

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, 2023

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)

8950 E. Lowry Boulevard
Denver, CO
(Address of Principal Executive Offices)

81-0710819
(I.R.S. Employer
Identification Number)

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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>		
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>	Emerging growth company	<input checked="" type="checkbox"/>

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 company's financial statements included in the Form 10-K reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the company's executive officers during the relevant recovery period pursuant to Rule 10D-1(b) under the Exchange Act.

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 30, 2022 (the last business day of the registrant's most recently completed second fiscal quarter) was \$135.5 million.

As of September 11, 2023, there were 135,878,031 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, 2023, are incorporated by reference in Part III of this Annual Report on Form 10-K to the extent described therein.

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Cautionary Note About Forward-Looking Statements

Throughout this Annual Report on Form 10-K for the year ended June 30, 2023 (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 viability of our growth strategy;
- our ability to identify and successfully complete acquisitions;
- our ability to attract new participants and retain existing participants and grow our revenue throughout our existing centers;
- the results of periodic inspections, reviews, audits and investigations under the federal and state government programs, including our ability to sufficiently cure any deficiencies identified by the respective federal and state government programs;
- 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”);
- our increased costs and expenditures in the future and our inability to execute or realize the benefits of our clinical value initiatives;
- the impact on our business from ongoing macroeconomic and COVID-19-related challenges, including labor shortages and inflation;
- the dependence of our revenues and operations upon a limited number of government payors;
- the risk that our submissions to government payors may contain inaccurate or unsupportable information, including regarding risk adjustment scores of participants;
- the impact on our business of renegotiation, non-renewal or termination of capitation agreements with government payors;
- the difficulty to predict our future results, which could cause such results to fall below any guidance we provide;
- the impact of state and federal efforts to reduce healthcare spending;
- the effects of a pandemic, epidemic or outbreak of an infectious disease, such as COVID-19;
- our dependence on our senior management team and other key employees;
- the impact of failures by our suppliers, or limitations on our ability to access new technology or medical products;
- 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;
- 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;
- the impact of weather and other factors beyond our control;

- 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 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"), the California Consumer Privacy Act ("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;
- the impact of negative publicity regarding the managed healthcare industry; 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, seniors, many of whom are dual-eligible. 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. Through our Program of All-Inclusive Care for the Elderly (“PACE”) program, we fulfill 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 and from the PACE center and third-party medical appointments; and care management. 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. 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 this Annual Report on Form 10-K, 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. The Company manages its business as one reportable segment, PACE.

PACE

As of June 30, 2023, the Company served approximately 6,400 PACE participants, making it the largest PACE provider in the United States of America (the “U.S.”) based on participants served, and operated 17 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 (as defined herein), 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 15% lower on average than for a comparable dual-eligible population aged 65 and older under Medicaid, based on an analysis of most recently available data by the National PACE Association in July 2023. 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, 2023, our participants had a 12% 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 March 1, 2023, is 78%.

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 2016 to 2021, and in 2021 represented \$4.3 trillion of annual spend, or 18.3% of U.S. GDP. The overall growth rate of healthcare spending is expected to accelerate due to the aging population.

Government healthcare spend is disproportionately concentrated on 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, 2023, the typical InnovAge participant had, on average, eleven chronic conditions and, based on the data most recently available to us from a 2021 modified 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 \$201.4 billion in 2023, based on the latest projections made by the Office of the Actuary of CMS, which is a 1.9% increase compared to the 2023 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 have skilled nursing needs 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 2.46 based on InnovAge data as of June 30, 2023, 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 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 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, serving participants primarily through our PACE program. We have built the largest PACE-focused operation in the country based on number of

participants; we are 16% larger than 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.

Our care model targets the most complex, frail subset of the dual-eligible senior population. We estimated our target population at approximately 2.2 million in 2022 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 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 (as defined herein) which is designed to provide comprehensive, coordinated healthcare to enable our frail, eligible for skilled nursing 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, 2023 and our experience and industry knowledge, we estimate an average annual revenue opportunity of \$107,000 per participant (or \$8,900 PMPM) and a total addressable market opportunity of \$235 billion, based on our estimated market of approximately 2.2 million PACE eligible in the United States in 2022, as described above. Of these estimated PACE eligible participants, only approximately 70,000 are enrolled in a PACE program, based on a July 2023 report from the National PACE Association, and over the next five years, the National PACE Association is targeting a PACE enrollment increase at a compound annual growth rate (“CAGR”) of approximately 21%. As a result, we believe that, subject to our ability to effectively execute our growth strategy, we have a substantial opportunity to bring 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 (“IDTs”) 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, 2023, the typical InnovAge participant had, on average, eleven chronic conditions and, based on the data most recently available to us from a 2021 modified health outcomes survey, required, on average, assistance with two or more ADLs. As a result, the average InnovAge participant has a Medicare RAF of 2.46 based on InnovAge data as of June 30, 2023, 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 healthcare 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, 2023, 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 and from 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 and from 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. We offer telehealth visits when clinically indicated, allowed per regulations and more convenient for the participant. Our aim is to make virtual care access simple and convenient for our participants.

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.

Recent Audit Processes and Remediation Efforts

We are regularly subject to, and will continue to be subject to, various routine and non-routine governmental inspections, reviews and audits. Starting in 2021, we underwent federal and state audits in our centers in Sacramento, California, Colorado and New Mexico. 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 our centers in Colorado. We were fully released from those sanctions in Colorado in January 2023 and in California in May 2023. The Company's priority continues to be to remediate the deficiencies raised in audit processes and to implement post-sanction corrective actions as required, as well as maintain high quality of regulatory compliance in all its centers. Through the audit processes, we worked on mission-critical people, process, and technology gaps identified as causes of the audit deficiencies and strengthened our center operations throughout our portfolio. Although the Company continues post-sanction monitoring, the Company is currently able to enroll new participants at its 17 centers and also expects to responsibly pursue growth opportunities through opening de novo centers and/or pursuing tuck-in acquisitions and partnerships.

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 as long as possible and age independently. As a result, as of June 30, 2023, approximately 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 15% 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 July 2023.

Our Growth Strategy

Increase participant enrollment and capacity within existing centers

- For the fiscal year ended June 30, 2023, our participant census was approximately 6,400 across our 17 centers in five states. We are now able to enroll participants at all of our centers and are gradually increasing enrollments in our Sacramento, California center and in our centers in Colorado. We also intend to increase the utilization of capacity at our existing centers.

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 we expect to prioritize a list of target markets that we believe are optimal environments to launch the InnovAge Platform. We are currently pursuing the licensure required to open two de novo centers in Tampa and Orlando in Florida and another one in Downey, California.
- Our approach to de novo developments includes building centers to our experience-based specifications, with flexibility for future center expansion factored into the blueprints where possible.

Execute tuck-in acquisitions and partnerships

- 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.
- We believe there is a robust landscape of potential tuck-in acquisitions to supplement our organic growth. Since the Company was released from sanctions, we have recommenced our efforts to pursue tuck-in acquisitions. We remain disciplined in our approach to acquisitions, including with respect to the types of organizations we seek. We are focused on seeking organizations with experienced personnel, demonstrated quality service and compliance scores, compelling financial results and growth expectations.
- We also intend to pursue relationships with key stakeholders, existing organizations and other care providers in order to form partnerships in target geographies.

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 have begun to invest in building capabilities to increase our sophistication as a payor to drive clinical value, improve outcomes, and manage cost trends.
- We believe our investments will ultimately result in better health outcomes and lower medical costs for participants. In the long-term, we intend to reduce medical costs in order to generate savings for reinvestment 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 healthcare 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 relating to breach of, impermissible use or disclosure of, or other incident relating to protected health information (“PHI”) and other types of personal data or personally identifiable information (collectively, “PII” and, together with PHI, “PHI/PII”) that we collect, use, and disclose, 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 CCPA as amended by the California Privacy Rights Act of 2020 (“CPRA”), other state data privacy and security 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 clinical providers;
- changes in and reinterpretation of rules and laws by a regulatory agency board, or court, such as state corporate practice of medicine laws, that could affect the structure and management of our business;

- changes in payor reimbursement, including 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, physicians, and other clinicians, 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 have been and could continue to 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 healthcare 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 Medicare laws, regulations, and requirements applicable to Medicare Part D plan sponsors.

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 in which we operate require us to allocate significant resources to our compliance efforts. In addition, new centers that we may acquire in the future may have less developed compliance and quality infrastructures, which may require us to allocate additional resources to making any required enhancements.

CMS and state regulatory authorities regularly audit our performance to determine our compliance with CMS’s regulations and our contracts with CMS and state authorities, and to assess the quality of the services we provide to our participants. Such audits 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 recent audits in the States of California, Colorado, and New Mexico. We expect these audits to continue in the future.

Whether identified through such audits or other avenues, our failure to comply with the federal and state laws applicable to our business has 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, corrective action plans, 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 healthcare 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 affiliated 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, and qualifications of our personnel, and our operations. In addition to state requirements, we, our centers, and 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 laboratory services and Drug Enforcement Administration registrations for prescribing, storing, and dispensing controlled substances. In addition, certain of the states where we currently operate regulate the operations and financial condition of risk bearing providers and impose capital requirements, licensing or certification, governance controls, and other obligations. While the states in which we operate do not currently impose these regulations on entities solely bearing risk under the PACE

program, these states may seek to license or otherwise regulate our operations and financial solvency in the future; further, states in which we expand in the future may impose similar requirements on our operations.

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. 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, directly employing physicians, controlling physicians' or other clinicians' medical decisions, or engaging in some practices such as splitting professional fees with physicians or other clinicians. In certain states, we contract with physicians to provide healthcare services that are required to be provided by licensed physicians to comply with such requirements. While we believe that we are in substantial compliance with state laws prohibiting the corporate practice of medicine, regulatory agencies and 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 and are subject to change. The consequences associated with violating corporate practice of medicine laws vary by state and may result in physicians or other clinicians being subject to disciplinary action, as well as forfeiture of revenues from government payors for services rendered. However, if allegations are successfully asserted before the appropriate judicial or administrative forums, we could be subject to adverse judicial or administrative penalties, certain of our contracts could be determined to be unenforceable, and we may be required to restructure our organization or our contractual arrangements. 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.

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. Court decisions have held that the statute may be violated even if only one purpose of remuneration is to induce referrals. In addition, the Affordable Care Act (the "ACA") amended the federal Anti-Kickback Statute to clarify that a defendant need not have actual knowledge of, or the specific intent to violate, the federal Anti-Kickback Statute in order to have the requisite intent to support an Anti-Kickback Statute violation.

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 a criminal violation of 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. Civil penalties for violation of the Anti-Kickback Statute include up to \$112,131 in monetary penalties per violation, fines, or penalties of up to three times the total payments between the parties to the arrangement and potential exclusion from participation in Medicare and Medicaid. 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, which is further discussed below.

The federal Anti-Kickback Statute includes statutory exceptions and regulatory safe harbors that protect certain arrangements. These exceptions and safe harbors are voluntary. To receive safe harbor protection, business transactions and arrangements must meet all the requirements of a safe harbor. However, transactions and arrangements that do not satisfy

all elements of a relevant safe harbor do not necessarily render the arrangement per se illegal. When an arrangement does not satisfy a safe harbor, the arrangement must be evaluated upon all facts and circumstances, on a case-by-case basis in light of among other things, 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.

