period to period due to the timing and amount of these expenses.

Depreciation and Amortization. Depreciation and amortization expenses are primarily attributable to our buildings and leasehold improvements and our equipment and vehicles. Depreciation and amortization are recorded using the straight-line method over the shorter of estimated useful life or lease terms, to the extent the assets are being leased.

Equity Loss. Equity loss relates to our equity method investment in InnovAge Sacramento, which began operations in July 2020 and subsequently became a consolidated entity effective January 1, 2021.

Other Operating Expenses (Income). Other operating expenses (income) consists of the payment and re-measurement of contingent consideration to fair value relating to our acquisition of NewCourtland LIFE Program ("NewCourtland").

For more information relating to the components of our results of operations, see *Results of Operations* below and Note 2 "Summary of Significant Accounting Policies" to our consolidated financial statements included in this Annual Report on Form 10-K for more detailed information regarding our critical accounting policies.

Results of Operations

The following table sets forth our results of operations for the periods presented.

	Year ended June 30,	
	2022	2021
	in thousands	
Revenues		
Capitation revenue	$ 696,998	$ 635,322
Other service revenue	1,642	2,478
Total revenues	698,640	637,800
Expenses		
External provider costs	383,046	309,317
Cost of care, excluding depreciation and amortization	180,222	154,403
Sales and marketing	24,201	22,236
Corporate, general and administrative	101,653	132,333
Depreciation and amortization	13,924	12,294
Equity loss	—	1,343
Other operating expense	—	18,211
Total expenses	703,046	650,137
Operating Income (Loss)	$ (4,406)	$ (12,337)
Other Income (Expense)		
Interest expense, net	(2,526)	(16,787)
Loss on extinguishment of debt	—	(14,479)
Gain on equity method investment	—	10,871
Other expense	(305)	(2,237)
Total other expense	(2,831)	(22,632)
Income (Loss) Before Income Taxes	(7,237)	(34,969)
Provision for Income Taxes	723	9,771
Net Income (Loss)	$ (7,960)	$ (44,740)
Less: net loss attributable to noncontrolling interests	(1,439)	(754)
Net Income (Loss) Attributable to InnovAge Holding Corp.	$ (6,521)	$ (43,986)

Revenues

	Year ended June 30,			
	2022	2021	$ Change	% Change
	in thousands			
Capitation revenue	$ 696,998	$ 635,322	$ 61,676	9.7 %
Other service revenue	1,642	2,478	(836)	(33.7)%
Total revenues	$ 698,640	$ 637,800	$ 60,840	9.5 %

Capitation revenue. Capitation revenue was $697.0 million for the year ended June 30, 2022, an increase of $61.7 million, or 9.7%, compared to $635.3 million for the year ended June 30, 2021. This increase was driven by (i) an increase in capitation rates and (ii) a 4.3% increase total in member months (as defined below under "Key Business Metrics and non-GAAP Measures – Total member months"). The increase in capitation rates was primarily driven by an annual increase in Medicaid capitation rates as determined by the States and Medicare capitation rates as a result of increased risk score and county rates.

Other service revenue. Other service revenue was $1.6 million for the year ended June 30, 2022, a decrease of $0.8 million, or 33.7%, from $2.5 million for the year ended June 30, 2021. The decrease is primarily due to less fee-for-service revenue as a result of winding down our in-home care services and a decrease in food grant revenue as a result of fewer meals provided for the year ended June 30, 2022 when compared to the same period in 2021.

Expenses

	Year ended June 30,			
	2022	2021	$ Change	% Change
	in thousands			
External provider costs	$ 383,046	$ 309,317	$ 73,729	23.8 %
Cost of care (excluding depreciation and amortization)	180,222	154,403	25,819	16.7 %
Sales and marketing	24,201	22,236	1,965	8.8 %
Corporate, general, and administrative	101,653	132,333	(30,680)	(23.2)%
Depreciation and amortization	13,924	12,294	1,630	13.3 %
Equity loss	—	1,343	(1,343)	(100.0)%
Other operating expenses	—	18,211	(18,211)	(100.0)%
Total operating expenses	$ 703,046	$ 650,137	$ 52,909	8.1 %

External provider costs. External provider costs were $383.0 million for the year ended June 30, 2022, an increase of $73.7 million, or 23.8%, compared to $309.3 million for the year ended June 30, 2021. The increase was primarily driven by (i) an increase of 18.8% in cost per participant and (ii) an increase of 4.3% in member months. The increase in cost per participant was primarily driven by the net effect of (i) an increase in inpatient and medical respite utilization and cost as a result of the Omicron COVID-19 surge, (ii) an increase in post-acute care utilization and cost, (iii) increased housing utilization, (iv) increased housing rates as mandated by certain states, and (v) an increase in outpatient and specialist care expenses, in part as a result of our participants seeking healthcare services that were delayed during the COVID-19 pandemic.

Cost of care, excluding depreciation and amortization. Cost of care, excluding depreciation and amortization expense was $180.2 million for the year ended June 30, 2022, an increase of $25.8 million, or 16.7%, compared to $154.4 million for the year ended June 30, 2021, primarily due to the net effect of (i) an increase of 4.3% in member months and (ii) an increase of 11.9% in cost per participant. The increase in cost per participant was driven by an increase in operational costs of reopening our centers following shutdowns as a result of COVID-19, pre-opening losses associated with de novo locations, increased labor costs associated with ongoing audit remediation and compliance efforts, and an increase in headcount and wage rates.

Sales and marketing. Sales and marketing expenses were $24.2 million for the year ended June 30, 2022, an increase of $2.0 million, or 8.8%, compared to $22.2 million for the year ended June 30, 2021, primarily due to an increase in (i) employee compensation and benefits due to an increase in FTEs and (ii) costs associated with organizational realignment.

Corporate, general and administrative expenses. Corporate, general and administrative expenses were $101.7 million for the year ended June 30, 2022, a decrease of $30.7 million, or 23.2%, compared to $132.3 million for the year ended June 30, 2021. The decrease was primarily due to the fees incurred during fiscal year 2021 as a result of the July 27, 2020 transaction between us, Ignite Aggregator LP (an investment vehicle owned by certain funds advised by Apax Partners LLP) and our then-existing equity holders entering into a Securities Purchase Agreement (the "Apax Transaction"). In connection with the Apax Transaction, $45.4 million was recorded related to the cancellation of 16,994,975 common stock options outstanding under the Company's 2016 Equity Incentive Plan and $13.1 million of transaction related costs were recorded as corporate, general and administrative expenses. Offsetting the decrease of $58.5 million related to the Apax Transaction were expenses related to (i) employee compensation and benefits as the result of an increase in FTEs, (ii) compliance-related expense, (iii) costs associated with organizational realignment, (iv) increased legal costs, (v) costs associated with executive severance and recruiting and (vi) increased costs associated with being a publicly traded company.

Depreciation and amortization. Depreciation and amortization expense was $13.9 million for the year ended June 30, 2022, an increase of $1.6 million, or 13.3%, compared to $12.3 million for the year ended June 30, 2021. The increase in depreciation expense was a result of capital additions in the normal course of business.

Equity loss. Equity loss was $1.3 million for the year ended June 30, 2021, which related to our equity method investment in InnovAge Sacramento. InnovAge Sacramento began operations in July 2020 and was subsequently consolidated into operations effective January 1, 2021, therefore there were no equity earnings for the year ended June 30, 2022.

Other operating expenses. Other operating expenses were $18.2 million for the year ended June 30, 2021, primarily due to the payment of $20.0 million, and related change in fair value of contingent consideration, made under the acquisition agreement of the NewCourtland LIFE Program during the year ended June 30, 2021. There were no such payments during the year ended June 30, 2022.

Other Income (Expense)

	Year ended June 30,			
	2022	2021	$ Change	% Change
	in thousands			
Interest expense, net	$ (2,526)	$ (16,787)	$ 14,261	85.0 %
Loss on extinguishment of debt	—	(14,479)	14,479	N/A
Gain on equity method investment	—	10,871	(10,871)	N/A
Other expense	(305)	(2,237)	1,932	86.4 %
Total other expense	$ (2,831)	$ (22,632)	$ 19,801	87.5 %

Interest expense, net. Interest expense, net, consists primarily of interest payments on our outstanding borrowings, net of interest income earned on our cash and cash equivalents and restricted cash. Interest expense, net was $2.5 million for the year ended June 30, 2022, a decrease of $14.3 million, or 85.0%, compared to $16.8 million for the year ended June 30, 2021. The decrease was primarily due to a lower average outstanding debt balance. For additional information regarding our outstanding indebtedness, see Note 8 "Long-term Debt" to our consolidated financial statements.

Loss on extinguishment of debt. We recognized a loss on extinguishment of debt of $14.5 million for the year ended June 30, 2021 and no loss on extinguishment of debt for the year ended June 30, 2022. On July 27, 2020, we amended and restated our 2016 Credit Agreement, which led to an extinguishment of debt for certain lenders and a modification of debt for other lenders. The total debt structure extinguishment for certain lenders led to the write-off of $1.0 million in debt

issuance costs. On March 8, 2021, we entered into the 2021 Credit Agreement, which led to an extinguishment of debt of $13.5 million, including $6.0 million of a prepayment penalty.

Gain on equity method investment. We recognized a gain on equity method investment of $10.9 million for the year ended June 30, 2021, which was related to InnovAge Sacramento becoming a consolidated entity as of January 1, 2021, and no gain on equity method investment for the year ended June 30, 2022.

Other. Other expense was $0.3 million for the year ended June 30, 2022, a decrease of $1.9 million, or 86.4%, compared to $2.2 million for the year ended June 30, 2021, due primarily to an amendment of the warrants issued by the Company to Adventist Health System/West ("Sacramento Warrants") resulting in additional expense of $2.3 million in 2021.

Provision for Income Taxes.

The Company and its subsidiaries calculate federal and state income taxes currently payable and for deferred income taxes arising from temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured pursuant to enacted tax laws and rates applicable to periods in which those temporary differences are expected to be recovered or settled. The impact on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment. The members of SH1 (as defined below under "*—Net Loss Attributable to Noncontrolling Interests*") and InnovAge Sacramento have elected to be taxed as partnerships, and no provision for income taxes for SH1 or InnovAge Sacramento is included in these consolidated financial statements

A valuation allowance is provided to the extent that it is more likely than not that deferred tax assets will not be realized. Tax benefits from uncertain tax positions are recognized when it is more likely than not that the position will be sustained upon examination based on the technical merits of the position. The amount recognized is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon settlement. The Company recognizes interest and penalty expense associated with uncertain tax positions as a component of provision for income taxes.

During the years ended June 30, 2022 and 2021, we reported provision for income taxes of $0.7 million and $9.8 million, respectively. The decrease of $9.1 million is primarily due to (i) pretax book loss recognized during the year ended June 30, 2022, as compared to the pretax book loss recognized during the year ended June 30, 2021 and (ii) certain permanent differences between the financial and tax accounting treatment of (a) the Section 162(m) limitation on compensation of five highest paid officers, (b) transaction costs associated with the Apax Transaction in the prior year and (c) the change in our valuation allowance. There were no transactions during the year ended June 30, 2022, and thus considerably less of an addback for the permanent differences discussed.

Net Loss Attributable to Noncontrolling Interests.

InnovAge Senior Housing Thornton, LLC ("SH1") is a variable interest entity ("VIE"). The Company is the primary beneficiary of SH1 and consolidates SH1. The Company is the primary beneficiary of SH1 because it has the power to direct the activities that are most significant to SH1 and has an obligation to absorb losses or the right to receive benefits from SH1. The most significant activity of SH1 is the operation of the housing facility. The Company has provided a subordinated loan to SH1 and has provided a guarantee for the convertible term loan held by SH1. The SH1 interest is reflected within equity as noncontrolling interests. Our share of earnings is recorded in the consolidated statements of operations as net loss attributable to noncontrolling interests.

Net Income (Loss)

During the years ended June 30, 2022 and 2021, we reported net loss of $8.0 million and $44.7 million, respectively, consisting of (i) loss from operations of $4.4 million and $12.3 million, respectively, (ii) other expense of $2.8 million and $22.6 million, respectively, and (iii) provision for income taxes of $0.7 million and $9.8 million, respectively, each as described above.

For more information relating to our accounting policies, see Note 2 “Summary of Significant Accounting Policies” to our consolidated financial statements included in this Annual Report on Form 10-K.

Key Business Metrics and Non-GAAP Measures

In addition to our GAAP financial information, we review a number of operating and financial metrics, including the following key metrics and non-GAAP measures, to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. We believe these metrics provide additional perspective and insights when analyzing our core operating performance from period to period and evaluating trends in historical operating results. These key business metrics and non-GAAP measures should not be considered superior to, or a substitute for, and should be read in conjunction with, the GAAP financial information presented herein. These measures may not be comparable to similarly-titled performance indicators used by other companies.

	Year ended June 30,	
	2022	2021
	dollars in thousands	
Key Business Metrics:		
Centers[a]	18	18
Census[a][b]	6,650	6,850
Total Member Months[a]	82,820	79,430
Center-level Contribution Margin	$ 135,372	$ 174,080
Center-level Contribution Margin as a % of revenue	19.4 %	27.3 %
Non-GAAP Measures:		
Adjusted EBITDA[c]	$ 34,253	$ 85,333
Adjusted EBITDA Margin[c]	4.9 %	13.4 %

(a) Includes InnovAge Sacramento, which the Company owns and controls through a joint venture and is consolidated in our financial statements.
(b) Participant numbers are approximate.
(c) Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. For a definition and reconciliation of these non-GAAP measures to the most closely comparable GAAP measures for the period indicated, see below under “—Adjusted EBITDA.”

Centers

We define our centers as those centers open for business and attending to participants at the end of a particular period.

Census

Our census is comprised of our capitated participants for whom we are financially responsible for their total healthcare costs.

Total member months

We define Total Member Months as the total number of participants multiplied by the number of months within a year in which each participant was enrolled in our program. We believe this is a useful metric as it more precisely tracks the number of participants we serve throughout the year.

Center-level Contribution Margin

We define Center-level Contribution Margin as total revenues less external provider costs and cost of care, excluding depreciation and amortization, which includes all medical and pharmacy costs. For purposes of evaluating

Center-level Contribution Margin on a center-by-center basis, we do not allocate our sales and marketing expense or corporate, general and administrative expenses across our centers. Center-level Contribution Margin was $135.4 million and $174.1 million for the years ended June 30, 2022 and 2021, respectively. The decrease in Center-level Contribution Margin for fiscal year 2022 was primarily due to a year-over-year increase in external provider costs and cost of care of 23.8% and 16.7%, respectively. This was slightly offset by a 9.5% increase in total revenue during the same period. For more information relating to Center-level Contribution Margin, see Note 14 “Segment Reporting” to our consolidated financial statements.

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss) adjusted for interest expense, depreciation and amortization, and provision for income tax as well as addbacks for non-recurring expenses or exceptional items, including charges relating to management equity compensation, final determination of rates, executive severance and recruitment, litigation, M&A transaction and integration, business optimization, electronic medical record (“EMR”) implementation, gain on consolidation of equity investee, financing-related fees and contingent consideration. For the years ended June 30, 2022 and 2021, our net loss was $8.0 million and $44.7 million, respectively, representing a year-over-year decline of 82.2%, and Adjusted EBITDA was $34.3 million and $85.3 million, respectively, representing a year-over-year decline of 59.9%.

A reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable GAAP measure, for each of the periods is as follows:

	Year ended June 30,	
	2022	2021
	in thousands	
Net income (loss)	$ (7,960)	$ (44,740)
Interest expense, net	2,526	16,787
Depreciation and amortization	13,924	12,294
Provision for income tax	723	9,771
Stock-based compensation	3,739	1,664
Rate determination[(a)]	—	(2,158)
Executive severance and recruitment[(b)]	4,123	—
Class action litigation[(c)]	408	—
M&A transaction and integration[(d)]	1,764	67,606
Business optimization[(e)]	12,983	1,829
EMR implementation[(f)]	2,023	461
Gain on consolidation of equity investee[(g)]	—	(10,871)
Financing-related[(h)]	—	14,479
Contingent consideration[(i)]	—	18,211
Adjusted EBITDA	$ 34,253	$ 85,333

(a) For the year ended June 30, 2021, reflects the CMS settlement payment of approximately $2.2 million related to end-stage renal disease beneficiaries for calendar years 2010 through 2020.

(b) Reflects charges related to executive severance and recruiting.

(c) Reflects charges related to litigation by shareholders. See Item 3, “Legal Proceedings” included in this Annual Report on Form 10-K.

(d) For the year ended June 30, 2021, this primarily represents (i) $45.4 million related to the cancellation of options and the redemption of shares and (ii) $13.1 million of transaction fees and expenses recognized in connection with the Apax Transaction.

(e) Reflects charges related to business optimization initiatives. Such charges relate to one-time investments in projects designed to enhance our technology and compliance systems, improve and support the efficiency and effectiveness of our operations, and, for the fiscal year ended June 30, 2022, third party support to address efforts to remediate deficiencies in audits, including (i) $1.8 million paid to consultants and contractors performing audit and other related

services at sanctioned centers, (ii) $4.0 million of charges related to government investigations, and (iii) $3.0 million of costs associated with third party consultants to strengthen enterprise capabilities.

(f) Reflects non-recurring expenses relating to the implementation of a new EMR vendor.

(g) Reflects non-recurring expense related to the gain on consolidation of InnovAge Sacramento.

(h) Reflects fees and expenses incurred in connection with amendments to our credit agreements. See Note 8 to the consolidated financial statements.

(i) Reflects the contingent consideration fair value adjustment made during fiscal year 2021 associated with our acquisition of NewCourtland.

Adjusted EBITDA margin

Adjusted EBITDA margin is Adjusted EBITDA expressed as a percentage of our total revenue less any exceptional, one-time revenue items. For the year ended June 30, 2022, our net loss margin was 1.1%, as compared to our net loss margin of 7.0% for the year ended June 30, 2021. For the year ended June 30, 2022, our Adjusted EBITDA margin was 4.9%, as compared to our Adjusted EBITDA margin for the year ended June 30, 2021 of 13.4%.

Adjusted EBITDA and Adjusted EBITDA margin are supplemental measures of operating performance monitored by management that are not defined under GAAP and that do not represent, and should not be considered as, an alternative to net income (loss) and net income (loss) margin, respectively, as determined by GAAP. We believe that Adjusted EBITDA and Adjusted EBITDA margin are appropriate measures of operating performance because the metrics eliminate the impact of revenue and expenses that do not relate to our ongoing business performance and certain noncash expenses, allowing us to more effectively evaluate our core operating performance and trends from period to period. We believe that Adjusted EBITDA and Adjusted EBITDA margin help investors and analysts in comparing our results across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. These non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation from, or as a substitute for, the analysis of other GAAP financial measures, including net income (loss) and net income (loss) margin. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed to imply that our future results will be unaffected by the types of items excluded from the calculation of Adjusted EBITDA. Our use of the term Adjusted EBITDA varies from others in our industry.

Liquidity and capital resources

General

To date, we have financed our operations principally through cash flows from operations and through borrowings under our credit facilities, and most recently from the sale of common stock in our IPO that occurred in March 2021. As of the years ended June 30, 2022 and 2021, we had cash and cash equivalents of $184.4 million and $201.5 million, respectively, a decrease of $17.1 million primarily due to purchases of property and equipment offset by cash received from operations. In each case, our cash and cash equivalents primarily consist of highly liquid investments in demand deposit accounts and cash.

Our capital resources are generally used to fund (i) debt service requirements, the majority of which relate to the quarterly principal payments of the Term Loan Facility (as defined in Note 8 "Long-term Debt" to the consolidated financial statements) due 2026, (ii) capital and operating lease obligations, which are generally paid on a monthly basis and include maturities through 2025 and 2032, respectively, (iii) the operations of our business, including special projects such as our transition to a new EMR vendor, with respect to which we expect to incur non-recurring implementation costs over the next 12 months, and ongoing costs through 2026, and third party support to address remediation efforts, and (iv) income tax payments, which are generally due on a quarterly and annual basis. We also will continue investing in the effective implementation of corrective remediation plans (CAPs) and other corrective initiatives as a result of deficiencies found during audits at some of our centers, and our ability to continually provide necessary and quality services to our participants. In the long-term, we also expect to use capital resources for capital additions, which we expect to primarily relate to the development of de novo centers, to the extent and if they are opened. Collectively, these obligations are expected to represent a significant liquidity requirement of our Company on both a short-term (next 12 months) and long-term (beyond 12 months) basis. For additional information regarding our lease obligations, debt and commitments, see

Notes 7 “Leases,” 8 “Long-term Debt,” and 10 “Commitments and Contingencies,” respectively, to our Audited Consolidated Financial Statements.

We believe that our cash and cash equivalents and our cash flows from operations, available funds and access to financing sources, including our 2021 Credit Agreement and Revolving Credit Facility (each as discussed and defined below), will be sufficient to fund our operating and capital needs for the next 12 months and beyond. We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. Our actual results could vary because of, and our future capital requirements will depend on, many factors, including our growth rate, our ability to retain and grow the number of PACE participants, subject to our ability to effectively remediate deficiencies identified in our Colorado and Sacramento centers, and the expansion of sales and marketing activities. We may in the future enter into arrangements to acquire or invest in complementary businesses, services and technologies. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, or if we cannot expand our operations or otherwise capitalize on our business opportunities because we lack sufficient capital, our business, results of operations, and financial condition would be adversely affected.

On May 13, 2016, we entered into a credit agreement with Capital One Financial Corporation (together with all amendments thereto, the “2016 Credit Agreement”). In March 2020, we borrowed $25.0 million under the revolving credit facility to ensure sufficient funds available due to the uncertainty relating to the COVID-19 pandemic and for general corporate purposes. Those borrowings were repaid in full in connection with the entry into the 2021 Credit Agreement (as defined and discussed below) and the closing of our IPO.

On March 8, 2021, concurrently with the closing of the IPO, the Company entered into a new credit agreement (the “2021 Credit Agreement”) that replaced the 2016 Credit Agreement. The 2021 Credit Agreement consists of a senior secured term loan (the “Term Loan Facility”) of $75.0 million principal amount and a revolving credit facility (the “Revolving Credit Facility”) of $100.0 million maximum borrowing capacity. Principal on the Term Loan Facility is paid each calendar quarter in an amount equal to 1.25% of the initial term loan on closing date. Proceeds of the Term Loan Facility, together with proceeds from the IPO, were used to repay amounts outstanding under the 2016 Credit Agreement.

Any outstanding principal amounts under the 2021 Credit Agreement accrue interest at a variable interest rate. As of June 30, 2022, the interest rate on the Term Loan Facility was 3.83%. Under the terms of the 2021 Credit Agreement, the Revolving Credit Facility fee accrues at 0.25% of the average daily unused amount and is paid quarterly. As of June 30, 2022, we had no borrowings outstanding under the Revolving Credit Facility and, therefore, had full capacity thereunder, subject to applicable covenant compliance restrictions and any other conditions precedent to borrowing. As of June 30, 2022, we also had $2.4 million principal amount outstanding under our convertible term loan. Monthly principal and interest payments are approximately $0.02 million, and the loan bears interest at an annual rate of 6.68%. The remaining principal balance is due upon maturity, which is August 20, 2030.

For more information about our debt, see Note 8 “Long-term Debt” to our audited Consolidated Financial Statements.

Our material cash requirements from known contractual and other obligations primarily relate to long-term debt and lease obligations. Expected timing of those payments are as follows:

	Total	Next 12 Months	Beyond 12 Months
		in thousands	
Long-term debt (excluding interest)[1]	$ 73,577	$ 3,793	$ 69,784
Operating leases[2]	31,666	4,873	26,793
Capital leases (excluding interest)	15,460	4,405	11,055
Total	$ 120,703	$ 13,071	$ 107,632

(1) Represents principal amounts related to the credit agreements.

(2) We have not adopted ASU 2016-02, which requires lessees to recognize almost all leases on the balance sheet. We will be adopting this guidance for the fiscal year beginning July 1, 2022, the results of which are not reflected. See Note 2 “Summary of Significant Accounting Policies” to our Consolidated Financial Statements.

We currently intend to retain all available funds and any future earnings to fund the development and growth of our business and to repay indebtedness and, therefore, we do not anticipate paying any cash dividends in the foreseeable future.

Trends and Uncertainties

During fiscal year 2022, the U.S. and global economies experienced adverse macroeconomic effects in part resulting from the ongoing effects of the COVID-19 pandemic. These effects included inflation and increase in wages due to labor shortages. In fiscal year 2022, in response to high levels of inflation, we began to implement various mitigation strategies to reduce costs of operation, including consolidating services and price negotiations with providers. The effects of inflation, after accounting for these mitigation strategies, were immaterial to our financial results for the fiscal year 2022. However, we expect inflation is likely to continue for most or all of fiscal year 2023, and even though we expect to continue mitigation efforts, there can be no assurance that our strategies will continue to achieve the same degree of success as in fiscal year 2022.

In addition, in fiscal year 2022, we experienced workforce and labor shortages, within all of our centers. We recognize that our participant-facing staff is critical to delivering quality care. As such, we made market adjustments to certain roles to increase retention and improve our ability to hire. These adjustments resulted in an increase in cost of care further impacted by additional staffing related to compliance and remediation efforts. This increase did not have a material effect on our financial results. We continue to assess key roles and benchmarks to market while monitoring trends in the labor market where we continue to see wage inflation in fiscal year 2023.

Consolidated Statements of Cash Flows

Our consolidated statements of cash flows for the year ended June 30, 2022 and 2021 are summarized as follows:

	Year ended June 30,		
	2022	2021	$ Change
in thousands			
Net cash provided by (used in) operating activities	$ 27,302	$ (7,548)	$ 34,850
Net cash used in investing activities	(40,238)	(19,541)	(20,697)
Net cash provided by (used in) financing activities	(6,318)	116,224	(122,542)
Net change in cash, cash equivalents and restricted cash	$ (19,254)	$ 89,135	$ (108,389)

Operating Activities. The change in net cash provided by (used in) operating activities was primarily due to the net effect of (i) a net loss of $8.0 million for the year ended June 30, 2022 compared to a net loss of $44.7 million in the prior period, as described further above, (ii) an increase of $18.2 million in the change in accounts payable and accrued expenses during fiscal year 2022 due to timing of payments, and the impact of the completion of HCPF’s reconciliation during fiscal year 2021, as described below, (iii) the $10.9 million gain on equity method investment recognized during 2021, as described further above, with no gain recognized in 2022, (iv) an increase of $7.2 million in the change in amounts due to Medicaid, (v) slightly offset by a $14.5 million loss on extinguishment of long-term debt recognized during 2021, as described further above, with no loss recognized in 2022.

In fiscal year 2021, the Company and the Colorado Department of Health Care Policy & Financing (“HCPF”) completed the reconciliation for fiscal years 2018 and 2019. The reconciliation resulted in a reduction of accounts receivable of $17.0 million and due to Medicaid of $13.6 million, which was recorded in fiscal year 2021. The Company does not expect adjustments related to the reconciliation to be significant in future periods.

Investing Activities. The increase in net cash used in investing activities was primarily due to an increase in cash used for growth-related capital expenditures and implementation of an integrated EMR system.

Financing activities. The decrease in net cash provided by financing activities was primarily due to the net effect of (i) an increase in cash provided of $370.5 million related to the net proceeds received from our IPO in 2021, (ii) offset by net cash outflows of $137.7 million due to net repayments on long-term debt in excess of proceeds from long-term debt during the year ended June 30, 2021 compared to net repayments of debt of $3.8 million during the year ended June 30, 2022, (iii) a decrease in cash provided of $77.6 million related to treasury stock purchases in 2021, and (iv) a decrease in cash provided of $29.2 million related to stock option cancellation payments during the year ended June 30, 2021.

Emerging Growth Company and Smaller Reporting Company

We qualify as an "emerging growth company" pursuant to the provisions of the Jumpstart Our Business Startups ("JOBS") Act and a "smaller reporting company" as defined by the Exchange Act. For as long as we are an "emerging growth company" or a "smaller reporting company," we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" or "smaller reporting companies," including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, only being required to present two years of audited financial statements, plus unaudited condensed consolidated financial statements for applicable interim periods and the related discussion in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements, exemptions from the requirements of holding non-binding advisory "say-on-pay" votes on executive compensation and shareholder advisory votes on golden parachute compensation.

In addition, under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We intend to take advantage of the longer phase-in periods for the adoption of new or revised financial accounting standards under the JOBS Act until we are no longer an emerging growth company. Our election to use the phase-in periods permitted by this election may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the longer phase-in periods permitted under the JOBS Act and who will comply with new or revised financial accounting standards. If we were to subsequently elect instead to comply with public company effective dates, such election would be irrevocable pursuant to the JOBS Act.

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates under different assumptions or conditions, impacting our reported results of operations and financial condition.

Certain accounting policies involve significant judgments and assumptions by management, which have a material impact on the carrying value of assets and liabilities and the recognition of income and expenses. We consider these accounting policies to be critical accounting policies. The estimates and assumptions used by management are based on historical experience and other factors, which are believed to be reasonable under the circumstances.

While our significant accounting policies are described in more detail in Note 2 "Summary of Significant Accounting Policies" to our audited Consolidated Financial Statements, we believe the following discussion addresses our most critical accounting policies, which are those that are most important to our financial condition and results of operations and require management to make subjective and complex judgments and estimates in the preparation of our consolidated financial statements.

Revenue recognition

In May 2014, the FASB issued Accounting Standards Update 2014-09 ("ASU 2014-09"), and has since issued various amendments which provide additional clarification and implementation guidance, to Topic 606, *Revenue from Contracts*

with Customers, which superseded revenue recognition guidance in ASC 605. ASU 2014-09 requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This guidance became effective for annual reporting periods beginning July 1, 2020, and interim reporting periods within the annual reporting period beginning July 1, 2021. Effective July 1, 2020, the Company adopted ASU 2014-09 using the modified retrospective method applied to those contracts which were not completed as of June 30, 2020. As a result of electing the modified retrospective adoption approach, results for reporting periods beginning after July 1, 2020 are presented under ASC 606. There was no material impact upon the adoption of ASC 606, therefore the Company did not record any adjustments to retained earnings at July 1, 2020 or for any periods previously presented. Accordingly, comparative periods have not been adjusted and continue to be reported under FASB ASC Topic 605, *Revenue Recognition*.

Management estimates related to revenue are discussed below in more detail.

Capitation revenue

Our PACE operating unit provides comprehensive health care services to participants on the basis of estimated PMPM amounts we expect to be entitled to receive from the capitated fees per participant that are paid monthly by Medicare, Medicaid, the VA, and private pay sources. We recognize capitation revenues based on the estimated PMPM transaction price to transfer the service for a distinct increment of the series (i.e. month). We recognize revenue in the month in which participants are entitled to receive comprehensive care benefits during the contract term. Medicaid and Medicare capitation revenues are based on PMPM capitation rates under the PACE program, and Medicare rates can fluctuate throughout the contract based on the acuity of each individual participant. In certain contracts, PMPM rates also include “risk adjustments” based on various factors.

For certain capitation payments, the Company is subject to retroactive premium risk adjustments based on various factors. The Company estimates the amount of the adjustment based on participant medical status and historical experience. Such estimates are then recorded monthly on a straight-line basis. We review our assumptions and adjust these estimates accordingly on a quarterly basis. Our consolidated financial statements could be materially impacted if actual risk scores are different from the estimated risk scores. If our accrual estimates for risk scores at June 30, 2022 were to differ by +/- 5%, the impact on revenues would be approximately $0.5 million. These adjustments are not expected to be material.

Certain third-party payor contracts include a Medicare Part D payment related to pharmacy claims, which is subject to risk sharing through accepted risk corridor provisions. Under certain agreements the fund risk allocation is established whereby we, as the contracted provider, receive only a portion of the risk and the associated surplus or deficit. We estimate and recognize an adjustment monthly to Part D capitation revenues related to these risk corridor provisions based upon pharmacy claims experience to date, as if the annual risk contract were to terminate at the end of the reporting period.

Goodwill and other intangible assets

Intangible assets consist of customer relationships acquired through business acquisitions. Goodwill represents the excess of consideration paid over the fair value of net assets acquired through business acquisitions. Goodwill is not amortized but is tested for impairment at least annually.

We test goodwill for impairment annually on April 1 or more frequently if triggering events occur or other impairment indicators arise which might impair recoverability. These events or circumstances would include a significant change in the business climate, legal factors, operating performance indicators, competition, sale, disposition of a significant portion of the business, or other factors. Impairment of goodwill is evaluated at the reporting unit level. A reporting unit is defined as an operating segment (i.e. before aggregation or combination), or one level below an operating segment (i.e. a component). For purposes of the annual goodwill impairment assessment, the Company has identified three reporting units. There were no indicators of impairment identified and no goodwill impairments recorded during the years ended June 30, 2022 and 2021. In determining the fair value of our reporting units, we estimate a number of factors including anticipated future cash flows and discount rates. Although we believe these estimates are reasonable, actual results could differ from those estimates due to the inherent uncertainty involved in making such estimates.

Additionally, the customer relationships represent the estimated values of customer relationships of acquired businesses and have definite lives. We amortize these intangible assets on a straight-line basis over their ten-year estimated useful life. ASC 360, *Property, Plant, and Equipment* ("ASC 360"), provides guidance for impairment related to definite life assets including, customer relationships, for which we reviewed for impairment in conjunction with long-lived assets. We test for recoverability of the customer relationships whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in assumptions concerning future financial results or other underlying assumptions could have a significant impact on the determination of the fair value. Judgment is also required in determining the intangible asset's useful life.

Reported and estimated claims

Reported and estimated claims expenses are costs for third-party healthcare service providers that provide medical care to our participants for which we are contractually obligated to pay (through our full-risk capitation arrangements). The estimated reserve for unpaid claims liability is included in the liability for reported and estimated claims in the consolidated balance sheets and requires estimates including actual member utilization of health care services, unit cost trends, participant acuity, changes in net census, known outbreaks of disease, including COVID-19 or increased incidence of illness such as influenza and other factors. We periodically assess our estimates with an independent actuarial expert to ensure our estimates represent the best, most reasonable estimate given the data available to us at the time the estimates are made.

We have included incurred but not reported claims of approximately $38.5 million and $33.2 million on our balance sheet as of June 30, 2022 and 2021, respectively. Our recorded medical claims expense estimate is approximately within +/- 5-10% of actual medical claims expense incurred, or less than 1% of our total operating expense.

The following tables provide information about incurred and paid claims reporting and development as of June 30, 2022 (except as otherwise noted). The expenses recorded table reflects the amount of claims reported in our consolidated statements of operations as of the end of the applicable fiscal year based on our best and most reasonable estimates and actuarial assessment at the time of such determination. The cumulative actual incurred claims table represents the actual amount of claims incurred by the Company with the benefit of the passage of time. The variance between the expense recorded and the cumulative actual incurred claims ranges between approximately 1% and 3% of actual total incurred claims over the periods presented, and such variance may vary based on the factors described above in this section.

	Expenses Recorded for the Fiscal Years Ended June 30,				
	2018	**2019**	**2020**	**2021**	**2022**
			in thousands		
Claims incurred year:					
FY 2018	$ 123,821				
FY 2019		$ 171,128			
FY 2020			$ 211,381		
FY 2021				$ 234,070	
FY 2022					$ 299,432
Total	$ 123,821	$ 171,128	$ 211,381	$ 234,070	$ 299,432
Pharmacy expense					83,614
External provider costs					$ 383,046

	Cumulative Actual Incurred Claims for the Fiscal Years Ended June 30,				
	2018	2019	2020	2021	2022
			in thousands		
Claims incurred year:					
FY 2018	$ 119,687	$ 119,687	$ 119,687	$ 119,862	$ 119,860
FY 2019		173,047	173,061	172,855	172,802
FY 2020			210,512	205,633	205,550
FY 2021				239,207	238,488
FY 2022					291,315
Total	$ 119,687	$ 292,734	$ 503,260	$ 737,557	$ 1,028,015

	Cumulative Actual Paid Claims for the Fiscal Years Ended June 30,				
	2018	2019	2020	2021	2022
			in thousands		
Claims incurred year:					
FY 2018	$ 109,022	$ 119,759	$ 119,687	$ 119,862	$ 119,860
FY 2019		144,943	173,048	172,855	172,803
FY 2020			179,616	205,601	205,550
FY 2021				205,356	238,476
FY 2022					252,665
Total	$ 109,022	$ 264,702	$ 472,351	$ 703,674	$ 989,354
Other claims-related liabilities					(207)
Reported and estimated claims					$ 38,454

Recent Accounting Pronouncements

See Note 2 to our consolidated financial statements “Summary of Significant Accounting Policies—Recent Accounting Pronouncements” for more information.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of exposure due to potential changes in inflation or interest rates. We do not hold financial instruments for trading purposes.

Interest rate risk

As of June 30, 2022, we had total outstanding borrowings of (i) $71.2 million principal amount under the Term Loan Facility (as defined in Note 8 to the consolidated financial statements) and (ii) $2.4 million principal amount under the convertible term loan.

We are exposed to changes in interest rates as a result of our variable-rate borrowings under the 2021 Credit Agreement. Generally, the Company may designate specific borrowings under the 2021 Credit Agreement as either base rate borrowings or LIBOR rate borrowings. As of June 30, 2022, based on our secured net leverage ratio, the margins of our borrowings under the Term Loan Facility and Revolving Credit Facility (as defined in Note 8 to the consolidated financial statements) were (a) 0.75% for alternate base rate borrowings and (b) 1.75% for Eurodollar borrowings.

Our cash and cash equivalents and interest payments in respect of our debt are subject to market risk due to changes in interest rates. We had cash and cash equivalents of $184.4 million as of June 30, 2022, which are deposited with high credit quality financial institutions and are primarily in demand deposit accounts. We do not believe that an increase or decrease in interest rates of 100 basis points would have a material effect on our business, financial condition or results of operations.

Inflation risk

Based on our analysis of the periods presented, we believe that inflation has not had a material effect on our operating results. There can be no assurance that future inflation will not have an adverse impact on our operating results and financial condition.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

(a) Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm (PCAOB ID: 34)	78
Consolidated Balance Sheets as of June 30, 2022 and 2021	79
Consolidated Statements of Operations for the years ended June 30, 2022 and 2021	80
Consolidated Statements of Stockholders' Equity for the years ended June 30, 2022 and 2021	81
Consolidated Statements of Cash Flows for the years ended June 30, 2022 and 2021	82
Notes to Consolidated Financial Statements	83

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of InnovAge Holding Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of InnovAge Holding Corp. and subsidiaries (the "Company") as of June 30, 2022 and 2021, the related consolidated statements of operations, stockholders' equity, and cash flows, for each of the two years in the period ended June 30, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2022 and 2021, and the results of its operations and its cash flows for each of the two years in the period ended June 30, 2022, 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 audits. 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 the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits 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 audits 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 audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Denver, CO
September 13, 2022

We have served as the Company's auditor since 2018.

InnovAge Holding Corp. and Subsidiaries
Consolidated Balance Sheets

	June 30, 2022		June 30, 2021
	in thousands		
Assets			
Current Assets			
Cash and cash equivalents	$	184,429	$ 201,466
Restricted cash		17	2,234
Accounts receivable, net of allowance ($3,403 – June 30, 2022 and $4,350 – June 30, 2021)		35,907	32,582
Prepaid expenses		13,842	9,249
Income tax receivable		6,761	5,401
Total current assets		240,956	250,932
Noncurrent Assets			
Property and equipment, net		176,260	142,715
Investments		5,493	3,493
Deposits and other		2,812	3,877
Goodwill		124,217	124,217
Other intangible assets, net		5,858	6,518
Total noncurrent assets		314,640	280,820
Total assets	$	555,596	$ 531,752
Liabilities and Stockholders' Equity			
Current Liabilities			
Accounts payable and accrued expenses	$	50,562	$ 32,361
Reported and estimated claims		38,454	33,234
Due to Medicaid and Medicare		9,130	7,101
Current portion of long-term debt		3,793	3,790
Current portion of capital lease obligations		3,368	2,079
Total current liabilities		105,307	78,565
Noncurrent Liabilities			
Deferred tax liability, net		17,761	15,700
Capital lease obligations		9,440	5,190
Other noncurrent liabilities		1,134	2,758
Long-term debt, net of debt issuance costs		68,210	71,574
Total liabilities		201,852	173,787
Commitments and Contingencies (See Note 10)			
Redeemable Noncontrolling Interests (See Note 5)		15,278	16,986
Stockholders' Equity			
Common stock, $0.001 par value; 500,000,000 authorized as of June 30, 2022 and 2021; 135,532,811 and 135,516,513 issued shares as of June 30, 2022 and June 30, 2021, respectively		136	136
Additional paid-in capital		327,499	323,760
Retained earnings		4,729	10,663
Total InnovAge Holding Corp.		332,364	334,559
Noncontrolling interests		6,102	6,420
Total stockholders' equity		338,466	340,979
Total liabilities and stockholders' equity	$	555,596	$ 531,752

See Notes to Consolidated Financial Statements

InnovAge Holding Corp. and Subsidiaries
Consolidated Statements of Operations

	Year Ended June 30,	
	2022	2021
	in thousands, except per share amounts	
Revenues		
Capitation revenue	$ 696,998	$ 635,322
Other service revenue	1,642	2,478
Total revenues	698,640	637,800
Expenses		
External provider costs	383,046	309,317
Cost of care, excluding depreciation and amortization	180,222	154,403
Sales and marketing	24,201	22,236
Corporate, general and administrative	101,653	132,333
Depreciation and amortization	13,924	12,294
Equity loss	—	1,343
Other operating expense	—	18,211
Total expenses	703,046	650,137
Operating Income (Loss)	(4,406)	(12,337)
Other Income (Expense)		
Interest expense, net	(2,526)	(16,787)
Loss on extinguishment of debt	—	(14,479)
Gain on equity method investment	—	10,871
Other expense	(305)	(2,237)
Total other expense	(2,831)	(22,632)
Income (Loss) Before Income Taxes	(7,237)	(34,969)
Provision for Income Taxes	723	9,771
Net Income (Loss)	(7,960)	(44,740)
Less: net loss attributable to noncontrolling interests	(1,439)	(754)
Net Income (Loss) Attributable to InnovAge Holding Corp.	$ (6,521)	$ (43,986)
Weighted-average number of common shares outstanding - basic	135,519,970	123,618,702
Weighted-average number of common shares outstanding - diluted	135,519,970	123,618,702
Net income (loss) per share - basic	$ (0.05)	$ (0.36)
Net income (loss) per share - diluted	$ (0.05)	$ (0.36)

See Notes to Consolidated Financial Statements

InnovAge Holding Corp. and Subsidiaries
Consolidated Statements of Stockholders' Equity

	Capital Stock		Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Stock		Noncontrolling Interests	Total Permanent Stockholders' Equity	Redeemable Noncontrolling Interests (Temporary Equity)	Net Income (Loss)
	Shares	Amount			Shares	Amount				
	in thousands, except share amounts									
Balances, June 30, 2020	132,718,461	$ 133	$ 36,338	$ 64,737	102,030	$ (193)	$ 6,735	$ 107,750		
Treasury stock transaction	—	—	—	—	16,095,819	(77,603)	—	(77,603)	—	
Treasury stock retirement	(16,197,849)	(16)	(77,780)		(16,197,849)	77,796	—	—	—	
Stock option cancellation	—	—	—	(9,501)	—	—	—	(9,501)	—	
Time based awards- option cancellation	—	—	(29,175)	—	—	—	—	(29,175)	—	
Stock-based compensation	—	—	1,664	—	—	—	—	1,664	—	
Reclassification of warrant liability	—	—	2,264	—	—	—	—	2,264	—	
Capital contribution	—	—	20,000	—	—	—	—	20,000	—	
Initial public offering of common stock, net of offering costs of $28,445	18,995,901	19	370,449	—	—	—	—	370,468	—	
Consolidation of equity method investment	—	—	—	—	—	—	16,838	16,838	—	
Net loss	—	—	—	(43,986)	—	—	(754)	(44,740)	—	(44,740)
Balances, June 30, 2021	135,516,513	$ 136	$ 323,760	$ 11,250	—	$ —	$ 22,819	$ 357,965	$ —	$
Adjustments	—	—	—	(587)	—	—	(16,399)	(16,986)	16,986	
Restated Balances, June 30, 2021	135,516,513	$ 136	$ 323,760	$ 10,663	—	$ —	$ 6,420	$ 340,979	$ 16,986	
Balances, June 30, 2021	135,516,513	$ 136	$ 323,760	$ 10,663	—	$ —	$ 6,420	$ 340,979	$ 16,986	
Stock-based compensation	16,298	—	3,739	—	—	—	—	3,739	—	
Adjustment to redemption value	—	—	—	587	—	—	—	587	(587)	
Net loss	—	—	—	(6,521)	—	—	(318)	(6,839)	(1,121)	(7,960)
Balances, June 30, 2022	135,532,811	$ 136	$ 327,499	$ 4,729	—	$ —	$ 6,102	$ 338,466	$ 15,278	$

See Notes to Consolidated Financial Statements

InnovAge Holding Corp. and Subsidiaries
Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2022	2021
	in thousands	
Operating Activities		
Net income (loss)	$ (7,960)	$ (44,740)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Loss on disposal of assets	305	18
Provision for uncollectible accounts	6,181	8,637
Depreciation and amortization	13,924	12,294
Gain on equity method investment	—	(10,871)
Loss on extinguishment of long-term debt	—	14,479
Amortization of deferred financing costs	429	1,056
Stock-based compensation	3,739	1,664
Deferred income taxes	2,061	6,418
Loss in equity of nonconsolidated entities	—	1,343
Change in fair value of warrants	—	2,264
Changes in operating assets and liabilities, net of acquisitions		
Accounts receivable, net	(9,506)	5,879
Prepaid expenses	(4,667)	(4,987)
Income tax receivable	(1,360)	(3,658)
Deposits and other	(475)	(874)
Accounts payable and accrued expenses	17,381	6,137
Reported and estimated claims	5,221	2,613
Due to Medicaid and Medicare	2,029	(5,220)
Net cash provided by (used in) operating activities	27,302	(7,548)
Investing Activities		
Purchases of property and equipment	(38,238)	(17,541)
Purchase of intangible assets	—	(2,000)
Purchase of cost method investment	(2,000)	—
Net cash used in investing activities	$ (40,238)	$ (19,541)
Financing Activities		
Distributions to owners	$ —	$ (9,500)
Capital contributions	—	20,000
Payments on capital lease obligations	(2,528)	(1,788)
Proceeds from long-term debt	—	375,000
Principal payments on long-term debt	(3,790)	(512,660)
Payment of financing costs and debt premiums	—	(14,896)
Proceeds from initial public offering of common stock	—	370,468
Treasury stock purchases	—	(77,603)
Payments under acquisition agreements	—	(3,622)
Payments related to option cancellation	—	(29,175)
Net cash provided by (used in) financing activities	(6,318)	116,224
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS & RESTRICTED CASH	(19,254)	89,135
CASH, CASH EQUIVALENTS & RESTRICTED CASH, BEGINNING OF PERIOD	203,700	114,565
CASH, CASH EQUIVALENTS & RESTRICTED CASH, END OF PERIOD	$ 184,446	$ 203,700
Supplemental Cash Flows Information		
Interest paid	$ 1,474	$ 18,030
Income taxes paid	$ 84	$ 7,048
Property and equipment included in accounts payable	$ 2,135	$ 1,327
Property and equipment purchased under capital leases	$ 8,067	$ 3,493

See Notes to Consolidated Financial Statements

Note 1: Business

InnovAge Holding Corp. (formerly, TCO Group Holdings, Inc.) (the "Company") and certain wholly owned subsidiaries were formed as for-profit corporations effective May 13, 2016, for the purpose of purchasing all the outstanding common stock of Total Community Options, Inc. d/b/a InnovAge, which was formed in May 2007. In connection with this purchase, Total Community Options, Inc. and certain of its subsidiaries converted from not-for-profit organizations to for-profit corporations, and Total Community Options Foundation, Inc. and Johnson Adult Day Program, Inc, both not-for-profit organizations, separated from Total Community Options, Inc. In connection with our initial public offering ("IPO"), which occurred in March 2021, we changed the name of our company from TCO Group Holdings, Inc. to InnovAge Holding Corp.

InnovAge Holding Corp. and its subsidiaries, which are headquartered in Denver, Colorado, have a record of innovation, quality, and sensitivity to the needs of participants and staff. The Company oversees, and in many cases directly provides, a broad range of medical and ancillary services for seniors in need of care and support to safely live independently in their homes and communities, including in-home care services (skilled, unskilled and personal care); in-center services such as primary care, physical therapy, occupational therapy, speech therapy, dental services, mental health and psychiatric services, meals, and activities; transportation to the Program of All-Inclusive Care for the Elderly ("PACE") center and third-party medical appointments; and care management. The Company manages its business as one reportable segment, PACE.

As of June 30, 2022, the Company served approximately 6,650 PACE participants, making it the largest PACE provider in the United States of America (the U.S.) based upon participants served, and operates 18 PACE centers across Colorado, California, New Mexico, Pennsylvania and Virginia.

PACE is a fully-capitated managed care program, which serves the frail elderly, and predominantly dual-eligible, population in a community-based service model. InnovAge is obligated to provide, and participants receive, all needed healthcare services through an all-inclusive, coordinated model of care, and the Company is at risk for 100% of healthcare costs incurred with respect to the care of its participants. PACE programs receive capitation payments directly from Medicare Parts C and D, Medicaid, Veterans Administration ("VA"), and private pay sources. Additionally, under the Medicare Prescription Drug Plan, the Centers for Medicare and Medicaid Services ("CMS") share part of the risk for providing prescription medication to the Company's participants.

On March 3, 2021, the Company's Registration Statement on Form S-1 with respect to the Company's IPO of shares of common stock, par value $0.001 per share, was declared effective by the Securities and Exchange Commission ("SEC"). The Company's common stock began trading on March 4, 2021 on the Nasdaq Stock Market LLC ("NASDAQ") under the ticker symbol "INNV".

On March 8, 2021, we completed our IPO in which we issued and sold 16,666,667 shares of our common stock at an offering price of $21.00 per share. In addition, the underwriters had the option to purchase 2,500,000 additional shares of common stock, and on March 9, 2021, the underwriters exercised the option to purchase 2,329,234 shares of common stock. We received net proceeds of $370.5 million, after deducting underwriting discounts and commissions of $23.9 million and deferred offering costs of $4.5 million. Deferred, direct offering costs were capitalized and consisted of fees and expenses incurred in connection with the sale of our common stock in the IPO, including the legal, accounting, printing and other offering related costs. Upon completion of the IPO, these deferred offering costs were reclassified from current assets to stockholders' equity and recorded against the net proceeds from the offering.

Note 2: Summary of Significant Accounting Policies

Basis of Preparation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (GAAP). The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, and variable interest entities (VIEs) for which it is the primary beneficiary and entities for which it is the controlling general partner. All intercompany accounts and transactions have been eliminated in consolidation.

Restatement of Prior Period Financial Statements

Subsequent to the issuance of the Company's consolidated financial statements as of and for the year ended June 30, 2021, we identified an error in our consolidated balance sheet and statement of stockholders' equity as of June 30, 2021 related to the presentation of redeemable noncontrolling interests. The Company incorrectly recorded redeemable noncontrolling interests of $17.0 million as permanent equity rather than temporary equity as of June 30, 2021. As a result, the Company is restating the June 30, 2021 condensed consolidated financial statements to reflect this reclassification from permanent to temporary equity and to record the related adjustments to redemption value as of June 30, 2021. Management has evaluated the materiality of this misstatement and concluded that it is not material to the prior period.

The effect of the restatement on the consolidated balance sheet as of June 30, 2021 is as follows (*in thousands*):

	As Previously Reported	Adjustments	As Restated
Redeemable Noncontrolling Interests (See Note 5)	—	16,986	16,986
Retained earnings	11,250	(587)	10,663
Total InnovAge Holding Corp.	335,146	(587)	334,559
Noncontrolling interests	22,819	(16,399)	6,420
Total stockholders' equity	357,965	(16,986)	340,979

The effect of the restatement on the consolidated statement of stockholders' equity as of June 30, 2021 is as follows (*in thousands*):

	Retained Earnings	Noncontrolling Interests	Total Permanent Stockholders' Equity	Redeemable Noncontrolling Interests (Temporary Equity)	Retained Earnings
As Previously Reported					
Consolidation of equity method investment	—	16,838	16,838	—	—
Net income (loss)	(43,986)	(754)	(44,740)	—	—
Adjustment to redemption value	—	—	—	—	—
Balances, June 30, 2021	11,250	22,819	357,965	—	—
Adjustments					
Consolidation of equity method investment	—	(16,838)	(16,838)	16,838	—
Net income (loss)	—	439	439	(439)	(44,740)
Adjustment to redemption value	(587)	—	(587)	587	—
Balances, June 30, 2021	(587)	(16,399)	(16,986)	16,986	—
As Restated					
Consolidation of equity method investment	—	—	—	16,838	—
Net income (loss)	(43,986)	(315)	(44,301)	(439)	(44,740)
Adjustment to redemption value	(587)	—	(587)	587	—
Balances, June 30, 2021	10,663	6,420	340,979	16,986	—

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used in accounting for, among other things, the allowance for uncollectible accounts; useful lives of property and equipment and the valuation of goodwill and intangible assets; risk-score adjustments to participant revenues; reported and estimated claims; accruals; the determination of assumptions for stock-based compensation costs; deferred taxes, including the determination of a need for a valuation allowance; valuation of the contingent consideration; legal contingencies, including medical malpractice claims; the determination of fair value of net assets acquired in a business combination; and other fair value measurements. Actual results may differ from previously estimated amounts.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and financial instruments issued by major financial institutions that have an original maturity of less than three months. Amounts are reported in the consolidated balance sheets at cost, which approximates fair value.

The Company's cash and cash equivalents are deposited with high credit quality financial institutions and are primarily in demand deposit accounts. The FDIC insurance coverage is $250,000 on the aggregate of interest bearing and non-interest bearing accounts.

Investments

Cost method investments do not have a readily determinable fair value and are carried at cost, less impairment plus or minus any changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer.

The Company uses the equity method to account for investments in entities that it does not control, but in which it has the ability to exercise significant influence over operating and financial policies. The Company's investments in these nonconsolidated entities is reflected in the Company's consolidated balance sheets under the equity method, and the Company's proportionate net income (loss), if any, is included in the Company's consolidated statements of operations as equity income (loss).

The Company evaluates its investments for impairment whenever events or changes in circumstances indicate that a decline in value has occurred that is other than temporary. Evidence considered in this evaluation includes, but would not necessarily be limited to, the financial condition and near-term prospects of the investee, recent operating trends and forecasted performance of the investee, market conditions in the geographic area or industry in which the investee operates and the Company's strategic plans for holding the investment in relation to the period of time expected for an anticipated recovery of its carrying value. If the investment is determined to have a decline in value deemed to be other than temporary it is written down to estimated fair value. There were no write-downs in the fiscal years ended June 30, 2022 or 2021. See Note 5 "Investments" for more information.

Restricted Cash

Restricted cash includes (1) cash held in certificates of deposit of $0.0 million and $2.2 million as of June 30, 2022 and 2021, respectively, and (2) cash held for participants who have established a personal-needs account to pay for nonmedical personal expenses, payment of which only occurs upon participant authorization, in the amount of approximately $0.02 million as of both June 30, 2022 and 2021. The Company records a related deposit liability for any participant contributions to these personal-needs accounts in accounts payable and accrued expenses in the consolidated balance sheets.

Accounts Receivable

The Company provides comprehensive health care services to participants on the basis of capitated or fixed fees per participant that are paid monthly by Medicare, Medicaid, the VA, and private pay sources. The Company records accounts receivable at net realizable value, which includes an allowance for estimated uncollectible accounts. The allowance for uncollectible accounts reflects the Company's best estimate of probable losses considering eligibility, historical experience, and existing economic conditions. Accounts are written off as bad debts when they are deemed uncollectible based upon individual credit evaluations and specific circumstances underlying the accounts. See additional information in Note 3 "Revenue Recognition".

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are recorded using the straight-line method over the shorter of estimated useful lives or lease terms, if the assets are being leased.

Property and equipment were comprised of the following as of June 30:

dollars in thousands	**Estimated Useful Lives**	**2022**	**2021**
Land	N/A	$ 11,980	$ 11,980
Buildings and leasehold improvements	10 - 40 years	122,076	104,724
Software	3 - 5 years	16,264	13,316
Equipment and vehicles	3 - 7 years	47,546	35,341
Construction in progress	N/A	35,479	22,130
		233,345	187,491
Less accumulated depreciation and amortization		(57,085)	(44,776)
Total property and equipment, net		$ 176,260	$ 142,715

Depreciation of $13.3 million and $11.6 million was recorded during the fiscal years ended June 30, 2022 and 2021, respectively. Land is not depreciated, and construction in progress is not depreciated until ready for service. Costs of enhancements or modifications that substantially extend the capacity or useful life of an asset are capitalized and depreciated accordingly. Ordinary repairs and maintenance are expensed as incurred.

The costs of acquiring or developing internal-use software, including directly related payroll costs for internal resources, are capitalized. Software maintenance and training costs are expensed in the period incurred.

Interest is capitalized on construction projects, including internal-use software development projects, while in progress. During the fiscal years ended June 30, 2022 and 2021, the Company capitalized interest of approximately $0.9 million and $1.0 million, respectively.

When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the consolidated balance sheets, and the resulting gain or loss, if any, is reflected in the consolidated statements of operations. Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. No impairment charges were recorded in the fiscal years ended June 30, 2022 or 2021.

Goodwill and Intangible Assets

Intangible assets consist of customer relationships acquired through business acquisitions. Goodwill represents the excess of consideration paid over the fair value of net assets acquired through business acquisitions. Goodwill is not amortized but is tested for impairment at least annually.

The Company tests goodwill for impairment annually on April 1st or more frequently if triggering events occur or other impairment indicators arise which might impair recoverability. These events or circumstances would include a significant change in the business climate, legal factors, operating performance indicators, competition, sale, disposition

of a significant portion of the business, or other factors. Impairment of goodwill is evaluated at the reporting unit level. A reporting unit is defined as an operating segment (i.e. before aggregation or combination), or one level below an operating segment (i.e. a component). A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available and segment management regularly reviews the operating results of that component. The Company has three reporting units for evaluating goodwill impairment.

ASC 350, Intangibles — Goodwill and Other ("ASC 350"), allows entities to first use a qualitative approach to test goodwill for impairment. When the reporting units where the Company performs the quantitative goodwill impairment are tested, the Company compares the fair value of the reporting unit, which the Company primarily determines using an income approach based on the present value of discounted cash flows, to the respective carrying value, which includes goodwill. If the fair value of the reporting unit exceeds its carrying value, the goodwill is not considered impaired. If the carrying value is higher than the fair value, the difference would be recognized as an impairment loss. There were no goodwill impairments recorded during the years ended June 30, 2022 and 2021.

Customer relationships represent the estimated values of customer relationships of acquired businesses and have definite lives. The Company amortizes these intangible assets on a straight-line basis over their ten-year estimated useful life. Intangible assets are reviewed for impairment in conjunction with long-lived assets. There were no intangible asset impairments recorded during the years ended June 30, 2022 and 2021.

Reported and Estimated Claims

Reported and estimated claims consist of unpaid claims reported as of the balance sheet date and estimates of claims incurred on or before June 30 that have not been reported by that date (IBNR). Such estimates are developed using actuarial methods and are based on many variables, including the utilization of health care services, historical payment patterns, cost trends, and other factors. These complex estimation methods and the resulting reserves are continually reviewed and updated, and any adjustments deemed necessary to contemplate new or updated information are reflected in current operations.

Contingent Consideration

The Company records contingent consideration at the time of agreement and records changes in the fair value of contingent consideration each reporting period in the consolidated statements of operations as a component of other operating expense (income).

During the year ended June 30, 2021, we paid contingent consideration relating to our acquisition of NewCourtland, as defined and described in Note 5 "Investments". There were no amounts outstanding related to contingent consideration as of June 30, 2022.

Debt Issuance Costs

Debt issuance costs are those costs that have been incurred in connection with the issuance of long-term debt and are offset against long-term debt in the consolidated balance sheets. Such costs are being amortized over the term of the underlying debt using the straight-line method, as the difference between that and the effective interest method are immaterial.

Treasury Stock

Treasury stock purchases are accounted for under the cost method where the entire cost of the acquired stock is recorded as treasury stock. Gains and losses on the subsequent reissuance of shares are credited or charged to paid-in-capital in excess of par value using the average-cost method.

Revenue Recognition

Under ASC 606, revenue is recognized when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. To determine

revenue recognition for arrangements that an entity determines are within the scope of ASC 606, the Company performed the following five steps: (i) Identify the contract(s) with a customer; (ii) Identify the performance obligations in the contract; (iii) Determine the transaction price; (iv) Allocate the transaction price to the performance obligations in the contract; and (v) Recognize revenue as the entity satisfies a performance obligation. Medicaid and Medicare capitation revenues are based on PMPM capitation rates under the PACE program. For a discussion of our revenue recognition policies, please see Note 3 "Revenue Recognition".

Professional Liability Claims

The Company records a liability for medical malpractice claims based on estimated probable losses and costs associated with settling these claims and a receivable to reflect the estimated insurance recoveries, if any. See Note 10 "Commitments and Contingencies".

Advertising Costs

The Company's purchased services and contracts expenses include media advertising, tactical advertising, and promotion costs. The creative portion of these activities is expensed as incurred. Production costs of advertising and promotional materials are expensed when the advertising is first run, unless such costs support direct-response advertising campaigns. In that case, these costs are capitalized and amortized over the period estimated to benefit from the campaign. Total advertising expenses were $6.7 million and $6.5 million for the fiscal years ended June 30, 2022 and 2021, respectively.

Stock-based Compensation

The Company has long-term equity incentive plans that provide for stock-based compensation, including the granting of stock options, profits interest units and restricted stock units to employees, directors, consultants, or advisers, as determined by each of the respective plans.

The Company utilizes the Black-Scholes option-pricing model to determine the fair value of the stock options on the date of grant. This model derives the fair value of the options based on certain assumptions related to expected stock price volatility, expected option life, risk-free interest rate, and dividend yield. The Company uses the Monte Carlo option model to determine the fair value of the granted profits interests units.

For service-vesting awards, we recognize stock-based compensation expense over the requisite service period, which is generally the vesting period of the respective award, on a straight-line basis. If the award was, in substance, multiple awards, we recognize stock-based compensation expense over the requisite service period for each separately vesting portion of the awards. For performance-vesting awards, we recognize stock-based compensation expense when it is probable that the performance condition will be achieved. We analyze if a performance condition is probable for each reporting period through the settlement date for awards subject to performance vesting. Stock-based compensation is included in corporate, general and administrative expenses on our consolidated statements of operations.

Shares issued pursuant to our equity incentive plans are issued from authorized but unissued shares or from shares, if any, held by the Company as treasury stock. See Note 11 "Stock-based Compensation".

Income Taxes

The Company and its subsidiaries calculate federal and state income taxes currently payable and for deferred income taxes arising from temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured pursuant to enacted tax laws and rates applicable to periods in which those temporary differences are expected to be recovered or settled. The impact on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment. The members of SH1 and InnovAge Sacramento have elected to be taxed as partnerships, and no provision for income taxes for SH1 or InnovAge Sacramento is included in these consolidated financial statements.

A valuation allowance is provided to the extent that it is more likely than not that deferred tax assets will not be realized. Tax benefits from uncertain tax positions are recognized when it is more likely than not that the position will be

sustained upon examination based on the technical merits of the position. The amount recognized is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon settlement. The Company recognizes interest and penalty expense associated with uncertain tax positions as a component of provision for income taxes.

Variable Interest Entities (VIE)

A VIE is defined as a legal entity whose equity owners do not have sufficient equity at risk or whose equity owners lack certain decision-making and economic rights. The primary beneficiary is identified as the variable interest holder that has both the power to direct the activities of the VIE that most significantly affect the entity's economic performance and the obligation to absorb losses or the right to receive benefits from the entity. The primary beneficiary is required to consolidate the VIE. SH1 and PWD, each as defined and described in Note 5 "Investments", are considered to be VIEs. The Company is not considered the primary beneficiary of PWD but is considered the primary beneficiary of SH1.

Recently Adopted Accounting Pronouncements

Income Taxes

In December 2019, the Financial Accounting Standards Board ("FASB") issued ASU 2019-12, Income Taxes Topic 740-Simplifying the Accounting for Income Taxes ("ASU 2019-12"), which intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application of Topic 740. This guidance is effective for companies with fiscal years beginning after December 15, 2020, including interim periods therein, and early adoption is permitted. The Company adopted ASU 2019-12 during the quarter ended September 30, 2021 and it did not have a material effect on the Company's condensed consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

Leases

In February 2016, the FASB issued ASU 2016-02 Leases (ASU 2016-02), which was intended to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the new guidance, lessees will be required to recognize a right-of-use asset and a lease liability, measured on a discounted basis, at the commencement date for all leases with terms greater than 12 months. Additionally, this guidance will require disclosures to help investors and other financial statement users to better understand the amount, timing, and uncertainty of cash flows arising from leases, including qualitative and quantitative requirements. The guidance should be applied under a modified retrospective transition approach for leases existing at the beginning of the earliest comparative period presented in the adoption-period financial statements. Any leases that expire before the initial application date will not require any accounting adjustment. In June 2020, FASB issued ASU 2020-05 Revenue from contracts with customers (Topic 606) and leases (Topic 842)—Effective dates for certain entities which deferred the new lease standard effective date for the Company to December 15, 2022, with early adoption permitted. The Company will adopt this ASU in the fiscal year beginning July 1, 2022 and has not yet determined the effect of the standard on its ongoing financial reporting.

Financial Instruments

In April 2019, the FASB issued ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*, which requires entities to use a current expected credit loss ("CECL") model to measure impairment for most financial assets that are not recorded at fair value through net income. Under the CECL model, an entity will estimate lifetime expected credit losses considering available relevant information about historical events, current conditions and supportable forecasts. The CECL model does not apply to available-for-sale debt securities. This guidance also expands the required credit loss disclosures and will be applied using a modified retrospective approach by recording a cumulative effect adjustment to retained earnings as of the beginning of the fiscal year of adoption. The ASU is effective for private companies to fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company will adopt this guidance for

the annual and interim reporting periods beginning July 1, 2023. The Company has not determined the effect of the standard on its consolidated financial statements.

We do not expect that any other recently issued accounting guidance will have a significant effect on our condensed consolidated financial statements.

Note 3: Revenue Recognition

Capitation Revenue and Accounts Receivable

Our capitation revenue relates to contracts with participants in which our performance obligation is to provide healthcare services to the participants. Revenues are recorded during the period our obligations to provide healthcare services are satisfied as noted below within each service type. The Company contracts directly with Medicare and Medicaid on a per member, per month ("PMPM") basis. We receive 100% of the pooled capitated payment to directly provide or manage the healthcare needs of our participants.

Fees are recorded gross in revenues because the Company is acting as a principal in providing for or overseeing comprehensive care provided to the participants. Neither the Company nor any of its affiliates is a registered insurance company because state law in the states in which it operates does not require such registration for risk-bearing providers.