Additionally, some states have enacted statutes and regulations similar to the federal Anti-Kickback Statute, which may be applicable regardless of the payor source for the patient. These state laws may contain exceptions and safe harbors that are different from and/or more limited than those of federal law and that may vary from state to state.

We have entered, and may continue to enter, into several arrangements that may not fit squarely within enumerated safe harbors and could potentially implicate the Anti-Kickback Statute if the requisite intent were present, such as:

- **Joint Ventures.** We operate one of our centers, our Sacramento, California center, under a joint venture with a not-for-profit healthcare provider and may enter other joint ventures with providers and payors in the future. The Office of Inspector General (the "OIG") of the Department of Health and Human Services ("HHS") has warned healthcare 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 Force and Participant Recruitment.** We employ our own sales force and attempt to meet the Anti-Kickback safe harbor for bona fide employment.

As noted in the examples above, we have endeavored to structure our business arrangements to fit within applicable federal Anti-Kickback Statute safe harbors and to otherwise operate in material compliance with the federal Anti-Kickback Statute and state analogs. Many of our arrangements are structured to provide for compensation that is fair market value for services actually rendered and in a manner that does not reflect the volume or value of referrals generated between the parties. In structuring our relationships with providers, including our physician partners, and other healthcare entities, we endeavor to comply with the regulatory requirements of such safe harbors and exceptions.

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.

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, and issued final rules effective January 19, 2021, that amend the Anti-Kickback Statute by adding new safe harbors and modifying existing safe harbors that protect certain payment practices and business arrangements from sanctions under the Anti-Kickback Statute in order to remove potential barriers to more effective coordination and management of patient care and delivery of value-based care. Among other changes, the new regulations contain safe harbors for value-based arrangements centering around value-based enterprises, which are enterprises, such as ours, composed of participants collaborating to achieve one or more value-based purposes, including coordinating, and managing the care of a target patient population and coordinating and managing the care of a target population. These modifications 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 certain types of entities from making referrals to that such entities 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. To the extent we fall within the

types of entities to which the Stark Law applies, then we need to ensure that any financial relationships that we have with a referring provider would satisfy a statutory or regulatory exception to the Stark Law prohibition.

Providers are prohibited from billing Medicare and Medicaid 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 2022 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.

As part of the Regulatory Sprint, CMS also issued a sweeping set of regulations that introduce significant new value-based terminology and exceptions to the Stark Law. CMS has implemented new exceptions for certain remuneration exchanged between or among eligible participants in value-based arrangements. These exceptions and their various requirements apply based on the level of risk assumed by the arrangement's participants. These new regulations purport to ease the compliance burden for healthcare providers across the industry while maintaining strong safeguards to protect patients and programs from fraud and abuse. It is not yet clear what impact these new rules will have on our business.

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. As noted above, 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 our business the extent we receive 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. As of January 30, 2023, the minimum False Claims Act penalty increased from \$12,537 to \$13,508 per claim. The maximum penalty has increased from \$25,076 to \$27,018 per claim.

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. Private parties initiate qui tam whistleblower lawsuits against any person or entity under the FCA in the name of the federal government, as well as under the false claims' laws of several states, and may share in the proceeds of a successful suit. Generally, federal and state governments have made investigating and prosecuting healthcare fraud and abuse a priority. 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. Under Section 6031 of the Deficit Reduction Act of 2005, as amended, if a state enacts a false claims act that is at least as stringent as the federal statute and that also meets certain other requirements, the state will be eligible to receive a greater share of any monetary recovery obtained pursuant to certain actions brought under the state's false claims act. As a result, more states are expected to enact laws that are similar to the federal FCA in the future along with a corresponding increase in state false claims enforcement efforts.

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 healthcare program beneficiary that the individual or entity knows or should know is likely to influence the beneficiary to order or receive healthcare items or services from a particular provider, unless an exception applies;
- arranging contracts with or making payments to an entity or individual excluded from participation in the federal healthcare 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 healthcare 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 healthcare 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

HIPAA requires covered entities, and the business associates with whom such covered entities contract for services involving the use or disclosure of protected health information to provide certain protections to our participants and their health information. Through our various service offerings, the Company acts primarily as a covered entity under HIPAA, but may also act as a business associate of other covered entities. The HIPAA privacy and security regulations extensively regulate the use and disclosure of PHI and require covered entities and their business associates, to develop and maintain policies and maintain policies and procedures with respect to PHI that is used to disclosed and 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 covered entities to enter into written agreements with their business associates. Covered entities may be subject to fines, 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 (“OCR”) and, for breaches of unsecured PHI involving more than 500 residents of a state or jurisdiction, to the media in accordance with HIPAA requirements. 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. Additionally, on December 1, 2022, OCR issued guidance on the use of tracking technologies on websites and mobile applications by covered entities and business associates, indicating that certain information collected by tracking technology vendors from websites and applications may cause a breach under HIPAA.

Violations of HIPAA by covered entities and business associates, 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.

We may also be subject to other laws governing the privacy and security of data, such as the CCPA and data breach notification laws. Additionally, many states also enacted laws that protect the privacy and security of confidential, personal and health information, which may be even more stringent than HIPAA and may add additional compliance costs and legal risks to our operations. Some state privacy and security laws overlap with federal law, some of which are preempted, in part by federal laws, whereas others are not. States have also passed privacy and security laws and regulations that apply across sectors and go beyond federal law, such as data security laws, secure destruction, Social Security number privacy, online privacy biometric information privacy, and data breach notification laws. Some of these state laws impose fines and penalties on violators and afford private rights of action to individuals who believe their personal information has been misused. Various state laws and regulations 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.

Looking ahead, it is possible that the American Data Privacy and Protection Act (“ADPPA”), a landmark federal privacy bill with significant bipartisan support, may gain traction. Although ADPPA would not apply to health data covered by HIPAA, it would apply to other health data, such as health data controlled by certain entities in the digital health space.

Various other federal and state laws restrict the use and protect the privacy and security of individually identifiable information, as well as employee personal information, including certain state laws modeled to some extent on the European Union’s General Data Protection Regulation. Federal and state consumer protection laws, including laws that do not on their face specifically address data privacy or security, have been applied to data privacy and security matters by a range of government agencies and courts.

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, particularly those relating to Medicare and Medicaid programs, could continue to 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.
- The Inflation Reduction Act of 2022 includes a few 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.
- The "Medicare Program; Contract Year 2024 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit Program, Medicare Cost Plan Program, and Programs of All-Inclusive Care for the Elderly" final rule ("PACE Final Rule") set out a number of changes for PACE organizations, including (i) clarifying that CMS has enforcement discretion to impose civil monetary penalties or an intermediate sanction in the event CMS has made a determination that could lead to the termination of a PACE program; and (ii) reinstating the requirement that PACE organizations to enter into written contracts with each outside organization, agency, or individual that furnishes administrative or care-related services not furnished directly by the PACE organization, including 25 medical specialties enumerated by the PACE Final Rule.

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. Proposed December 27, 2022, the PACE Final Rule proposed rule included many changes to the current PACE regulations, including consideration of past performance when evaluating PACE organizations' applications to offer a new PACE program or expand an existing PACE program. While such changes were not implemented for 2024, we anticipate many such provisions affecting PACE organizations may be addressed for fiscal year 2025 by CMS. 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 purchase, handling, and dispensing of controlled substances by physicians and other clinicians. If we are unable to maintain our registrations this could limit or affect our ability to purchase, handle, or dispense controlled substances and other violations of these laws could subject us to criminal or other sanctions. In addition, certain laws may apply to activities of our affiliated physicians and clinicians. For example, the Prescription Drug Marketing Act governs the provision of drug samples to physicians and other clinicians, and physicians and other clinicians are required to report relationships they have with the manufacturers of drugs, medical devices and biologics through the Open Payments Program database.

Clinical laboratories may be subject to oversight by CMS and state regulators, including the Eliminating Kickbacks in Recovery Act of 2018. If our laboratories or laboratories that we partner with are not in compliance with the applicable CMS or state laws or regulations, they could be subject to enforcement action, which could negatively affect our business.

We have in the past and continue to intend to grow our business through acquisitions in the states in which we currently operate or in new states that we seek to enter. Several states, including California, have adopted laws focused on competition, quality, access, and cost that authorize state agencies to review and approve healthcare transactions, and many other states, including Pennsylvania, are considering similar legislation. Such laws may negatively affect our ability to grow our business.

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.

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. Our growth strategy and our business could be adversely affected if we are not able to compete efficiently, including penetrating existing markets or new markets, recruit qualified physicians or if we experience significant 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 COVID-19, are far more prevalent during colder months of the year, which results in an increase in medical expenses during these time periods. We therefore see higher levels of per-participant medical costs in our second and third fiscal 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, 2023 and 2022. 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, 2023, we had approximately 2,100 employees, including 1,200 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 64.7% over fiscal year 2023. 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 at least annually.

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 steadfastly dedicated to fostering an atmosphere that champions diversity, equity, and inclusion throughout all sectors of InnovAge. Our commitment remains in building a culture where individual distinctions are not just acknowledged but deeply valued.

In our previous engagement survey from April 2022, 79.2% of employees indicated that they feel that they can be their authentic selves at work. As part of our continuous journey to engage and understand our teams better, we plan to conduct our annual engagement survey during September 2023. We look forward to our employees' invaluable feedback, as it plays a pivotal role in shaping our collective future.

As of June 30, 2023, our employed workforce was comprised of individuals who identified as women – 77%, and minorities – 49%. Five of nine members of our executive leadership team identify as women as of June 30, 2023.

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 conduct a periodic training needs assessment surveys to hear directly from employees and managers where they think they could use more support and learning content in the coming year. These assessment surveys, allow the Company to develop 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 \$1.235 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 our 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, or furnish to, 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:

- **Our growth strategy may not prove viable.** Our ability to grow depends upon a number of factors, including future audits, 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 locations or existing 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. Additionally, our growth strategy is dependent upon our ability to identify and successfully complete acquisitions.
- **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 regularly subject to various routine and non-routine 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. During fiscal years 2022 and 2023, we were subject to sanctions precluding the enrollment of new participants at our centers in Sacramento, California and Colorado due to deficiencies found in such audits. Even though the deficiencies have been remediated and the sanctions have been lifted, we continue post-sanction corrective work. We may be subject to future audits and sanctions and are unable to guarantee the outcomes of any such audits.
- **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 their estates and various third parties in the normal course of business. These matters are often expensive and disruptive to normal business operations. We are currently subject to civil investigative demands and stockholder lawsuits, among other matters. 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.
- **We have and expect to continue experiencing increased costs and expenditures in the future.** In fiscal year 2023, we launched and conducted several initiatives intended to lower certain of our costs. However, we expect to continue to have increased costs in the foreseeable future. We may not succeed in increasing our revenue sufficiently to improve our profit margins and if we are not able to execute or realize the benefits of our clinical value initiatives, our profitability could continue to decline.
- **Under our PACE contracts, we assume all of the risk that the cost of providing services will exceed our compensation.** Approximately 99.8% and 99.7% of our revenue for the years ended June 30, 2023 and 2022, 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 growth.
- **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 83.0% and 83.3% of our capitation

revenue for the years ended June 30, 2023 and 2022, 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 99.8% of our revenue for the years ended June 30, 2023 and 2022, 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.
- **Our records and submissions to government payors may contain inaccurate or unsupported 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 may have material adverse consequences on our business.
- **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 together they control the vote of all matters submitted to a vote of our stockholders, including the election of members of the Board of Directors of the Company (the "Board") and all other corporate decisions. 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 business.
- **Our operating results may fluctuate significantly in the future, which makes our future operating results difficult to predict and could cause such results to fall below any guidance we provide.** If the guidance we provide falls short or we are unable to meet the expectations of analysts or investors, the trading price of our common stock could decline substantially.