In general, a participant enrolls in the PACE program and is considered a customer of InnovAge. The Company considers all contracts with participants as a single performance obligation to provide comprehensive medical, health, and social services that integrate acute and long-term care. The Company identified that contracts with customers in the PACE program have similar performance obligations and therefore groups them into one portfolio. This performance obligation is satisfied as the Company provides comprehensive care to its participants.

Our revenues are based on the estimated PMPM amounts we expect to be entitled to receive from the capitated fees per participant that are paid monthly by Medicaid, Medicare, the VA, and private pay sources. Medicaid and Medicare capitation revenues are based on PMPM capitation rates under the PACE program. VA is included in "Private Pay and other" and is also capitated. Private pay includes direct payments from participants who do not qualify for the full capitated rate and have to pay all or a portion of the capitated rate.

The Company disaggregates capitation revenue from the following sources for the year ended June 30:

	2022	2021
Medicaid	54 %	53 %
Medicare	46 %	47 %
Private pay and other	* %	* %
Total	100 %	100 %

* Less than 1%

The Company determined the transaction price for these contracts is the amount we expect to be entitled to, which is the most likely amount. For certain capitation payments, the Company is subject to retroactive premium risk adjustments based on various factors. The Company estimates the amount of the adjustment and records it monthly on a straight-line basis. These adjustments are not expected to be material.

The capitation revenues are recognized based on the estimated PMPM transaction price to transfer the service for a distinct increment of the series (i.e. month). We recognize revenue in the month in which participants are entitled to receive comprehensive care benefits during the contract term. As the period between the time of service and time of payment is typically one year or less, the Company elected the practical expedient under ASC 606-10-32-18 and did not adjust for the effects of a significant financing component.

The Company also provides prescription drug benefits in accordance with Medicare Part D. Monthly payments received from CMS and the participants represent the bid amount for providing prescription drug coverage. The portion received from CMS is subject to risk sharing through Medicare Part D risk-sharing corridor provisions. These risk-sharing

corridor provisions compare costs targeted in the Company's bid to actual prescription drug costs. The Company estimates and records a monthly adjustment to Medicare Part D revenues associated with these risk-sharing corridor provisions. Medicare Part D comprised (i) 12% of capitation revenues for each of the years ended June 30, 2022 and 2021, and (ii) 23% and 21% of external provider costs for the year ended June 30, 2022 and 2021, respectively.

The Company provides comprehensive health care services to participants on the basis of capitated or fixed fees per participant that are paid monthly by Medicare, Medicaid, the VA, and private pay sources. The concentration of net receivables from participants and third-party payers as of June 30, 2022 and 2021 was as follows:

	2022	2021
Medicaid	70 %	60 %
Medicare	22 %	20 %
Private pay and other	8 %	20 %
Total	100 %	100 %

The Company records accounts receivable at net realizable value, which includes an allowance for estimated uncollectible accounts. The allowance for uncollectible accounts reflects the Company's best estimate of probable losses considering eligibility, historical experience, and existing economic conditions. The balance of the allowance for uncollectible accounts was $3.4 million as of June 30, 2022, compared to $4.4 million as of June 30, 2021. Accounts are written off as bad debts when they are deemed uncollectible based upon individual credit evaluations and specific circumstances underlying the accounts.

In fiscal year 2021, the Company and the Colorado Department of Health Care Policy & Financing ("HCPF") completed the reconciliation for fiscal years 2018 and 2019. The reconciliation resulted in a reduction of accounts receivable of $17.0 million and due to Medicaid of $13.6 million, which was recorded in fiscal year 2021. The Company does not expect adjustments related to the reconciliation to be significant in future periods.

Other Service Revenue and Accounts Receivable

Other service revenue is comprised of rents earned related to Senior Housing and other fee for service revenue. Accounts receivable related to other service revenue were not significant as of both June 30, 2022 and June 30, 2021.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to change, as well as government review. Failure to comply with these laws can expose the entity to significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs. See Note 10, "Commitments and Contingencies".

Note 4: Equity

Equity Owner Transaction and Treasury Stock

On July 27, 2020, the Company, Ignite Aggregator LP ("Purchaser"), and the former equity holders of the Company ("Sellers") entered into a Securities Purchase Agreement (the "Agreement"), effective July 27, 2020. Under the terms of the Agreement, the Sellers sold a portion of their equity interest to the Purchaser. The Purchaser and the Sellers then contributed their equity interests in the Company to a newly formed limited partnership, TCO Group Holdings, L.P. (the "LP") resulting in the Company being wholly owned by the LP.

Concurrently with the entry into the Agreement, the Company amended and restated its 2016 Credit Agreement (as defined below), see Note 8 "Long-term Debt" for further discussion. A portion of the proceeds were used by the Company to repurchase 16,095,819 shares of its common stock from certain members of management, our Board of Directors and our equity partner, at $4.82 per share. As a result of the repurchase, $77.6 million was recorded as Treasury stock. In March 2021, the Company retired all outstanding shares of Treasury stock.

Additionally, as part of the Agreement, the Company executed an Option Cancellation Agreement (the "Cancellation Agreement"), which canceled the Company's common stock option awards of 16,994,975 granted under the 2016 Equity

Incentive Plan for $74.6 million. Such cancellation resulted in a settlement of the awards. Vesting of the contingent performance-based awards was not deemed probable at the time of the settlement resulting in the settlement of the contingent performance-based awards being recorded as Corporate, general and administrative. Vesting of the time vesting awards was deemed probable at the time of the settlement resulting in a portion of the settlement of the time vesting awards being recorded as Corporate, general and administrative expense and the remainder being recorded as a reduction to Additional paid-in capital. Of the total settlement, $45.4 million was recorded as Corporate, general and administrative expense and $32.4 million was recorded as a reduction to Additional paid-in capital. The Cancellation Agreement resulted in the option holders receiving the same amount of cash that they would have received had they exercised their options, participated in the repurchase described above and sold their remaining shares.

As part of the transaction, the Company incurred $22.6 million in transaction costs, of which $13.1 million was recognized as Corporate, general and administrative expense and $9.5 million was recognized as a distribution to owner as the costs were paid on behalf of the owners.

Capital Contribution

On October 15, 2020, Finback Pace, LP contributed $20.0 million for an investment in the LP, which in turn contributed the funds to the Company.

Note 5: Investments

The Company holds cost method and equity method investments as of June 30:

in thousands	2022	2021
Cost method investments	$ 4,645	$ 2,645
Equity method investments	848	848
Total investments	$ 5,493	$ 3,493

Nonconsolidated Entities

Cost Method Investments

The Company maintains two investments that are accounted for using the cost method. The investments do not have a readily determinable fair value and the Company has elected to record the investments at cost, less impairment, if any, plus or minus any changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer. During the years ended June 30, 2022 and 2021, there were no observable price changes or impairments recorded.

JetDoc

In August 2021, the Company acquired a minority interest equal to 806,481 shares of the outstanding common stock of Jetdoc, Inc. (“Jetdoc”), a telehealth and virtual urgent care app dedicated to effectively connecting users with medical professionals, for cash consideration of $2.0 million. The balance of the Company’s investment in Jetdoc is $2.0 million which represents the maximum exposure to loss.

Dispatch Health

On June 14, 2019, the Company invested $1.5 million in DispatchHealth Holdings, Inc., ("DispatchHealth") through the purchase of a portion of its outstanding Series B Preferred Stock. On April 2, 2020, the Company invested an additional $1.1 million through the purchase of a portion of its outstanding Series C Preferred Stock. The balance of the Company’s investment is $2.6 million which represents the maximum exposure to loss. The investment does not have a readily determinable fair value and the Company has elected to record the investment at cost, less impairment, if any, plus or minus any changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer. During the period ended June 30, 2022 and 2021, there were no observable price changes.

Equity Method Investments

Pinewood Lodge

Pinewood Lodge, LLP ("PWD") is a VIE, but the Company is not the primary beneficiary. The Company does not have the power to direct the activities that most significantly impact the economic performance of PWD. Accordingly, the Company does not consolidate PWD. PWD is accounted for using the equity method of accounting and is included in equity method investments in the accompanying consolidated balance sheets. The equity earnings of PWD are insignificant. As of June 30, 2022, the balance of the Company's investment in PWD was $0.8 million, which represents the maximum exposure to loss.

InnovAge Sacramento

On March 18, 2019, in connection with the formation of InnovAge Sacramento, the joint venture with Adventist Health System/West ("Adventist") and Eskaton Properties, Incorporated ("Eskaton"), the Company contributed $9.0 million in cash and land valued at $4.2 million for a 59.9% membership interest in the joint venture, InnovAge Sacramento. Further, Adventist contributed $5.8 million in cash and Eskaton contributed $3.0 million in cash for membership interests of 26.41% and 13.69%, respectively. The Company made an additional contribution of $52,000 to obtain an additional 0.1% membership interest in the joint venture. With the acquisition of the additional 0.1% membership interest, the Company obtained control of InnovAge Sacramento effective January 1, 2021. Accordingly, beginning January 1, 2021, the results of InnovAge Sacramento are included in our consolidated results of operations.

The InnovAge California PACE-Sacramento LLC Limited Liability Company Agreement (the "JV Agreement") includes numerous provisions whereby, if certain conditions are met, the joint venture may be required to purchase, at fair market value, certain members' interests or certain members' may be required to purchase, at fair market value, the interests of certain other members. As of June 30, 2022, none of the conditions specified in the JV Agreement had been met.

At the consummation of the JV Agreement, the Company issued to Adventist, warrants (the "Sacramento Warrants") to purchase 5% of the Company's issued and outstanding common stock, par value $0.001 at an exercise price equal to the fair market value per share at the time of exercise of this warrant. The Sacramento Warrants originally fully vested on the exercise date, which was defined as the date on which Adventist had made aggregate capital contributions in an amount greater than $25.0 million to one or more joint venture entities in which Adventist and the Company hold equity (the "Investment Threshold").

On February 9, 2021, the Company entered into an amendment agreement with our joint venture partner Adventist to amend the Sacramento Warrants. The amendment removed the Investment Threshold requirement and granted Adventist the right to purchase up to $15.0 million of the Company's common stock at an exercise price equal to the IPO price. The warrant was exercisable for one year beginning on the date of the consummation of the IPO. The warrant expired in March 2022 without being exercised.

The Sacramento Warrants were initially determined to be equity-based payments to nonemployees and as such the measurement date for these warrants was considered to be the date when the Investment Threshold is reached. At the time of the amendment, due to the removal of the Investment Threshold, the warrants were evaluated under ASC 815-40, *Contracts in an Entity's Own Equity*, which resulted in a liability classification from the date of the amendment through completion of our IPO, due to the variable amount of shares which could be issued. Upon completion of the IPO, the number of shares to be issued were no longer variable, which resulted in the warrants being recorded in equity. In 2021, we recorded a charge of $2.3 million, representing the fair value of the warrants from inception through the date of completion of the IPO, in other income (expense) in the condensed consolidated statement of operations.

Effective January 1, 2021, we obtained control of InnovAge Sacramento through acquisition of an additional 0.1% membership interest, which we consider to be a step acquisition, whereby the Company re-measured the previously held equity method investment to fair value. This resulted in a gain on consolidation of $10.9 million, which is recorded in gain on equity method investment in the condensed consolidated statement of operations. The fair value of the previously held

equity investments was determined using a discounted cash flow model. This resulted in a gain on consolidation of $10.9 million during the year ended June 30, 2021.

We accounted for the transaction as a business combination, which requires that we record the assets acquired and liabilities assumed at fair value. The amount by which the purchase price exceeds the fair value of the net assets acquired is recorded as goodwill. The fair value of the assets acquired and net liabilities assumed in the step acquisition of InnovAge Sacramento are as follows as of January 1, 2021:

	January 1, 2021
Assets:	*in thousands*
Cash	$ 646
Accounts receivable	786
Property and equipment, net	30,667
Goodwill	8,078
Total assets	40,177
Liabilities:	
Accounts payable	530
Reported and estimated claims	330
Due to Medicaid and Medicare	77
Capital leases	428
Other liabilities	48
Total liabilities	$ 1,413

The following table sets forth the results of InnovAge Sacramento for the six months ended December 31, 2020. The results of InnovAge Sacramento are consolidated beginning January 1, 2021.

	Six Months Ended December 31, 2020
	in thousands
Revenue:	
Total revenue	$ 2,297
Less: members' interest	921
The Company's interest	1,376
Cost of operations:	
Total cost of operations	4,538
Less: members' interest	1,820
The Company's interest	2,718
The Company's interest in net loss	$ (1,342)

Consolidated Entities

Noncontrolling Interest

Senior Housing

InnovAge Senior Housing Thornton, LLC ("SH1") is a VIE. The Company is the primary beneficiary of SH1 and consolidates SH1. The Company is the primary beneficiary of SH1 because it has the power to direct the activities that are most significant to SH1 and has an obligation to absorb losses or the right to receive benefits from SH1. The most significant activity of SH1 is the operation of the housing facility. The Company has provided a subordinated loan to SH1 and has provided a guarantee for the convertible term loan held by SH1.

The following table shows the assets and liabilities of SH1 as of June 30:

	2022	2021
	in thousands	
Assets		
Cash and cash equivalents	$ 526	$ 431
Accounts receivable	—	—
Prepaid expenses and other	5	5
Property, plant and equipment, net	10,404	10,164
Deposits and other, net	395	390
Liabilities		
Accounts payable and accrued expenses	256	219
Current portion long-term debt	43	40
Noncurrent liabilities	454	454
Long-term debt, net of debt issuance costs	3,784	3,827

InnovAge Sacramento

Effective January 1, 2021, we obtained control of InnovAge Sacramento through acquisition of an additional 0.1% membership interest, which we consider to be a step acquisition, whereby the Company re-measured the previously held equity method investment to fair value.

Payment Pursuant to Acquisition Agreement

During the fiscal year ended June 30, 2019, the Company finalized the acquisition of NewCourtland LIFE Program ("NewCourtland") in Pennsylvania. The Company paid a base purchase price of $30 million, subject to certain net working capital and closing adjustments plus deferred cash consideration of up to $20 million. On March 8, 2021, we completed our IPO, which satisfied the condition that the Company sell equity securities pursuant to an effective registration statement. Accordingly, $20.0 million of contingent consideration was paid under the terms of the acquisition agreement during the year ended June 30, 2021.

Note 6: Goodwill and Intangible Assets

Goodwill represents the excess of cost over the fair value of net assets acquired. Pursuant to ASC 350, "Intangibles — Goodwill and Other," we review the recoverability of goodwill annually as of April 1 or whenever significant events or changes occur which might impair the recovery of recorded amounts. For purposes of the annual goodwill impairment assessment, the Company has identified three reporting units. In September of 2021, we were notified that CMS and the State of California had suspended new enrollments at our Sacramento center based on deficiencies detected in an audit related to the provision of participant services. In February 2022, we were notified by the States of Kentucky and Indiana that they have taken actions to suspend our ability to open de novo centers in those states. We considered these events to be triggering events, which required us to perform quantitative procedures as part of a Step 1 goodwill impairment analysis to assess whether it was more-likely-than-not that the fair value of the Company was greater than the net book value during the quarter periods in which the events occurred.

As a result of the above interim assessment and our annual impairment test, we concluded that there was no goodwill impairment. If assumptions or estimates in the fair value calculations change or if future cash flows vary from what was expected, including those assumptions relating to the duration and severity of the financial impact of the enrollment suspension at Sacramento, California and Colorado or new regulatory sanctions or other actions are imposed on the Company, this may impact the impairment analysis and could reduce the underlying cash flows used to estimate fair values and result in a decline in fair value that may trigger future impairment charges.

There were no goodwill impairments recorded during the years ended June 30, 2022 and 2021.

The following summarizes the changes in goodwill for the fiscal years ended June 30:

in thousands	2022	2021
Balance as of beginning of period	$ 124,217	$ 116,139
Goodwill acquired during the period	—	8,078
Balance as of end of period	$ 124,217	$ 124,217

Intangible assets consisted of the following as of June 30:

in thousands	2022	2021
Definite-lived intangible assets	$ 6,600	$ 6,600
Indefinite-lived intangible assets	2,000	2,000
Total intangible assets	8,600	8,600
Accumulated amortization	(2,742)	(2,082)
Balance as of end of period	$ 5,858	$ 6,518

Intangible assets with a finite useful life continue to be amortized over their useful lives. The Company recorded amortization expense of $0.7 million for both years ended June 30, 2022 and 2021.

The total expected future annual amortization expense for the next 5 years ended June 30, is as follows:

in thousands	Amortization Expense
2023	$ 660
2024	660
2025	660
2026	660
2027	630

We review the recoverability of other intangible assets in conjunction with long-lived assets whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. There were no intangible asset impairments recorded during the years ended June 30, 2022 and 2021.

Note 7: Leases

Property and equipment includes property under various capital leases. These leases have expiration dates ranging from August 2022 to November 2027, varying interest rates, and generally include an option to purchase the equipment at fair value at the end of the underlying lease period. The Company's capital leases included the following:

	June 30, 2022	June 30, 2021
	in thousands	
Equipment	$ 18,727	$ 13,302
Less accumulated depreciation	(7,541)	(7,081)
Total capital leases	$ 11,186	$ 6,221

Certain of the Company's property and equipment is leased under operating leases. Total rental expense under operating leases was $4.9 million and $4.5 million for the year ended June 30, 2022 and 2021, respectively.

Future minimum lease payments related to (i) capital leases having initial terms of more than one year and (ii) non-cancelable operating leases as of June 30, 2022 were as follows:

in thousands	Capital Leases Obligations	Operating Leases Minimum Lease Payments
2023	$ 4,405	$ 4,873
2024	3,909	4,581
2025	3,126	4,122
2026	2,092	4,061
2027	1,393	3,764
Thereafter	535	10,265
Total	15,460	$ 31,666
Less amount representing interest	(2,652)	
Total minimum lease payments	12,808	
Less current maturities	3,368	
Noncurrent maturities	$ 9,440	

Note 8: Long-term Debt

The components of our long-term debt are as follows:

	June 30, 2022	June 30, 2021
	in thousands	
Senior secured borrowings:		
Term Loan Facility	$ 71,250	$ 75,000
Convertible term loan	2,327	2,367
Total debt	73,577	77,367
Less unamortized debt issuance costs	1,574	2,003
Less current maturities	3,793	3,790
Noncurrent maturities	$ 68,210	$ 71,574

2016 Credit Agreement

The Company originally entered into a senior secured borrowing agreement (the “2016 Credit Agreement”) on May 13, 2016, that consisted of a senior secured term loan for $75.0 million and a revolving credit facility for $20.0 million. The 2016 Credit Agreement was subsequently amended (i) on May 2, 2019 to increase the senior secured term loan to $190.0 million and a revolving credit facility for $30.0 million and a delayed draw term loan facility (“DDTL”) for $45.0 million and (ii) on July 27, 2020, to increase the senior secured term loan to $300.0 million, the revolving credit facility to $40.0 million and to terminate the DDTL. The structure of the July 27, 2020 amendment to the 2016 Credit Agreement led to an extinguishment of debt for certain lenders and a modification of debt for other lenders. The total debt structure extinguishment for certain lenders was $57.1 million, and the write off of $1.0 million in debt issuance costs was recorded in loss on extinguishment of debt for the year ended June 30, 2021. The total debt structure that was modified was $250.0 million, while the new debt issued was $50.0 million, which resulted in $9.1 million of capitalized debt issuance costs.

Concurrent with the Company’s entry into the 2021 Credit Agreement (defined below), the Company terminated and repaid in full all outstanding indebtedness under the 2016 Agreement.

2021 Credit Agreement

On March 8, 2021, concurrently with the closing of the IPO, the Company entered into a new credit agreement (the “2021 Credit Agreement”) that replaced the 2016 Credit Agreement. The 2021 Credit Agreement consists of a senior

secured term loan (the "Term Loan Facility") of $75.0 million principal amount and a revolving credit facility (the "Revolving Credit Facility") of $100.0 million maximum borrowing capacity. The maturity date of each of the Term Loan Facility and the Revolving Credit Facility is March 8, 2026. Loans under the 2021 Credit Agreement are secured by substantially all of the Company's assets. Principal on the Term Loan Facility is paid each calendar quarter beginning September 2021 in an amount equal to 1.25% of the initial term loan on closing date. Proceeds of the Term Loan Facility, together with proceeds from the IPO, were used to repay amounts outstanding under the 2016 Credit Agreement.

Outstanding principal amounts under the 2021 Credit Agreement accrue interest at a variable interest rate. As of June 30, 2022 and 2021, the interest rate on the Term Loan Facility was 3.83% and 1.84%, respectively. Under the terms of the 2021 Credit Agreement, the Revolving Credit Facility fee accrues at 0.25% of the average daily unused amount and is paid quarterly.

During the year ended June 30, 2020, the Company borrowed and repaid $25.0 million under the revolving credit facility at an interest rate of 3.94%, to ensure sufficient funds available during the unknown time of the COVID-19 pandemic and for general corporate purposes. The Company repaid all outstanding amounts on the Revolving Credit Facility during the year ended June 30, 2021. As of June 30, 2022, we had no borrowings outstanding under the facility. The remaining capacity under the Revolving Credit Facility as of June 30, 2022 was $100.0 million, subject to (i) any issued amounts under our letters of credit, which as of June 30, 2022 was $2.6 million, and (ii) applicable covenant compliance restrictions and any other conditions precedent to borrowing.

The 2021 Credit Agreement requires the Company to meet certain operational and reporting requirements, including, but not limited to, a secured net leverage ratio. Additionally, annual capital expenditures and permitted investments, including acquisitions, are limited to amounts specified in the 2021 Credit Agreement. The 2021 Credit Agreement also provides certain restrictions on dividend payments and other equity transactions and requires the Company to make prepayments under specified circumstances. The Company was in compliance with the covenants of the 2021 Credit Agreement as of June 30, 2022 and 2021, respectively.

The deferred financing costs of $2.0 million are amortized over the term of the underlying debt and unamortized amounts have been offset against long-term debt in the consolidated balance sheets. Total amortization of deferred financing costs was $0.4 million and $1.1 million for the year ended June 30, 2022 and 2021, respectively.

Convertible Term Loan

On June 29, 2015, SH1 entered into a convertible term loan. Monthly principal and interest payments of $0.02 million commenced on September 1, 2015, and the loan bears interest at an annual rate of 6.68%. The remaining principal balance is due upon maturity, which is August 20, 2030. The loan is secured by a deed of trust to Public Trustee, assignment of leases and rents, security agreements, and SH1's fixture filing.

Aggregate maturities of our debt as of June 30, 2022 were as follows:

	Long-term debt *in thousands*
Year ending June 30:	
2023	$ 3,793
2024	3,796
2025	3,799
2026	60,052
2027	56
Thereafter	2,081
Total debt	$ 73,577

Note 9: Fair Value Measurements

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy was established that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources outside the reporting entity. Unobservable inputs are inputs that reflect the Company's own assumptions based on market data and assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The sensitivity to changes in inputs and their impact on fair value measurements can be significant.

The three levels of inputs that may be used to measure fair value are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date

Level 2 Quoted prices in markets that are not active or inputs that are observable, either directly or indirectly, for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs to the valuation techniques that are significant to the fair value measurements of the assets or liabilities

Recurring Measurements

Effective August 7, 2018, the Company finalized the acquisition of NewCourtland in Pennsylvania. The Company paid a base purchase price of $30.0 million, subject to certain net working capital and closing adjustments plus contingent consideration of up to $20.0 million. On March 8, 2021, we completed our IPO, which satisfied one of the conditions outlined in the Securities Purchase Agreement. Accordingly, $20.0 million of contingent consideration was paid under the terms of the Securities Purchase Agreement. There are no amounts of contingent consideration outstanding after the $20.0 million payment. Changes in fair value resulted in immaterial amounts recorded in other operating (income) expense within the consolidated statement for the fiscal years ended June 30, 2021.

The Company's investment in InnovAge Sacramento includes a put right for the noncontrolling interest holders to require the Company to repurchase the interest of the noncontrolling interest holders at fair value, after the initial term of the management services agreement in 2028. As a result, at each fiscal period end the Company reports this put right at the greater of i) carrying value of the redeemable noncontrolling interest or (ii) fair value of the redeemable noncontrolling interest. Because this asset does not have observable inputs, level 3 inputs are used to measure fair value. The fair value of the redeemable noncontrolling interest is determined utilizing a discounted cash flow model. As of June 30, 2022, the Company's redeemable noncontrolling interest was recorded at carrying value of $15.3 million.

There were no transfers in and out of Level 3 during the fiscal years ended June 30, 2022 and 2021. The Company's policy is to recognize transfers as of the actual date of the event or change in circumstances.

Note 10: Commitments and Contingencies

Professional Liability

The Company pays fixed premiums for annual professional liability insurance coverage under a claims-made policy. Under such policy, only claims made and reported to the insurer are covered during the policy term, regardless of when the incident giving rise to the claim occurred. The Company records claim liabilities and expected recoveries, if any, at gross amounts. The Company is not currently aware of any unasserted claims or unreported incidents that are expected to exceed medical malpractice insurance coverage limits.

Litigation

From time to time in the normal course of business, the Company is involved in or subject to legal proceedings related to its business. The Company regularly evaluates the status of claims and legal proceedings in which it is involved in order to assess whether a loss is probable or there is a reasonable possibility that a loss may have been incurred, and to determine if accruals are appropriate. The Company expenses legal costs as such costs are incurred.

On October 14, 2021, and subsequently amended on June 21, 2022, the Company was named as a defendant in a putative class action complaint filed in the District Court for the District of Colorado on behalf of individuals who purchased or acquired shares of the Company's common stock during a specified period. Through the complaint, plaintiffs are asserting claims against the Company, certain of the Company's officers and directors, Apax Partners, L.P., Welsh, Carson, Anderson & Stowe and the underwriters in the Company's IPO, alleging violations of Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 for making allegedly inaccurate and misleading statements and omissions in connection with the Company's IPO and subsequent earnings calls and public filings, and seeking compensatory damages, among other things. We are currently unable to predict the outcome of this matter.

In July 2021, the Company received a civil investigative demand from the Attorney General for the State of Colorado under the Colorado Medicaid False Claims Act. The demand requests information and documents regarding Medicaid billing, patient services and referrals in connection with the Company's PACE program in Colorado. We continue to fully cooperate with the Attorney General and produce the requested information and documentation. We are currently unable to predict the outcome of this investigation.

In February 2022, the Company received a civil investigative demand from the Department of Justice ("DOJ") under the Federal False Claims Act on similar subject matter. The demand requests information and documents regarding audits, billing, orders tracking, and quality and timeliness of patient services in connection with the Company's PACE programs in the states where the Company operates (California, Colorado, New Mexico, Pennsylvania, and Virginia). The Company continues to fully cooperate with the DOJ and produce the requested information and documentation. We are currently unable to predict the outcome of this investigation.

On April 20, 2022, the Board of Directors of the Company received a books and records demand pursuant to Section 220 of the Delaware General Corporation Law, from a purported stockholder of the Company, in connection with the stockholder's investigation of, among other matters, potential breaches of fiduciary duty, mismanagement, self-dealing, corporate waste or other violations of law by the Company's Board with respect to these matters. We are currently unable to predict the outcome of this matter.

Because the results of legal proceedings and claims are inherently unpredictable and uncertain, we are currently unable to predict whether the legal proceedings we are involved in will, either individually or in the aggregate, have a material adverse effect on our business, financial condition, or cash flows. The outcomes of legal proceedings and claims could be material to the Company's operating results for any particular period, depending in part, upon the operating results of such period. Regardless of the outcome, litigation has the potential to have an adverse impact on us due to any related defense and settlement costs, diversion of management resources, and other factors.

Note 11: Stock-based Compensation

A summary of our aggregate share-based compensation expense is set forth below. Stock-based compensation expense is included in corporate, general and administrative expenses on our consolidated statements of operations.

	Year ended June 30,	
	2022	2021
	in thousands	
Stock options (a)	$ 719	$ 45,387
Profits interests units	1,162	1,629
Restricted stock units	1,858	35
Total stock-based compensation expense	$ 3,739	$ 47,051

(a) The amount for 2021 relates to stock-based compensation expense recognized as a result of the Cancellation Agreement.

2016 Equity Incentive Plan

The Company maintained the 2016 Equity Incentive Plan pursuant to which various stock-based awards were granted to employees, directors, consultants, and advisers. The total number of shares of the Company's common stock that was authorized under the 2016 Equity Incentive Plan was 17,836,636, of which a total of 16,994,976 awards were granted. On July 27, 2020, the Company, Ignite Aggregator LP (the "LP"), and the equity holders of the Company entered into a Securities Purchase Agreement, and in conjunction therewith, the Company amended and restated the 2016 Credit Agreement. A portion of the proceeds from the 2016 Credit Agreement were used by the Company to repurchase 16,095,819 shares of its common stock from the certain members of management, the Board of Directors, and members of our equity partner. Additionally, as part of the 2016 Credit Agreement, the Company executed the Cancellation Agreement with each of the 2016 Equity Incentive Plan option holders, pursuant to which the Company's 16,994,976 common stock options which were granted under the 2016 Equity Incentive Plan, were cancelled. The Cancellation Agreement resulted in the option holders receiving the same amount of cash that they would have received had they exercised their options, participated in the repurchase described above and sold their remaining shares. The 2016 Equity Incentive Plan was cancelled and replaced with the 2020 Equity Incentive Plan, as described below.

2020 Equity Incentive Plan

Profits Interests

The LP maintains the 2020 Equity Incentive Plan pursuant to which interests in the LP in the form of Class B Units (profits interests) may be granted to employees, directors, consultants, and advisers. A maximum number of 16,162,177 Class B Units are authorized for grant under the 2020 Equity Incentive Plan. As of June 30, 2022, a total of 13,009,137 profits interests units have been granted under the 2020 Equity Incentive Plan.

These profits interests represented profits interest ownership in the LP tied solely to the accretion, if any, in the value of the LP following the date of issuance of such profits interests. Profits interests participated in any increase of LP value related to their profits interests after the hurdle value had been achieved and the LP profits interests received the agreed-upon return on their invested capital. The hurdle value per unit is $5.49 for both the performance-based and time-based units.

Each profits interests unit contains the following material terms:

(i) The profits interests receive distributions (other than tax distributions) only upon a liquidity event, as defined, that exceed a threshold equivalent to the fair value of the LP, as determined by the Company's Board of Directors, at the grant date.

(ii) A portion of the units vest over a period of continuous employment or service (service-vesting units) while the other portion of the units only vest based on the level of aggregate multiple of invested capital and internal

rate of return achieved by Ignite Aggregator LP, one of the limited partners of the LP, upon a change of control of the Company (performance-vesting units).

The performance-vesting units are subject to a market condition, which the Company incorporated as part of its determination of the grant date fair value of the units.

The Company used the Monte Carlo option model to determine the fair value of the granted profits interests units at the time of the grant. As these awards were granted prior to our IPO, the stock price was based on the price realized in the equity owner transaction. Expected stock price volatility was based on consideration of indications observed from several publicly traded peer companies. The risk-free interest rate is based on a treasury instrument whose term is consistent with the expected life of the unit. The dividend yield percentage is zero because the Company neither currently pays dividends nor intends to do so during the expected term. The expected term of the units represents the time the units are expected to be outstanding. The assumptions under the Monte Carlo model related to the profits interests units, presented on a weighted-average basis, are provided below:

	2021
Expected volatility	44 %
Expected life (years) - time vesting units	1.8
Interest rate	0.16 %
Dividend yield	— %
Weighted-average fair value	$ 1.28
Fair value of underlying stock	$ 5.49

A summary of profits interests activity for the year ended June 30, 2022, was as follows:

Time-based unit awards	Number of units	Weighted average grant date fair value
Outstanding balance, June 30, 2021	6,587,261	$ 1.28
Granted	—	
Forfeited	(2,807,201)	$ 1.28
Vested	(1,621,988)	$ 1.28
Outstanding balance, June 30, 2022	2,158,072	$ 1.28

Performance-based unit awards	Number of units	Weighted average grant date fair value
Outstanding balance, June 30, 2021	6,223,262	$ 0.57
Granted	—	
Forfeited	(4,005,397)	$ 0.57
Vested	—	
Outstanding balance, June 30, 2022	2,217,865	$ 0.57

The total unrecognized compensation cost related to profits interests units outstanding as of June 30, 2022 was $4.8 million, comprised (i) $3.5 million related to time-based unit awards expected to be recognized over a weighted-average period of 1.8 years and (ii) $1.3 million related to performance-based unit awards, which will be recorded when it is probable that the performance-based criteria will be met.

2021 Omnibus Incentive Plan

In March 2021, the compensation committee of our Board of Directors approved the InnovAge Holding Corp. 2021 Omnibus Incentive Plan ("2021 Omnibus Incentive Plan"), pursuant to which various stock-based awards may be granted to employees, directors, consultants, and advisers. The total number of shares of the Company's common stock authorized under the 2021 Omnibus Incentive Plan is 14,700,000. The Company has issued time-based restricted stock units under

this plan to its employees which generally vest (i) on March 4, 2023, the second anniversary of the grant date, (ii) over a three-year period with one-third vesting on each anniversary of the date of grant, or (iii) at other dates. Certain other vesting periods have also been used. The grant date fair value of restricted stock units is based on the closing market price of our common stock on the date of grant. Certain awards under this plan vest upon achieving specific share price performance criteria and are determined to have performance-based vesting conditions.