Risks Related to Our Business

Our growth strategy may not prove viable, and we may not realize expected results therefrom.

Starting in May 2021, we underwent federal and state audits in our centers in California, Colorado and New Mexico. The audits in our centers in Sacramento, California and in Colorado led to sanctions precluding the enrollment of new participants. In addition, as a result of these audits, we were unable to continue, or voluntarily suspended, de novo projects in various states as well as the execution of tuck-in acquisitions. Having resolved the deficiencies identified in the audits and following the release of the sanctions, our priority, after post-sanction corrective work and maintaining high quality service across all our centers, is to return to growth in the mid- to long-term. We are seeking growth opportunities both

organically by increasing utilization of capacity at our centers or building de novo centers, and through acquisitions and partnerships, the availability and success of which may be impacted by factors outside of our control.

Our ability to grow depends upon a number of factors, including future audits, investigations and ongoing or new 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 locations or existing 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. If we are unable to increase participant enrollment, increase utilization of capacity at our centers, build de novo centers, manage our external provider costs, expand into new geographies, or find, evaluate and execute on new business opportunities, we may be unable to grow and our business and results of operations will be materially adversely affected.

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

- we may be subject to sanctions as a result of other audits and other regulatory processes and proceedings that could include temporary or permanent suspension of enrollments (such as the recent audits to our centers in Sacramento, California and Colorado), debarment or exclusion from participation in federal health care programs, and the revocation of a center's license, which may in turn result in participant attrition and preclude us from opening de novo centers and conducting tuck-in acquisitions;
- 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 or offset costs relating to recruiting new participants;
- we may not be able to hire sufficient numbers of physicians and other clinical staff, particularly if there is a heightened demand for healthcare personnel or labor shortage, including as a result of macroeconomic conditions or an epidemic, pandemic or other health emergency, such as 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;
- we may face larger than expected costs and legal, community or other obstacles in the construction and opening of de novo centers or expanding capacity in existing centers; and
- we may have difficulty identifying appropriate acquisition targets, be precluded from acquiring targets as a result of the recent sanctions or due to other legal restrictions (e.g. federal or state antitrust laws), may fail to satisfy closing conditions 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 and that could include deficient quality of service.

In addition, as we grow our business and open or acquire new centers, we expect to continue to increase our headcount and to hire or contract with more physicians, nurses and other specialized medical personnel. 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.

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.

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

Our growth strategy is partially dependent upon our ability to identify and successfully complete acquisitions.

A significant element of our growth strategy is to identify, pursue and successfully complete and integrate tuck-in acquisitions, joint ventures and other strategic partnerships to expand our operations. From fiscal year 2019 through fiscal year 2021, we acquired and integrated three PACE organizations, expanding into one new state and four new markets through those acquisitions. Since the Company was released from sanctions, we have recommenced our efforts to pursue tuck-in acquisitions. We remain disciplined in our approach to acquisitions, including with respect to the types of organizations we seek. We are focused on seeking organizations with experienced personnel, demonstrated quality service and compliance scores, compelling financial results and growth expectations. We also intend to pursue relationships with key stakeholders, existing organizations and other care providers in order to form partnerships in target geographies.

However, acquisitions and other strategic transactions, such as joint ventures, involve numerous risks, including failure to consummate negotiated transactions, difficulties in successfully integrating the operations and personnel, navigating the necessary regulatory approval requirements, distraction of management from overseeing, and disruption of, our existing operations, difficulties in entering new markets in which we have no or limited direct prior experience, and difficulties in achieving the synergies we anticipated. In addition, we incur costs associated with potential acquisitions that we pursue or fail to close, including as a result of litigation related to a failed transaction. We also may need to expend resources to ensure target and acquired centers are operating in compliance with regulatory and contractual requirements, as well as any corrective action plans. Any failure to select suitable opportunities at fair prices, conduct appropriate due diligence, acquire and successfully integrate the acquired center, including particularly when acquired centers operate in new geographic markets, could materially and adversely impact our growth strategies, financial condition and results of operations.

These transactions may also cause us to significantly increase our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition or investment, issue common stock that would dilute our current stockholders' percentage ownership or incur asset write-offs and restructuring costs and other related expenses that could have a material adverse impact on our operating results. Acquisitions, joint ventures and strategic investments also involve numerous other risks, including potential exposure to assumed litigation, as well as undetected internal control, regulatory or other issues, or additional costs not anticipated at the time the transaction was completed.

If we are unable to attract new participants and retain existing 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 recruit and retain a sufficient number of new participants. Our ability to do so was affected in fiscal years 2022 and 2023 as a result of the enrollment sanctions we were subject to in the states of California and Colorado. Going forward, we are gradually increasing enrollments in our Sacramento, California center and in our centers in Colorado, which we expect may continue to impact our revenue growth in the near-term. We also expect to increase 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 recent audits of our centers, our reputation has been harmed, which has impacted and could in the future continue to impact our ability to retain and attract new participants. We are focused on frail, dual-eligible senior population and face competition from other healthcare providers and payors in the recruitment of potential participants. Therefore, we must demonstrate that our services provide a viable solution for potential participants. 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. 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 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 regularly subject to, and will continue to be subject to, various routine and non-routine 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.

Starting in 2021, we underwent federal and state audits in our centers in California, Colorado and New Mexico. 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 our centers in Colorado. In addition, as a result of the enrollment sanctions, the States of California, Kentucky and Indiana took actions to suspend our ability to open de novo centers in those states, and we committed to regulatory agencies in the State of Florida, that we would proactively pause remaining steps with respect to planned de novo centers in that state. Largely as a result of these sanctions and actions, our census decreased from approximately 6,850 participants as of June 30, 2021 to 6,400 as of June 30, 2023. We were fully released from the enrollment sanctions in Colorado in January 2023 and in California in May 2023, and have resumed enrollments in those States. In Florida and California, we are moving forward with pursuit of licensure required to open a PACE center in each of Tampa and Orlando, and in Downey. Since the Company was released from sanctions, in Florida, we have received our Adult Day Care Center (“ADCC”) licenses from the Florida Agency for Health Care Administration (“AHCA”) in both Tampa and Orlando. We have completed our onsite State Readiness Review (“SRR”) inspection in Tampa and are working with AHCA to schedule the onsite SRR inspection for Orlando. In California, we have worked with the California Department of Health Care Services (“DHCS”) to resume our application in Downey, California. In Kentucky and Indiana, there continues to be uncertainty as to whether we will be able to pursue those opportunities. In addition, we continue post-sanction monitoring work required by the states of Colorado, and the time, effort and expenses related to the post-sanction monitoring continue to be significant. Audits 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 participant and revenue growth. Managing audits, even if we achieve favorable outcomes, is costly, time-consuming and diverts management’s attention from our business.

Our centers will continue to be subject to federal and state audits, including our centers that underwent the recent audits described above, as well as the centers that did not and centers we open or acquire in the future. Even though we are applying, and expect to apply, best practices learned from our recent audits to all our centers, including those centers we acquire, there is no guarantee that future audits will not find deficiencies similar to, or different from, the ones found in connection with the our recent audits.

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 was 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 corrective action plans, fines, penalties, training, policies and procedures, monitoring, and other requirements;
- temporary suspension of payments;
- debarment or exclusion from participation in federal healthcare 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.

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. If we are unable to effectively remediate the deficiencies raised by any audits, implement corrective action plans, or otherwise satisfy the regulators’ concerns, we could be subject to new sanctions, and our business, financial results and operations could be adversely impacted.

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 potential and completed 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. In addition, on April 20, 2022, the Board of Directors received a books and records demand pursuant to Section 220 of the Delaware General Corporation Law, from a purported stockholder of the Company and on May 15, 2023, the stockholder filed a lawsuit in the Delaware Court of Chancery asserting derivative claims for breach of fiduciary duty against certain of the Company's current and former officers and directors generally relating to alleged failures by the defendants to take remedial actions to address the matters that resulted in sanctions by CMS and alleged misstatements in the Company's public filings relating to those matters. On June 28, 2023, upon stipulation of the parties, the court entered an order staying this litigation pending the resolution of the motion to dismiss in the October 14, 2021 proceedings, or upon fifteen days' notice by any party to the litigation. We are currently unable to predict the outcome of these matters. See Part I, Item 3 "Legal Proceedings" for more information.

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 are and will continue to be significant. Adverse outcomes with respect to any of the legal proceedings described above or other litigation may result in significant settlement costs or judgments, penalties, fines and sanctions. In the third fiscal quarter of 2023, the Company agreed to settle a wage and hour class action lawsuit in the State of California for a cash payment of \$1.2 million. The agreement is subject to court approval. 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). In December 2022, the Company received a supplemental civil investigative demand from the DOJ requesting supplemental information on the same matters. 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. 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.

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

Approximately 99.8% and 99.7% of our revenue for the years ended June 30, 2023 and 2022, 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 PMPM 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. In the fiscal year ended June 30, 2023, the risk pool of our population became more acute as we were not able to replenish our population mix with newer, lower-acuity participants as a result of enrollment sanctions, and as a result, our external provider costs and cost of care, excluding depreciation and amortization, represented approximately 85% of our revenue in the fiscal year ended June 30, 2023. 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, execute or realize the benefits of our clinical value initiatives, 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, or otherwise;
- emergence of new high-cost medications to treat conditions that are common in our population, such as lecanemab for Alzheimer's Dementia;
- 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.

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

The federal and state audits and sanctions we were subject in our centers in California and, Colorado and the federal and state audits in New Mexico, not only impacted our revenue and growth opportunities, but also our level of costs and expenditures. In fiscal year 2023, we launched and conducted several initiatives intended to lower certain of our costs, including limiting corporate staffing, effecting a reduction in workforce, and optimizing working capital. However, we have and expect to continue making significant investments in growing our business and increasing our participant base, building capabilities to increase our sophistication as a payor to drive clinical value, improve outcomes, and manage cost trends, expanding our operations, hiring additional employees for growing or new centers, introducing or improving technology, and operating as a public company. As a result of these increased expenditures, we may not succeed in increasing our revenue sufficiently to improve our profit margins. To date, we have financed our operations principally from revenue from our participant services, the incurrence of indebtedness, and the sale of our equity in the IPO. We may not continue to generate positive cash flow from operations or have access to sufficient capital, 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. If we are not able to execute or realize the benefits of our clinical value initiatives, our profitability could continue to decline. In addition to the expected costs to grow our business, we also expect to continue to incur compliance costs, as a result of sanctions and maintaining high quality of care across our centers, as well as additional legal, accounting and other expenses as we continue to establish the Company as a 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 continue to decline. 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 be profitable or improve our income in the future, which could negatively impact the value of our common stock.

Our overall business results have been and may continue to be impacted by ongoing macroeconomic and COVID-19-related challenges, including labor shortages and inflation.