Restricted Stock Units

A summary of time-based vesting restricted stock units activity for the year ended June 30, 2022, was as follows:

Restricted stock units - time based	**Number of awards**		**Weighted average grant-date fair value per share**
Outstanding balance, June 30, 2021	48,470	$	22.87
Forfeited	(17,990)	$	23.21
Vested	(18,517)	$	11.36
Granted	464,805	$	9.69
Outstanding balance, June 30, 2022	476,768	$	9.69

The total unrecognized compensation cost related to time-based restricted stock units outstanding as of June 30, 2022, was $3.0 million and is expected to be recognized over a weighted-average period of 1.9 years.

A summary of performance-based vesting restricted stock units activity for the year ended June 30, 2022, was as follows:

Restricted stock units - performance based	**Number of awards**		**Weighted average grant-date fair value per share**
Outstanding balance, June 30, 2021	—	$	—
Forfeited	—	$	—
Vested	—	$	—
Granted	258,767	$	5.18
Outstanding balance, June 30, 2022	258,767	$	5.18

The fair value of the performance-based restricted stock units and performance-based stock options granted during the year ended June 30, 2022, was based upon a Monte Carlo option pricing model using the assumptions in the following table:

		2022
Expected volatility		34.5 %
Expected term (in years)		5.0
Interest rate		1.56 %
Dividend yield		0 %
Weighted-average fair values	$	5.18
Fair value of underlying stock	$	7.89

The total unrecognized compensation cost related to performance-based vesting restricted stock units outstanding as of June 30, 2022, was $1.1 million and is expected to be recognized over a weighted-average period of 3.3 years.

Nonqualified Stock Options

A summary of time-based vesting stock option activity for the year ended June 30, 2022, was as follows:

Stock options - time based	Number of awards	Weighted average grant-date fair value per share
Outstanding balance, June 30, 2021	—	$ —
Granted	554,499	$ 1.61
Forfeited	—	$ —
Outstanding balance, June 30, 2022	554,499	$ 1.61

The total unrecognized compensation costs related to time-based vesting stock options outstanding as of June 30, 2022, was $0.6 million and is expected to be recognized over a weighted-average period of 2.5 years.

The fair value of the time-based stock options granted during the year ended June 30, 2022, was based upon the Black-Scholes option pricing model using the assumptions in the following table:

	2022
Expected volatility	34.5 %
Weighted-average expected life (years) - time vesting units	2.9
Interest rate	0.83 %
Dividend yield	0 %
Weighted-average fair values	$ 1.61
Fair value of underlying stock	$ 7.89

A summary of performance-based vesting stock option activity for the year ended June 30, 2022, was as follows:

Stock options - performance based	Number of awards	Weighted average grant-date fair value per share
Outstanding balance, June 30, 2021	—	$ —
Granted	776,299	$ 3.08
Forfeited	—	$ —
Outstanding balance, June 30, 2022	776,299	$ 3.08

The fair value of the performance-based stock options granted during the year ended June 30, 2022, was based upon a Monte Carlo option pricing model using the assumptions in the table above under the 'Restricted Stock Units' heading.

The total unrecognized compensation cost related to performance-based vesting stock options outstanding as of June 30, 2022, was $2.0 million and is expected to be recognized over a weighted-average period of 3.4 years.

Note 12: Income Taxes

The Company's effective income tax rate for the years ended June 30, 2022 and 2021 was (10.0%) and (27.9%), respectively, which differed from the amount computed by applying the applicable U.S. federal statutory corporate income tax rate of 21% in each period as a result of the following factors:

	Year ended June 30,	
	2022	2021
	in thousands	
Statutory rate	$ (1,520)	$ (7,343)
IRC Section 162(m) limitation (a)	506	12,526
Transaction costs (b)	—	2,770
Change in valuation allowance	2,738	1,500
Permanent adjustments	662	306
Prior year true-up and other	389	(227)
Income from entities not subject to taxation	302	66
State tax	(2,354)	173
Provision for income taxes	$ 723	$ 9,771

(a) Reflects the permanent addback for the Section 162(m) limitation, which limits the deduction of compensation for the five highest paid officers to $1,000,000.

(b) Amount relates to transaction costs incurred as a result of the July 27, 2020 transaction between us, Ignite Aggregator LP (an investment vehicle owned by certain funds advised by Apax Partners LLP) and our then existing equity holders entering into a Securities Purchase Agreement.

Provision for income taxes consisted of the following for the years ended June 30, 2022 and 2021:

	Year ended June 30,	
	2022	2021
	in thousands	
Current:		
Federal	$ (998)	$ 2,710
State	(339)	642
Total current tax expense	(1,337)	3,352
Deferred:		
Federal	1,408	5,342
State	652	1,077
Total deferred tax expense	2,060	6,419
Total provision for income taxes	$ 723	$ 9,771

The significant components of deferred tax assets and liabilities were as follows for the years ended June 30, 2022 and 2021:

	Year ended June 30,	
	2022	2021
	in thousands	
Deferred tax assets:		
Amortization	$ 686	$ 2,241
Federal net operating losses	3,083	—
State net operating losses	4,048	1,887
Transaction costs	—	1,092
Provision for uncollectible accounts	869	1,112
Accrued vacation	828	979
Reported and estimated claims	1,025	941
Stock-based compensation	185	428
Accrued bonuses	102	65
Interest Expense	496	—
Other	6	—
Total deferred tax assets	11,328	8,745
Valuation allowance	(4,050)	(1,887)
Deferred tax assets, net of valuation allowance	7,278	6,858
Deferred tax liabilities:		
Goodwill	(9,108)	(9,934)
Depreciation	(8,430)	(7,394)
Equity investment	(5,429)	(3,222)
Prepaid expenses	(2,072)	(2,008)
Total deferred tax liabilities	(25,039)	(22,558)
Net deferred tax liability	$ (17,761)	$ (15,700)

Carryforwards

The Company had state net operating loss carryforwards of $73.1 million and $30.9 million at June 30, 2022 and 2021, respectively, which will begin to expire in 2037 if not utilized. Included in this is a city net operating loss which will begin to expire in 2025 if not utilized. Additionally, the Company federal net operating loss carryforwards of $14.7 million and $0 as of June 30, 2022 and 2021, respectively.

Valuation Allowance

The Company has provided $4.1 million and $1.9 million at June 30, 2022 and June 30, 2021, respectively, as a valuation allowance against its deferred tax assets for state net operating losses and state 163(j) interest expense limitations where there is not sufficient positive evidence to substantiate that these deferred tax assets will be realized at a more-likely-than-not level of assurance.

Other

The Company had no uncertain tax positions at June 30, 2022 and 2021.

The Company files income tax returns as a consolidated group, excluding SH1 and InnovAge Sacramento, in the U.S. federal jurisdiction and various states and is subject to examination by taxing authorities in all of those jurisdictions. From time to time, the Company's tax returns are reviewed or audited by U.S. federal and various U.S. state-taxing authorities.

The Company believes that adjustments, if any, resulting from these reviews or audits would not be material, individually or in the aggregate, to the Company's consolidated financial position, results of operations, or liquidity. The Company is subject to income tax examinations by U.S. federal and state jurisdictions for the period ended June 30, 2019

and forward. The Company is subject to income tax examinations by California, Colorado and New Mexico state jurisdictions for the period ended June 30, 2018 and forward.

Note 13: Related Parties

PWD VIE. Pursuant to the PWD Amended and Restated Agreement of Limited Partnership, Continental Community Housing, the general partner of PWD and our wholly-owned subsidiary (the "General Partner"), helped fund operating deficits and shortfalls of PWD in the form of a loan (the "PWD Loan"). At each of June 30, 2022 and 2021, $0.7 million was recorded in Deposits and other. The PWD Loan does not accrue interest. Additionally, the General Partner is paid an administration fee of $35,000 per year.

Note 14: Segment Reporting

The Company applies ASC Topic 280, "Segment Reporting," which establishes requirements to report selected segment information quarterly and to report annually entity-wide disclosures about operations, major customers and the geographies in which the entity holds material assets and reports revenue. An operating segment is defined as a component that engages in business activities whose operating results are reviewed by the Company's chief executive officer, who is the chief operating decision maker ("CODM"), and for which discrete financial information is available. The Company has determined that it has five operating segments, three of which are related to the Company's PACE offering. The PACE-related operating segments are based on three geographic divisions, which are West, Central, and East. Due to the similar economic characteristics, nature of services, and customers, we have aggregated our West, Central, and East operating segments into one reportable segment for PACE. The Company's remaining two operating segments relate to Homecare and Senior Housing, which are immaterial operating segments, and are shown below as "Other" along with certain corporate unallocated expenses.

As of June 30, 2022, the Company served approximately 6,650 PACE participants, making it the largest PACE provider in the U.S. based upon participants served, and operated 18 PACE centers across Colorado, California, New Mexico, Pennsylvania and Virginia. PACE, an alternative to nursing homes, is a managed care, capitated program, which serves the frail elderly in a community-based service model. Participants receive all medical services through a comprehensive, consolidated model of care. Capitation payments are received from Medicare parts C and D; Medicaid; VA, and private pay sources. The Company is at risk for all health and allied care costs incurred with respect to the care of its participants, although it does negotiate discounted rates with its provider network consisting of hospitals, nursing homes, assisted living facilities, and medical specialists. Additionally, under the Medicare Prescription Drug Plan, the CMS share part of the risk for providing prescription medication to the Company's participants.

The Company evaluates performance and allocates capital resources to each segment based on an operating model that is designed to maximize the quality of care provided and profitability. The Company does not review assets by segment and therefore assets by segment are not disclosed below. For the periods presented, all of the Company's long-lived assets were located in the U.S. and all revenue was earned in the U.S.

The Company's management uses Center-level Contribution Margin as the measure for assessing performance of its segments. Center-level Contribution Margin is defined as total segment revenues less external provider costs and cost of care (excluding depreciation and amortization). The Company allocates corporate level expenses to its segments with a majority of the allocation going to the PACE segment.

The following table summarizes the operating results regularly provided to the CODM by reportable segment for the twelve months ended:

in thousands	June 30, 2022			June 30, 2021		
	PACE	All other[(1)]	Totals	PACE	All other[(1)]	Totals
Capitation revenue	$ 696,998	$ —	$ 696,998	$ 635,322	$ —	$ 635,322
Other service revenue	403	1,239	1,642	294	2,184	2,478
Total revenues	697,401	1,239	698,640	635,616	2,184	637,800
External provider costs	383,046	—	383,046	309,317	—	309,317
Cost of care, excluding depreciation and amortization	178,904	1,318	180,222	151,412	2,991	154,403
Center-Level Contribution Margin	135,451	(79)	135,372	174,887	(807)	174,080
Overhead costs[(2)]	125,948	(94)	125,854	154,607	(38)	154,569
Depreciation and amortization	13,491	433	13,924	11,951	343	12,294
Equity loss	—	—	—	1,343	—	1,343
Other operating (income) expense	—	—	—	18,211	—	18,211
Interest expense, net	2,335	191	2,526	16,595	192	16,787
Loss on extinguishment of debt	—	—	—	14,479	—	14,479
Gain on equity method investment	—	—	—	(10,871)	—	(10,871)
Other expense (income)	305	—	305	2,237	—	2,237
Income (Loss) Before Income Taxes	$ (6,628)	$ (609)	$ (7,237)	$ (33,665)	$ (1,304)	$ (34,969)

(1) Center-level Contribution Margin from segments below the quantitative thresholds are attributable to two operating segments of the Company. Those segments consist of Homecare and Senior Housing. Neither of those segments has ever met any of the quantitative thresholds for determining reportable segments.

(2) Overhead consists of the Sales and marketing and Corporate, general and administrative financial statement line items.

Note 15: Earnings per Share

Basic earnings (loss) per share ("EPS") is computed using the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted-average number of common shares outstanding during the period, plus the dilutive effect of outstanding options, using the treasury stock method and the average market price of the Company's common stock during the applicable period. When a loss from continuing operations exists, all dilutive securities and potentially dilutive securities are anti-dilutive and are therefore excluded from the computation of diluted earnings per share. When net income from continuing operations exists, performance-based units, are omitted from the calculation of diluted EPS until it is determined that the performance criteria has been met at the end of the reporting period. As of June 30, 2022, there were 1,035,066 performance-based awards excluded from the calculation of diluted EPS. There were no performance-based awards excluded from diluted EPS at June 30, 2021.

The following table sets forth the computation of basic and diluted net loss per common share:

in thousands, except share values	Year ended June 30,	
	2022	2021
Net income (loss) attributable to InnovAge Holding Corp.	$ (6,521)	$ (43,986)
Weighted average common shares outstanding (basic)	135,519,970	123,618,702
EPS (basic)	**$ (0.05)**	**$ (0.36)**
Dilutive shares	—	—
Weighted average common shares outstanding (diluted)	135,519,970	123,618,702
EPS (diluted)	**$ (0.05)**	**$ (0.36)**

Note 16: Subsequent Event

The Company has evaluated subsequent events through September 13, 2022, the date on which the condensed consolidated financial statements were issued.

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

None.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures (as 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. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures were effective as of June 30, 2022.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. In order to evaluate the effectiveness of internal control over financial reporting, management has conducted an assessment, including testing, using the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in *Internal Control — Integrated Framework (2013 Framework)*. The Company's internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act, is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. 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.

Based on our assessment under the criteria established in *Internal Control — Integrated Framework (2013 Framework)* issued by the COSO, management has concluded that the Company maintained effective internal control over financial reporting as of June 30, 2022.

This Form 10-K does not include an attestation report on internal controls over financial reporting of the Company's registered public accounting. Additionally, our auditors will not be required to formally opine on the effectiveness of our internal control over financial reporting pursuant to Section 404 until we are no longer an "emerging growth company" as defined in the JOBS Act.

Changes to our Internal Control over Financial Reporting

There were no material changes in our internal control over financial reporting during the quarter ended June 30, 2022 that has materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitation on the Effectiveness of Internal Control

The effectiveness of any system of internal control over financial reporting, including ours, is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, in designing and evaluating the disclosure controls and procedures, management recognizes that any system of internal control over financial reporting, including ours, no matter how well designed and operated, can only provide reasonable, not absolute assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. Moreover, 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. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business but cannot assure you that such improvements will be sufficient to provide us with effective internal control over financial reporting.

Item 9B. OTHER INFORMATION

Not applicable

Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item, other than the information regarding the code of ethics and business conduct set forth below, will be set forth in the Proxy Statement relating to our upcoming Annual Meeting of Shareholders (the "Proxy Statement"), which is expected to be filed with the Securities and Exchange Commission (the "SEC") within 120 days of the fiscal year ended June 30, 2022, and is incorporated in this Annual Report by reference.

Code of Ethics

We have adopted a written Code of Ethics that applies to our directors, executive officers and employees, including our Chief Executive Officer, Chief Financial Officer and officers responsible for financial reporting. A current copy of the code is publicly available under "Governance" on the Investor Relations section of our website, www.investor.innovage.com. Any substantive amendments to or waivers from the Code of Ethics (to the extent applicable to our Chief Executive Officer, Chief Financial Officer or officers responsible for financial reporting) will be disclosed on this page of the Company's website.

Item 11. EXECUTIVE COMPENSATION

The information required by this item will be set forth in the Proxy Statement, which is expected to be filed with the SEC no later than 120 days after the end of our fiscal year ended June 30, 2022, and is incorporated in this Annual Report by reference.

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

The information required by this item will be set forth in the Proxy Statement, which is expected to be filed with the SEC no later than 120 days after the end of our fiscal year ended June 30, 2022, and is incorporated in this Annual Report by reference.

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

The information required by this item will be set forth in the Proxy Statement, which is expected to be filed with the SEC no later than 120 days after the end of our fiscal year ended June 30, 2022, and is incorporated in this Annual Report by reference.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item will be set forth in the Proxy Statement, which is expected to be filed with the SEC no later than 120 days after the end of our fiscal year ended June 30, 2022, and is incorporated in this Annual Report by reference.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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

(a) (1) FINANCIAL STATEMENTS

The financial statements required under this Item begin on page 79 of this Annual Report on Form 10-K.

(a) (2) FINANCIAL STATEMENT SCHEDULES

All schedules are omitted because the required information is either inapplicable or presented within the consolidated financial statements or related notes.

(a) (3) EXHIBITS

Exhibit Index

Exhibits not filed herewith are incorporated by reference to exhibits previously filed with the SEC, as reflected in the table below.

Exhibit No.	Description
3.1	Second Amended and Restated Certificate of Incorporation of InnovAge Holding Corp., filed March 3, 2021 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on March 8, 2021).
3.2	Amended and Restated Bylaws of InnovAge Holding Corp., effective March 3, 2021 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on March 8, 2021).
4.1	Description of Securities (incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K filed with the SEC on September 22, 2021).
4.2	Registration Rights Agreement, dated as of March 8, 2021, by and among the Company and the other signatories party thereto (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on March 8, 2021).
10.1	Director Nomination Agreement, dated as of March 8, 2021, by and among the Company and the other signatories party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 8, 2021).
10.2	Credit Agreement, dated as of March 8, 2021, by and among Total Community Options, Inc., the Borrower, JPMorgan Chase Bank, N.A., as administrative agent, and the other parties thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 12, 2021).
10.3	Form of Director and Officer Indemnification Agreement between the Company and each of its directors and executive officers (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-1 filed with the SEC on February 8, 2021).

10.4+	Employment Agreement, effective as of December 1, 2021, by and between InnovAge Holding Corp. and Patrick Blair (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on November 12, 2021).
10.5+	Employment Agreement, dated as of April 13, 2017, by and between Barbara Gutierrez and Total Community Options, Inc. (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1 filed with the SEC on February 8, 2021).
10.6+*	Employment Agreement, dated as of November 30, 2021, by and between Nicole D'Amato and Total Community Options, Inc.
10.7+*	Employment Agreement, dated as of February 19, 2018, by and between Maria Lozzano and InnovAge Holding Corp.
10.8+*	First Amendment to Employment Agreement, dated as of May 22, 2020, by and between Maria Lozzano and Total Community Options, Inc.
10.9+*	Employment Agreement, dated as of August 15, 2022, by and between Richard Feifer and Total Community Options, Inc.
10.10+	Separation Letter, dated as of January 1, 2022, by and between InnovAge Holding Corp. and Maureen Hewitt (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K file with the SEC on January 3, 2022).
10.11+	InnovAge Holding Corp. 2021 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-8 filed with the SEC on March 5, 2021).
10.12+	TCO Group Holdings, Inc. 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-1 filed with the SEC on February 8, 2021).
10.13+	Form of Stock Option Grant Notice and Agreement (incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-1/A filed with the SEC on February 24, 2021).
10.14+	Form of Restricted Stock Unit Grant Notice and Agreement (incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-1/A filed with the SEC on February 24, 2021).
21*	Subsidiaries of InnovAge Holding Corp.
23*	Consent of Deloitte & Touche LLP
24*	Powers of Attorney (included on signature page)
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1†	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2†	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)

101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

+ Management contract or compensatory plan or arrangement
* Filed herewith
† Furnished (and not filed) herewith pursuant to Item 601(b)(32)(ii) of the SEC’s Regulation S-K

Item 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized**.**

Date: September 13, 2022

INNOVAGE HOLDING CORP.
By: /s/ Barbara Gutierrez
Name: Barbara Gutierrez
Title: Chief Financial Officer

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Patrick Blair, Barbara Gutierrez and Nicole D'Amato, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with any and all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated as of September 13, 2022.

Signature	Title
/s/ Patrick Blair Patrick Blair	President and Chief Executive Officer (principal executive officer)
/s/ Barbara Gutierrez Barbara Gutierrez	Chief Financial Officer (principal financial officer and principal accounting officer)
/s/ John Ellis Bush John Ellis Bush	Director
/s/ James Carlson James Carlson	Director, Chairman of the Board
/s/ Andrew Cavanna Andrew Cavanna	Director
/s/ Caroline Dechert Caroline Dechert	Director
/s/ Edward Kennedy, Jr. Edward Kennedy, Jr.	Director

Table of Contents

/s/ Pavithra Mahesh Pavithra Mahesh	Director
/s/ Thomas Scully Thomas Scully	Director
/s/ Marilyn Tavenner Marilyn Tavenner	Director
/s/ Sean Traynor Sean Traynor	Director
/s/ Richard Zoretic Richard Zoretic	Director

Exhibit 10.6

Final

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of this 30th day of November, 2021 and effective as of July 2, 2021 (the "Effective Date"), by and between Total Community Options, Inc., d/b/a InnovAge, a Colorado corporation (the "Company"), and Nicole D'Amato (the "Executive").

RECITALS

The Company desires to offer to the Executive employment on the terms and conditions set forth in this Agreement. In consideration of the foregoing premises and the mutual promises, terms, provisions and conditions set forth in this Agreement, the parties hereby agree:

1. Employment. The Executive's employment shall be subject to the terms and conditions set forth in this Agreement.

2. Term. This Agreement will continue in effect from the Effective Date until terminated in accordance with Section 5 hereof. The term of this Agreement is hereafter referred to as "the term of this Agreement" or "the term hereof".

3. Capacity and Performance.

(a) During the term hereof, the Executive shall be employed by the Company on a full-time basis and shall serve the Company as its Chief Legal Officer & Corporate Secretary. In such capacity, the Executive shall report to the Chief Executive Officer of the Company (the "Chief Executive Officer"), and the Executive shall have such duties as are consistent with the Executive's position and as may from time to time be assigned to the Executive by the Chief Executive Officer or the Board of Directors of the Company (the "Board").

(b) During the term hereof, the Executive shall devote substantially all of the Executive's full business time and the Executive's best efforts, business judgment, skill and knowledge to the advancement of the business and interests of the Company and its Affiliates (as defined below) and to the discharge of the Executive's duties and responsibilities hereunder. The Executive shall not engage in any other business activity or serve in any industry, trade, professional, governmental or academic position during the term of this Agreement, except as may be expressly approved in advance by the Chief Executive Officer in writing, which approval shall not be unreasonably withheld; provided, however, that the Executive may without advance consent participate in legal associations, charitable activities and passive personal investment activities, provided that such activities do not, individually or in the aggregate, interfere with the performance of the Executive's duties under this Agreement, are not in conflict with the business interests of the Company or any of its Affiliates and do not violate Sections 7, 8 or 9 of this Agreement.

(c) During the term hereof, the Executive shall comply with all of the Company's written policies, practices and codes of conduct applicable to the Executive's position, as in effect from time to time.

4. Compensation and Benefits. As compensation for all services performed by the Executive hereunder during the term hereof, and subject to performance of the Executive's

duties and responsibilities to the Company and its Affiliates, pursuant to this Agreement or otherwise, the Company shall pay certain compensation and provide certain benefits to the Executive, as follows:

(a) Base Salary. During the term of this Agreement, the Company will pay the Executive an annual base salary commensurate with the Executive's performance and experience within the compensation philosophy established by the Company; the Executive's initial annual base salary rate will be $400,000. The Executive will be paid the Executive's annual base salary in accordance with the normal payroll practices of the Company as in effect from time to time (but no less frequently than monthly); the Executive's annual base salary, as from time to time adjusted, is hereafter referred to as the "Base Salary". The Chief Executive Officer, following consultation with the Board, shall review the Base Salary each year for increase, but shall not decrease the Base Salary.

(b) Annual Bonus Compensation. For each fiscal year of the Company occurring during the term hereof, beginning with the 2022 fiscal year, the Executive shall be eligible, but not entitled, to receive a discretionary annual bonus (the "Annual Bonus"), targeted at fifty percent (50%) of the Executive's Base Salary (the "Target Bonus"). The actual amount of the Annual Bonus due for a given fiscal year, if any, will be determined by the Chief Executive Officer, in consultation with the Board, acting in good faith and based on the achievement of pre- established performance criteria. The performance criteria shall be established by the Board in consultation with the Chief Executive Officer no later than the sixtieth (60th) day of the fiscal year. Any Annual Bonus earned for a fiscal year shall be paid within thirty (30) days after the Board has received, reviewed and approved the applicable fiscal year's final audited statements, and in any event no later than December 31st of the calendar year in which such fiscal year ends. In order to receive the Annual Bonus for any fiscal year, the Executive must be employed by the Company through the last day of the fiscal year to which performance relates.

(c) Incentive Equity Grants under the 2021 Omnibus Incentive Plan. Subject to the approval of the Board, the Company will grant the Executive on the Effective Date (i) an award of 12,440 restricted stock units ("RSUs"), which will vest in equal one-third (1/3) installments on each of the first three (3) anniversaries of the Effective Date, and (ii) an award of 12,440 RSUs, which will fully vest on the second anniversary of the Effective Date, in each case, subject to the Executive's continued employment with the Company on each applicable vesting date (which for the sake of clarity corresponds with the Effective Date). The RSU awards will each be subject to an RSU agreement, substantially in the form attached as Exhibit A hereto, the InnovAge Holding Corp. 2021 Omnibus Incentive Plan (as the same may be amended from time to time) and any other restrictions and limitations generally applicable to the equity of the Company or otherwise imposed by law.

(d) One-Time Sign On Bonus. The Executive will be eligible for a one- time cash payment in the amount of $80,000, subject to all applicable taxes and withholding and payable within thirty (30) days of the Effective Date, provided that the Executive is still employed with the Company on the payment date.

(e) Paid Time Off. During the term hereof, the Executive shall be entitled to earn four (4) weeks (*i.e.*, twenty (20) days) of paid time off ("PTO") per annum (in

addition to Company holidays), to be taken at such times and intervals as shall be determined by the Executive, subject to the reasonable business needs of the Company. PTO shall otherwise be governed by the policies of the Company, as in effect from time to time.

(f) Employee Benefit Plans. During the term hereof and subject to any contribution therefore generally required of similarly-situated employees of the Company, the Executive shall be entitled to participate in any and all employee benefit plans from time to time in effect for employees of the Company generally (the "Employee Benefit Plans"), except to the extent any Employee Benefit Plan provides for benefits otherwise provided to the Executive hereunder (e.g., a severance pay plan). Such participation shall be subject to (i) the terms of the applicable Employee Benefit Plan documents, (ii) generally applicable Company policies and (iii) the discretion of the Company or any administrative or other committee provided for under, or contemplated by, such Employee Benefit Plan.

(g) Business Expenses. The Company shall pay or reimburse the Executive for reasonable, customary and necessary business expenses, including those expenses associated with a remote work location, incurred or paid by the Executive in the performance of the Executive's duties and responsibilities hereunder, subject to such reasonable substantiation and documentation and to travel and other policies as may be required by the Company from time to time. Company acknowledges that Executive is licensed to practice law in the State of New York and that New York Judiciary Law Section 470 requires lawyers admitted to practice in New York, but residing in other states, to maintain a brick-and-mortar law office in New York State. Company agrees to pay all business expenses associated with such brick-and-mortar law office for Executive.

(h) Remote Work Location. The duties to be performed by the Executive hereunder shall be performed remotely in Connecticut at the Executive's place of residence or in a Company paid office in New York. Relocation shall not be required and continued employment with Company shall not be contingent on relocation.

5. Termination of Employment and Severance Benefits. The Executive's

employment hereunder shall terminate under the following circumstances:

(a) Death. In the event of the Executive's death during the term hereof, the date of death shall be the date of termination, and the Company shall pay or provide to the Executive's designated beneficiary or, if no beneficiary has been designated by the Executive in a notice received by the Company, to the Executive's estate: (i) any Base Salary earned but not paid through the date of termination, (ii) pay in lieu of any PTO accrued but not used as of the date of termination, (iii) any business expenses incurred by the Executive but unreimbursed as of the date of termination, provided, that, such expenses and required substantiation and documentation are submitted no later than one hundred twenty (120) days following the date of termination, that such expenses are reimbursable under Company policy and that any such expenses subject to Section 5(g)(v) shall be paid not later than the deadline specified therein, and (iv) any Annual Bonus earned but unpaid in respect of the fiscal year completed immediately prior to the date of termination (the "Prior Year Bonus," and all of the foregoing, payable subject to the timing limitations described herein, "Final Compensation"). In the event of such termination, the Company shall have no further obligation or liability to the Executive under this Agreement, other than for payment of any Final Compensation due to the Executive. Other than business expenses

described in Section 5(a)(iii), Final Compensation shall be paid to the Executive's designated beneficiary or estate at the time prescribed by applicable law and in all events within thirty (30) days following the date of death.

(b) Disability.

(i) The Company may terminate the Executive's employment hereunder, upon notice to the Executive, in the event that the Executive becomes disabled during the Executive's employment hereunder through any illness, injury, accident or condition of either a physical or psychological nature and, as a result, is unable to perform substantially all of the Executive's duties and responsibilities hereunder (notwithstanding the provision of any reasonable accommodation exclusive of the leave of absence provided hereunder) for one hundred (100) consecutive days, or one hundred and eighty (180) non-consecutive days, during any period of three hundred and sixty-five (365) consecutive calendar days ("Disability"). In the event of such termination, the Company shall have no further obligation or liability to the Executive under this Agreement, other than for payment of any Final Compensation due to the Executive. Other than business expenses described in Section 5(a)(iii), Final Compensation shall be paid to the Executive at the time prescribed by applicable law and in all events within thirty (30) days following the date of termination of employment.

(ii) The Chief Executive Officer may designate another employee to act in the Executive's place during any period of the Executive's Disability. Notwithstanding any such designation, the Executive shall continue to receive the Base Salary in accordance with Section 4(a) and to participate in Employee Benefit Plans in accordance with Section 4(f), to the extent permitted by the then-current terms of the applicable Employee Benefit Plans, until the Executive becomes eligible for disability income benefits under the Company's disability income plan, if any, or until the termination of the Executive's employment, whichever shall first occur. If the Executive receives any disability income payments under the Company's disability income plan, the Base Salary under Section 4(a) shall be reduced by the amount of such disability income. The Executive shall continue to participate in the Employee Benefit Plans in accordance with Section 4(f) and to the extent permitted by and subject to the then-current terms of such Employee Benefit Plans, until the termination of the Executive's employment hereunder.

(iii) If any question shall arise as to whether the Executive is disabled through any illness, injury, accident or condition of either a physical or psychological nature so as to be unable to perform substantially all of the Executive's duties and responsibilities hereunder, the Executive may, and at the reasonable request of the Company shall, submit to a medical examination by a physician mutually agreed to by the Company and the Executive (or the Executive's duly appointed guardian, if any), and such determination for the purposes of this Agreement shall be conclusive. If such question shall arise and the Executive shall fail to submit to such medical examination, the Company's determination of the issue shall be binding on the Executive.

(c) By the Company for Cause. The Company may terminate the Executive's employment hereunder for Cause at any time upon delivery of written notice to the Executive. The following, as determined in the Company's reasonable discretion, shall constitute Cause for termination:

(i) The Executive's failure to perform the Executive's duties and responsibilities to the Company or any of its Affiliates that are consistent with Executive's title and authorities;

(ii) The Executive's material breach of any of the provisions of this Agreement or any other written agreement between the Executive and the Company or any of its Affiliates, resulting in material harm to the Company or any of its Affiliates; or

(iii) The Executive's material breach of any fiduciary duty that the Executive has to the Company or any of its Affiliates;

(iv) The Executive's gross negligence, intentional misconduct or unethical or improper behavior by the Executive resulting in material harm to the business, interests or reputation of the Company or any of its Affiliates;

(v) The Executive's intentional or willful failure to comply with applicable PACE, Medicare or Medicaid rules or regulations;

(vi) The Executive's failure to comply with the Company's Code of Conduct or Corporate Compliance Program; involving moral turpitude; or

(vii) The Executive's commission of a felony or any other crime

(viii) The Executive's commission of conduct involving fraud, embezzlement, sexual harassment, material misappropriation of property or other substantial misconduct with respect to the Company or any of its Affiliates.

Any termination of the Executive's employment for bases set forth in clauses (i) - (iii) and (vi) shall not constitute a termination for Cause unless the Company shall have provided written notice to the Executive no later than fifteen (15) days after the Board first obtained actual knowledge of the Executive's act or omission constituting Cause, setting forth in reasonable detail such acts or omissions, and the Executive shall have failed to cure (to the extent capable of cure) such acts or omissions within fifteen (15) days following receipt of written notice. In the event of a termination of the Executive's employment hereunder for Cause, the Company shall have no further obligation or liability to the Executive under this Agreement, other than for any Final Compensation (excluding the Prior Year Bonus) due to the Executive. Other than business expenses described in Section 5(a)(iii), Final Compensation shall be paid to the Executive at the time prescribed by applicable law and in all events within thirty (30) days following the date of termination of employment.

(d) By the Company Other Than for Cause. The Company may terminate the Executive's employment hereunder other than for Cause at any time upon thirty (30) days' prior written notice to the Executive. If the Company terminates the Executive's employment other than for Cause after the Effective Date, then in addition to any Final Compensation due to the Executive, the Company will (i) pay to the Executive severance pay, at the same rate as the Base Salary, for a period of twelve (12) months following the date of termination of the Executive's employment, (ii) pay to the Executive an amount equal to the Executive's Target

Bonus (clauses (i) and (ii), collectively, the "Severance Payments") and (iii) continue to pay, on the Executive's behalf, the premiums required to be paid for the Executive's continued participation in the Company's health care benefit plan, including existing spousal or family health care coverage, if selected, for a period of twelve (12) months following termination, unless the Executive becomes employed by another company and eligible for coverage under such company's group health care plans, and in such instance, future payment for the health insurance premiums will cease (the "Healthcare Payments" and, collectively with the Severance Payments, the "Severance Benefits"). Other than business expenses described in Section 5(a)(iii), Final Compensation shall be paid to the Executive at the time prescribed by applicable law and in all events within thirty (30) days following the date of termination of employment. Any obligation of the Company to provide the Severance Benefits is conditioned, however, on the Executive signing and returning to the Company (without revoking) a timely and effective general release of claims in substantially the form attached hereto as Exhibit B (the "Release of Claims"), all of which (including the lapse of the period for revoking the Release of Claims as specified in the Release of Claims) shall have occurred no later than the sixtieth (60th) day following the date of termination, and on the Executive's continued compliance with the obligations of the Executive to the Company and its Affiliates that survive termination of the Executive's employment, including, without limitation, under Sections 7, 8 and 9 of this Agreement. Subject to Section 5(g) below, (A) the Severance Payments to which the Executive is entitled hereunder shall be payable in accordance with the normal payroll practices of the Company, and (B) the Healthcare Payments shall be paid monthly, and in both cases of (A) and (B), with the first payment, which shall be retroactive to the day immediately following the date on which the Executive's employment terminated, being due and payable on the Company's next regular payday for executives that follows the expiration of sixty (60) calendar days from the date on which the Executive's employment terminates. Notwithstanding the foregoing, in the event the Healthcare Payments would, in the determination of the Board or its delegate, subject the Executive, the Company or any of its Affiliates to any tax or penalty under the Patient Protection and Affordable Care Act (as amended from time to time, the "ACA") or Section 105(h) of the Internal Revenue Code of 1986, as amended ("Section 105(h)"), or applicable regulations or guidance issued under the ACA or Section 105(h), the Healthcare Payments shall be treated as taxable payments and be subject to imputed income tax treatment to the extent necessary to eliminate any such adverse consequences under the ACA or Section 105(h).