Macroeconomic challenges, including labor shortages and high inflation, have impacted and may continue to impact our business operations and our overall business results. The COVID-19 pandemic exacerbated difficulties to hire healthcare professionals, and in fiscal year 2022, we experienced workforce and labor shortages within all of our centers. Even though this labor pressure eased slightly in fiscal year 2023, we continue to be affected by the increased competition in the labor market and market adjustments to increase retention and improve our ability to hire. These market adjustments contributed, in part, to an increase in cost of care and operating expenses for fiscal year 2023, further impacted by additional staffing related to compliance and remediation efforts. Continued workforce and labor shortages or increased wages, may continue to adversely affect our financial results. Further, if labor market conditions continue to disrupt our ability to recruit healthcare professionals, we may not be able to execute our growth plan and grow capacity in our existing centers or open de novo centers or we may have to do so at costs higher than originally budgeted, which, in turn, could increase our capital needs during a time of rising interest rates and when conditions in the credit and capital markets are volatile.

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 and which may have a material effect on our results of operations and financial condition.

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 83.0% and 83.3% of our capitation revenue for the years ended June 30, 2023 and 2022, 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 has and in the future 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 healthcare 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 99.8% of our revenue for the years ended June 30, 2023 and 2022, 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, which cuts 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 unsupported 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 involve 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. Any issues with recording and documenting identified medical 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 unsupported 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. As of January 30, 2023, the minimum False Claims Act penalty increased from \$12,537 to \$13,508 per claim. The maximum penalty has increased from \$25,076 to \$27,018 per claim. 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. On February 1, 2023, CMS published the Medicare Advantage RADV Program Final Rule, which took effect on April 3, 2023. The final rule includes major updates to the Risk Adjustment Data Validation ("RADV") audit methodology used by CMS to address overpayments to MA plans based on the submission of unsupported risk-adjusting diagnosis codes, which are used to determine payments under MA. Most notably, the final rule allows CMS to extrapolate RADV audit findings beginning with payment year 2018. CMS intends to initiate audits with the new methodology in calendar year 2025 beginning with payment year 2018. If CMS recovers overpayments from MA plans, those plans may seek to recover payments from us that the plans believe are attributable to risk adjustment data.

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 resulting from 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.

A pandemic, epidemic or outbreak of an infectious disease in the United States or worldwide, such as COVID-19, has and could in the future 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. While the effects of the COVID-19 pandemic have largely eased, the pandemic dramatically impacted global health. The virus has and continues to disproportionately impact older adults, especially those with chronic illnesses, which describes our participants. On May 11, 2023, the national emergency and public health emergency declarations related to the COVID-19 pandemic expired. The declarations had been in place since early 2020, and in addition to various Congress enacted legislation, allowed the federal government flexibility to waive or modify certain requirements in a range of areas, including Medicare and Medicaid. While we do not believe that the expiration of these emergency declarations will have a material impact to our financial results, we continue to evaluate how the expiration of these emergency declarations may affect our business outlook, and such impact may be material.

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.

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, such as those that could be presented during a pandemic or epidemic, could adversely impact 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 unsupported 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 exacerbated difficulties to hire additional healthcare professionals, causing certain of our centers to be understaffed or staffed with personnel that required training. The reduction in healthcare personnel, and specifically, trained personnel, impacted 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 a certain number of our centers had failed to timely complete a portion of these participant assessments and care plans. We implemented improvement plans and worked diligently to remediate 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.

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 in fiscal 2023, the appointments of a new Chief Medical Officer, a new Chief Operations Officer and, most recently in July 2023, a new Chief Financial Officer. Changes to our business strategy resulting from senior executive officer transitions 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 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 as a result of price increases, a product recall, product shortage or other supply chain issues, or a 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, 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 conduct a significant percentage of our operations in the State of Colorado and, as a result, we are particularly susceptible to regulatory issues and reduction in budget appropriations for our services or any other adverse developments in that state.

For the fiscal year ended June 30, 2023 and 2022, 23.6% and 25.8% of our total revenues were derived from contracts with government agencies in the State of Colorado. Accordingly, any regulatory issues and developments in the State, such as the enrollment sanctions we were subject to in fiscal years 2022 and 2023, a 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, have and could in the future result in a reduction in our capitated fee payments and possibly the loss of contracts, and materially adversely impact our 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, 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 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. As our participant base grows following the lifting of sanctions in the states of California and Colorado, we will need to maintain the best practices we developed during our recent audits. 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.

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 healthcare 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, 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 healthcare 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 and are moving forward with pursuit of licensure required to open two de novo centers in Florida and one de novo center in California. For the year ended June 30, 2023, 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. 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, 2023 and 2022, our total center-level employee costs represented 18.8% and 18.5%, 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.

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 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.

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. We confirmed that this former third-party service provider had removed the PHI/PII of our participants from its servers, and the service provider advised that all vulnerabilities in its environment and lack of security controls had been resolved. In attacks such as this, including to third-party service-providers, 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.

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.

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. In fiscal year 2022, we began upgrading our electronic medical records system in our centers. We expect adoption and integration of the new system to continue into fiscal year 2024. Even though we expect to realize benefits from the adoption of this new system, any expected benefits will be gradual and there could be inefficiencies as operators learn the new system. In addition, the introduction of a new system can lead to errors and loss of data. If our data were found to be inaccurate or unreliable due to error or fraud, or if we, or any of the third-party service providers we engage, were to fail to maintain information systems, including our new electronic medical records system, 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 healthcare 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. 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 seven of our 17 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 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 our assumptions regarding risks and uncertainties that 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.

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 health emergencies, 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 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:

- Federal Medicare, federal and state Medicaid, and federal and state PACE statutes and regulations, which are continuously changing and evolving;
- federal and state anti-kickback and self-referral 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 \$13,508 to \$27,018 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 healthcare 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 healthcare providers, including those pertaining to the provision of services by nurse practitioners and physician assistants in certain settings and requirements for physician supervision of those services;
- state laws restricting the corporate practice of medicine; and
- federal or state consumer protection laws that regulate various trade practices (e.g. consumer communications or consumer-facing activities).

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. As state agencies promulgate additional regulations applicable to PACE and issue sub-regulatory guidance, we will have to allocate sufficient resources to ensure compliance with both federal and state regulations.

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 healthcare 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 as amended by the CPRA, 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 continue to be, a party to various lawsuits, demands, claims, governmental investigations, 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 has required management's attention and caused 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 or other clinicians to practice medicine, exercising control over medical decisions by physicians or other clinicians or engaging in certain arrangements, such as fee-splitting, with physicians or other clinicians (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 healthcare practitioners by healthcare centers do not explicitly include a PACE organization in the list of healthcare centers by which a healthcare 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 as amended by the CPRA 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. 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. 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. Looking ahead, it is possible that the ADPPA, a landmark federal privacy bill with significant bipartisan support, may gain traction. Although ADPPA would not apply to health data covered by HIPAA, it would apply to other health data, such as health data controlled by certain entities in the digital health space.

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. In addition, the California Privacy Rights Act of 2020, or CPRA, which went into effect January 1, 2023, expands the CCPA's requirements, including by adding a new right for individuals to correct their personal information and establishing a new regulatory agency to implement and enforce the law. Other states, including Colorado, Connecticut, Utah, 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. 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. 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, 2023, we had total outstanding debt of (i) \$67.5 million principal amount under the Term Loan Facility (as defined in Note 7, "Long-term Debt" to the consolidated financial statements), and (ii) \$2.3 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 7, “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 nominees to our Board are to be selected, or recommended for the Board’s selection, either by independent directors constituting a majority of the Board’s independent directors or by a nominations committee that is composed entirely of independent directors;
- 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 Board and its committees.

We currently utilize and intend to continue utilizing certain of these exemptions as long as they are available to us, and in the future, we could utilize additional exemptions. 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 \$1.235 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 newer 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 66 $\frac{2}{3}$ % 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 may fluctuate significantly in the future, which makes our future operating results difficult to predict and could cause such results to fall below any guidance we provide.

Our quarterly and annual operating results may fluctuate significantly, which makes it difficult for us to predict our future operating results. These fluctuations may be driven by a variety of factors, many of which are outside of our control, including, but not limited to:

- our ability to execute our growth strategy, including our ability to identify and successfully complete acquisition and expand via de novo centers within existing and new markets;
- our inability to control expenses and increases to the cost of care, including as a result of the composition of our participant pool, macroeconomic factors such as such as labor shortages, high inflation, and COVID-19;
- the results of current and future, routine and non-routine inspections, reviews, audits and investigations under federal and state government programs and contracts, and any resulting sanctions or remediation efforts as a result of such government actions; and
- legal proceedings, enforcement actions and litigation, malpractice and privacy disputes to which we are currently and may in the future be party to.

The impact of any one of the factors discussed above or any other factors discussed in this “Risk Factors” section, or the cumulative effects of a combination of such factors, could result in significant fluctuations and unpredictability in our quarterly and annual operating results. As a result of such variability and unpredictability, we may also fail to meet the expectations of industry or financial analysts or investors for any period. If our revenue or operating results could fall short of our expectations or any guidance we provide. We may also fail to meet the expectations of industry or financial analysts or investors for any period. If the guidance we provide falls short or we are unable to meet the expectations of analysts or investors, the trading price of our common stock could decline substantially.

Our operating results and stock price are volatile.

The price of our common stock has significantly fluctuated since our IPO ranging from a high of \$26.04 in March 2021 to a low of \$3.5 in September 2022. 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 continue to subject the market price of our shares to wide price fluctuations regardless of our operating performance. In addition, our operating results and the trading price of our shares may fluctuate in response to various factors, including:

- developments and results of 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 war, including uncertainties surrounding the Russia and Ukraine war; 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, when the market price of a stock has been volatile, holders of that stock sometimes institute securities class action litigation against the company that issued the stock. Such lawsuits have been filed against the Company. The outcome of these proceedings is unknown. See Part I, Item 3 “Legal Proceedings” for more information. We incur substantial costs defending against these lawsuits. 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, 2023, we had 135,639,845 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 common 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 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 audits, litigation and other processes described in these risk factors, have diminished and may in the future diminish our reputation or that of our management and have harmed and may in the future harm 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.

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.

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, 2023, we operated an aggregate of 17 centers, of which 10 were owned and seven were leased, representing approximately 410,000 and 140,000 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 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.

Civil Investigative Demands

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.

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). In December 2022, the Company received a supplemental civil investigative demand requesting supplemental information on the same matters. 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.

Stockholder Lawsuits

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 (the "Securities Action"). 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. On September 13, 2022, the Company and the officer and director defendants and Apax Partners, L.P. and Welsh, Carson, Anderson & Stowe filed a motion to dismiss the amended complaint for failure to state a claim upon which relief can be granted.

On April 20, 2022, the Board of Directors received a books and records demand pursuant to Section 220 of the Delaware General Corporation Law, from a purported stockholder of the Company, Brian Hall, 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. On May 15, 2023, Mr. Hall filed a lawsuit in the Delaware Court of Chancery asserting derivative claims for breach of fiduciary duty against certain of the Company's current and former officers and directors generally relating to alleged failures by the defendants to take remedial actions to address the matters that resulted in sanctions by CMS at certain of the Company's centers, and alleged misstatements in the Company's public filings relating to those matters. On June 28, 2023, upon stipulation of the parties, the court entered an order staying the litigation pending the resolution of the motion to dismiss in the Securities Action or upon fifteen days' notice by any party to the litigation. We are currently unable to predict the outcome of these matters.

Other Matters

In the third fiscal quarter of 2023, the Company agreed to settle a wage and hour class action lawsuit in the State of California for a cash payment of \$1.2 million. The agreement is subject to court approval.

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 9 "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 11, 2023, there were approximately seven 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, 2023, except as previously reported.

Issuer Purchases of Equity Securities

None.

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 served approximately 6,400 PACE participants as of June 30, 2023, making it the largest PACE provider in the U.S. based upon participants served, and operates 17 PACE centers across Colorado, California, New Mexico, Pennsylvania and Virginia. During the year ended June 30, 2023, the Company consolidated its Germantown LIFE center with its Allegheny and Henry Avenue LIFE centers in Pennsylvania.

Operations

InnovAge’s programs are designed 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”) program, we fulfill a broad range of medical and ancillary services for seniors, including in-home care services (skilled, unskilled and personal care), center services such as primary care, physical therapy, occupational therapy, speech therapy, dental services, mental health and psychiatric services, meals, and activities; transportation to and from 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.

Trends and Uncertainties Affecting the Company

During fiscal year 2023, the U.S. and global economies experienced adverse macroeconomic effects in part resulting from the ongoing effects of the COVID-19 pandemic, as discussed in more detail below. In fiscal year 2022 and 2023, in response to high levels of inflation, we implemented various mitigation strategies to reduce costs of operation, including consolidating services and price negotiations with providers and vendors. While inflationary pressures eased significantly during the second half of fiscal year 2023, high inflation is expected to continue through the remainder of the calendar year. The effects of inflation, after accounting for these mitigation strategies, were immaterial to our financial results for fiscal year 2023. Although we expect to continue mitigation efforts in fiscal year 2024, there can be no assurance that our strategies will be sufficient.

In fiscal year 2023, operating expenses increased \$34.4 million, or 4.9%, compared to 2022 due to the increased cost of care and related cost per participant as a result of increased salaries, wages and benefits associated with increased headcount and higher wage rates resulting from inflation, third party audit and compliance support, and increased fleet and contract transportation due to an increase in average daily attendance, external appointments, and higher fuel costs. In fiscal year 2023, we launched and conducted several initiatives intended to lower certain of our costs, including limiting corporate staffing, effecting a reduction in workforce in December 2022, and optimizing working capital. We expect to continue to experience elevated operating expenses during fiscal year 2024 for similar reasons. We continue to evaluate increased costs and methods to mitigate or offset such costs.

Impact of Macroeconomic Conditions and COVID-19

Census and capitation revenue. On May 11, 2023 the President allowed the national emergency and public health emergency declarations related to the COVID-19 pandemic to expire. The declarations had been in place since early 2020, and in addition to various Congress enacted legislation allowed the federal government flexibility to waive or modify certain requirements in a range of areas, including Medicare and Medicaid. At this time, we do not believe material census attrition will occur as a result of the expiration of the public health emergency declarations and the resumption of Medicaid's redetermination of beneficiary eligibility. The frailty level of PACE participants coupled with the complexity of Medicaid services needed, results in a comprehensive financial qualifications review compared to the more traditional Medicaid-only population. Throughout the public health emergency, the Company continued to complete annual Medicaid redeterminations. This process enables the Company to monitor eligibility, assist with the redetermination process, address potential issues with eligibility in real time, and track future renewal dates. While we do not believe that the expiration of these emergency declarations will have a material impact to our financial results, we continue to evaluate how the expiration of these emergency declarations may affect our business outlook.

Expenses. During the COVID-19 pandemic, global logistics network challenges resulted in higher prices for medical supplies we require. However, supply chain disruptions improved to almost pre-pandemic level during the course of fiscal year 2023. As a result, prices for most medical supplies have normalized.

Labor market. The COVID-19 pandemic and high inflation exacerbated difficulties to hire additional healthcare professionals, causing certain of our centers to be understaffed or staffed with personnel that required training. Labor pressure mostly eased during fiscal year 2023; however, the Company continues to be affected by the increased competition in the labor market and market adjustments to increase retention and improve our ability to hire. These market adjustments contributed, in part, to an increase in cost of care for fiscal year 2023, further impacted by additional staffing related to compliance and remediation efforts. These increases resulted in increased cost of care for fiscal year 2023 compared to fiscal year 2022 as discussed in "Results of Operations" below. We continue to assess key roles and benchmarks to market while monitoring trends in the labor market.

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 ability to effectively implement post-sanction remediation efforts in our centers as a result of our recent audits and maintain high quality of regulatory compliance.* The Company's priority is to continue to remediate the deficiencies raised in audit processes and to implement post-sanction corrective actions as required, as well as maintain high quality of regulatory compliance in all its centers. As part of its actions to do so, the Company has worked with the appropriate regulators to make the necessary changes within the Company to improve 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.
- *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 2.46 based on InnovAge data as of June 30,

2023, 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 participant 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. The Medicare portion of our capitated payment is risk-based on the underlying medical conditions and frailty of each participant. In fiscal year 2023, we began working on expanding payer capabilities so that our revenue more accurately reflects the acuity of the populations we serve.

- *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. 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 achieved a 78% participant satisfaction rating as of March 1, 2023 and average participant tenure was 3.7 years as of June 30, 2023, 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 5.9% annually over the last three fiscal years. Approximately 71% of our historical disenrollments have been involuntary, due primarily to participant death or otherwise due 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. Our participants are among the most frail and medically complex individuals in the U.S. healthcare system and average acuity rises with the passage of time. The risk pool of our population became more acute in fiscal year 2023 as we were not able to replenish our population mix with newer, lower-acuity participants as a result of State sanctions, and as a result, our external provider costs and cost of care, excluding depreciation and amortization, represented approximately 85% of our revenue in the year ended June 30, 2023. In addition, 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.* The enrollment sanctions in Sacramento, California and Colorado limited our ability to grow our participant census and impacted Center-level Contribution Margin in fiscal year 2022 and the first half of fiscal year 2023. As we serve more participants in existing centers, we expect to leverage our fixed cost base at those centers and increase the value of a center to our business increases over time.
- *Our ability to expand via de novo centers within existing and new markets.* Several factors can affect our ability to open de novo centers, including sanctions issued by regulators as the ones we were subject to in our Sacramento, California and Colorado centers. As a result of such sanctions, we were precluded from, or voluntarily suspended efforts to, open de novo centers in Florida, Kentucky and Indiana. Since the Company was released from sanctions, in Florida, we have recommenced our efforts to obtain the licensure required to open a PACE center in each of Tampa and Orlando. We are also pursuing the licensure required to open another PACE center in Downey, California.
- *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. Since the Company was released from sanctions, we have recommenced our efforts to pursue tuck-in acquisitions. We remain disciplined in our approach to acquisitions and in the past have executed multiple types of transactions, including turnarounds and non-profit conversions. Historically, when

integrating acquired programs, we worked closely with key constituencies, including local governments, health systems and senior housing providers, to enable continuity of high-quality care for participants.

- *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, in existing markets as well as 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 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. We have begun to invest in building capabilities to increase our sophistication as a payor to drive clinical value, improve outcomes, and manage cost trends. 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 and COVID-19 viruses, 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 into 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:

	2023	2022
Medicaid	54 %	54 %
Medicare	46 %	46 %
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 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. Prior to June 30, 2022, we generated 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. We no longer offer in-home care services to non-PACE patients. For a discussion

of our revenue recognition policies, please see *Critical Accounting 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 and skilled nursing facility), 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 salaries, wages and benefits for IDT and other 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. Other center-level employees include clinic managers, dietitians, 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, including our employee-related costs, is directly related to the number of participants cared for in a center. The remainder of our cost of care is fixed relative to the number of participants we serve, such as occupancy and insurance expenses. As a result, as revenue increases due to census growth, cost of care, excluding depreciation and amortization, moderately 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 accelerate 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 corporate office. 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.

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,	
	2023	2022
	<i>in thousands</i>	
Revenues		
Capitation revenue	\$ 686,836	\$ 696,998
Other service revenue	1,251	1,642
Total revenues	688,087	698,640
Expenses		
External provider costs	374,528	383,046
Cost of care, excluding depreciation and amortization	212,271	180,222
Sales and marketing	19,627	24,201
Corporate, general and administrative	115,637	101,653
Depreciation and amortization	15,419	13,924
Total expenses	737,482	703,046
Operating Loss	(49,395)	(4,406)
Other Income (Expense)		
Interest expense, net	(1,522)	(2,526)
Other income (expense)	124	(305)
Total other expense	(1,398)	(2,831)
Loss Before Income Taxes	(50,793)	(7,237)
Provision (Benefit) for Income Taxes	(7,241)	723
Net Loss	(43,552)	(7,960)
Less: net loss attributable to noncontrolling interests	(2,879)	(1,439)
Net Loss Attributable to InnovAge Holding Corp.	\$ (40,673)	\$ (6,521)
Loss Before Income Taxes as a % of revenue	(7.4)%	(1.0)%
Net Loss as a % of revenue	(6.3)%	(1.1)%

Revenues

	Year Ended June 30,		\$ Change	% Change
	2023	2022		
	<i>in thousands</i>			
Capitation revenue	\$ 686,836	\$ 696,998	\$ (10,162)	(1.5)%
Other service revenue	1,251	1,642	(391)	(23.8)%
Total revenues	\$ 688,087	\$ 698,640	\$ (10,553)	(1.5)%

Capitation revenue. Capitation revenue was \$686.8 million for the year ended June 30, 2023, a decrease of \$10.2 million, or 1.5%, compared to \$697.0 million for the year ended June 30, 2022. This decrease was driven by a 6.6% decrease in member months (as defined below under “Key Business Metrics and non-GAAP Measures – Total member months”) partially offset by a 5.5% increase in capitation rates. The decrease in member months is primarily due to disenrollments and our inability to enroll new participants at our Sacramento, California center for the majority of the year ended June 30, 2023 as a result of sanctions, minimally offset by the ramp up of enrollments at our Colorado centers as we resumed the enrollment process in the third quarter of 2023. The increase in capitation rates was primarily driven by an annual increase in both Medicaid capitation rates as determined by the States and Medicare capitation rates as a result of increased risk score and county rates partially offset by the reinstatement of sequestration.

Expenses

	Year Ended June 30,		\$ Change	% Change
	2023	2022		
	<i>in thousands</i>			
External provider costs	\$ 374,528	\$ 383,046	\$ (8,518)	(2.2)%
Cost of care, excluding depreciation and amortization	212,271	180,222	32,049	17.8 %
Sales and marketing	19,627	24,201	(4,574)	(18.9)%
Corporate, general and administrative	115,637	101,653	13,984	13.8 %
Depreciation and amortization	15,419	13,924	1,495	10.7 %
Total operating expenses	\$ 737,483	\$ 703,046	\$ 34,437	4.9 %

External provider costs. External provider costs were \$374.5 million for the year ended June 30, 2023, a decrease of \$8.5 million, or 2.2%, compared to \$383.0 million for the year ended June 30, 2022. The decrease was primarily driven by (i) a decrease of \$25.2 million, or 6.6% in member months partially offset by an increase of \$16.7 million, or 4.7%, in cost per participant. The increase in cost per participant is primarily driven by a \$13.7 million increase associated with increased assisted living and nursing facility utilization and unit cost partially offset by a \$3.2 million reduction in inpatient cost per admit associated with fewer COVID admissions.

Cost of care, excluding depreciation and amortization. Cost of care, excluding depreciation and amortization expense was \$212.3 million for the year ended June 30, 2023, an increase of \$32.0 million, or 17.8%, compared to \$180.2 million for the year ended June 30, 2022, primarily due to an increase of \$43.9 million, or 26.1%, in cost per participant partially offset by a decrease of \$11.9 million, or 6.6%, in member months. The increase in cost per participant was driven by (i) a \$21.6 million increase in salaries, wages and benefits associated with increased headcount and higher wage rates due to the ongoing competitive labor market, (ii) \$2.5 million in third party audit and compliance support, (iii) \$3.9 million in increased fleet expense and contract transportation as a result of higher average daily attendance, an increase in external appointments, and higher fuel costs, (iv) \$1.9 million in increased building maintenance and security, (v) \$1.3 million in supplies, travel and mileage, and (vi) \$1.0 million in de novo rent expense.