(e) By the Executive for Good Reason. The Executive may terminate the Executive's employment hereunder for Good Reason by providing (1) written notice to the Company, specifying in reasonable detail the condition giving rise to the Good Reason, no later than the thirtieth (30th) day following the first occurrence of that condition, and (2) the Company a period of thirty (30) days in which to remedy the condition in all material respects. The Executive's termination of employment for Good Reason will be effective on the thirty-first (31st) calendar day following the expiration of the Company's period to remedy, if the Company has failed to remedy the condition in all material respects. The following, if occurring without the Executive's written consent, shall constitute "Good Reason" for termination by the Executive:

(i) a material reduction in the Executive's Base Salary (unless such reduction affects all similarly situated employees of the Company on a proportionate basis);

(ii) a requirement that the Executive relocate more than fifty (50) miles from the location where the Executive is providing services. For the sake of clarity, a relocation shall not include: (A) the Executive's reasonable and necessary business travel in the course of performing the Executive's duties for the Company or any of its Affiliates, or (B) the Executive working remotely in another location for any given period of time provided, that, the Executive otherwise remains available during business hours and fulfills all of the Executive's duties and obligations hereunder;

(iii) a material diminution in the nature or scope of the Executive's duties, authority and/or responsibilities; or

(iv) a material breach by the Company of (A) any of the terms of this Agreement or (B) any other material written agreement between the Company and the Executive.

In the event of termination of the Executive's employment in accordance with this Section 5(e), the Executive will be entitled to all amounts the Executive would have been entitled to receive had the Executive's employment been terminated by the Company other than for Cause pursuant to Section 5(d) above, provided, that, the Executive signs and returns (without revoking) a timely and effective Release of Claims as set forth in Section 5(d).

(f) By the Executive without Good Reason. The Executive may terminate the Executive's employment hereunder without Good Reason at any time upon sixty (60) days' prior written notice to the Company. In the event of termination of the Executive's employment in accordance with this Section 5(f), the Chief Executive Officer may elect to waive the period of notice, or any portion thereof, and, if the Chief Executive Officer so elects, the Company will pay the Executive the Base Salary for the period so waived. The Company shall also pay the Executive any Final Compensation due to the Executive (other than business expenses described in Section 5(a)(iii)) at the time prescribed by applicable law and in all events within thirty (30) days following the date of the termination of employment.

(g) Timing of Payments and Section 409A.

(i) Notwithstanding anything to the contrary in this Agreement, if, at the time of the Executive's termination of employment, the Executive is a "specified employee," as defined below, any and all amounts payable under this Section 5 on account of such separation from service that constitute deferred compensation, and would (but for this provision) be payable within six (6) months following the date of termination, shall instead be paid on the next business day following the expiration of such six (6)-month period or, if earlier, upon the Executive's death; except (A) with respect to any amounts that do not constitute a deferral of compensation within the meaning of Treasury Regulation Section 1.409A-1(b) (including, without limitation, by reason of the safe harbor set forth in Section 1.409A-1(b)(9)(iii), as determined by the Company in its reasonable good faith discretion); (B) benefits that qualify as excepted welfare benefits pursuant to Treasury Regulation Section 1.409A-1(a)(5); and (C) other amounts or benefits that are not subject to the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A").

(ii) This Agreement is intended to either comply with, or be exempt from, Section 409A, and this Agreement shall be construed and administered in accordance with such intent.

(iii) For purposes of this Agreement and solely to the extent that Section 409A applies to compensation or a benefit, all references to "termination of employment" and correlative phrases shall be construed to require a "separation from service" (as defined in Section 1.409A-1(h) of the Treasury Regulations, after giving effect to the presumptions contained therein), and the term "specified employee" means an individual determined by the Company to be a specified employee under Treasury Regulation Section 1.409A-1(i).

(iv) Each payment made under this Agreement shall be treated as a separate payment, and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments.

(v) Any payment of, or reimbursement for, expenses that would constitute nonqualified deferred compensation subject to Section 409A shall be subject to the following additional rules: (A) no reimbursement or payment of any such expense shall affect the Executive's right to reimbursement or payment of any such expense in any other calendar year; (B) reimbursement or payment of the expense shall be made, if at all, promptly, but not later than the end of the calendar year following the calendar year in which the expense was incurred; and (C) the right to reimbursement or payment shall not be subject to liquidation or exchange for any other benefit.

(vi) In the event of any change in the payroll schedule of the Company, each installment or payment to be made under this Agreement shall be made (according to such new payroll schedule) within thirty (30) days of the payroll date that would apply pursuant to the payroll schedule in effect on the Effective Date to the extent necessary to avoid a violation of applicable requirements under Section 409A.

(vii) In the event the Company or the Executive determines that any compensation or benefit payable hereunder may violate applicable requirements of Section 409A, the Company and the Executive shall cooperate in good faith to amend this Agreement or take any other actions as are necessary or appropriate for such compensation or benefit to either (A) be exempt from the requirements of Section 409A or (B) comply with the applicable requirements of Section 409A; provided, that, no such amendment will be made to the extent it would result in an increased cost to the Company.

(viii) In no event shall the Company have any liability relating to the failure or alleged failure of any payment or benefit under this Agreement to comply with, or be exempt from, the requirements of Section 409A.

(h) Exclusive Right to Severance. The Executive agrees that the Severance Benefits to be provided to the Executive in accordance with the terms and conditions set forth in this Agreement are intended to be exclusive. The Executive hereby knowingly and voluntarily waives any right the Executive might otherwise have to participate in or receive payments or benefits under any other plan, program or policy of the Company providing for

severance or termination pay or other termination benefits (other than any benefits payable pursuant to a long-term disability or other similar insurance program, which shall be governed by the terms and provisions of the applicable plan or program).

6. Effect of Termination. The provisions of this Section 6 shall apply to any termination of the Executive's employment under this Agreement, whether pursuant to Section 5 or otherwise.

(a) Provision by the Company of Final Compensation and Severance Benefits, if any, that are due to the Executive, in each case, under the applicable termination provisions of Section 5, shall constitute the entire obligation of the Company to the Executive under this Agreement.

(b) Except for any right of the Executive to continue group health plan participation in accordance with applicable law, the Executive's participation in all Employee Benefit Plans shall terminate pursuant to the terms of the applicable Employee Benefit Plan documents based on the date of termination of the Executive's employment, without regard to any Base Salary for notice waived pursuant to Section 5(e) hereof or to any Severance Benefits or other payment made to or on behalf of the Executive following such termination date.

(c) Provisions of this Agreement shall survive any termination of the Executive's employment if so provided herein or if necessary or desirable fully to accomplish the purposes of other surviving provisions, including, without limitation, the obligations of the Executive under Sections 7, 8 and 9 hereof. The obligation of the Company to provide Severance Benefits hereunder, and the Executive's right to retain such payments, is expressly conditioned on the Executive's continued performance in accordance with Sections 7, 8 and 9 hereof.

7. Confidential Information.

(a) The Executive acknowledges that the Company and its Affiliates continually develop Confidential Information, that the Executive will develop Confidential Information for the Company or its Affiliates and that the Executive will learn of Confidential Information during the course of the Executive's employment. The Executive agrees that all Confidential Information which the Executive creates or to which the Executive has access as a result of the Executive's employment or other associations with the Company or any of its Affiliates since the Effective Date is and shall remain the sole and exclusive property of the Company or its Affiliate, as applicable. The Executive shall comply with the policies and procedures of the Company and its Affiliates for protecting Confidential Information and shall never disclose to any Person (except as required by applicable law or for the proper performance of the Executive's duties and responsibilities to the Company and its Affiliates), or use for the Executive's own benefit or gain or the benefit or gain of any other Person, any Confidential Information obtained by the Executive incident to the Executive's employment or any other association with the Company or any of its Affiliates. The Executive understands that this restriction shall continue to apply after the Executive's employment terminates, regardless of the reason for such termination. Further, the Executive agrees to furnish prompt notice to the Company, to the extent permitted by applicable law, of any required disclosure of Confidential Information sought pursuant to subpoena, court order or any other legal process or requirement,

and agrees to provide the Company a reasonable opportunity to seek protection of the Confidential Information prior to any such disclosure. The confidentiality obligation under this Section 7 shall not apply to information that has become generally known through no wrongful act on the part of the Executive or any other Person having an obligation of confidentiality to the Company or any of its Affiliates. For the avoidance of doubt, the Executive acknowledges that nothing contained herein limits, restricts or in any other way affects the Executive's communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to the governmental agency or entity.

(b) All documents, records, tapes and other media of every kind and description relating to the business, present or otherwise, of the Company or any of its Affiliates and any copies or derivatives (including, without limitation, electronic), in whole or in part, thereof (the "Documents"), whether or not prepared by the Executive, shall be the sole and exclusive property of the Company and its Affiliates. Except as necessary for the proper performance of the Executive's regular duties for the Company or as expressly authorized in writing in advance by the Company or its expressly authorized designee, the Executive will not copy any Documents or remove any Documents or copies or derivatives thereof from the premises of the Company. The Executive shall safeguard all Documents and shall surrender to the Company, at the time the Executive's employment terminates, or at such earlier time or times as the Company or its designee may specify, all Documents and other property of the Company or any of its Affiliates and all documents, records and files of the customers and other Persons with whom the Company or any of its Affiliates does business (collectively, "Third Party Documents" and each individually, a "Third Party Document") then in the Executive's possession or control and not accessible by the Company; provided, however, that if a Document or Third-Party Document is on electronic media, the Executive may, in lieu of surrendering the Document or Third-Party Document, provide a copy to the Company on electronic media and delete and overwrite all other electronic media copies thereof. The Executive also agrees that, upon request of any duly authorized officer of the Company, the Executive shall disclose all passwords and passcodes necessary or desirable to enable the Company or any of its Affiliates or the Persons with whom the Company or any of its Affiliates do business to obtain access to the Documents and Third-Party Documents. Notwithstanding anything to the contrary in the foregoing, the Executive may retain the Executive's personnel and compensation information following the termination of the Executive's employment, subject to the confidentiality obligations hereunder.

(c) 18 U.S.C. § 1833(b) provides: "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—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) 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." Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b). Accordingly, the parties to this Agreement have the right to disclose in confidence trade secrets to federal, state and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. The parties also have the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure.

8. Assignment of Rights to Intellectual Property. The Executive shall promptly and fully disclose all Intellectual Property to the Company. The Executive hereby assigns and agrees to assign to the Company (or as otherwise directed by the Company) the Executive's full right, title and interest in and to all Intellectual Property. The Executive agrees to execute any and all applications for domestic and foreign patents, copyrights or other proprietary rights and to do such other acts (including, without limitation, the execution and delivery of instruments of further assurance or confirmation) requested by the Company to assign the Intellectual Property to the Company (or as otherwise directed by the Company) and to permit the Company to enforce any patents, copyrights or other proprietary rights to the Intellectual Property. The Executive will not charge the Company for time spent in complying with these obligations but shall be reimbursed for reasonable expenses incurred in connection therewith, subject to the Company's expense reimbursement policies as in effect from time to time. All copyrightable works that the Executive creates shall be considered "work made for hire" and shall, upon creation, be owned exclusively by the Company.

9. Restricted Activities. The Executive acknowledges and agrees that (1) the Executive is an executive or management employee of the Company and is provided access to the Company's "Trade Secrets," defined as the whole or any portion or phase of any scientific or technical information, design, process, procedure, formula, improvement, confidential business or financial information, listing of names, addresses, or telephone numbers, or other information relating to the Company which is secret and of value, and (2) the following restrictions on the Executive's activities during and after employment with the Company are necessary to protect the Company's Trade Secrets and other legitimate interests of the Company and its Affiliates:

(a) Non-Competition. While the Executive is employed by the Company and during the one (1)-year period immediately following termination of the Executive's employment with the Company for any or no reason (the "Restricted Period"), the Executive shall not, directly or indirectly, whether as owner, partner, investor, consultant, agent, employee, independent contractor, co-venturer or otherwise, whether with or without compensation, compete with the Business (as defined below), or any portion of the Business, in the United States of America (the "Restricted Area") or undertake any planning for any business competitive with all or a portion of the Business in the Restricted Area. Specifically, but without limiting the foregoing, the Executive agrees not to work or provide services, in any capacity, whether as an employee, independent contractor or otherwise, whether with or without compensation, to any Person that is engaged in all or any portion of the Business, as conducted or in active planning to be conducted during the Executive's employment with the Company or, with respect to the portion of the Restricted Period that follows the termination of the Executive's employment, at the time the Executive's employment terminates, in the Restricted Area. Notwithstanding the foregoing, nothing in this Agreement shall (i) prevent the Executive from providing services to a consulting firm that provides services to any business that competes with the Business, (ii) preclude the Executive from owning up to two percent (2%) of the publicly traded securities of any business or (iii) prevent the Executive from providing services to an entity that contains a business that competes with the Business, provided, that, the Executive is not responsible for (and does not engage or participate in) the day-to-day management, oversight or supervision of such business, and provided, further, that the Executive does not have direct supervision over the individual or individuals who are so responsible for such day-to-day management, oversight or supervision.

(b) Non-Solicitation.

(i) During the Restricted Period, the Executive will not directly or indirectly, (A) solicit or encourage any customer of the Company or any of its Affiliates to terminate or diminish its relationship with them; or (B) seek to persuade any such customer or prospective customer of the Company or any of its Affiliates to conduct with anyone else any business or activity which such customer or prospective customer conducts or could conduct with the Company or any of its Affiliates; provided, however, that these restrictions shall apply (I) only with respect to any Person who is or has been a customer of the Company or any of its Affiliates at any time within the immediately preceding two (2)-year period or whose business has been solicited on behalf of the Company or any of its Affiliates by any of their officers, employees or agents within such two (2)-year period, other than by form letter, blanket mailing or published advertisement, and (II) only if the Executive has performed work for such Person during the Executive's employment with the Company or one of its Affiliates or been introduced to, or otherwise had contact with, such Person as a result of the Executive's employment or other associations with the Company or one of its Affiliates or has had access to Confidential Information which would assist in the Executive's solicitation of such Person. Notwithstanding anything in this Section 9(b) to the contrary, the Executive may solicit customers and prospective customers for purposes of providing or selling products or services that do not compete with the Business.

(ii) During the Restricted Period, the Executive will not, and will not assist any other Person to, (A) hire or solicit for hiring any employee of the Company or any of its Affiliates or seek to persuade any employee of the Company or any of its Affiliates to discontinue employment or (B) solicit or encourage any independent contractor providing services to the Company or any of its Affiliates to terminate or diminish such independent contractor's relationship with them. For the purposes of this Agreement, an "employee" or an "independent contractor" of the Company or any of its Affiliates is any Person who was such at any time within the preceding two (2) years.

(c) Certain Exceptions. Notwithstanding anything to the contrary set forth in this Section 9, the parties agree that the Executive's practice of law after the Executive's termination of employment or service shall not be restricted by the covenants contained in Section 9(a), which will be applied in a manner that complies with the New York Rules of Professional Conduct. For the avoidance of doubt, the phrase "practice of law" will be interpreted to include legal services provided to a business in an "in-house" capacity, but will not be interpreted to include acting in a senior business and leadership capacity where the Executive is not acting as a lawyer.

10. Whistleblower Protection. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall be interpreted so as to impede the Executive (or any other individual) from reporting possible violations of federal law or regulation to any governmental agency or entity, including, but not limited to, the Department of Justice, the Securities and Exchange Commission, the Congress and any agency Inspector General, or making other disclosures under the whistleblower provisions of federal law or regulation. The Executive does not need the prior authorization of the Company to make any such reports or disclosures and

the Executive shall not be required to notify the Company that such reports or disclosures have been made.

11. Enforcement of Covenants. The Executive acknowledges that the Executive has carefully read and considered all the terms and conditions of this Agreement, including the restraints imposed upon the Executive pursuant to Sections 7, 8 and 9 hereof. The Executive agrees without reservation that each of the restraints contained herein is necessary for the reasonable and proper protection of the goodwill, Confidential Information and other legitimate interests of the Company and its Affiliates; that each and every one of these restraints is reasonable in respect to subject matter, length of time and geographic area; and that these restraints, individually or in the aggregate, will not prevent the Executive from obtaining other suitable employment during the period in which the Executive is bound by them. The Executive further agrees that the Executive will never assert, or permit to be asserted on the Executive's behalf, in any forum, any position contrary to the foregoing. The Executive further acknowledges that, were the Executive to breach any of the covenants contained in Sections 7, 8 or 9 hereof, the damage to the Company and its Affiliates would be irreparable. The Executive therefore agrees that the Company, in addition and not in the alternative to any other remedies available to it, shall be entitled to seek preliminary and permanent injunctive relief against any breach or threatened breach by the Executive of any of said covenants, without having to post bond. The parties further agree that, in the event that any provision of Sections 7, 8 or 9 hereof shall be determined by any court of competent jurisdiction to be unenforceable, such provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law. The Executive agrees that the Restricted Period shall be tolled, and shall not run, during any period of time in which the Executive is in violation of the terms thereof, in order that the Company and its Affiliates shall have all of the agreed-upon temporal protection recited herein. No breach of any provision of this Agreement by the Company, or any other claimed breach of contract or violation of law, or change in the nature or scope of the Executive's employment relationship with the Company, shall operate to extinguish the Executive's obligation to comply with Sections 7, 8 and 9 hereof. Each of the Company's Affiliates shall have the right to enforce all of the Executive's obligations to that Affiliate under this Agreement, including, without limitation, pursuant to Sections 7, 8 or 9 hereof.

12. No Conflicting Agreements. The Executive hereby represents and warrants that the execution of this Agreement and the performance of the Executive's obligations hereunder will not breach or be in conflict with any other agreement to which the Executive is a party or by which the Executive is bound, and that the Executive is not now subject to any covenants against competition or any similar covenants or any other obligations to any Person or to any court order, judgment or decree that would affect the performance of the Executive's obligations hereunder. The Executive will not disclose to or use on behalf of the Company any proprietary information of a third party without such party's consent.

13. Definitions. Capitalized words or phrases shall have the meanings provided in this Section 13 and as provided elsewhere herein:

(a) "Affiliate" means any person or entity directly or indirectly controlling or controlled by the Company, where control may be by either management authority or equity interest.

(b) "Business" means the business of delivery of services to the frail and elderly population through the operation of PACE Programs.

(c) "Confidential Information" means any and all information of the Company and its Affiliates that is not generally available to the public, and any and all information, which, if disclosed by the Company or any of its Affiliates, would assist in competition against any of them. Confidential Information includes, without limitation, such information relating to (i) the development, research, testing, manufacturing, marketing and financial activities of the Company and its Affiliates, (ii) the Services, (iii) the costs, sources of supply, financial performance and strategic plans of the Company and its Affiliates, (iv) the identity and special needs of the patients of the Company and its Affiliates and (v) the people and organizations with whom the Company and its Affiliates have business relationships and the nature and substance of those relationships. Confidential Information also includes information that the Company or any of its Affiliates has received, or may receive hereafter, belonging to others or that was received by the Company or any of its Affiliates with any understanding, express or implied, that it would not be disclosed.

(d) "Intellectual Property" means inventions, discoveries, developments, methods, processes, compositions, works, concepts and ideas (whether or not patentable or copyrightable or constituting trade secrets) conceived, made, created, developed or reduced to practice by the Executive (whether alone or with others, whether or not during normal business hours or on or off Company premises) during the Executive's employment and during the period of six (6) months immediately following termination of the Executive's employment that relate either to the Services or to any prospective activity of the Company or any of its Affiliates or that result from any work performed by the Executive for the Company or any of its Affiliates or that make use of Confidential Information or any of the equipment or facilities of the Company or any of its Affiliates.

(e) "Person" means a natural person, a corporation, a limited liability company, an association, a partnership, an estate, a trust and any other entity or organization, other than the Company or any of its Affiliates.

(f) "Services" means all services planned, researched, developed, tested, sold, licensed, leased or otherwise distributed or put into use by the Company or any of its Affiliates, together with all products provided or otherwise planned by the Company or any of its Affiliates, during the Executive's employment.

14. Indemnification. During the Executive's employment with the Company and thereafter, the Company shall indemnify, and hold the Executive and the Executive's heirs and representatives harmless against, any and all damages, costs, liabilities, losses and expenses (including reasonable attorneys' fees) as a result of any claim or proceeding (whether civil, criminal, administrative or investigative) against the Executive that arises out of or relates to the Executive's service as an officer, director or employee, as the case may be, of the Company, or the Executive's service in any such capacity or similar capacity with any Affiliate of the Company or other entity at the Company's request and/or pursuant to this Agreement, except, however, the Company's indemnity shall not apply with respect to matters where the Executive has been grossly negligent, reckless or intentionally violated the rights of the Company or of any third party, unless

at the direction of the Company, or where the Executive fails to reasonably cooperate with the Company in the Company's defense of any claim or proceeding. The Company agrees to promptly advance to the Executive or the Executive's heirs or representatives the expenses, including attorneys' fees and litigation costs, upon written request, with documentation of such expenses satisfactory to the Company (subject to reasonable attorney-client privilege and attorney work product considerations) and upon receipt of an undertaking by the Executive or on the Executive's behalf that such amounts will be promptly repaid should it ultimately be determined that the Executive is not entitled to be indemnified by the Company. The Executive agrees to make good faith efforts to assist and cooperate with the Company, both during the Executive's employment with the Company and thereafter, in the defense of any legal action related to the Executive's employment upon reasonable notice and at reasonable times and places. In the Executive's reasonable opinion, if a conflict of interest arises, between the Company and the Executive, in any third party matter in which the Executive is being asked to cooperate, the Company agrees to provide, at their expense, separate legal counsel for the Executive. During the Executive's employment with the Company and thereafter, the Company also shall provide the Executive with coverage under its then-current directors' and officers' liability policy to the same extent that it provides such coverage to its other executive officers or directors, and the Executive shall be entitled to the same rights of indemnification provided to such other executive officers or directors under the Company's by-laws, certificate of incorporation or other governing documents. This Section 14 shall continue in effect after the termination of the Executive's employment or the termination of this Agreement.

15. Withholding. All payments made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law.

16. Assignment. Neither the Company nor the Executive may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other; provided, however, that the Company may assign its rights and obligations under this Agreement without the consent of the Executive to one of its Affiliates or in the event that the Company shall hereafter effect a reorganization with, consolidate with or merge into an Affiliate or any Person or transfer all or substantially all of its properties, stock or assets to an Affiliate or any Person (a "Change of Control"). This Agreement shall inure to the benefit of and be binding upon the Company and the Executive, and their respective successors, executors, administrators, heirs and permitted assigns.

17. Severability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

18. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of either party to require the performance of any term or obligation of this Agreement, or the waiver by either party of any breach of this

Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

19. Notices. Any and all notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be effective when delivered in person, consigned to a reputable national courier service or deposited in the United States mail, postage prepaid, registered or certified, and addressed to the Executive at the Executive's last known address on the books of the Company or, in the case of the Company, at its principal place of business, attention of the Chief Executive Officer, or to such other address as either party may specify by notice to the other actually received.

20. Entire Agreement. This Agreement, the Exhibits hereto and the documents referenced herein constitute the entire agreement between the parties and supersedes and terminate all prior communications, agreements and understandings, written or oral, with respect to the terms and conditions of the Executive's employment with the Company (including, without limitation, that certain offer letter from the Company to the Executive, dated as of April 19, 2021).

21. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by an expressly authorized representative of the Company.

22. Headings. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement.

23. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

24. Governing Law. This is a Colorado contract and shall be construed and enforced under and be governed in all respects by the laws of the State of Colorado, without regard to any conflict of laws principles that would result in the application of the laws of any other jurisdiction.

[*Signature Page Follows*]

IN WITNESS WHEREOF, this Agreement has been executed as a sealed instrument by the Company, by its duly authorized representative, and by the Executive, as of the date first above written.

THE EXECUTIVE:	THE COMPANY:
/s/ Nicole D'Amato	/s/ Maureen Hewitt
Nicole D'Amato	By: Maureen Hewitt
	Title: President and Chief Executive Officer

Exhibit A

Form RSU Agreement

[*See attached*.]

Exhibit B

Release of Claims

Reference is hereby made to that certain Employment Agreement, effective as of November , 2021, by and between Total Community Options, Inc., d/b/a/ InnovAge, a Colorado corporation (and any successor entity thereto, the "Company"), and Nicole D'Amato ("Executive") (such agreement, the "Employment Agreement"). Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Employment Agreement.

This release of claims (this "General Release") is entered into by Executive in exchange for good and valuable consideration, and Executive, intended to be legally bound, agrees as follows:

1. Separation of Employment. Executive's employment or service with the Company and its Affiliates terminated as of [*DATE*], and Executive hereby resigns from any position Executive may hold as an officer, member of the board of managers or directors (as applicable) or fiduciary of the Company or any of its Affiliates (or reaffirms any such resignation that may have already occurred) and agrees to execute any additional documentation as may be necessary to effectuate such resignations.

2. Acknowledgment of Payments and Benefits. Executive understands that the Severance Benefits under Section 5[(d)][(e)] of the Employment Agreement represent, in part, consideration for signing this General Release and are not salary, wages or benefits to which Executive was already entitled. Executive understands and agrees that Executive will not receive the Severance Benefits specified in Section 5[(d)][(e)] of the Employment Agreement unless Executive timely executes, and does not revoke, this General Release within the time period permitted hereafter. Such Severance Benefits will not be considered compensation for purposes of any employee benefit plan, program, policy or arrangement maintained or hereafter established by the Company or its Affiliates. In signing this General Release, Executive also acknowledges and represents that, except as set forth in this General Release and except for Final Compensation due under the Employment Agreement, Executive is not entitled to receive any additional compensation, bonuses, equity compensation, , equity awards, severance payments or other payments or benefits of any kind from the Company or any of the other Released Parties (as defined below), including, without limitation, any payments of any kind under the Employment Agreement.

3. Release. Executive, on behalf of Executive and Executive's heirs beneficiaries, administrators, executors, trustees and assigns, shall, and hereby does, forever and irrevocably release and discharge the Company and its subsidiaries and Affiliates, and each of their respective past, present and future shareholders, directors, officers, employee benefit plans, administrators, trustees, agents, representatives, employees, consultants, parents, subsidiaries, divisions, insurers, attorneys, predecessors, purchasers, successors and assigns, and all those connected with any of them, in their official and individual capacities (each, a "Released Party" and, collectively, the "Released Parties"), from any and all claims, suits, controversies, actions, causes of action, cross-claims, counterclaims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and

attorneys' fees or liabilities of any nature whatsoever in law and in equity, both past and present and whether known or unknown, suspected, unsuspected or claimed (collectively, "Claims"), which Executive or any of Executive's beneficiaries, administrators, executors, trustees and assigns may have from the beginning of time through the date upon which Executive executes this General Release (a) arising out of, or relating to, any agreement and/or any awards, policies, plans, programs, procedures or practices of any of the Released Parties that may apply to Executive or in which Executive may participate or may have participated, including, but not limited to, any rights under bonus plans or programs of any of the Released Parties and/or any other short-term or long-term equity-based or cash-based incentive plans or incentive programs of any of the Released Parties; (b) arising out of, or relating to, Executive's termination of employment with any of the Released Parties; and/or (c) arising out of, or relating to, Executive's employment with any Released Party or Executive's status as an employee, member, officer or director of any of the Released Parties, including, without limitation, any Claims or violations (i) arising under any federal, state or local civil or human rights law, including, but not limited to, the Age Discrimination in Employment Act as amended by the Older Workers Benefit Protection Act, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866, 42 U.S.C. § 1981, the Civil Rights Act of 1991, the Americans With Disabilities Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act of 1974, the Equal Pay Act of 1963, the Genetic Information Nondiscrimination Act of 2008, and the Worker Adjustment and Retraining Notification Act, as all such laws have been amended from time to time and including all of their respective implementing regulations, and/or any other federal, state, foreign or local labor law, wage and hour law, worker safety law or employee relations or fair employment practices law, or public policy, contract or tort, or under common law; (ii) for wrongful discharge, breach of contract, infliction of emotional distress or defamation; or (iii) for costs, fees or other expenses, including attorneys' fees, incurred in these matters.

4. Limitations. Nothing in Section 3 shall release or impair (a) any Claim or right that may arise after the date Executive executes this General Release; (b) any vested benefits under the Company's benefit plans; (c) any Claim or right Executive may have for indemnification under the Employment Agreement or the Company's D&O policy, by-laws, certificate of incorporation, or other governing documents or applicable law; or (d) any Claim which by law cannot be waived. Nothing in this General Release is intended to prohibit or restrict Executive's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state or federal administrative body or government agency; provided, that, to the extent permitted by applicable law, Executive hereby waives the right to recover any monetary damages or other relief against any Released Parties; provided, however, that nothing in this General Release shall prohibit Executive from receiving any monetary award to which Employee becomes entitled pursuant to Section 922 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

5. Later Discovered Claims. Executive understands that Executive may later discover Claims or facts that may be different from, or in addition to, those which Executive now knows or believes to exist with regards to the subject matter of this General Release and which, if known at the time of executing this General Release, may have materially affected this General Release or Executive's decision to enter into it. Executive hereby waives any right or Claim that might arise as a result of such different or additional Claims or facts.

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6. No Assignment. Executive represents that Executive has made no assignment or transfer of any right or Claim covered by this General Release, and that Executive further agrees that Executive is not aware of any such right or Claim covered by this General Release.

7. No Impact on Whistleblowing Rights. Executive understands that nothing contained in this General Release shall be construed to limit, restrict or in any other way affect Executive's right to communicate with any governmental agency or entity, including, but not limited to, the Department of Justice, the Securities and Exchange Commission, the Congress and any agency Inspector General, or make other disclosures under the whistleblower provisions of federal law or regulation.

8. Third Party Beneficiary. The Released Parties are intended to be third-party beneficiaries of this General Release, and this General Release may be enforced by each of them in accordance with the terms hereof in respect of the rights granted to such Released Parties hereunder.

9. No Admission of Liability. Executive agrees that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by the Company, any Released Party or Executive of any improper or unlawful conduct. Rather, this General Release expresses the intention of the parties to resolve all issues and other Claims related to or arising out of the Executive's employment by and termination of employment with the Company.

10. Subsequent Breach. Notwithstanding anything in this General Release to the contrary, this General Release shall not relinquish, diminish or in any way affect any rights or Claims arising out of any breach by Employer of the Employment Agreement after the date hereof, which are not subject to this General Release.

11. Severability. Whenever possible, each provision of this General Release shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this General Release is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or its validity and enforceability in any other jurisdiction, but this General Release shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

12. Continuing Obligations. Executive acknowledges that Executive will continue to be bound by Executive's obligations under the Employment Agreement that survive the termination of Executive's employment by the terms thereof or by necessary implication, including, without limitation, the restrictive covenant obligations set forth in Sections 7, 8 and 9 of the Employment Agreement (all of the foregoing obligations, the "Continuing Obligations").

13. Confidentiality; Non-Disparagement. Subject to Section 7 of this General Release, Executive agrees that Executive will not disclose this General Release or any of its terms or provisions, directly or by implication, except to members of Executive's immediate family and to Executive's legal and tax advisors, and then only on condition that they agree not to further disclose this General Release or any of its terms or provisions to others. Subject to Section 7 of this General Release, Executive agrees that Executive will never disparage or criticize the

Company, its Affiliates, their business, their management or their products or services, and that Executive will not otherwise do or say anything that could disrupt the good morale of employees of the Company or any of its Affiliates or harm the interests or reputation of the Company or any of its Affiliates. The Company has directed the senior officers and directors of the Company and its Affiliates not to make or cause to be made any statements that disparage or criticize Executive or Executive's reputation.

14. No Cooperation with Non-Governmental Third Parties. Executive agrees that, to the maximum extent permitted by law, Executive shall not knowingly encourage, counsel or assist any non- governmental attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges or complaints by any non-governmental third party against any of the Released Parties.

15. Consultation; Voluntary Agreement. Executive acknowledges that the Company has advised Executive of Executive's right to consult with an attorney prior to executing this General Release. Executive has carefully read and fully understands all of the provisions of this General Release. Executive is entering into this General Release knowingly, freely and voluntarily, in exchange for good and valuable consideration to which Executive would not be entitled in the absence of executing and not revoking this General Release.