Sales and marketing. Sales and marketing expenses were \$19.6 million for the year ended June 30, 2023, a decrease of \$4.6 million, or 18.9%, compared to \$24.2 million for the year ended June 30, 2022, primarily due to (i) a \$1.7 million reduction in marketing spend and \$2.0 million reduction in costs associated with fewer headcount within the sales department, both as a result of sanctions in our Colorado and Sacramento, California centers and (ii) a \$0.9 million reduction in sales commissions expense due to the deferral of commissions.

Corporate, general and administrative expenses. Corporate, general and administrative expenses were \$115.6 million for the year ended June 30, 2023, an increase of \$14.0 million, or 13.8% compared to \$101.7 million for the year ended June 30, 2022. The increase was primarily due to (i) a \$11.0 million increase in employee compensation and benefits as the result of an increase in headcount to support compliance and bolster organizational capabilities, (ii) \$3.8 million in third party costs associated with implementing our core provider initiatives, assessing our risk-bearing payer capabilities, and strengthening organizational capabilities including the transition to a new electronic medical record ("EMR"), (iii) \$4.5 million in legal spend, and (iv) \$4.9 million in software license and maintenance expense, inclusive of Epic license fees. These increases in cost were partially offset by (i) a \$2.8 million reduction in bad debt expense, (ii) \$1.2 million reduction in insurance expense, and (iii) \$4.1 million in executive severance and recruiting recognized during the year ended June 30, 2022.

Depreciation and amortization. Depreciation and amortization expense was \$15.4 million for the year ended June 30, 2023, an increase of \$1.5 million, or 10.7%, compared to \$13.9 million for the year ended June 30, 2022. The increase in depreciation expense was a result of capital additions in the normal course of business.

Other Income (Expense)

	Year Ended June 30,		\$ Change	% Change
	2023	2022		
	<i>in thousands</i>			
Interest expense, net	\$ (1,522)	\$ (2,526)	\$ 1,004	(39.7)%
Other income (expense)	124	(305)	429	(140.7)%
Total other expense	\$ (1,398)	\$ (2,831)	\$ 1,433	(50.6)%

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 \$1.5 million for the year ended June 30, 2023, a decrease of \$1.0 million, or 39.7%, compared to \$2.5 million for the year ended June 30, 2022. The decrease was primarily due to interest income of \$3.4 million from money market funds offsetting interest expense of \$4.9 million during the year ended June 30, 2023. Interest income during the year ended June 30, 2022 was negligible.

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 InnovAge Senior Housing Thornton, LLC (“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.

During the years ended June 30, 2023 and 2022, we reported provision for income taxes of \$(7.2) million and \$0.7 million, respectively. The decrease of \$7.9 million is primarily due to (i) pretax book loss recognized during the year ended June 30, 2023, as compared to the pretax book loss recognized during the year ended June 30, 2022 and (ii) the change in our valuation allowance.

Net Loss Attributable to Noncontrolling Interests.

InnovAge Senior Housing Thornton, LLC 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, 2023 and 2022, we reported net loss of \$43.6 million and \$8.0 million, respectively, consisting of (i) loss from operations of \$49.4 million and \$4.4 million, respectively, (ii) other expense of \$1.4 million and \$2.8 million, respectively, and (iii) provision for income taxes of \$7.2 million and \$0.7 million, respectively, each as described above.

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,	
	2023	2022
	<i>dollars in thousands</i>	
Key Business Metrics:		
Centers ^(a)	17	18
Census ^{(a)(b)}	6,400	6,650
Total Member Months ^(b)	77,370	82,820
Non-GAAP Measures:		
Center-level Contribution Margin ^(c)	\$ 101,288	\$ 135,372
Center-level Contribution Margin as a % of revenue ^(c)	14.7 %	19.4 %
Adjusted EBITDA ^(c)	\$ (1,261)	\$ 34,253
Adjusted EBITDA Margin ^(c)	(0.2)%	4.9 %

^(a) Includes InnovAge Sacramento, which the Company owns and controls through a joint venture and is consolidated in our financial statements. During the fiscal year ended June 30, 2023, the Company consolidated its Germantown LIFE center with its Allegheny and Henry Avenue LIFE centers in Pennsylvania.

^(b) Amounts are approximate.

^(c) Center-level Contribution Margin, Center-level Contribution Margin as a percentage of revenue, 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.

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 as of period end 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

The Company's management uses Center-level Contribution Margin as the measure for assessing performance of its segments. 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 \$101.3 million and \$135.4 million for the years ended June 30, 2023 and 2022, respectively. The decrease in Center-level Contribution

Margin for fiscal year 2023 was primarily due to a year-over-year increase in cost of care of 17.8% and a 1.5% decrease in total revenue during the same period. For more information relating to Center-level Contribution Margin, see Note 13 “Segment Reporting” to our consolidated financial statements. A reconciliation of Center-level Contribution Margin to income (loss) before income taxes, the most directly comparable GAAP measure, for each of the periods is as follows:

in thousands	June 30, 2023			June 30, 2022		
	PACE	All other ⁽¹⁾	Totals	PACE	All other ⁽¹⁾	Totals
Center-Level Contribution Margin	100,948	340	101,288	135,451	(79)	135,372
Overhead costs ⁽²⁾	135,264	—	135,264	125,948	(94)	125,854
Depreciation and amortization	14,959	460	15,419	13,491	433	13,924
Equity loss	—	—	—	—	—	—
Other operating (income) expense	—	—	—	—	—	—
Interest expense, net	1,342	180	1,522	2,335	191	2,526
Loss on extinguishment of debt	—	—	—	—	—	—
Gain on equity method investment	—	—	—	—	—	—
Other expense (income)	(124)	—	(124)	305	—	305
Income (Loss) Before Income Taxes	\$ (50,493)	\$ (300)	\$ (50,793)	\$ (6,628)	\$ (609)	\$ (7,237)

(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.

Adjusted EBITDA and Adjusted EBITDA Margin

We define Adjusted EBITDA as net income (loss) adjusted for interest expense, depreciation and amortization, and provision (benefit) for income tax as well as addbacks for non-recurring expenses or exceptional items, including relating to management equity compensation, executive severance and recruitment, litigation costs and settlement, M&A and de novo center development, business optimization, and electronic medical record (“EMR”) implementation. Adjusted EBITDA margin is Adjusted EBITDA expressed as a percentage of our total revenue.

For the years ended June 30, 2023 and 2022, our net loss was \$43.6 million and \$8.0 million, respectively, representing a year-over-year decline of 445%, and Adjusted EBITDA was \$(1.3) million and \$34.3 million, respectively, representing a year-over-year decline of 104%.

Adjusted EBITDA margin is Adjusted EBITDA expressed as a percentage of our total revenue. For the year ended June 30, 2023, our net loss margin was 6.3%, as compared to our net loss margin of 1.1% for the year ended June 30, 2022. For the year ended June 30, 2023, our Adjusted EBITDA margin was (0.2%), as compared to our Adjusted EBITDA margin for the year ended June 30, 2022 of 4.9%.

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.

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

	Year Ended June 30,	
	2023	2022
	<i>in thousands</i>	
Net Loss	\$ (43,552)	\$ (7,960)
Interest expense, net	1,522	2,526
Depreciation and amortization	15,419	13,924
Provision (benefit) for income tax	(7,241)	723
Stock-based compensation	4,993	3,739
Executive severance and recruitment ^(a)	—	4,123
Litigation costs and settlement ^(b)	9,782	4,436
M&A and de novo center development ^(c)	1,134	1,764
Business optimization ^(d)	10,535	8,955
EMR implementation ^(e)	6,147	2,023
Adjusted EBITDA	<u>\$ (1,261)</u>	<u>\$ 34,253</u>

^(a) Reflects charges related to executive severance and recruiting.

^(b) Reflects a \$1.2 million reserve for a California wage and hour class action settlement for the year ended June 30, 2023 and charges/(credits) related to litigation by stockholders, litigation related to de novo center development, and civil investigative demands. See Item 3, “Legal Proceedings” included in this Annual Report on Form 10-K. Costs reflected consist of litigation costs considered one-time in nature and outside of the ordinary course of business based on the following considerations which we assess regularly: (i) the frequency of similar cases that have been brought to date, or are expected to be brought within two years, (ii) complexity of the case, (iii) nature of the remedies sought, (iv) litigation posture of the Company, (v) counterparty involved, and (vi) the Company’s overall litigation strategy.

^(c) Reflects charges related to M&A transaction and integrations, and de novo center developments.

^(d) Reflects charges related to business optimization initiatives. Such charges related 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 third party support to address efforts to remediate deficiencies in audits. For year ended June 30, 2023 includes (i) \$1.8 million related to consultants and contractors performing audit and other related services at sanctioned centers, (ii) \$5.7 million of costs associated with third party consultants as we implement our core provider initiatives, assess our risk-bearing payor capabilities, and strengthen our enterprise capabilities, (iii) \$0.6 million in the consolidation of the Germantown, Pennsylvania center, (iv) \$1.1 million related to organizational restructure, and (v) \$1.4 million related to other non-recurring projects aimed at reducing costs and improving efficiencies. During the year ended June 30, 2022, costs included (i) \$1.8 million paid to consultants and contractors performing audit and other related services at sanctioned centers, (ii) \$3.8 million of costs associated with third party consultants to strengthen enterprise capabilities, (iii) \$0.7 million in costs associated with transition to the replacement Roanoke, Virginia center, and (iv) \$2.7 million related to other non-recurring projects aimed at reducing costs and improving efficiencies.

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

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, from the sale of common stock in our IPO that occurred in March 2021. As of the years ended June 30, 2023 and 2022, we had cash and cash equivalents of \$127.2 million and \$184.4 million, respectively, a decrease of \$57.2 million primarily due to purchases of property and equipment and short-term investments, consisting primarily of managed income funds invested in investment grade short-term fixed and floating rate debt securities aimed at creating income while maintaining low volatility on principal. 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 7 “Long-term Debt” to the audited consolidated financial statements) due 2026, (ii) finance and operating lease obligations, which are generally paid on a monthly basis and include maturities through 2028 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 incurred non-recurring implementation costs over the last 12 months, and expect to incur ongoing costs through 2024 and beyond, and third party support to address remediation efforts, (iv) income tax payments, which are generally due on a quarterly and annual basis, and (v) capital additions, which included costs relating to the development of de novo centers, including those in Florida and California. We also will continue investing in the effective implementation of post-sanction corrective remediation plans (CAPs) and other corrective initiatives as a result of deficiencies found during our recent audits, and our ability to continually provide necessary and quality services to our participants. 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 6 “Leases,” 7 “Long-term Debt,” and 9 “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 (as defined in Note 7, “Long-term Debt”) and Revolving Credit Facility (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, and the expansion of sales and marketing activities and other costs of operating the business. 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.

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 borrowing capacity under the Revolving Credit Facility is subject (i) any issued amounts under our letters of credit and (ii) applicable covenant compliance restrictions and any other conditions precedent to borrowing. 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.

Outstanding principal amounts under the 2021 Credit Agreement accrue interest at a variable interest rate. As of June 30, 2023 and 2022, the interest rate on the Term Loan Facility was 6.95% and 3.83%, 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. As of June 30, 2023, we had no borrowings outstanding, \$2.8 million of letters of credit issued, and \$97.2 million of remaining capacity under the Revolving Credit Facility. As of June 30, 2023, we also had \$2.3 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 7 “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
	<i>in thousands</i>		
Long-term debt (excluding interest) ⁽¹⁾	\$ 69,784	\$ 3,796	\$ 65,988
Operating leases ⁽²⁾	27,675	4,882	22,793
Finance leases (excluding interest)	20,793	5,970	14,823
Total	<u>\$ 118,252</u>	<u>\$ 14,648</u>	<u>\$ 103,604</u>

(1) Represents principal amounts related to the 2021 Credit Agreement.

(2) We adopted ASU 2016-02 on July 1, 2022, which requires lessees to recognize almost all leases on the balance sheet. 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.

Consolidated Statements of Cash Flows

Our consolidated statements of cash flows for the year ended June 30, 2023 and 2022 are summarized as follows:

	Year Ended June 30,		\$ Change
	2023	2022	
<i>in thousands</i>			
Net cash provided by (used in) operating activities	\$ 20,236	\$ 27,302	\$ (7,066)
Net cash used in investing activities	(69,521)	(40,238)	(29,283)
Net cash used in financing activities	(7,896)	(6,318)	(1,578)
Net change in cash, cash equivalents and restricted cash	\$ (57,181)	\$ (19,254)	\$ (37,927)

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 \$43.6 million for the year ended June 30, 2023 compared to a net loss of \$8.0 million during the prior year, as described further above, (ii) an increase of \$28.1 million in deferred revenue during fiscal year 2023 due to timing of payments received, (iii) a decrease of \$17.7 million in accounts receivable, net of allowance primarily due to timing for the receipt of payments in 2023, and (iv) a net decrease in working capital primarily attributable to payments for operating leases and reported and estimated claims.

Investing Activities. Investing activities were made up of approximately \$23.4 million in purchases of property and equipment and \$46.2 million for purchases of short-term investments, consisting primarily of managed income funds invested in investment grade short-term fixed and floating rate debt securities aimed at creating income while maintaining low volatility on principal. Our investment in managed income funds regularly pay dividends which are reinvested into the funds.

Financing activities. The increase in net cash used in financing activities was primarily due to an increase in principal payments on finance leases.

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

We recognize revenue in accordance with Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)* (“ASC 606”). Our PACE operating unit provides comprehensive healthcare 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, 2023 were to differ by 5%, the impact on revenues would be approximately \$0.5 million.

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, 2023 and 2022. 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 healthcare 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 \$43.0 million and \$38.5 million on our balance sheet as of June 30, 2023 and 2022, 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, 2023 (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 cumulative actual paid claims table represents the actual amount of claims paid by the Company during the period. 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,				
	2019	2020	2021	2022	2023
	<i>in thousands</i>				
Claims incurred year:					
FY 2019	\$ 171,128				
FY 2020		\$ 211,381			
FY 2021			\$ 234,070		
FY 2022				\$ 299,432	
FY 2023					\$ 291,988
Total	\$ 171,128	\$ 211,381	\$ 234,070	\$ 299,432	\$ 291,988
Pharmacy expense					82,541
External provider costs					<u>\$ 374,529</u>

	Cumulative Actual Incurred Claims for the Fiscal Year Ended June 30,				
	2019	2020	2021	2022	2023
	<i>in thousands</i>				
Claims incurred year:					
FY 2019	\$ 173,047	\$ 173,061	\$ 172,855	\$ 172,802	\$ 172,555
FY 2020		210,512	205,633	205,550	205,301
FY 2021			239,207	238,488	204,792
FY 2022				291,315	333,752
FY 2023					285,118
Total	\$ 173,047	\$ 383,573	\$ 617,695	\$ 908,155	\$ 1,201,518

	Cumulative Actual Paid Claims for the Fiscal Year Ended June 30,				
	2019	2020	2021	2022	2023
	<i>in thousands</i>				
Claims incurred year:					
FY 2019	\$ 144,943	\$ 173,048	\$ 172,855	\$ 172,803	\$ 172,555
FY 2020		179,616	205,601	205,550	205,301
FY 2021			205,356	238,476	204,792
FY 2022				252,665	333,748
FY 2023					241,770
Total	\$ 144,943	\$ 352,664	\$ 583,812	\$ 869,494	\$ 1,158,166
Other claims-related liabilities					(353)
Reported and estimated claims					\$ 42,999

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, 2023, we had total outstanding borrowings of (i) \$67.5 million principal amount under the Term Loan Facility (as defined in Note 7 to the audited consolidated financial statements) and (ii) \$2.3 million principal amount under the convertible term loan. As of June 30, 2022, we had total outstanding debt of \$71.3 million in principal amount under the Term Loan Facility and \$2.3 under the Convertible Term Loan. As of June 30, 2023 and 2022, the interest rate on the Term Loan Facility was 6.95% and 3.83%, respectively.

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 Secured Overnight Financing Rate (“SOFR”) borrowings. We amended our 2021 Credit Agreement during the fourth quarter ended June 30, 2023 to replace the London Interbank Offered Rate (“LIBOR”) reference rate with SOFR prior to the discontinuance of LIBOR. As of June 30, 2023, 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 7 to the audited consolidated financial statements) were (a) 0.75% for alternate base rate borrowings and (b) 1.75% for Term SOFR 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 \$127.2 million as of June 30, 2023, 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.

We had short-term investments \$46.2 and \$— as of June 30, 2023 and 2022, respectively, which are primarily invested in managed income funds managed by major financial institutions. The funds mainly invest in investment grade, U.S. denominated short-term fixed and floating rate debt securities. Securities are subject to market risk and sensitive to changes in interest rates. While the instruments held by the funds are generally less sensitive to interest rate changes than instruments with longer maturities due to their short-term nature, the funds may face a heightened level of interest rate risk due to changes in monetary policy. During periods when interest rates are low or negative, the funds yields, and total returns may also be low, or the funds may be unable to maintain positive returns. We do not believe that an increase or decrease in interest rates of 100 basis points would have a material effect on these short-term investments.

Inflation risk

Based on our analysis of the periods presented, we believe that inflation has not had a material effect on our operating results. See more information under Item 7. Management’s Discussion of Financial Condition and Results of Operations—Trends and Uncertainties Affecting the Company.” 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**

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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, 2023 and 2022, the related consolidated statements of operations, stockholders' equity, and cash flows, for each of the two years in the period ended June 30, 2023, 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, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended June 30, 2023, 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.

Emphasis of a Matter

As discussed in Note 2 to the financial statements, the Company adopted ASU 2016-02, Leases, and related amendments (Topic 842) on July 1, 2022.

/s/ Deloitte & Touche LLP

Denver, CO
September 12, 2023

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

InnovAge Holding Corp. and Subsidiaries
Consolidated Balance Sheets

	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>
<i>in thousands</i>		
Assets		
Current Assets		
Cash and cash equivalents	\$ 127,249	\$ 184,429
Short-term investments	46,213	—
Restricted cash	16	17
Accounts receivable, net of allowance (\$4,161 – June 30, 2023 and \$3,403 – June 30, 2022)	24,344	35,907
Prepaid expenses	17,145	13,842
Income tax receivable	262	6,761
Total current assets	215,229	240,956
Noncurrent Assets		
Property and equipment, net	192,188	176,260
Operating lease assets	21,210	—
Investments	5,493	5,493
Deposits and other	3,823	2,812
Goodwill	124,217	124,217
Other intangible assets, net	5,198	5,858
Total noncurrent assets	352,129	314,640
Total assets	\$ 567,358	\$ 555,596
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable and accrued expenses	\$ 54,935	\$ 50,562
Reported and estimated claims	42,999	38,454
Due to Medicaid and Medicare	9,142	9,130
Income tax payable	1,212	—
Current portion of long-term debt	3,795	3,793
Current portion of finance lease obligations	4,722	3,368
Current portion of operating lease obligations	3,530	—
Deferred revenue	28,115	—
Total current liabilities	148,450	105,307
Noncurrent Liabilities		
Deferred tax liability, net	6,236	17,761
Finance lease obligations	13,114	9,440
Operating lease obligations	18,828	—
Other noncurrent liabilities	1,086	1,134
Long-term debt, net of debt issuance costs	64,844	68,210
Total liabilities	252,558	201,852
Commitments and Contingencies (See Note 9)		
Redeemable Noncontrolling Interests (See Note 4)		
	12,708	15,278
Stockholders' Equity		
Common stock, \$0.001 par value; 500,000,000 authorized as of June 30, 2023 and 2022; 135,639,845 and 135,532,811 issued shares as of June 30, 2023 and June 30, 2022, respectively	136	136
Additional paid-in capital	332,107	327,499
Retained earnings (deficit)	(35,944)	4,729
Total InnovAge Holding Corp.	296,299	332,364
Noncontrolling interests	5,793	6,102
Total stockholders' equity	302,092	338,466
Total liabilities and stockholders' equity	\$ 567,358	\$ 555,596

See Notes to Consolidated Financial Statements

InnovAge Holding Corp. and Subsidiaries
Consolidated Statements of Operations

	Year Ended June 30,	
	2023	2022
	<i>in thousands, except per share amounts</i>	
Revenues		
Capitation revenue	\$ 686,836	\$ 696,998
Other service revenue	1,251	1,642
Total revenues	688,087	698,640
Expenses		
External provider costs	374,528	383,046
Cost of care, excluding depreciation and amortization	212,271	180,222
Sales and marketing	19,627	24,201
Corporate, general and administrative	115,637	101,653
Depreciation and amortization	15,419	13,924
Total expenses	737,482	703,046
Operating Loss	(49,395)	(4,406)
Other Income (Expense)		
Interest expense, net	(1,522)	(2,526)
Other income (expense)	124	(305)
Total other expense	(1,398)	(2,831)
Loss Before Income Taxes	(50,793)	(7,237)
Provision (Benefit) for Income Taxes	(7,241)	723
Net Loss	(43,552)	(7,960)
Less: net loss attributable to noncontrolling interests	(2,879)	(1,439)
Net Loss Attributable to InnovAge Holding Corp.	\$ (40,673)	\$ (6,521)
Weighted-average number of common shares outstanding - basic	135,593,824	135,519,970
Weighted-average number of common shares outstanding - diluted	135,593,824	135,519,970
Net loss per share - basic	\$ (0.30)	\$ (0.05)
Net loss per share - diluted	\$ (0.30)	\$ (0.05)

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)	Noncontrolling Interests	Total Permanent Stockholders' Equity	Redeemable Noncontrolling Interests (Temporary Equity)	Net Loss
	Shares	Amount						
	<i>in thousands, except share amounts</i>							
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	
Balances, June 30, 2022	135,532,811	\$ 136	\$ 327,499	\$ 4,729	\$ 6,102	\$ 338,466	\$ 15,278	—
Stock-based compensation	107,034	—	4,608	—	—	4,608	—	
Adjustment to redemption value	—	—	—	—	—	—	—	
Net loss	—	—	—	(40,673)	(309)	(40,982)	(2,570)	(43,552)
Balances, June 30, 2023	135,639,845	\$ 136	\$ 332,107	\$ (35,944)	\$ 5,793	\$ 302,092	\$ 12,708	\$