16. Consideration and Revocation Period. Executive acknowledges that Executive has [twenty- one (21)]/[forty-five (45)] calendar days to consider this General Release (the "Consideration Period"). Executive agrees that changes to this General Release, whether material or immaterial, will not restart the Consideration Period. Executive understands that Executive may, at Executive's own election, execute this General Release before the expiration of the Consideration Period; provided, however, that Executive may not execute this General Release prior to Executive's final day of employment with the Company. Executive has seven (7) calendar days after the date on which Executive executes this General Release to revoke Executive's consent to the General Release. Such revocation must be in writing and must be made to [●] at [●] via [●]. Notice of such revocation must be received within the seven (7) calendar days referenced above. In the event of such revocation by Executive, this General Release will be null and void, and Executive will have no entitlement to the Severance Benefits set forth in 5[(d)][(e)] of the Employment Agreement. Provided that Executive does not revoke Executive's execution of this General Release within such seven (7) day period, this General Release shall become effective on the eighth (8th) calendar day after the date on which Executive initially executes it.

17. Survival; Incorporation by Reference. Executive acknowledges that Sections 7 through 24 of the Employment Agreement shall survive Executive's execution of this General Release. Section 24 of the Employment Agreement is incorporated herein by reference and shall apply hereto *mutatis mutandis*.

BY SIGNING THIS GENERAL RELEASE, EXECUTIVE REPRESENTS AND AGREES THAT:

1. EXECUTIVE HAS READ IT CAREFULLY;

2. EXECUTIVE UNDERSTANDS ALL OF ITS TERMS AND KNOWS THAT EXECUTIVE IS GIVING UP IMPORTANT RIGHTS, INCLUDING, BUT NOT LIMITED TO, RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED; TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, AS AMENDED; THE EQUAL PAY ACT OF 1963; THE AMERICANS WITH DISABILITIES ACT OF 1990; AND THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED;

3. EXECUTIVE VOLUNTARILY CONSENTS TO EVERYTHING IN IT;

4. EXECUTIVE HAS BEEN ADVISED TO CONSULT WITH AN ATTORNEY BEFORE EXECUTING IT AND EXECUTIVE HAS DONE SO, OR, AFTER CAREFUL READING AND CONSIDERATION, EXECUTIVE HAS CHOSEN NOT TO DO SO OF EXECUTIVE'S OWN VOLITION;

5. EXECUTIVE ACKNOWLEDGES THAT EXECUTIVE MAY NOT SIGN THIS GENERAL RELEASE BEFORE THE DATE EXECUTIVE'S EMPLOYMENT WITH THE COMPANY TERMINATES;

6. EXECUTIVE HAS BEEN GIVEN ALL TIME PERIODS REQUIRED BY LAW TO CONSIDER THIS GENERAL RELEASE (INCLUDING, BUT NOT LIMITED TO, THE TIME PERIODS REQUIRED UNDER THE AGE DISCRIMINATION AND EMPLOYMENT ACT, AS AMENDED) SINCE THE DATE OF EXECUTIVE'S RECEIPT OF THIS GENERAL RELEASE SUBSTANTIALLY IN ITS FINAL FORM ON [*DATE*] TO CONSIDER ITS TERMS AND TO CONSULT WITH AN ATTORNEY, IF EXECUTIVE WISHED TO DO SO, OR TO CONSULT WITH ANY OF THE OTHER PERSONS DESCRIBED IN SECTION 3 OF THIS GENERAL RELEASE;

7. EXECUTIVE HAS SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY, WITH A FULL UNDERSTANDING OF ITS TERMS AND WITH THE ADVICE OF ANY COUNSEL RETAINED TO ADVISE EXECUTIVE WITH RESPECT TO IT;

8. EXECUTIVE HAS NOT RELIED ON ANY PROMISES OR REPRESENTATIVES, EXPRESS OR IMPLIED, THAT ARE NOT SET FORTH EXPRESSLY IN THIS GENERAL RELEASE; AND

9. EXECUTIVE AGREES THAT THE PROVISIONS OF THIS GENERAL RELEASE MAY NOT BE AMENDED, WAIVED, CHANGED OR MODIFIED, EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY AND EXECUTIVE.

DATE: ______________________

Nicole D'Amato

Exhibit 10.7

EXECUTION VERSION

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of this 19th day of February, 2018 (the "Effective Date") by and between Total Community Options, Inc., dba InnovAge, a Colorado corporation, and any successor entity thereto (the "Company") and Maria Lozzano (the "Executive").

RECITALS

The Executive has been employed in the position of Chief Operations Officer-Western Region. The Company desires to continue the Executive's employment on the terms and conditions set forth in this Agreement. In consideration of the foregoing premises and the mutual promises, terms, provisions and conditions set forth in this Agreement, the parties hereby agree:

1. Employment. The Executive's employment shall be subject to the terms and conditions set forth in this Agreement.

2. Term. This Agreement will continue in effect until terminated in accordance with Section 5 hereof. The term of this Agreement is hereafter referred to as "the term of this Agreement" or "the term hereof".

3. Capacity and Performance.

(a) During the term hereof, the Executive shall be employed by 'the Company on a full-time basis and shall serve the Company as its Chief Operations Officer - Western Region.

(b) During the term hereof, the Executive shall devote substantially all of her full business time and her best efforts, business judgment, skill and knowledge to the advancement of the business and interests of the Company and its Affiliates and to the discharge of her duties and responsibilities hereunder. The Executive shall not engage in any other business activity or serve in any industry, trade, professional, governmental or academic position during the term of this Agreement, except as may be expressly approved in advance by the Chief Executive Officer in writing, which approval shall not be unreasonably withheld; provided, however, that the Executive may without advance consent participate in charitable activities and passive personal investment activities, provided that such activities do not, individually or in the aggregate, interfere with the performance of the Executive's duties under this Agreement, are not in conflict with the business interests of the Company or any of its Affiliates and do not violate Sections 7, 8 or 9 of this Agreement.

(c) During the term hereof, the Executive shall comply with all of the Company's written policies, practices and codes of conduct applicable to the Executive's position, as in effect from time to time.

4. Compensation and Benefits. As compensation for all services performed by the Executive hereunder during the term hereof, and subject to performance of the Executive's duties and responsibilities to the Company and its Affiliates, pursuant to this Agreement or otherwise, Company

(a) Base Salary. During the term of this Agreement, the Company will pay the Executive an annual base salary commensurate with her performance and experience within the compensation philosophy established by the Company. The Executive will be paid her annual salary in accordance with the normal payroll practices of the Company as in effect from time to time (but no less frequently than monthly), as from time to time adjusted, is hereafter referred to as the "Base Salary". The Chief Executive Officer, following consultation with the Company's Board of Directors (the "Board"), shall review the Base Salary each year for increase, but shall not decrease the Base Salary.

(b) Annual Bonus Compensation. For each fiscal year occurring during the term hereof, the Executive shall be eligible, but not entitled to receive, a discretionary annual bonus (the "Annual Bonus"). The Annual Bonus shall be targeted at thirty percent (30%) of the Base Salary, with the actual amount of the Annual Bonus, if any, to be determined solely by the Chief Executive Officer, following consultation with the Board, acting in good faith and based on the achievement of pre-established performance criteria. The performance criteria shall be based on criteria established by Chief Executive Officer in consultation with the Board each fiscal year. Executive acknowledges and understands that there is no guarantee or entitlement to an Annual Bonus of any amount for any fiscal year and any such Annual Bonus is at the sole discretion of the Company. Except as otherwise provided for in Section 5, in order to receive the Annual Bonus for any fiscal year, the Executive must be employed by the Company through the last day of the fiscal year.

(c) Paid Time Off. During the term hereof, the Executive shall be entitled to earn four (4) weeks of paid time off ("PTO") per annum (in addition to Company holidays), to be taken at such times and intervals as shall be determined by the Executive, subject to the reasonable business needs of the Company. PTO shall otherwise be governed by the policies of the Company, as in effect from time to time.

(d) Employee Benefit Plans. During the term hereof and subject to any contribution therefore generally required of similarly-situated employees of the Company, the Executive shall be entitled to participate in any and all Employee Benefit Plans from time to time in effect for employees of the Company generally, except to the extent any Employee Benefit Plan provides for benefits otherwise provided to the Executive hereunder (e.g., a severance pay plan). Such participation shall be subject to (i) the terms of the applicable plan documents, (ii) generally applicable Company policies and (iii) the discretion of the Company or any administrative or other committee provided for under or contemplated by such plan.

(e) Business Expenses. The Company shall pay or reimburse the Executive for reasonable, customary and necessary business expenses incurred or paid by the Executive in the performance of her duties and responsibilities hereunder, subject to such

reasonable substantiation and documentation and to travel and other policies as may be required by the Company from time to time.

5. Termination of Employment and Severance Benefits. The Executive's employment hereunder shall terminate under the following circumstances:

(a) Death. In the event of the Executive's death during the term hereof, the date of death shall be the date of termination, and the Company shall pay or provide to the Executive's designated beneficiary or, if no beneficiary has been designated by the Executive in a notice received by the Company, to her estate: (i) any Base Salary earned but not paid through the date of termination, (ii) pay for any vacation time earned but not used through the date of termination, (iii) any business expenses incurred by the Executive but unreimbursed on the date of termination, provided that such expenses and required substantiation and documentation are submitted within one hundred twenty (120) days following termination, that such expenses are reimbursable under Company policy, and that any such expenses subject to Section 5(g)(iv) shall be paid not later than the deadline specified therein, and (iv) any Annual Bonus from the prior fiscal year that has not yet been paid (all of the foregoing, payable subject to the timing limitations described herein, "Final Compensation"), The Company shall have no further obligation or liability to the Executive under this Agreement. Other than business expenses described in Section 5(a)(iii), Final Compensation shall be paid to the Executive's designated beneficiary or estate at the time prescribed by applicable law and in all events within thirty (30) days following the date of death.

(b) Disability.

(i) The Company may terminate the Executive's employment hereunder, upon notice to the Executive, in the event that the Executive becomes disabled during her employment hereunder through any illness, injury, accident or condition of either a physical or psychological nature and, as a result, is unable to perform substantially all of her duties and responsibilities hereunder (notwithstanding the provision of any reasonable accommodation exclusive of the leave of absence provided hereunder) for ninety (90) consecutive days, or one hundred and eighty (180) non-consecutive days during any period of three hundred and sixty five (365) consecutive calendar days. In the event of such termination, the Company shall have no further obligation or liability to the Executive under this Agreement, other than for payment of any Final Compensation due the Executive. Other than business expenses described in Section 5(a)(iii), Final Compensation shall be paid to the Executive at the time prescribed by applicable law and in all events within thirty (30) days following the date of termination of employment.

(ii) The Chief Executive Officer may designate another employee to act in the Executive's place during any period of the Executive's disability. Notwithstanding any such designation, the Executive shall continue to receive the Base Salary in accordance with Section 4(a) and to participate in Employee Benefit Plans in accordance with Section 4(d), to the extent permitted by the then-current terms of the applicable Employee Benefit Plans, until the Executive becomes eligible for disability income benefits under the Company's disability income plan, if any, or until the termination of her employment, whichever

shall first occur. If Executive receives any disability income payments under the Company's disability income plan, the Base Salary under Section 4(a) shall be reduced by the amount of such disability income. Executive shall continue to participate in the Employee Benefit Plans in accordance with Section 4(d) and to the extent permitted by and subject to the then-current terms of such plans, until the termination of her employment hereunder.

(iii) If any question shall arise as to whether the Executive is disabled through any illness, injury, accident or condition of either a physical or psychological nature so as to be unable to perform substantially all of her duties and responsibilities hereunder, the Executive may, and at the reasonable request of the Company shall, submit to a medical examination by a physician mutually agreed to by the Company and the Executive (or her duly appointed guardian, if any), and such determination for the purposes of this Agreement shall be conclusive. If such question shall arise and the Executive shall fail to submit to such medical examination, the Company's determination of the issue shall be binding on the Executive.

(c) By the Company for Cause. The Company may terminate the Executive's employment hereunder for Cause at any time upon delivery of written notice to the Executive. The following, as determined in the Company's reasonable discretion, shall constitute Cause for termination:

(i) The Executive's failure to perform her duties and responsibilities to the Company or any of its Affiliates that are consistent with Executive's title and authorities;

(ii) The Executive's material breach of any of the provisions of this Agreement or any other written agreement between the Executive and the Company or any of its Affiliates, resulting in material harm to the Company or any of its Affiliates; or

(iii) The Executive's material breach of any fiduciary duty that the Executive has to the Company or any of its Affiliates;

(iv) The Executive's gross negligence, intentional misconduct or unethical or improper behavior by the Executive resulting in material harm to the business, interests or reputation of the Company or any of its Affiliates;

(v) The Executive's commission of a felony or other crime involving moral turpitude; or

(vi) The Executive's commission of conduct involving fraud, embezzlement, sexual harassment, material misappropriation of property or other substantial misconduct with respect to the Company or any of its Affiliates.

Any termination of the Executive's employment for bases set forth in clauses (i), (ii), (iii), or (iv) shall not constitute a termination for Cause unless the Company shall have provided written notice to the Executive no later than fifteen (15) days from Executive's act or omission constituting Cause setting forth in reasonable detail such acts or omissions, and the Executive shall have failed to cure such acts or omissions within fifteen (15) days following receipt of

written notice. In the event of a termination of the Executive's employment hereunder for Cause, the Company shall have no further obligation or liability to the Executive under this Agreement, other than for any Final Compensation due to the Executive. Other than business expenses described in Section 5(a)(iii), Final Compensation shall be paid to the Executive at the time prescribed by applicable law and in all events within thirty (30) days following the date of termination of employment.

(d) By the Company Other Than for Cause. The Company may terminate the Executive's employment hereunder other than for Cause at any time upon thirty (30) days prior written notice to the Executive. If the Company terminates the Executive's employment other than for Cause after the Effective Date, in addition to any Final Compensation due to the Executive, the Company will pay the Executive (i) severance pay, at the same rate as the Base Salary, for a period of twelve (12) months following the date of termination of her employment, and (ii)) a pro-rata portion of the Executive's Annual Bonus for the year in which termination occurs, based on the Executive's actual performance through the date of such termination and determined in accordance with Section 4(b) hereof ("Pro-Rata Bonus"), with such pro-rata amount based on the number of days Executive was employed during the fiscal year (the "Severance Payments") and (iii) continued payment on Executive's behalf of the premium required to be paid for Executive's continued participation in the Company's health care plan for a period of twelve (12) months following termination, unless the Executive is employed by another company, and in such instance, future payment for the health insurance premiums will cease (the "Healthcare Payments" and collectively with the Severance Payments, the "Severance Benefits"). Other than business expenses described in Section 5(a)(iii), Final Compensation shall be paid to the Executive at the time prescribed by applicable law and in all events within thirty (30) days following the date of termination of employment. Any obligation of the Company to provide the Severance Benefits is conditioned, however, on the Executive signing and returning to the Company (without revoking) a timely and effective general release of claims in substantially the form attached hereto as Exhibit A (the "Release of Claims"), all of which (including the lapse of the period for revoking the release of claims as specified in the release of claims) shall have occurred no later than the sixtieth (60th) day following the date of termination and on the Executive's continued compliance with the obligations of the Executive to the Company and its Affiliates that survive termination of her employment, including without limitation under Sections 7, 8 and 9 of this Agreement. Subject to Section 5(g) below, (A) the Severance Payments to which the Executive is entitled hereunder shall be in the form of salary continuation, payable in accordance with the normal payroll practices of the Company, and (B) the Healthcare Payments shall be paid monthly, and in both cases with the first payment, which shall be retroactive to the day immediately following the date the Executive's employment terminated, being due and payable on the Company's next regular payday for executives that follows the expiration of sixty (60) calendar days from the date the Executive's employment terminates. Notwithstanding the foregoing, in the event the Healthcare Payments would, in the determination of the Board or its delegate, subject the Executive, the Company or any of its Affiliates to any tax or penalty under the Patient Protection and Affordable Care Act (as amended from time to time, the "ACA") or Section 105(h) of the Internal Revenue Code of 1986, as amended ("Section 105(h)"), or applicable regulations or guidance issued under the ACA or Section 105(h), the Healthcare Payments shall be treated as taxable payments and be

subject to imputed income tax treatment to the extent necessary to eliminate any such adverse consequences under the ACA or Section 105(h).

(e) By the Executive for Good Reason. The Executive may terminate her employment hereunder for Good Reason by (A) providing written notice to the Company specifying in reasonable detail the condition giving rise to the Good Reason no later than the thirtieth (30th) day following the occurrence of that condition, and (B) providing the Company a period of thirty (30) days to remedy the condition, if such condition may be remedied. The Executive's termination of employment for Good Reason will be effective on the thirty first (31st) calendar day following the expiration of the period to remedy if the Company has failed to remedy the condition or on the date of such notice of Good Reason if the condition may not be remedied. The following, if occurring without the Executive's written consent, shall constitute "Good Reason" for termination by the Executive:

(i) a material diminution in the nature or scope of the Executive's duties, authority and/or responsibilities;

(ii) a requirement that the Executive relocate to a location more than fifty (50) miles from the location where the Executive is then providing services;

(iii) material breach of any of the terms of this Agreement.

In the event of termination of the Executive's employment in accordance with this Section 5(e), the Executive will be entitled to all amounts she would have been entitled to receive had her employment been terminated by the Company other than for Cause pursuant to Section 5(d) above, provided that the Executive signs and returns (without revoking) a timely and effective Release of Claims as set forth in Section 5(d).

(f) By the Executive without Good Reason. The Executive may terminate her employment hereunder without Good Reason at any time upon sixty (60) days' prior written notice to the Company. In the event of termination of the Executive's employment in accordance with this Section 5(f), the Chief Executive Officer may elect to waive the period of notice, or any portion thereof, and, if the Chief Executive Officer so elects, the Company will pay the Executive the Base Salary for the period so waived. The Company shall also pay the Executive any Final Compensation due her (other than business expenses described in Section 5(a)(iii)) at the time prescribed by applicable law and in all events within thirty (30) days following the date of the termination of employment.

(g) Timing of Payments and Section 409A.

(i) Notwithstanding anything to the contrary in this Agreement, if at the time of the Executive's termination of employment, the Executive is a "specified employee," as defined below, any and all amounts payable under this Section 5 on account of such separation from service that constitute deferred compensation and would (but for this provision) be payable within six (6) months following the date of termination, shall instead be paid on the next business day following the expiration of such six (6) month period or, if earlier, upon the Executive's death; except (A) to the extent of amounts that do not constitute a

deferral of compensation within the meaning of Treasury regulation Section 1.409A-1 (b) (including without limitation by reason of the safe harbor set forth in Section 1.409A-l(b)(9)(iii), as determined by the Company in its reasonable good faith discretion); (B) benefits that qualify as excepted welfare benefits pursuant to Treasury regulation Section 1.409A-1(a)(5); or (C) other amounts or benefits that are not subject to the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A").

(ii) For purposes of this Agreement, all references to "termination of employment" and correlative phrases shall be construed to require a "separation from service" (as defined in Section 1.409A-1(h) of the Treasury regulations after giving effect to the presumptions contained therein), and the term "specified employee" means an individual determined by the Company to be a specified employee under Treasury regulation Section 1.409A-1(i).

(iii) Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments.

(iv) Any payment of or reimbursement for expenses that would constitute nonqualified deferred compensation subject to Section 409A shall be subject to the following additional rules: (i) no reimbursement or payment of any such expense shall affect the Executive's right to reimbursement or payment of any such expense in any other calendar year;

(ii) reimbursement or payment of the expense shall be made, if at all, promptly, but not later than the end of the calendar year following the calendar year in which the expense was incurred; and

(iii) the right to reimbursement or payment shall not be subject to liquidation or exchange for any other benefit.

(v) In no event shall the Company have any liability relating to the failure or alleged failure of any payment or benefit under this Agreement to comply with, or be exempt from, the requirements of Section 409A.

(h) Exclusive Right to Severance. The Executive agrees that the Severance Benefits to be provided to her in accordance with the terms and conditions set forth in this Agreement are intended to be exclusive. The Executive hereby knowingly and voluntarily waives any right she might otherwise have to participate in or receive payments or benefits under any other plan, program or policy of the Company providing for severance or termination pay or other termination benefits (other than any benefits payable pursuant to a long-term disability or other similar insurance program, which shall be governed by the terms and provisions of the applicable plan or program).

6. Effect of Termination. The provisions of this Section 6 shall apply to any termination of the Executive's employment under this Agreement, whether pursuant to Section 5 or otherwise.

(a) Provision by the Company of Final Compensation and Severance Benefits, if any, that are due to the Executive in each case under the applicable termination

provisions of Section 5, shall constitute the entire obligation of the Company to the Executive under this Agreement.

(b) Except for any right of the Executive to continue group health plan participation in accordance with applicable law, the Executive's participation in all Employee Benefit Plans shall terminate pursuant to the terms of the applicable plan documents based on the date of termination of the Executive's employment without regard to any Base Salary for notice waived pursuant to Section 5(e) hereof or to any Severance Benefits or other payment made to or on behalf of the Executive following such termination date.

(c) Provisions of this Agreement shall survive any termination of the Executive's employment if so provided herein or if necessary or desirable fully to accomplish the purposes of other surviving provisions, including without limitation the obligations of the Executive under Sections 7, 8 and 9 hereof. The obligation of the Company to provide Severance Benefits hereunder, and Executive's right to retain such payments, is expressly conditioned on the Executive's continued full performance in accordance with Sections 7, 8 and 9 hereof. The Executive recognizes that, except as expressly provided in Section 5(d), or with respect to Base Salary paid for notice waived pursuant to Section 5(e) hereof, no compensation or benefits will be earned after termination of employment.

7. Confidential Information.

(a) The Executive acknowledges that the Company and its Affiliates continually develop Confidential Information, that the Executive has developed and will continue to develop Confidential Information for the Company or its Affiliates and that the Executive has learned of and will continue to learn of Confidential Information during the course of employment. The Executive agrees that all Confidential Information which the Executive creates or to which she has access as a result of her employment or other associations with the Company or any of its Affiliates since November 18, 2013 is and shall remain the sole and exclusive property of the Company or its Affiliate, as applicable. The Executive shall comply with the policies and procedures of the Company and its Affiliates for protecting Confidential Information and shall never disclose to any Person (except as required by applicable law or for the proper performance of her duties and responsibilities to the Company and its Affiliates), or use for her own benefit or gain or the benefit or gain of any other Person, any Confidential Information obtained by the Executive incident to her employment or any other association with the Company or any of its Affiliates. The Executive understands that this restriction shall continue to apply after her employment terminates, regardless of the reason for such termination. Further, the Executive agrees to furnish prompt notice to the Company of any required disclosure of Confidential Information sought pursuant to subpoena, court order or any other legal process or requirement, and agrees to provide the Company a reasonable opportunity to seek protection of the Confidential Information prior to any such disclosure. The confidentiality obligation under this Section 7 shall not apply to information that has become generally known through no wrongful act on the part of the Executive or any other Person having an obligation of confidentiality to the Company or any of its Affiliates. For the avoidance of doubt, the Executive acknowledges that nothing contained herein limits, restricts or in any other way affects her communicating with any governmental agency or entity, or communicating with any official or

staff person of a governmental agency or entity, concerning matters relevant to the governmental agency or entity.

(b) All documents, records, tapes and other media of every kind and description relating to the business, present or otherwise, of the Company or any of its Affiliates and any copies or derivatives (including without limitation electronic), in whole or in part, thereof (the "Documents"), whether or not prepared by the Executive, shall be the sole and exclusive property of the Company and its Affiliates. Except as necessary for the proper performance of the Executive's regular duties for the Company or as expressly authorized in writing in advance by the Company or its expressly authorized designee, the Executive will not copy any Documents or remove any Documents or copies or derivatives thereof from the premises of the Company. The Executive shall safeguard all Documents and shall surrender to the Company at the time her employment terminates, and at such earlier time or times as the Company or its designee may specify, all Documents and other property of the Company or any of its Affiliates and all documents, records and files of the customers and other Persons with whom the Company or any of its Affiliates does business ("Third Party Documents") and each individually a "Third Party Document") then in the Executive's possession or control and not accessible by the Company; provided, however, that if a Document or Third-Party Document is on electronic media, the Executive may, in lieu of surrendering the Document or Third-Party Document, provide a copy to the Company on electronic media and delete and overwrite all other electronic media copies thereof. The Executive also agrees that, upon request of any duly authorized officer of the Company, the Executive shall disclose all passwords and passcodes necessary or desirable to enable the Company or any of its Affiliates or the Persons with whom the Company or any of its Affiliates do business to obtain access to the Documents and Third Party Documents.

8. Assignment of Rights to Intellectual Property. The Executive shall promptly and fully disclose all Intellectual Property to the Company. The Executive hereby assigns and agrees to assign to the Company (or as otherwise directed by the Company) the Executive's full right, title and interest in and to all Intellectual Property. The Executive agrees to execute any and all applications for domestic and foreign patents, copyrights or other proprietary rights and to do such other acts (including without limitation the execution and delivery of instruments of further assurance or confirmation) requested by the Company to assign the Intellectual Property to the Company (or as otherwise directed by the Company) and to permit the Company to enforce any patents, copyrights or other proprietary rights to the Intellectual Property. The Executive will not charge the Company for time spent in complying with these obligations. All copyrightable works that the Executive creates shall be considered "work made for hire" and shall, upon creation, be owned exclusively by the Company.

9. Restricted Activities. The Executive acknowledges and agrees that (a) she is an executive or management employee of the Company and is provided access to the Company's "Trade Secrets," defined as the whole or any portion or phase of any scientific or technical information, design, process, procedure, formula, improvement, confidential business or financial information, listing of names, addresses, or telephone numbers, or other information relating to the Company which is secret and of value, and (b) the following restrictions on her

activities during and after employment with the Company are necessary to protect the Company's Trade Secrets and other legitimate interests of the Company and its Affiliates:

(a) While the Executive is employed by the Company and during the one (1) year period immediately following termination of the Executive's employment (the "Restricted Period"), the Executive shall not, directly or indirectly, whether as owner, partner, investor, consultant, agent, employee, independent contractor, co-venturer or otherwise, whether with or without compensation, compete with the Business (as defined below), or any portion of the Business, in the United States of America (the "Restricted Area") or undertake any planning for any business competitive with all or a portion of the Business in the Restricted Area. Specifically, but without limiting the foregoing, the Executive agrees not to work or provide services, in any capacity, whether as an employee, independent contractor or otherwise, whether with or without compensation, to any Person that is engaged in all or any portion of the Business, as conducted or in active planning to be conducted during the Executive's employment with the Company or, with respect to the portion of the Restricted Period that follows the termination of the Executive's employment, at the time the Executive's employment terminates, in the Restricted Area. Notwithstanding the foregoing, nothing in this Agreement shall (x) prevent Executive from providing services to a consulting firm that provides services to any business that competes with the Business, (y) preclude Executive from owning up to 2% of the publicly traded securities of any business, or (z) prevent the Executive from providing services to an entity that contains a business that competes with the Business, provided the Executive is not responsible for (and does not engage or participate in) the day-to-day management, oversight or supervision of such business and provided the Executive does not have direct supervision over the individual or individuals who are so responsible for such day-to-day management, oversight or supervision.

(b) During the Restricted Period, the Executive will not directly or indirectly (i) solicit or encourage any customer of the Company or any of its Affiliates to terminate or diminish its relationship with them; or (ii) seek to persuade any such customer or prospective customer of the Company or any of its Affiliates to conduct with anyone else any business or activity which such customer or prospective customer conducts or could conduct with the Company or any of its Affiliates; provided, however, that these restrictions shall apply

(y) only with respect to those Persons who are or have been a customer of the Company or any of its Affiliates at any time within the immediately preceding two (2) year period or whose business has been solicited on behalf of the Company or any of its Affiliates by any of their officers, employees or agents within such two (2) year period, other than by form letter, blanket mailing or published advertisement, and (z) only if the Executive has performed work for such Person during the Executive's employment with the Company or one of its Affiliates or been introduced to, or otherwise had contact with, such Person as a result the Executive's employment or other associations with the Company or one of its Affiliates or has had access to Confidential Information which would assist in the Executive's solicitation of such Person. Notwithstanding anything in this Section 10(b) to the contrary, Executive may solicit customers and prospective customers for purposes of providing or selling products or services that that do not compete with the Business.

(c) During the Restricted Period, the Executive will not, and will not assist any other person to, (i) hire or solicit for hiring any employee of the Company or any of its

Affiliates or seek to persuade any employee of the Company or any of its Affiliates to discontinue employment or (ii) solicit or encourage any independent contractor providing services to the Company or any of its Affiliates to terminate or diminish its relationship with them. For the purposes of this Agreement, an "employee" or an "independent contractor" of the Company or any of its Affiliates is any Person who was such at any time within the preceding two (2) years.

10. Enforcement of Covenants. The Executive acknowledges that she has carefully read and considered all the terms and conditions of this Agreement, including the restraints imposed upon her pursuant to Sections 7, 8 and 9 hereof. The Executive agrees without reservation that each of the restraints contained herein is necessary for the reasonable and proper protection of the goodwill, Confidential Information and other legitimate interests of the Company and its Affiliates; that each and every one of these restraints is reasonable in respect to subject matter, length of time and geographic area; and that these restraints, individually or in the aggregate, will not prevent her from obtaining other suitable employment during the period in which the Executive is bound by them. The Executive further agrees that she will never assert, or permit to be asserted on her behalf, in any forum, any position contrary to the foregoing. The Executive further acknowledges that, were she to breach any of the covenants contained in Sections 7, 8 or 9 hereof, the damage to the Company and its Affiliates would be irreparable. The Executive therefore agrees that the Company, in addition and not in the alternative to any other remedies available to it, shall be entitled to preliminary and permanent injunctive relief against any breach or threatened breach by the Executive of any of said covenants, without having to post bond. The parties further agree that, in the event that any provision of Section 7, 8 or 9 hereof shall be determined by any court of competent jurisdiction to be unenforceable such provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law. The Executive agrees that the Restricted Period shall be tolled, and shall not run, during any period of time in which she is in violation of the terms thereof, in order that the Company and its Affiliates shall have all of the agreed-upon temporal protection recited herein. No breach of any provision of this Agreement by the Company, or any other claimed breach of contract or violation of law, or change in the nature or scope of the Executive's employment relationship with the Company, shall operate to extinguish the Executive's obligation to comply with Sections 7, 8 and 9 hereof. Each of the Company's Affiliates shall have the right to enforce all of the Executive's obligations to that Affiliate under this Agreement, including without limitation pursuant to Section 7, 8 or 9 hereof.

11. No Conflicting Agreements. The Executive hereby represents and warrants that the execution of this Agreement and the performance of her obligations hereunder will not breach or be in conflict with any other agreement to which the Executive is a party or is bound and that the Executive is not now subject to any covenants against competition or similar covenants or any other obligations to any Person or to any court order, judgment or decree that would affect the performance of her obligations hereunder. The Executive will not disclose to or use on behalf of the Company any proprietary information of a third party without such party's consent.

12. Definitions. Capitalized words or phrases shall have the meanings provided in this Section 12 and as provided elsewhere herein:

(a) "Affiliate" means any person or entity directly or indirectly controlling, controlled by the Company, where control may be by either management authority or equity interest.

(b) "Business" means the business of delivery of services to the frail and elderly population through the operation of PACE Programs.

(c) "Confidential Information" means any and all information of the Company and its Affiliates that is not generally available to the public, and any and all information, which, if disclosed by the Company or any of its Affiliates, would assist in competition against any of them. Confidential Information includes without limitation such information relating to (i) the development, research, testing, manufacturing, marketing and financial activities of the Company and its Affiliates, (ii) the Services, (iii) the costs, sources of supply, financial performance and strategic plans of the Company and its Affiliates, (iv) the identity and special needs of the patients of the Company and its Affiliates and (v) the people and organizations with whom the Company and its Affiliates have business relationships and the nature and substance of those relationships. Confidential Information also includes information that the Company or any of its Affiliates has received, or may receive hereafter, belonging to others or that was received by the Company or any of its Affiliates with any understanding, express or implied, that it would not be disclosed.

(d) "Intellectual Property" means inventions, discoveries, developments, methods, processes, compositions, works, concepts and ideas (whether or not patentable or copyrightable or constituting trade secrets) conceived, made, created, developed or reduced to practice by the Executive (whether alone or with others, whether or not during normal business hours or on or off Company premises) during the Executive's employment and during the period of six (6) months immediately following termination of her employment that relate either to the Services or to any prospective activity of the Company or any of its Affiliates or that result from any work performed by the Executive for the Company or any of its Affiliates or that make use of Confidential Information or any of the equipment or facilities of the Company or any of its Affiliates.

(e) "Person" means a natural person, a corporation, a limited liability company, an association, a partnership, an estate, a trust and any other entity or organization, other than the Company or any of its Affiliates.

(f) "Services" means all services planned, researched, developed, tested, sold, licensed, leased, or otherwise distributed or put into use by the Company or any of its Affiliates, together with all products provided or otherwise planned by the Company or any of its Affiliates, during the Executive's employment.

13. Indemnification. During Executive's employment with the Company and thereafter, the Company shall indemnify and hold Executive and her heirs and representatives harmless against any and all damages, costs, liabilities, losses and expenses (including reasonable attorneys' fees) as a result of any claim or proceeding (whether civil, criminal, administrative or investigative), against Executive that arises out of or relates to Executive's

service as an officer, director or employee, as the case may be, of the Company, or Executive's service in any such capacity or similar capacity with any Affiliate of the Company or other entity at the Company's request, except, however, the Company's indemnity shall not apply with respect to matters where the Executive has been grossly negligent, reckless, or intentionally violated the rights of the Company or of any third party unless at the direction of the Company, or where the Executive fails to cooperate fully with the Company in the Company's defense of any claim or proceeding. The Company agrees to promptly advance to Executive or her heirs or representatives the expenses, including attorneys' fees and litigation costs, upon written request with documentation of such expenses satisfactory to the Company and upon receipt of an undertaking by Executive or on Executive's behalf that such amounts will be promptly repaid should it ultimately be determined that Executive is not entitled to be indemnified by the Company. The Executive agrees to assist and cooperate with the Company, both during Executive's employment with the Company and thereafter, in the defense of any legal action related to the Executive's employment upon reasonable notice and at reasonable times and places. During Executive's employment with the Company and thereafter, the Company also shall provide Executive with coverage under its current directors' and officers' liability policy to the same extent that it provides such coverage to its other executive officers or directors and shall be entitled to the same rights of indemnification provided to such other executive officers or directors under the Company's by-laws, certificate of incorporation, or other governing documents. This Section 13 shall continue in effect after the termination of Executive's employment or the termination of this Agreement.

14. Withholding. All payments made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law.

15. Assignment. Neither the Company nor the Executive may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other; provided, however, that the Company may assign its rights and obligations under this Agreement without the consent of the Executive to one of its Affiliates or in the event that the Company shall hereafter effect a reorganization with, consolidate with, or merge into, an Affiliate or any Person or transfer all or substantially all of its properties, stock, or assets to an Affiliate or any Person. This Agreement shall inure to the benefit of and be binding upon the Company and the Executive, and their respective successors, executors, administrators, heirs and permitted assigns.

16. Severability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

17. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of either party to require the performance of any term or obligation of this Agreement, or the waiver by either party of any breach of this

Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

18. Notices. Any and all notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be effective when delivered in person, consigned to a reputable national courier service or deposited in the United States mail, postage prepaid, registered or certified, and addressed to the Executive at her last known address on the books of the Company or, in the case of the Company, at its principal place of business, attention of the Chief Executive Officer, or to such other address as either party may specify by notice to the other actually received.

19. Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes and terminates all prior communications, agreements, Offer of Employment, and understandings, written or oral, with respect to the terms and conditions of the Executive's employment with the Company.

20. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by an expressly authorized representative of the Company.

21. Headings. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement.

22. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

23. Governing Law. This is a Colorado contract and shall be construed and enforced under and be governed in all respects by the laws of the State of Colorado, without regard to any conflict of laws principles that would result in the application of the laws of any other jurisdiction.

IN WITNESS WHEREOF, this Agreement has been executed as a sealed instrument by the Company, by its duly authorized representative, and by the Executive, as of the date first above written.

THE EXECUTIVE:	THE COMPANY:
/s/ Maria Lozzano	/s/ Maureen Hewitt
Maria Lozzano	By: Maureen Hewitt
	Title: President and Chief Executive Officer

Exhibit A

Release of Claims

Reference is hereby made to that certain Employment Agreement, effective as of February 19, 2018, by and between Total Community Options, Inc., a Colorado corporation, and any successor entity thereto ("Employer"), and Maria Lozzano (the "Employment Agreement"). I, Maria Lozzano, do hereby release and forever discharge Employer and its subsidiaries and Affiliates (as defined in the Employment Agreement) and all of their respective past, present, and future shareholders, directors, officers, employee benefit plans, administrators, trustees, agents, representatives, employees, consultants, successors and assigns, and all those connected with any of them, in their official and individual capacities (collectively, the "Released Parties") to the extent provided below.

1. I understand that any payments paid under Section 5(d) of the Employment Agreement represent, in part, consideration for signing this General Release and are not salary, wages or benefits to which I was already entitled. I understand and agree that I will not receive the payments specified in Section 5(d) of the Employment Agreement unless I execute this Release of Claims (the "General Release") and do not revoke this General Release within the time period permitted hereafter or breach this General Release. In signing this General Release, I also acknowledge and represent that I have received all payments and benefits that I am otherwise entitled to receive (as of the date hereof) by virtue of my employment with Employer, including pay for all work I have performed for Employer through the date hereof (to the extent not previously paid) and pay, at my final base rate of pay, for any vacation time I earned but have not used as of the date hereof.

2. Except as provided in paragraphs 4, and 8 below and except for the provisions of the Employment Agreement which expressly survive the termination of the Employment Agreement, I knowingly and voluntarily (for myself, my heirs, executors, administrators, beneficiaries, representatives, successors and assigns, and all others connected with or claiming through me) release and forever discharge the Released Parties from any and all claims, suits, controversies, actions, causes of action, rights and claims, cross-claims, counter-claims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages and compensation , claims for costs and attorneys' fees, or liabilities of any kind and nature whatsoever, whether in law or in equity, both past and present, (through the date I sign this this General Release) and whether now known or unknown, suspected or unsuspected, contingent, claimed or otherwise, which I now have or ever have had against any of the Released Parties in any way related to, arising out of or connected with my employment and/or other relationship with, or my separation or termination from, Employer or any of its Affiliates, or pursuant to the Employment Agreement or Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (including the Older Workers Benefit Protection Act); the Equal Pay Act of 1963, as amended; the

Americans with Disabilities Act of 1990; the Family and Medical Leave Act of 1993; the Worker Adjustment Retraining and Notification Act; the Employee Retirement Income Security Act of 1974; the Fair Labor Standards Act; or their state or local counterparts; the wage and hour, wage payment and fair employment practices law of the state or states in which I have provided services to Employer or any of its Affiliates (each as amended from time to time) or under any other federal, state or local civil or human rights law, or under any other local, state, or federal law, regulation or ordinance; or under any public policy, contract or tort, or under common law; or arising under any policies, practices or procedures of Employer; or any claim for wrongful discharge, breach of contract, infliction of emotional distress, defamation; or any claim for costs, fees, or other expenses, including attorneys' fees incurred in these matters) (all of the foregoing are collectively referred to herein as "Claims"), and I hereby waive all such Claims. I understand that nothing contained in this General Release shall be construed to limit, restrict or in any other way affect my communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning non-privileged matters relevant to the governmental agency or entity

3. I represent that I have made no assignment or transfer of any right, claim, demand, cause of action or other matter covered by paragraph 2 above.

4. I agree that this General Release does not waive or release any rights or claims that I may have under the Age Discrimination in Employment Act of 1967 which arise after the date I execute this General Release. This General Release also does not waive any Claims for any vested pension benefits (if any), or for indemnification under the Employment Agreement or Employer's D&O Policy, by-laws, certificate of incorporation or other governing documents, or rights as an equity holder or under any equity based award.

5. Except as provided in paragraphs 4 and 8, I agree that I am waiving all rights to sue or obtain equitable, remedial or punitive relief from any or all Released Parties of any kind whatsoever, including, without limitation, reinstatement, back pay, front pay, attorneys' fees and any form of injunctive relief. Notwithstanding the above, I further acknowledge that I am not waiving and am not being required to waive any right (i) as set forth in paragraphs 4 and 8 or (ii) that cannot be waived under law, including the right to file an administrative charge or participate in an administrative investigation or proceeding conducted by the federal Equal Employment Opportunity Commission or a comparable state or local agency; provided, however that I disclaim and waive any right to share or participate in any monetary award resulting from the prosecution of such charge or investigation or proceeding, filed by me or by anyone else on my behalf.

6. I expressly consent that this General Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Claims (notwithstanding any state statute that expressly limits the effectiveness of a general release of unknown, unsuspected and unanticipated Claims), if any, as well as those relating to any other Claims hereinabove mentioned or implied. I acknowledge and agree that this waiver is an essential and material term of this General Release and that without such waiver Employer would not have agreed to the terms of the Employment

Agreement. I further agree that in the event I should bring a Claim seeking damages against Employer and/or any other Released Party, or in the event I should seek to recover against Employer and/or any other Released Party in any Claim brought by a governmental agency on my behalf, this General Release shall serve as a complete defense to such Claims. I further agree that I am not aware of any pending charge or complaint of the type described in paragraph 2 above as of the execution of this General Release.

7. I agree that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by Employer, any Released Party or myself of any improper or unlawful conduct. Rather, this General Release expresses the intention of the parties to resolve all issues and other claims related to or arising out of my employment by and termination from Employer.

8. Notwithstanding anything in this General Release to the contrary, this General Release shall not relinquish, diminish or in any way affect any rights or claims arising out of any breach by Employer of the Employment Agreement after the date hereof, which are not subject to this General Release.

9. Whenever possible, each provision of this General Release shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this General Release is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or its validity and enforceability in any other jurisdiction, but this General Release shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

10. I acknowledge that I will continue to be bound by my obligations under the Employment Agreement that survive the termination of my employment by the terms thereof or by necessary implication, including without limitation my non-competition and non-solicitation obligations set forth in Section 9 of the Employment Agreement (all of the foregoing obligations, the "Continuing Obligations"). I further acknowledge that the obligation of Employer to make payments to me or on my behalf under Section 5(d) of the Employment Agreement, and my right to retain the same, are expressly conditioned upon my continued full performance of my obligations hereunder and of the Continuing Obligations.

11. Subject to paragraph 5 of this General Release, I agree that I will not disclose this General Release or any of its terms or provisions, directly or by implication, except to members of my immediate family and to my legal and tax advisors, and then only on condition that they agree not to further disclose this General Release or any of its terms or provisions to others. Subject to paragraph 5 of this General Release, I agree that I will never disparage or criticize Employer, its Affiliates, their business, their management or their products or services, and that I will not otherwise do or say anything that could disrupt the good morale of employees of Employer or any of its Affiliates or harm the interests or reputation of Employer or any of its Affiliates. The Company has directed the senior officers and directors of the Company and its Affiliates not to make or cause to be made any statements that disparage or criticize you or your reputation.

12. This General Release creates legally binding obligations, and Employer therefore advises you to consult and attorney before you sign this General Release.

BY SIGNING THIS GENERAL RELEASE, I REPRESENT AND AGREE THAT:

1. I HAVE READ IT CAREFULLY;

2. I UNDERSTAND ALL OF ITS TERMS AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS, INCLUDING BUT NOT LIMITED TO, RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, AS AMENDED; THE EQUAL PAY ACT OF 1963, THE AMERICANS WITH DISABILITIES ACT OF 1990; AND THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED;

3. I VOLUNTARILY CONSENT TO EVERYTHING IN IT;

4. I HAVE BEEN ADVISED TO CONSULT WITH AN ATTORNEY BEFORE EXECUTING IT AND I HAVE DONE SO OR, AFTER CAREFUL READING AND CONSIDERATION, I HAVE CHOSEN NOT TO DO SO OF MY OWN VOLITION;

5. I ACKNOWLEDGE I MAY NOT SIGN THIS GENERAL RELEASE BEFORE THE DATE MY EMPLOYMENT WITH THE EMPLOYER TERMINATES;

6. I HAVE BEEN GIVEN ALL TIME PERIODS REQUIRED BY LAW TO CONSIDER THIS GENERAL RELEASE (INCLUDING, BUT NOT LIMITED TO, THE TIME PERIODS REQUIRED UNDER THE AGE DISCRIMINATION AND EMPLOYMENT ACT, AS AMENDED) SINCE THE DATE OF MY RECEIPT OF THIS RELEASE SUBSTANTIALLY IN ITS FINAL FORM ON JANUARY 23, 2019 (THE "<u>CONSIDERATION PERIOD</u>") TO CONSIDER ITS TERMS AND TO CONSULT WITH AN ATTORNEY, IF I WISHED TO DO SO, OR TO CONSULT WITH ANY OF THE OTHER PERSONS DESCRIBED IN PARAGRAPH 11 OF THIS GENERAL RELEASE AND (A) THE CHANGES MADE TO THIS RELEASE DURING SUCH CONSIDERATION PERIOD EITHER ARE NOT MATERIAL OR WERE MADE AT MY REQUEST AND WILL NOT RESTART THE REQUIRED CONSIDERATION PERIOD AND (B) MY EXECUTION OF THIS RELEASE PRIOR TO THE EXPIRATION OF THE CONSIDERATION PERIOD SHALL REPRESENT MY KNOWING WAIVER OF SUCH CONSIDERATION PERIOD;

7. I UNDERSTAND THAT I HAVE SEVEN (7) DAYS AFTER THE EXECUTION OF THIS RELEASE TO REVOKE IT (AND IF I INTEND TO REVOKE MY SIGNATURE I MUST DO SO IN WRITING ADDRESSED AND DELIVERED TO THE CHIEF EXECUTIVE OFFICER AT EMPLOYER PRIOR TO THE END OF THE SEVEN (7)-DAY REVOCATION PERIOD)

AND THAT THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD HAS EXPIRED, PROVIDED I HAVE NOT REVOKED MY ACCEPTANCE;

8. I HAVE SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY, WITH A FULL UNDERSTANDING OF ITS TERMS AND WITH THE ADVICE OF ANY COUNSEL RETAINED TO ADVISE ME WITH RESPECT TO IT;

9. I HAVE NOT RELIED ON ANY PROMISES OR REPRESENTATIVES, EXPRESS OR IMPLIED, THAT ARE NOT SET FORTH EXPRESSLY IN THIS GENERAL RELEASE; AND

10. I AGREE THAT THE PROVISIONS OF THIS GENERAL RELEASE MAY NOT BE AMENDED, WAIVED, CHANGED OR MODIFIED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF EMPLOYER AND BY ME.

DATE: ______________________ ______________________________

Maria Lozzano

Exhibit 10.8

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

THIS FIRST AMENDMENT TO THE EMPLOYMENT AGREEMENT (the "First Amendment") is made and entered into as of the 22th day of May, 2020 (the "Effective Date of Amendment") by and between Total Community Options, Inc., dba InnovAge, a Colorado corporation, and any successor entity thereto (the "Company") and Maria Lozzano (the "Executive").

RECITALS

WHEREAS, the Executive and the Company have entered into an Employment Agreement dated as of February 19, 2018 ("Employment Agreement");

WHEREAS, the Executive has been employed in the position of Chief Operations Officer for the Western Region.

WHEREAS, the Company has promoted the Executive to the positon of Corporate Chief Operating Officer and desires to amend the Employment Agreement as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and promises herein, the mutual promises, terms, provisions and conditions set forth in this First Amendment, the parties hereby agree:

1. Section 3(a) of the Agreement is hereby amended and restated as follows:

   3. Capacity and Performance.

      (a) During the term hereof, the Executive shall be employed by the Company on a full-time basis and shall serve the Company as its Corporate Chief Operations Officer.

2. As a condition of employment for the new position, the Executive may be required to relocate to another location and the Executive has agreed to relocate to another state, if required. Accordingly, Section 5(e)(ii) of the Agreement is hereby deleted in its entirety.

3. This First Amendment and the Agreement are the entire agreement between the parties hereto regarding the matters described herein and there are no other terms, covenants, conditions, agreements, or representations or warranties, oral or otherwise with respect thereto, of any kind whatsoever.

4. Except as expressly amended hereby, the original Agreement remains unmodified and in full force and effect. In the event of a conflict between the terms of this First Amendment and the Agreement, the terms of this First Amendment shall control.

5. This First Amendment shall be governed by the laws of the State of Colorado. This First Amendment may be executed in counterparts, each of which shall be an original and all of which, when taken together, shall constitute but one and the same instrument. This First

Amendment may be signed and delivered electronically, and the electronic record and signature will constitute an original for all purposes.

IN WITNESS WHEREOF, this First Amendment to the Agreement has been executed as a sealed instrument by the Company, by its duly authorized representative, and by the Executive, as of the Effective Date of the Amendment above written.

THE EXECUTIVE:	THE COMPANY:
/s/ Maria Lozzano	/s/ Maureen Hewitt
Maria Lozzano	By: Maureen Hewitt
	Title: President and Chief Executive Officer

Exhibit 10.9

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of this 15th day of August, 2022 (the "Effective Date"), by and between Total Community Options, Inc., d/b/a InnovAge, a Colorado corporation (the "Company"), and Dr. Richard Feifer (the "Executive").

RECITALS

The Company desires to offer to the Executive employment on the terms and conditions set forth in this Agreement. In consideration of the foregoing premises and the mutual promises, terms, provisions and conditions set forth in this Agreement, the parties hereby agree:

1. Employment. The Executive's employment shall be subject to the terms and conditions set forth in this Agreement.

2. Term. This Agreement will continue in effect from the Effective Date until terminated in accordance with Section 5 hereof. The term of this Agreement is hereafter referred to as "the term of this Agreement" or "the term hereof."

3. Capacities and Performance.

(a) During the term hereof, the Executive shall be employed by the Company on a full-time basis and shall serve the Company as its Chief Medical Officer. In such capacity, the Executive shall report to the President and Chief Executive Officer of the Company (the "Chief Executive Officer"), and the Executive shall have such duties as are consistent with the Executive's position and as may, from time to time, be assigned to the Executive by the Chief Executive Officer or the Board of Directors of the Company (the "Board").

(b) During the term hereof, the Executive shall devote substantially all of the Executive's full business time and the Executives's best efforts, business judgment, skill and knowledge to the advancement of the business and interests of the Company and its Affiliates (as defined below) and to the discharge of the Executive's duties and responsibilities hereunder. The Executive shall not engage in any other business activity or serve in any industry, trade, professional, governmental or academic position during the term of this Agreement, except as may be expressly approved in advance by the Chief Executive Officer in writing, which approval shall not be unreasonably withheld; provided, however, that the Executive may without advance consent participate in charitable activities and passive personal investment activities, provided that such activities do not, individually or in the aggregate, interfere with the performance of the Executive's duties under this Agreement, are not in conflict with the business interests of the Company or any of its Affiliates and do not violate Sections 7, 8 or 9 of this Agreement.

(c) During the term hereof, the Executive shall comply with all of the Company's written policies, practices and codes of conduct applicable to the Executive's position, as in effect from time to time.

4. Compensation and Benefits. As compensation for all services performed by the Executive hereunder during the term hereof, and subject to performance of the Executive's

duties and responsibilities to the Company and its Affiliates, pursuant to this Agreement or otherwise, the Company shall pay certain compensation and provide certain benefits to the Executive, as follows:

(a) Base Salary. During the term of this Agreement, the Company will pay the Executive an annual base salary commensurate with the Executive's performance and experience within the compensation philosophy established by the Company; the Executive's initial annual base salary rate will be $400,000. The Executive will be paid the Executive's annual base salary in accordance with the normal payroll practices of the Company as in effect from time to time (but no less frequently than monthly); the Executive's annual base salary, as from time to time adjusted, is hereafter referred to as the "Base Salary". The Chief Executive Officer, following consultation with the Board, shall review the Base Salary each year for increase, but shall not decrease the Base Salary.

(b) Annual Bonus Compensation. For each fiscal year occurring during the term hereof, beginning with the 2023 fiscal year, the Executive shall be eligible, but not entitled, to receive a discretionary annual bonus (the "Annual Bonus"), targeted at fifty percent (50%) of the Executive's Base Salary (the "Target Bonus"). The actual amount of the Annual Bonus due for a given fiscal year, if any, will be determined by the Chief Executive Officer, in consultation with the Board, acting in good faith and based on the achievement of pre-established performance criteria. The performance criteria shall be based on criteria established by the Board in consultation with the Chief Executive Office no later than the sixtieth (60th) day of the fiscal year. Any Annual Bonus earned for a fiscal year shall be paid within thirty (30) days after the Board has received, reviewed and approved the applicable fiscal year's final audited statements, and in any event no later than December 31st of the calendar year in which such fiscal year ends. In order to receive the Annual Bonus for any fiscal year, the Executive must be employed by the Company through the last day of the fiscal year to which performance relates.

(c) Long Term Incentive Plan. For each fiscal year occurring during the term hereof, beginning with the 2024 fiscal year, the Executive shall be eligible, but not entitled, to receive a discretionary annual award of restricted stock units ("RSUs) with a target value of approximately $400,000, which will vest in equal one-third (1/3) installments on each of the first three (3) anniversaries of the date of grant, subject to the Executive's continued employment with the Company on each applicable vesting date. The grant date will be in the first six months of the fiscal year. The actual amount of the RSUs due for a given fiscal year, if any, will be determined by the Chief Executive Officer, in consultation with the Board, acting in good faith. The RSU award will be subject to an RSU agreement, substantially in the form attached as Exhibit A hereto, the InnovAge Holding Corp. 2021 Omnibus Incentive Plan (as the same may be amended from time to time) and any other restrictions and limitations generally applicable to the equity of the Company or otherwise imposed by law.

(d) Initial RSU Grant. Company will grant you a one-time sign-on award of restricted stock units ("RSUs) equal to the value of $400,000 with an effective strike price set at the market close on the next Company strike date. It will vest in equal one-third (1/3) installments on each of the first three (3) anniversaries of the date of grant, subject to your continued employment on each applicable vesting date. The RSU award will be subject to an award agreement, the InnovAge Holding Corp., 2021 Omnibus Incentive Plan, and any other restrictions and limitations generally applicable to the equity of the Company or otherwise imposed by law.

(e) Paid Time Off. During the term hereof, the Executive shall be entitled to earn four (4) weeks (*i.e.*, twenty (20) days) of paid time off ("PTO") per annum (in addition to Company holidays), to be taken at such times and intervals as shall be determined by the Executive, subject to the reasonable business needs of the Company. PTO shall otherwise be governed by the policies of the Company, as in effect from time to time.

(f) Employee Benefit Plans. During the term hereof and subject to any contribution therefore generally required of similarly-situated employees of the Company, the Executive shall be entitled to participate in any and all employee benefit plans from time to time in effect for employees of the Company generally (the "Employee Benefit Plans"), except to the extent any Employee Benefit Plan provides for benefits otherwise provided to the Executive hereunder (e.g., a severance pay plan). Such participation shall be subject to (i) the terms of the applicable Employee Benefit Plan documents, (ii) generally applicable Company policies and (iii) the discretion of the Company or any administrative or other committee provided for under, or contemplated by, such Employee Benefit Plan.

(g) Business Expenses. The Company shall pay or reimburse the Executive for reasonable, customary and necessary business expenses incurred or paid by the Executive in the performance of the Executive's duties and responsibilities hereunder, subject to such reasonable substantiation and documentation and to travel and other policies as may be required by the Company from time to time.

5. Termination of Employment and Severance Benefits. The Executive's employment hereunder shall terminate under the following circumstances:

(a) Death. In the event of the Executive's death during the term hereof, the date of death shall be the date of termination, and the Company shall pay or provide to the Executive's designated beneficiary or, if no beneficiary has been designated by the Executive in a notice received by the Company, to the Executive's estate: (i) any Base Salary earned but not paid through the date of termination, (ii) pay in lieu of any PTO accrued but not used as of the date of termination, and (iii) any business expenses incurred by the Executive but unreimbursed as of the date of termination, provided, that, such expenses and required substantiation and documentation are submitted no later than one hundred twenty (120) days following the date of termination, that such expenses are reimbursable under Company policy and that any such expenses subject to Section 5(g)(iv) shall be paid not later than the deadline specified therein, all of the foregoing, payable subject to the timing limitations described herein, "Final Compensation. In the event of such termination, the Company shall have no further obligation or liability to the Executive under this Agreement, other than for payment of any Final Compensation due to the Executive. Other than business expenses described in Section 5(a)(iii), Final Compensation shall be paid to the Executive's designated beneficiary or estate at the time prescribed by applicable law and in all events within thirty (30) days following the date of death.

(b) Disability.

(i) The Company may terminate the Executive's employment hereunder, upon notice to the Executive, in the event that the Executive becomes disabled during the Executive's employment hereunder through any illness, injury, accident or condition of either

a physical or psychological nature and, as a result, is unable to perform substantially all of the Executive's duties and responsibilities hereunder (notwithstanding the provision of any reasonable accommodation exclusive of the leave of absence provided hereunder) for ninety (90) consecutive days, or one hundred and eighty (180) non-consecutive days, during any period of three hundred and sixty-five (365) consecutive calendar days ("Disability"). In the event of such termination, the Company shall have no further obligation or liability to the Executive under this Agreement, other than for payment of any Final Compensation due to the Executive. Other than business expenses described in Section 5(a)(iii), Final Compensation shall be paid to the Executive at the time prescribed by applicable law and in all events within thirty (30) days following the date of termination of employment.

(ii) The Chief Executive Officer may designate another employee to act in the Executive's place during any period of the Executive's Disability. Notwithstanding any such designation, the Executive shall continue to receive the Base Salary in accordance with Section 4(a) and to participate in Employee Benefit Plans in accordance with Section 4(f), to the extent permitted by the then-current terms of the applicable Employee Benefit Plans, until the Executive becomes eligible for disability income benefits under the Company's disability income plan, if any, or until the termination of the Executive's employment, whichever shall first occur. If the Executive receives any disability income payments under the Company's disability income plan, the Base Salary under Section 4(a) shall be reduced by the amount of such disability income. The Executive shall continue to participate in the Employee Benefit Plans in accordance with Section 4(f) and to the extent permitted by and subject to the then-current terms of such Employee Benefit Plans, until the termination of the Executive's employment hereunder.

(iii) If any question shall arise as to whether the Executive is disabled through any illness, injury, accident or condition of either a physical or psychological nature so as to be unable to perform substantially all of the Executive's duties and responsibilities hereunder, the Executive may, and at the reasonable request of the Company shall, submit to a medical examination by a physician mutually agreed to by the Company and the Executive (or the Executive's duly appointed guardian, if any), and such determination for the purposes of this Agreement shall be conclusive. If such question shall arise and the Executive shall fail to submit to such medical examination, the Company's determination of the issue shall be binding on the Executive.

(c) By the Company for Cause. The Company may terminate the Executive's employment hereunder for Cause at any time upon delivery of written notice to the Executive. The following, as determined in the Company's reasonable discretion, shall constitute Cause for termination:

(i) The Executive's failure to perform the Executive's duties and responsibilities to the Company or any of its Affiliates that are consistent with Executive's title and authorities;

(ii) The Executive's material breach of any of the provisions of this Agreement or any other written agreement between the Executive and the Company or any of its Affiliates, resulting in material harm to the Company or any of its Affiliates; or

(iii) The Executive's material breach of any fiduciary duty that the Executive has to the Company or any of its Affiliates;

(iv) The Executive's gross negligence, intentional misconduct or unethical or improper behavior by the Executive resulting in material harm to the business, interests or reputation of the Company or any of its Affiliates;

(v) The Executive's intentional or willful failure to comply with applicable PACE, Medicare or Medicaid rules or regulations;

(vi) The Executive's failure to comply with the Company's Code of Conduct or Corporate Compliance Program;

(vii) The Executive's commission of a felony or any other crime involving moral turpitude; or

(viii) The Executive's commission of conduct involving fraud, embezzlement, sexual harassment, material misappropriation of property or other substantial misconduct with respect to the Company or any of its Affiliates.

Any termination of the Executive's employment for bases set forth in clauses (i) - (iii) and (vi) shall not constitute a termination for Cause unless the Company shall have provided written notice to the Executive no later than fifteen (15) days after the Board first obtained actual knowledge of the Executive's act or omission constituting Cause, setting forth in reasonable detail such acts or omissions, and the Executive shall have failed to cure (to the extent capable of cure) such acts or omissions within fifteen (15) days following receipt of written notice. In the event of a termination of the Executive's employment hereunder for Cause, the Company shall have no further obligation or liability to the Executive under this Agreement, other than for any Final Compensation (excluding the Prior Year Bonus) due to the Executive. Other than business expenses described in Section 5(a)(iii), Final Compensation shall be paid to the Executive at the time prescribed by applicable law and in all events within thirty (30) days following the date of termination of employment.

(d) By the Company Other Than for Cause. The Company may terminate the Executive's employment hereunder other than for Cause at any time upon thirty (30) days' prior written notice to the Executive. If the Company terminates the Executive's employment other than for Cause after the Effective Date, then in addition to any Final Compensation due to the Executive, the Company will (i) pay to the Executive severance pay, at the same rate as the Base Salary, for a period of twelve (12) months following the date of termination of the Executive's employment, (ii) pay to the Executive an amount equal to the Executive's Target Bonus (clauses (i) and (ii), collectively, the "Severance Payments") and (iii) continue to pay, on the Executive's behalf, the premiums required to be paid for the Executive's continued participation in the Company's health care benefit plan, including existing spousal or family health care coverage, if selected, for a period of twelve (12) months following termination, unless the Executive becomes employed by another company and eligible for coverage under such company's group health care plans, and in such instance, future payment for the health insurance premiums will cease (the "Healthcare Payments" and, collectively with the Severance Payments,

the "Severance Benefits"). Other than business expenses described in Section 5(a)(iii), Final Compensation shall be paid to the Executive at the time prescribed by applicable law and in all events within thirty (30) days following the date of termination of employment. Any obligation of the Company to provide the Severance Benefits is conditioned, however, on the Executive signing and returning to the Company (without revoking) a timely and effective general release of claims in substantially the form attached hereto as Exhibit B (the "Release of Claims"), all of which (including the lapse of the period for revoking the Release of Claims as specified in the Release of Claims) shall have occurred no later than the sixtieth (60th) day following the date of termination, and on the Executive's continued compliance with the obligations of the Executive to the Company and its Affiliates that survive termination of the Executive's employment, including, without limitation, under Sections 7, 8 and 9 of this Agreement. Subject to Section 5(g) below, (A) the Severance Payments to which the Executive is entitled hereunder shall be in the form of salary continuation, payable in accordance with the normal payroll practices of the Company, and (B) the Healthcare Payments shall be paid monthly, and in both cases of (A) and (B), with the first payment, which shall be retroactive to the day immediately following the date on which the Executive's employment terminated, being due and payable on the Company's next regular payday for executives that follows the expiration of sixty (60) calendar days from the date on which the Executive's employment terminates. Notwithstanding the foregoing, in the event the Healthcare Payments would, in the determination of the Board or its delegate, subject the Executive, the Company or any of its Affiliates to any tax or penalty under the Patient Protection and Affordable Care Act (as amended from time to time, the "ACA") or Section 105(h) of the Internal Revenue Code of 1986, as amended ("Section 105(h)"), or applicable regulations or guidance issued under the ACA or Section 105(h), the Healthcare Payments shall be treated as taxable payments and be subject to imputed income tax treatment to the extent necessary to eliminate any such adverse consequences under the ACA or Section 105(h).

(e) By the Executive for Good Reason. The Executive may terminate the Executive's employment hereunder for Good Reason by providing (1) written notice to the Company, specifying in reasonable detail the condition giving rise to the Good Reason, no later than the thirtieth (30th) day following the first occurrence of that condition, and (2) the Company a period of thirty (30) days in which to remedy the condition in all material respects. The Executive's termination of employment for Good Reason will be effective on the thirty-first (31st) calendar day following the expiration of the Company's period to remedy, if the Company has failed to remedy the condition in all material respects. The following, if occurring without the Executive's written consent, shall constitute "Good Reason" for termination by the Executive:

(i) a material reduction in the Executive's Base Salary (unless such reduction affects all similarly situated employees of the Company on a proportionate basis);

(ii) a requirement that the Executive relocate to a location more than fifty (50) miles from Simsbury, Connecticut where the Executive is providing services (provided, that, a relocation shall not include the Executive's travel for business in the course of performing the Executive's duties for the Company or any of its Affiliates);

(iii) a material diminution in the nature or scope of the Executive's duties, authority and/or responsibilities, which for the sake of clarity, does not include a change of reporting structure; or

(iv) a material breach by the Company of (A) any of the terms of this Agreement or (B) any other material written agreement between the Company and the Executive.

In the event of termination of the Executive's employment in accordance with this Section 5(e), the Executive will be entitled to all amounts the Executive would have been entitled to receive had the Executive's employment been terminated by the Company other than for Cause pursuant to Section 5(d) above, provided, that, the Executive signs and returns (without revoking) a timely and effective Release of Claims as set forth in Section 5(d).

(f) By the Executive without Good Reason. The Executive may terminate the Executive's employment hereunder without Good Reason at any time upon sixty (60) days' prior written notice to the Company. In the event of termination of the Executive's employment in accordance with this Section 5(f), the Chief Executive Officer may elect to waive the period of notice, or any portion thereof, and, if the Chief Executive Officer so elects, the Company will pay the Executive the Base Salary for the period so waived. The Company shall also pay the Executive any Final Compensation due to the Executive (other than business expenses described in Section 5(a)(iii)) at the time prescribed by applicable law and in all events within thirty (30) days following the date of the termination of employment.

(g) Timing of Payments and Section 409A.

(i) Notwithstanding anything to the contrary in this Agreement, if, at the time of the Executive's termination of employment, the Executive is a "specified employee," as defined below, any and all amounts payable under this Section 5 on account of such separation from service that constitute deferred compensation, and would (but for this provision) be payable within six (6) months following the date of termination, shall instead be paid on the next business day following the expiration of such six (6)-month period or, if earlier, upon the Executive's death; except (A) with respect to any amounts that do not constitute a deferral of compensation within the meaning of Treasury Regulation Section 1.409A-1(b) (including, without limitation, by reason of the safe harbor set forth in Section 1.409A-1(b)(9)(iii), as determined by the Company in its reasonable good faith discretion); (B) benefits that qualify as excepted welfare benefits pursuant to Treasury Regulation Section 1.409A-1(a)(5); and (C) other amounts or benefits that are not subject to the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A").

(ii) For purposes of this Agreement, all references to "termination of employment" and correlative phrases shall be construed to require a "separation from service" (as defined in Section 1.409A-1(h) of the Treasury Regulations, after giving effect to the presumptions contained therein), and the term "specified employee" means an individual determined by the Company to be a specified employee under Treasury Regulation Section 1.409A-1(i).

(iii) Each payment made under this Agreement shall be treated as a separate payment, and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments.

(iv) Any payment of, or reimbursement for, expenses that would constitute nonqualified deferred compensation subject to Section 409A shall be subject to the following additional rules: (A) no reimbursement or payment of any such expense shall affect the Executive's right to reimbursement or payment of any such expense in any other calendar year; (B) reimbursement or payment of the expense shall be made, if at all, promptly, but not later than the end of the calendar year following the calendar year in which the expense was incurred; and (C) the right to reimbursement or payment shall not be subject to liquidation or exchange for any other benefit.

(v) In no event shall the Company have any liability relating to the failure or alleged failure of any payment or benefit under this Agreement to comply with, or be exempt from, the requirements of Section 409A.

(h) Exclusive Right to Severance. The Executive agrees that the Severance Benefits to be provided to the Executive in accordance with the terms and conditions set forth in this Agreement are intended to be exclusive. The Executive hereby knowingly and voluntarily waives any right she might otherwise have to participate in or receive payments or benefits under any other plan, program or policy of the Company providing for severance or termination pay or other termination benefits (other than any benefits payable pursuant to a long-term disability or other similar insurance program, which shall be governed by the terms and provisions of the applicable plan or program).

6. Effect of Termination. The provisions of this Section 6 shall apply to any termination of the Executive's employment under this Agreement, whether pursuant to Section 5 or otherwise.

(a) Provision by the Company of Final Compensation and Severance Benefits, if any, that are due to the Executive, in each case, under the applicable termination provisions of Section 5, shall constitute the entire obligation of the Company to the Executive under this Agreement.

(b) Except for any right of the Executive to continue group health plan participation in accordance with applicable law, the Executive's participation in all Employee Benefit Plans shall terminate pursuant to the terms of the applicable Employee Benefit Plan documents based on the date of termination of the Executive's employment, without regard to any Base Salary for notice waived pursuant to Section 5(e) hereof or to any Severance Benefits or other payment made to or on behalf of the Executive following such termination date.

(c) Provisions of this Agreement shall survive any termination of the Executive's employment if so provided herein or if necessary or desirable fully to accomplish the purposes of other surviving provisions, including, without limitation, the obligations of the Executive under Sections 7, 8 and 9 hereof. The obligation of the Company to provide Severance Benefits hereunder, and the Executive's right to retain such payments, is expressly conditioned on the Executive's continued full performance in accordance with Sections 7, 8 and 9 hereof.

7. Confidential Information.

(a) The Executive acknowledges that the Company and its Affiliates continually develop Confidential Information, that the Executive will develop Confidential Information for the Company or its Affiliates and that the Executive will learn of Confidential Information during the course of the Executive's employment. The Executive agrees that all Confidential Information which the Executive creates or to which she has access as a result of the Executive's employment or other associations with the Company or any of its Affiliates since the Effective Date is and shall remain the sole and exclusive property of the Company or its Affiliate, as applicable. The Executive shall comply with the policies and procedures of the Company and its Affiliates for protecting Confidential Information and shall never disclose to any Person (except as required by applicable law or for the proper performance of the Executive's duties and responsibilities to the Company and its Affiliates), or use for the Executive's own benefit or gain or the benefit or gain of any other Person, any Confidential Information obtained by the Executive incident to the Executive's employment or any other association with the Company or any of its Affiliates. The Executive understands that this restriction shall continue to apply after the Executive's employment terminates, regardless of the reason for such termination. Further, the Executive agrees to furnish prompt notice to the Company of any required disclosure of Confidential Information sought pursuant to subpoena, court order or any other legal process or requirement, and agrees to provide the Company a reasonable opportunity to seek protection of the Confidential Information prior to any such disclosure. The confidentiality obligation under this Section 7 shall not apply to information that has become generally known through no wrongful act on the part of the Executive or any other Person having an obligation of confidentiality to the Company or any of its Affiliates. For the avoidance of doubt, the Executive acknowledges that nothing contained herein limits, restricts or in any other way affects the Executives's communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to the governmental agency or entity.

(b) All documents, records, tapes and other media of every kind and description relating to the business, present or otherwise, of the Company or any of its Affiliates and any copies or derivatives (including, without limitation, electronic), in whole or in part, thereof (the "Documents"), whether or not prepared by the Executive, shall be the sole and exclusive property of the Company and its Affiliates. Except as necessary for the proper performance of the Executive's regular duties for the Company or as expressly authorized in writing in advance by the Company or its expressly authorized designee, the Executive will not copy any Documents or remove any Documents or copies or derivatives thereof from the premises of the Company. The Executive shall safeguard all Documents and shall surrender to the Company, at the time the Executive's employment terminates, or at such earlier time or times as the Company or its designee may specify, all Documents and other property of the Company or any of its Affiliates and all documents, records and files of the customers and other Persons with whom the Company or any of its Affiliates does business (collectively, "Third Party Documents" and each individually, a "Third Party Document") then in the Executive's possession or control and not accessible by the Company; provided, however, that if a Document or Third-Party Document is on electronic media, the Executive may, in lieu of surrendering the Document or Third-Party Document, provide a copy to the Company on electronic media and delete and overwrite all other electronic media copies thereof. The Executive also agrees that, upon request of any duly authorized officer of the

Company, the Executive shall disclose all passwords and passcodes necessary or desirable to enable the Company or any of its Affiliates or the Persons with whom the Company or any of its Affiliates do business to obtain access to the Documents and Third-Party Documents.

(c) 18 U.S.C § 1833(b) provides: "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 (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) 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." Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b). Accordingly, the parties to this Agreement have the right to disclose in confidence trade secrets to federal, state and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. The parties also have the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure.

8. Assignment of Rights to Intellectual Property. The Executive shall promptly and fully disclose all Intellectual Property to the Company. The Executive hereby assigns and agrees to assign to the Company (or as otherwise directed by the Company) the Executive's full right, title and interest in and to all Intellectual Property. The Executive agrees to execute any and all applications for domestic and foreign patents, copyrights or other proprietary rights and to do such other acts (including, without limitation, the execution and delivery of instruments of further assurance or confirmation) requested by the Company to assign the Intellectual Property to the Company (or as otherwise directed by the Company) and to permit the Company to enforce any patents, copyrights or other proprietary rights to the Intellectual Property. The Executive will not charge the Company for time spent in complying with these obligations. All copyrightable works that the Executive creates shall be considered "work made for hire" and shall, upon creation, be owned exclusively by the Company.

9. Restricted Activities. The Executive acknowledges and agrees that (1) he is an executive or management employee of the Company and is provided access to the Company's "Trade Secrets," defined as the whole or any portion or phase of any scientific or technical information, design, process, procedure, formula, improvement, confidential business or financial information, listing of names, addresses, or telephone numbers, or other information relating to the Company which is secret and of value, and (2) the following restrictions on the Executive's activities during and after employment with the Company are necessary to protect the Company's Trade Secrets and other legitimate interests of the Company and its Affiliates:

(a) Non-Competition. While the Executive is employed by the Company and during the one (1)-year period immediately following termination of the Executive's employment with the Company for any reason (the "Restricted Period"), the Executive shall not, directly or indirectly, whether as owner, partner, investor, consultant, agent, employee, independent contractor, co-venturer or otherwise, whether with or without compensation, compete with the Business (as defined below), or any portion of the Business, in the United States of America (the "Restricted Area") or undertake any planning for any business competitive with all or a portion of the Business in the Restricted Area. Specifically, but without limiting the foregoing,

the Executive agrees not to work or provide services, in any capacity, whether as an employee, independent contractor or otherwise, whether with or without compensation, to any Person that is engaged in all or any portion of the Business, as conducted or in active planning to be conducted during the Executive's employment with the Company or, with respect to the portion of the Restricted Period that follows the termination of the Executive's employment, at the time the Executive's employment terminates, in the Restricted Area. Notwithstanding the foregoing, nothing in this Agreement shall (A) prevent the Executive from providing services to a consulting firm that provides services to any business that competes with the Business, (B) preclude the Executive from owning up to two percent (2%) of the publicly traded securities of any business or (C) prevent the Executive from providing services to an entity that contains a business that competes with the Business, provided, that, the Executive is not responsible for (and does not engage or participate in) the day-to-day management, oversight or supervision of such business, and provided, further, that the Executive does not have direct supervision over the individual or individuals who are so responsible for such day-to-day management, oversight or supervision.

(b) Non-Solicitation.

(i) During the Restricted Period, the Executive will not directly or indirectly, (A) solicit or encourage any customer of the Company or any of its Affiliates to terminate or diminish its relationship with them; or (B) seek to persuade any such customer or prospective customer of the Company or any of its Affiliates to conduct with anyone else any business or activity which such customer or prospective customer conducts or could conduct with the Company or any of its Affiliates; provided, however, that these restrictions shall apply (I) only with respect to any Person who is or has been a customer of the Company or any of its Affiliates at any time within the immediately preceding two (2)-year period or whose business has been solicited on behalf of the Company or any of its Affiliates by any of their officers, employees or agents within such two (2)-year period, other than by form letter, blanket mailing or published advertisement, and (II) only if the Executive has performed work for such Person during the Executive's employment with the Company or one of its Affiliates or been introduced to, or otherwise had contact with, such Person as a result of the Executive's employment or other associations with the Company or one of its Affiliates or has had access to Confidential Information which would assist in the Executive's solicitation of such Person. Notwithstanding anything in this Section 9(b) to the contrary, the Executive may solicit customers and prospective customers for purposes of providing or selling products or services that do not compete with the Business.

(ii) During the Restricted Period, the Executive will not, and will not assist any other Person to, (A) hire or solicit for hiring any employee of the Company or any of its Affiliates or seek to persuade any employee of the Company or any of its Affiliates to discontinue employment or (B) solicit or encourage any independent contractor providing services to the Company or any of its Affiliates to terminate or diminish such independent contractor's relationship with them. For the purposes of this Agreement, an "employee" or an "independent contractor" of the Company or any of its Affiliates is any Person who was such at any time within the preceding two (2) years.

10. Whistleblower Protection. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall be interpreted so as to impede the Executive

(or any other individual) from reporting possible violations of federal law or regulation to any governmental agency or entity, including, but not limited to, the Department of Justice, the Securities and Exchange Commission, the Congress and any agency Inspector General, or making other disclosures under the whistleblower provisions of federal law or regulation. The Executive does not need the prior authorization of the Company to make any such reports or disclosures and the Executive shall not be required to notify the Company that such reports or disclosures have been made.

11. Enforcement of Covenants. The Executive acknowledges that the Executive has carefully read and considered all the terms and conditions of this Agreement, including the restraints imposed upon the Executive pursuant to Sections 7, 8 and 9 hereof. The Executive agrees without reservation that each of the restraints contained herein is necessary for the reasonable and proper protection of the goodwill, Confidential Information and other legitimate interests of the Company and its Affiliates; that each and every one of these restraints is reasonable in respect to subject matter, length of time and geographic area; and that these restraints, individually or in the aggregate, will not prevent the Executive from obtaining other suitable employment during the period in which the Executive is bound by them. The Executive further agrees that the Executive will never assert, or permit to be asserted on the Executive's behalf, in any forum, any position contrary to the foregoing. The Executive further acknowledges that, were the Executive to breach any of the covenants contained in Sections 7, 8 or 9 hereof, the damage to the Company and its Affiliates would be irreparable. The Executive therefore agrees that the Company, in addition and not in the alternative to any other remedies available to it, shall be entitled to preliminary and permanent injunctive relief against any breach or threatened breach by the Executive of any of said covenants, without having to post bond. The parties further agree that, in the event that any provision of Sections 7, 8 or 9 hereof shall be determined by any court of competent jurisdiction to be unenforceable, such provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law. The Executive agrees that the Restricted Period shall be tolled, and shall not run, during any period of time in which the Executive is in violation of the terms thereof, in order that the Company and its Affiliates shall have all of the agreed-upon temporal protection recited herein. No breach of any provision of this Agreement by the Company, or any other claimed breach of contract or violation of law, or change in the nature or scope of the Executive's employment relationship with the Company, shall operate to extinguish the Executive's obligation to comply with Sections 7,8 and 9 hereof. Each of the Company's Affiliates shall have the right to enforce all of the Executive's obligations to that |Affiliate under this Agreement, including, without limitation, pursuant to Sections 7, 8 or 9 hereof.

12. No Conflicting Agreements. The Executive hereby represents and warrants that the execution of this Agreement and the performance of the Executive's obligations hereunder will not breach or be in conflict with any other agreement to which the Executive is a party or is bound, and that the Executive is not now subject to any covenants against competition or similar covenants or any other obligations to any Person or to any court order, judgment or decree that would affect the performance of the Executive's obligations hereunder. The Executive will not disclose to or use on behalf of the Company any proprietary information of a third party without such party's consent.

13. Definitions. Capitalized words or phrases shall have the meanings provided in this Section 13 and as provided elsewhere herein:

(a) "Affiliate" means any person or entity directly or indirectly controlling or controlled by the Company, where control may be by either management authority or equity interest.

(b) "Business" means the business of delivery of services to the frail and elderly population through the operation of PACE Programs.

(c) "Confidential Information" means any and all information of the Company and its Affiliates that is not generally available to the public, and any and all information, which, if disclosed by the Company or any of its Affiliates, would assist in competition against any of them. Confidential Information includes, without limitation, such information relating to (i) the development, research, testing, manufacturing, marketing and financial activities of the Company and its Affiliates, (ii) the Services, (iii) the costs, sources of supply, financial performance and strategic plans of the Company and its Affiliates, (iv) the identity and special needs of the patients of the Company and its Affiliates and (v) the people and organizations with whom the Company and its Affiliates have business relationships and the nature and substance of those relationships. Confidential Information also includes information that the Company or any of its Affiliates has received, or may receive hereafter, belonging to others or that was received by the Company or any of its Affiliates with any understanding, express or implied, that it would not be disclosed.

(d) "Intellectual Property" means inventions, discoveries, developments, methods, processes, compositions, works, concepts and ideas (whether or not patentable or copyrightable or constituting trade secrets) conceived, made, created, developed or reduced to practice by the Executive (whether alone or with others, whether or not during normal business hours or on or off Company premises) during the Executive's employment and during the period of six (6) months immediately following termination of the Executive's employment that relate either to the Services or to any prospective activity of the Company or any of its Affiliates or that result from any work performed by the Executive for the Company or any of its Affiliates or that make use of Confidential Information or any of the equipment or facilities of the Company or any of its Affiliates.

(e) "Person" means a natural person, a corporation, a limited liability company, an association, a partnership, an estate, a trust and any other entity or organization, other than the Company or any of its Affiliates.

(f) "Services" means all services planned, researched, developed, tested, sold, licensed, leased or otherwise distributed or put into use by the Company or any of its Affiliates, together with all products provided or otherwise planned by the Company or any of its Affiliates, during the Executive's employment.

14. Indemnification. During the Executive's employment with the Company and thereafter, the Company shall indemnify, and hold the Executive and the Executive's heirs and representatives harmless against, any and all damages, costs, liabilities, losses and expenses

(including reasonable attorneys' fees) as a result of any claim or proceeding (whether civil, criminal, administrative or investigative) against the Executive that arises out of or relates to the Executive's service as an officer, director or employee, as the case may be, of the Company, or the Executive's service in any such capacity or similar capacity with any Affiliate of the Company or other entity at the Company's request, except, however, the Company's indemnity shall not apply with respect to matters where the Executive has been grossly negligent, reckless or intentionally violated the rights of the Company or of any third party, unless at the direction of the Company, or where the Executive fails to cooperate fully with the Company in the Company's defense of any claim or proceeding. The Company agrees to promptly advance to the Executive or the Executive's heirs or representatives the expenses, including attorneys' fees and litigation costs, upon written request, with documentation of such expenses satisfactory to the Company and upon receipt of an undertaking by the Executive or on the Executive's behalf that such amounts will be promptly repaid should it ultimately be determined that the Executive is not entitled to be indemnified by the Company. The Executive agrees to assist and cooperate with the Company, both during the Executive's employment with the Company and thereafter, in the defense of any legal action related to the Executive's employment upon reasonable notice and at reasonable times and places. During the Executive's employment with the Company and thereafter, the Company also shall provide the Executive with coverage under its current directors' and officers' liability policy to the same extent that it provides such coverage to its other executive officers or directors and shall be entitled to the same rights of indemnification provided to such other executive officers or directors under the Company's by-laws, certificate of incorporation or other governing documents. This Section 14 shall continue in effect after the termination of the Executive's employment or the termination of this Agreement.

15. Withholding. All payments made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law.

16. Assignment. Neither the Company nor the Executive may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other; provided, however, that the Company may assign its rights and obligations under this Agreement without the consent of the Executive to one of its Affiliates or in the event that the Company shall hereafter effect a reorganization with, consolidate with or merge into an Affiliate or any Person or transfer all or substantially all of its properties, stock or assets to an Affiliate or any Person. This Agreement shall inure to the benefit of and be binding upon the Company and the Executive, and their respective successors, executors, administrators, heirs and permitted assigns.

17. Severability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

18. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of either party to require the performance

of any term or obligation of this Agreement, or the waiver by either party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

19. Notices. Any and all notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be effective when delivered in person, consigned to a reputable national courier service or deposited in the United States mail, postage prepaid, registered or certified, and addressed to the Executive at the Executive's last known address on the books of the Company or, in the case of the Company, at its principal place of business, attention of the Chief Executive Officer, or to such other address as either party may specify by notice to the other actually received.

20. Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes and terminates all prior communications, agreements and understandings, written or oral, with respect to the terms and conditions of the Executive's employment with the Company (including, without limitation, that certain offer letter from the Company to the Executive, dated as of August 8, 2022).

21. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by an expressly authorized representative of the Company.

22. Headings. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement.

23. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

24. Governing Law. This is a Colorado contract and shall be construed and enforced under and be governed in all respects by the laws of the State of Colorado, without regard to any conflict of laws principles that would result in the application of the laws of any other jurisdiction.

[*Signature Page Follows*]

IN WITNESS WHEREOF, this Agreement has been executed as a sealed instrument by the Company, by its duly authorized representative, and by the Executive, as of the date first above written.

THE EXECUTIVE:	THE COMPANY:
/s/ Richard Feifer	/s/ Patrick Blair
Dr. Richard Feifer	By: Patrick Blair
	Title: President and Chief Executive Officer

Exhibit A

Form RSU Agreement Attached

Exhibit B

Release of Claims - to be completed upon termination

Reference is hereby made to that certain Employment Agreement, effective as of August 15, 2022, by and between Total Community Options, Inc., a Colorado corporation (and any successor entity thereto, the "Company"), and Dr. Richard Feifer ("Executive") (such agreement, the Employment Agreement"). Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Employment Agreement.

This release of claims (this "General Release") is entered into by Executive in exchange for good and valuable consideration, and Executive, intended to be legally bound, agrees as follows:

1. Separation of Employment. Executive's employment or service with the Company and its Affiliates terminated as of [*DATE*], and Executive hereby resigns from any position as an officer, member of the board of managers or directors (as applicable) or fiduciary of the Company or any of its Affiliates (or reaffirms any such resignation that may have already occurred) and agrees to execute any additional documentation as may be necessary to effectuate such resignations.

2. Acknowledgment of Payments and Benefits. Executive understands that any payments paid and benefits provided under Section 5[(d)][(e)] of the Employment Agreement represent, in part, consideration for signing this General Release and are not salary, wages or benefits to which Executive was already entitled. Executive understands and agrees that Executive will not receive the payments specified in Section 5[(d)][(e)] of the Employment Agreement unless Executive timely executes, and does not revoke, this General Release within the time period permitted hereafter. Such payments and benefits will not be considered compensation for purposes of any employee benefit plan, program, policy or arrangement maintained or hereafter established by the Company or its Affiliates. In signing this General Release, Executive also acknowledges and represents that, except as set forth in this General Release, Executive is not entitled to receive any additional compensation, bonuses, equity compensation, payment in lieu of any paid time off, equity awards, severance payments or other payments or benefits of any kind from the Company or any of the other Released Parties (as defined below), including, without limitation, any payments of any kind under the Employment Agreement.

3. Release. Executive, on behalf of Executive and Executive's heirs beneficiaries, administrators, executors, trustees and assigns, shall, and hereby does, forever and irrevocably release and discharge the Company and its subsidiaries and Affiliates, and each of their respective past, present and future shareholders, directors, officers, employee benefit plans, administrators, trustees, agents, representatives, employees, consultants, parents, subsidiaries, divisions, insurers, attorneys, predecessors, purchasers, successors and assigns, and all those connected with any of them, in their official and individual capacities (each, a "Released Party" and, collectively, the "Released Parties"), from any and all claims, suits, controversies, actions, causes of action, cross-claims, counterclaims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and

attorneys' fees or liabilities of any nature whatsoever in law and in equity, both past and present and whether known or unknown, suspected, unsuspected or claimed (collectively, "Claims"), which Executive or any of Executive's beneficiaries, administrators, executors, trustees and assigns may have (a) from the beginning of time through the date upon which Executive executes this General Release; (b) arising out of, or relating to, any agreement and/or any awards, policies, plans, programs, procedures or practices of any of the Released Parties that may apply to Executive or in which Executive may participate or may have participated, including, but not limited to, any rights under bonus plans or programs of any of the Released Parties and/or any other short-term or long-term equity-based or cash-based incentive plans or programs of any of the Released Parties; (c) arising out of, or relating to, Executive's termination of employment with any of the Released Parties; and/or (d) arising out of, or relating to, Executive's employment with any Released Party or Executive's status as an employee, member, officer or director of any of the Released Parties, including, without limitation, any Claims or violations (i) arising under any federal, state or local civil or human rights law, including, but not limited to, the Age Discrimination in Employment Act as amended by the Older Workers Benefit Protection Act, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866, 42 U.S.C. § 1981, the Civil Rights Act of 1991, the Americans With Disabilities Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act of 1974, the Equal Pay Act of 1963, the Genetic Information Nondiscrimination Act of 2008[, and] the Worker Adjustment and Retraining Notification Act, as all such laws have been amended from time to time and including all of their respective implementing regulations, and/or any other federal, state, foreign or local labor law, wage and hour law, worker safety law or employee relations or fair employment practices law, or public policy, contract or tort, or under common law; (ii) for wrongful discharge, breach of contract, infliction of emotional distress or defamation; or (iii) for costs, fees or other expenses, including attorneys' fees, incurred in these matters.

4. Limitations. Nothing in Section 3 shall release or impair (a) any Claim or right that may arise after the date Executive executes this General Release; (b) any vested benefits under the Company's benefit plans; (c) any Claim or right Executive may have for indemnification under the Employment Agreement or the Company's D&O policy, by-laws, certificate of incorporation or other governing documents; or (d) any Claim which by law cannot be waived. Nothing in this General Release is intended to prohibit or restrict Executive's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state or federal administrative body or government agency; provided, that, to the extent permitted by applicable law, Executive hereby waives the right to recover any monetary damages or other relief against any Released Parties; provided, however, that nothing in this General Release shall prohibit Executive from receiving any monetary award to which Employee becomes entitled pursuant to Section 922 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

5. Later Discovered Claims. Executive understands that Executive may later discover Claims or facts that may be different from, or in addition to, those which Executive now knows or believes to exist with regards to the subject matter of this General Release and which, if known at the time of executing this General Release, may have materially affected this General Release or Executive's decision to enter into it. Executive hereby waives any right or Claim that might arise as a result of such different or additional Claims or facts.

6. No Assignment. Executive represents that Executive has made no assignment or transfer of any right or Claim covered by this General Release, and that Executive further agrees that Executive is not aware of any such right or Claim covered by this General Release.

7. No Impact on Whistleblowing Rights. Executive understands that nothing contained in this General Release shall be construed to limit, restrict or in any other way affect Executive's right to communicate with any governmental agency or entity, including, but not limited to, the Department of Justice, the Securities and Exchange Commission, the Congress and any agency Inspector General, or make other disclosures under the whistleblower provisions of federal law or regulation.

8. Third Party Beneficiary. The Released Parties are intended to be third-party beneficiaries of this General Release, and this General Release may be enforced by each of them in accordance with the terms hereof in respect of the rights granted to such Released Parties hereunder.

9. No Admission of Liability. Executive agrees that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by the Company, any Released Party or Executive of any improper or unlawful conduct. Rather, this General Release expresses the intention of the parties to resolve all issues and other Claims related to or arising out of the Executive's employment by and termination of employment with the Company.

10. Subsequent Breach. Notwithstanding anything in this General Release to the contrary, this General Release shall not relinquish, diminish or in any way affect any rights or Claims arising out of any breach by Employer of the Employment Agreement after the date hereof, which are not subject to this General Release.

11. Severability. Whenever possible, each provision of this General Release shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this General Release is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or its validity and enforceability in any other jurisdiction, but this General Release shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

12. Continuing Obligations. Executive acknowledges that Executive will continue to be bound by Executive's obligations under the Employment Agreement that survive the termination of Executive's employment by the terms thereof or by necessary implication, including, without limitation, the restrictive covenant obligations set forth in Sections 7, 8 and 9 of the Employment Agreement (all of the foregoing obligations, the "Continuing Obligations"). Executive further acknowledge that the obligation of the Company to make payments to Executive or on Executive's behalf under Section 5[(d)][(e)] of the Employment Agreement, and Executive's right to retain the same, are expressly conditioned upon Executive's continued full performance of Executive's obligations hereunder and with respect to the Continuing Obligations.

13. Confidentiality; Non-Disparagement. Subject to Section 7 of this General Release, Executive agrees that Executive will not disclose this General Release or any of its terms or provisions, directly or by implication, except to members of Executive's immediate family and to Executive's legal and tax advisors, and then only on condition that they agree not to further disclose this General Release or any of its terms or provisions to others. Subject to Section 7 of this General Release, Executive agrees that Executive will never disparage or criticize the Company, its Affiliates, their business, their management or their products or services, and that Executive will not otherwise do or say anything that could disrupt the good morale of employees of the Company or any of its Affiliates or harm the interests or reputation of the Company or any of its Affiliates. The Company has directed the senior officers and directors of the Company and its Affiliates not to make or cause to be made any statements that disparage or criticize Executive or Executive's reputation.

14. No Cooperation with Non-Governmental Third Parties. Executive agrees that, to the maximum extent permitted by law, Executive shall not knowingly encourage, counsel or assist any non- governmental attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges or complaints by any non-governmental third party against any of the Released Parties.

15. Consultation; Voluntary Agreement. Executive acknowledges that the Company has advised Executive of Executive's right to consult with an attorney prior to executing this General Release. Executive has carefully read and fully understands all of the provisions of this General Release. Executive is entering into this General Release knowingly, freely and voluntarily, in exchange for good and valuable consideration to which Executive would not be entitled in the absence of executing and not revoking this General Release.

16. Consideration and Revocation Period. Executive acknowledges that Executive has [twenty- one (21)]/[forty-five (45)] calendar days to consider this General Release (the "Consideration Period"). Executive agrees that changes to this General Release, whether material or immaterial, will not restart the Consideration Period. Executive understands that Executive may, at Executive's own election, execute this General Release before the expiration of the Consideration Period; provided, however, that Executive may not execute this General Release prior to Executive's final day of employment with the Company. Executive has seven (7) calendar days after the date on which Executive executes this General Release to revoke Executive's consent to the General Release. Such revocation must be in writing and must be made to [●] at [●] via [●]. Notice of such revocation must be received within the seven (7) calendar days referenced above. In the event of such revocation by Executive, this General Release will be null and void, and Executive will have no entitlement to the payments and benefits set forth in 5[(d)][(e)] of the Employment Agreement. Provided that Executive does not revoke Executive's execution of this General Release within such seven (7) day period, this General Release shall become effective on the eighth (8th) calendar day after the date on which Executive initially executes it.

17. Survival; Incorporation by Reference. Executive acknowledges that Sections 7 through 23 of the Employment Agreement shall survive Executive's execution of this General Release. Section 23 of the Employment Agreement is incorporated herein by reference.

BY SIGNING THIS GENERAL RELEASE, EXECUTIVE REPRESENTS AND AGREES THAT:

1. EXECUTIVE HAS READ IT CAREFULLY;

2. EXECUTIVE UNDERSTANDS ALL OF ITS TERMS AND KNOWS THAT EXECUTIVE IS GIVING UP IMPORTANT RIGHTS, INCLUDING, BUT NOT LIMITED TO, RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED; TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, AS AMENDED; THE EQUAL PAY ACT OF 1963; THE AMERICANS WITH DISABILITIES ACT OF 1990; AND THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED;

3. EXECUTIVE VOLUNTARILY CONSENTS TO EVERYTHING IN IT;

4. EXECUTIVE HAS BEEN ADVISED TO CONSULT WITH AN ATTORNEY BEFORE EXECUTING IT AND EXECUTIVE HAS DONE SO, OR, AFTER CAREFUL READING AND CONSIDERATION, EXECUTIVE HAS CHOSEN NOT TO DO SO OF EXECUTIVE'S OWN VOLITION;

5. EXECUTIVE ACKNOWLEDGES THAT EXECUTIVE MAY NOT SIGN THIS GENERAL RELEASE BEFORE THE DATE EXECUTIVE'S EMPLOYMENT WITH THE COMPANY TERMINATES;

6. EXECUTIVE HAS BEEN GIVEN ALL TIME PERIODS REQUIRED BY LAW TO CONSIDER THIS GENERAL RELEASE (INCLUDING, BUT NOT LIMITED TO, THE TIME PERIODS REQUIRED UNDER THE AGE DISCRIMINATION AND EMPLOYMENT ACT, AS AMENDED) SINCE THE DATE OF EXECUTIVE'S RECEIPT OF THIS GENERAL RELEASE SUBSTANTIALLY IN ITS FINAL FORM ON [*DATE*] TO CONSIDER ITS TERMS AND TO CONSULT WITH AN ATTORNEY, IF EXECUTIVE WISHED TO DO SO, OR TO CONSULT WITH ANY OF THE OTHER PERSONS DESCRIBED IN SECTION 3 OF THIS GENERAL RELEASE;

7. EXECUTIVE HAS SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY, WITH A FULL UNDERSTANDING OF ITS TERMS AND WITH THE ADVICE OF ANY COUNSEL RETAINED TO ADVISE EXECUTIVE WITH RESPECT TO IT;

8. EXECUTIVE HAS NOT RELIED ON ANY PROMISES OR REPRESENTATIVES, EXPRESS OR IMPLIED, THAT ARE NOT SET FORTH EXPRESSLY IN THIS GENERAL RELEASE; AND

9. EXECUTIVE AGREES THAT THE PROVISIONS OF THIS GENERAL RELEASE MAY NOT BE AMENDED, WAIVED, CHANGED OR MODIFIED, EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY AND EXECUTIVE.

DATE: ______________________________ ______________________________
Dr. Richard Feifer

Exhibit 21

InnovAge Holding Corp.
List of Subsidiaries
As of June 30, 2022

Name	State
InnovAge Holding Corp.	Delaware
TCO Intermediate Holdings	Delaware
Total Community Options, Inc. dba InnovAge	Colorado
InnovAge Investment Holdings, LLC	Delaware
Total Longterm Care Solutions, LLC	Colorado
TCO Western Holdings, LLC	Delaware
TCO Eastern Holdings, LLC	Delaware
Total Community Care, LLC	Colorado
Total Longterm Care, Inc.	Colorado
InnovAge Senior Housing Thornton II, LLC	Colorado
Innovative Care Management, Inc.	Delaware
Seniors! Inc.	Colorado
InnovAge Senior Housing – Thornton (Managing Member), LLC	Colorado
InnovAge California PACE – Sacramento, LLC	Delaware
InnovAge Virginia PACE – Roanoke Valley, LLC	Virginia
InnovAge Virginia PACE – Charlottesville, LLC	Virginia
Senior Life at Home, LLC	Colorado
Senior Life at Home II, LLC	Colorado
InnovAge Senior Housing, Thornton, LLC	Colorado
InnovAge California PACE – Los Angeles, LLC	Delaware
InnovAge Kentucky PACE – Louisville, LLC	Delaware
InnovAge Virginia PACE II, LLC	Virginia
TLC Inland, LLC	Delaware
Continental Community Housing, Inc.	Colorado
InnovAge Home Care – North, LLC	Colorado
InnovAge Home Care – Aspen, LLC	Colorado
InnovAge California PACE – Oakland, LLC	Delaware
InnovAge Florida PACE, LLC	Delaware
InnovAge Florida PACE II, LLC	Delaware
InnovAge Greater Colorado PACE – Loveland, LLC	Colorado
Pinewood Lodge LLLP	Colorado
InnovAge Pennsylvania LIFE, LLC	Pennsylvania

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-253902 on Form S-8 of our report dated September 13, 2022, relating to the financial statements of InnovAge Holding Corp. appearing in this Annual Report on Form 10-K for the year ended June 30, 2022.

/s/ DELOITTE & TOUCHE LLP

Denver, Colorado

September 13, 2022

EXHIBIT 31.1

Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Patrick Blair, certify that:

1. I have reviewed this Annual Report on Form 10-K of InnovAge Holding Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 13, 2022

/s/ Patrick Blair
Patrick Blair
President and Chief Executive Officer

EXHIBIT 31.2

Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Barbara Gutierrez, certify that:

1. I have reviewed this Annual Report on Form 10-K of InnovAge Holding Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 13, 2022

/s/ Barbara Gutierrez
Barbara Gutierrez
Chief Financial Officer

EXHIBIT 32.1

Certification of the Chief Executive Officer

Pursuant to Rule 18 U.S.C. Section 1350

In connection with the Annual Report on Form 10-K of InnovAge Holding Corp. (the “Company”) for the year ended June 30, 2022, as filed with the U.S. Securities and Exchange Commission (the “Report”), I, Patrick Blair, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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.

Date: September 13, 2022

/s/ Patrick Blair
Patrick Blair
President and Chief Executive Officer

EXHIBIT 32.2

Certification of the Chief Financial Officer

Pursuant to Rule 18 U.S.C. Section 1350

In connection with the Annual Report on Form 10-K of InnovAge Holding Corp. (the “Company”) for the year ended June 30, 2022, as filed with the U.S. Securities and Exchange Commission (the “Report”), I, Barbara Gutierrez, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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.

Date: September 13, 2022

/s/ Barbara Gutierrez
Barbara Gutierrez
Chief Financial Officer