See Notes to Consolidated Financial Statements

InnovAge Holding Corp. and Subsidiaries
Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2023	2022
<i>in thousands</i>		
Operating Activities		
Net loss	\$ (43,552)	\$ (7,960)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Loss on disposal of assets	1,107	305
Provision for uncollectible accounts	3,340	6,181
Depreciation and amortization	15,419	13,924
Operating lease rentals	4,604	—
Amortization of deferred financing costs	429	429
Stock-based compensation	4,608	3,739
Deferred income taxes	(11,525)	2,061
Other	167	—
Changes in operating assets and liabilities, net of acquisitions		
Accounts receivable, net	8,223	(9,506)
Prepaid expenses	(3,303)	(4,667)
Income tax receivable	6,499	(1,360)
Deposits and other	(1,263)	(475)
Accounts payable and accrued expenses	34,901	17,381
Reported and estimated claims	4,545	5,221
Due to Medicaid and Medicare	12	2,029
Income taxes payable	1,212	—
Operating lease liabilities	(5,187)	—
Net cash provided by operating activities	<u>20,236</u>	<u>27,302</u>
Investing Activities		
Purchases of property and equipment	(23,354)	(38,238)
Purchases of short-term investments	(46,167)	—
Purchase of cost method investment	—	(2,000)
Net cash used in investing activities	<u>\$ (69,521)</u>	<u>\$ (40,238)</u>
Financing Activities		
Payments for finance lease obligations	(4,103)	(2,528)
Principal payments on long-term debt	(3,793)	(3,790)
Net cash used in financing activities	<u>(7,896)</u>	<u>(6,318)</u>
DECREASE IN CASH, CASH EQUIVALENTS & RESTRICTED CASH	(57,181)	(19,254)
CASH, CASH EQUIVALENTS & RESTRICTED CASH, BEGINNING OF PERIOD	184,446	203,700
CASH, CASH EQUIVALENTS & RESTRICTED CASH, END OF PERIOD	<u>\$ 127,265</u>	<u>\$ 184,446</u>
Supplemental Cash Flows Information		
Interest paid	\$ 3,997	\$ 1,474
Income taxes paid	\$ 13	\$ 84
Property and equipment included in accounts payable	\$ 882	\$ 2,135
Property and equipment purchased under capital leases	\$ 9,131	\$ 8,067

See Notes to Consolidated Financial Statements

Note 1: Business

InnovAge Holding Corp. and its subsidiaries (the “Company”), are headquartered in Denver, Colorado. The Company fulfills a broad range of medical and ancillary services for seniors in need of care and support to safely live independently in their communities, including 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, 2023, the Company served approximately 6,400 PACE participants, making it the largest PACE provider in the United States of America (the U.S.) based upon participants served, and operates 17 PACE centers across Colorado, California, New Mexico, Pennsylvania and Virginia. During the third quarter ended March 31, 2023, the Company consolidated its Germantown LIFE center with its Allegheny and Henry Avenue LIFE centers in Pennsylvania.

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.

The Company’s common stock is traded on the Nasdaq Stock Market LLC (“NASDAQ”) under the ticker symbol “INNV”.

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.

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; 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, 2023 or 2022. See Note 4 "Cost and Equity Method Investments" for more information.

Short-term Investments

Short-term investments consist of investments in managed income fund securities managed by major financial institutions. These securities are measured at fair value on a recurring basis with changes in fair value recognized in earnings. The estimated fair value of the short-term investments is valued using quoted market prices in active markets and classified as Level 1 of the fair value hierarchy. Dividend income is reported within other income (expense) in the Company's consolidated statement of operations. Dividends received are reinvested in fund securities. We may sell these securities at any time for use in current operations. As a result, we classify our short-term investments as current assets on the Company's consolidated balance sheets.

Restricted Cash

Restricted cash includes 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, 2023 and 2022. 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 healthcare 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:

<i>dollars in thousands</i>	Estimated Useful Lives	2023	2022
Land	N/A	\$ 11,970	\$ 11,980
Buildings and leasehold improvements	10 - 40 years	124,263	122,076
Software	3 - 5 years	26,656	16,264
Equipment and vehicles	3 - 7 years	57,754	47,546
Construction in progress	N/A	42,223	35,479
		262,865	233,345
Less accumulated depreciation and amortization		(70,677)	(57,085)
Total property and equipment, net		\$ 192,188	\$ 176,260

Depreciation of \$14.8 million and \$13.3 million was recorded during the fiscal years ended June 30, 2023 and 2022, 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, 2023 and 2022, the Company capitalized interest of approximately \$1.0 million and \$0.9 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, 2023 or 2022.

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, 2023 and 2022.

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, 2023 and 2022.

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 healthcare 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.

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.

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 a per member, per month ("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 9 "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 \$5.6 million and \$6.7 million for the fiscal years ended June 30, 2023 and 2022, respectively.

Stock-based Compensation

The Company and its principal shareholder have 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 10 “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. InnovAge Senior Housing Thornton, LLC (“SH1”) and Pinewood Lodge, LLC (“PWD”) are considered to be VIEs. The Company is not considered the primary beneficiary of PWD but is considered the primary beneficiary of SH1.

Emerging Growth Company Status

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that the Company (i) is no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, the Company’s consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

Recently Adopted Accounting Pronouncements

Leases

In February 2016, the Financial Accounting Standards Board (“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 are required to recognize a right-of-use (“ROU”) 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 requires enhanced 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. In June 2020, the 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 interim periods beginning after December 15, 2021, with early adoption permitted.

We adopted the new standard on July 1, 2022 using the modified retrospective transition approach as permitted in ASU 2018-11. In accordance with this approach, the effective date of Topic 842 is also the application date of the new requirements, with prior comparative periods presented in the financial statements with the legacy requirements of ASC Topic 840, *Leases*. We elected the package of practical expedients which permits us not to reassess under the new lease standard our prior conclusions for lease identification and lease classification on expired or existing contracts and whether

initial direct costs previously capitalized would qualify for capitalization under the new lease standard. We also elected to adopt the optional transition method which allows an entity to recognize, if necessary, a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company did not elect the practical expedient to use hindsight in determining the lease term and in assessing impairment conclusions on the ROU assets. Comparative periods presented in the financial statements continue to be presented in accordance with GAAP related to leases prior to transitioning to the new lease standard. The adoption of Topic 842 resulted in the recognition of operating lease liabilities and ROU assets of \$25.1 million and \$23.6 million, respectively, while our accounting for capital leases (now referred to as finance leases) remained substantially unchanged. The impact of adopting Topic 842 was not material to our Statements of Operations and Statements of Cash Flows. See Note 6, "Leases."

Recent Accounting Pronouncements Not Yet Adopted

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 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:

	2023	2022
Medicaid	54 %	54 %
Medicare	46 %	46 %
Private pay and other	*%	*%
Total	100 %	100 %

* Less than 1%

The Company determined that 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) 13% and 12% of capitation revenues for each of the years ended June 30, 2023 and 2022, respectively, and (ii) 23% and 23% of external provider costs for the year ended June 30, 2023 and 2022, respectively.

The Company provides comprehensive healthcare 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, 2023 and 2022 was as follows:

	2023	2022
Medicaid	61 %	70 %
Medicare	29 %	22 %
Private pay and other	10 %	8 %
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 \$4.2 million as of June 30, 2023, compared to \$3.4 million as of June 30, 2022. Accounts are written off as bad debts when they are deemed uncollectible based upon individual credit evaluations and specific circumstances underlying the accounts.

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, 2023 and June 30, 2022.

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 9, "Commitments and Contingencies".

Note 4: Cost and Equity Method Investments

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

<i>in thousands</i>	2023	2022
Cost method investments	\$ 4,645	\$ 4,645
Equity method investments	848	848
Total investments	\$ 5,493	\$ 5,493

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, 2023 and 2022, 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, 2023 and 2022, there were no observable price changes or impairments.

Equity Method Investments**Pinewood Lodge**

Pinewood Lodge, LLP 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, 2023, the balance of the Company's investment in PWD was \$0.8 million, which represents the maximum exposure to loss.

Consolidated Entities**Noncontrolling Interest****Senior Housing**

InnovAge Senior Housing Thornton, LLC 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:

	2023	2022
	<i>in thousands</i>	
Assets		
Cash and cash equivalents	\$ 648	\$ 526
Accounts receivable	—	—
Prepaid expenses and other	1	5
Property, plant and equipment, net	9,933	10,404
Deposits and other, net	402	395
Liabilities		
Accounts payable and accrued expenses	266	256
Current portion long-term debt	—	43
Deferred revenue	2	—
Noncurrent liabilities	454	454
Long-term debt, net of debt issuance costs	3,784	3,784

Redeemable Noncontrolling Interest

InnovAge Sacramento

InnovAge Sacramento is a joint venture with Adventist Health System/West (“Adventist”) and Eskaton Properties, Incorporated (“Eskaton”). On March 18, 2019, in connection with the formation of InnovAge Sacramento, 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. Adventist contributed \$5.8 million in cash and Eskaton contributed \$3.0 million in cash for membership interests of 26.4% and 13.7%, respectively. In fiscal year 2021, the Company made an additional contribution of \$52,000 and obtained an additional 0.1% membership interest in the joint venture, which resulted in the Company obtaining control and consolidating InnovAge Sacramento as of January 1, 2021.

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. 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. At the time the Company became a publicly traded company these put rights held by the noncontrolling interests of the joint venture were required to be presented as temporary equity. As of June 30, 2023, none of the conditions specified in the JV Agreement had been met. These put rights held by the noncontrolling interests of the joint venture are required to be presented as temporary equity. The redeemable noncontrolling interest of \$12.7 million was recorded at carrying value as of June 30, 2023.

Note 5: Goodwill and Intangible Assets

Goodwill represents the excess of cost over the fair value of net assets acquired. Goodwill amounted to \$124.2 million at each of June 30, 2023 and June 30, 2022. The Company did not have any acquisitions resulting in goodwill during the year ended June 30, 2023 and 2022. Goodwill is not amortized.

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. There were no goodwill impairments recorded during the year ended June 30, 2023 and 2022.

Intangible assets consisted of the following as of June 30:

<i>in thousands</i>	2023	2022
Definite-lived intangible assets		
Customer relationships	\$ 6,600	\$ 6,600
Indefinite-lived intangible assets		
Permits	2,000	2,000
Total intangible assets	8,600	8,600
Accumulated amortization	(3,402)	(2,742)
Balance as of end of period	\$ 5,198	\$ 5,858

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 each of the years ended June 30, 2023 and 2022, respectively.

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

<i>in thousands</i>	Amortization Expense
2024	\$ 660
2025	660
2026	660
2027	630
2028	—

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, 2023 and 2022.

Note 6: Leases

Leasing Arrangements as Lessee

The Company leases certain property and equipment under various third-party operating and finance lease agreements. The Company determines if an arrangement is or contains a lease at the lease inception date by evaluating whether the arrangement conveys the right to use an identified asset and whether the Company obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The leases are noncancelable and expire on various terms from 2023 through 2032. We determine if an arrangement is a lease upon commencement of the contract. If an arrangement is determined to be a long-term lease (greater than 12 months), we recognize an ROU asset and lease liability based on the present value of the future minimum lease payments over the lease term at the commencement date. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. Our lease terms may also include options to extend or terminate the lease when it is reasonably certain that we will exercise those options. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

We have elected to apply the short-term lease exception for contracts that have a lease term of twelve months or less and do not include an option to purchase the underlying asset. Therefore, we do not recognize a ROU asset or lease liability for such contracts. We recognize short-term lease payments as expense on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or rate are recognized as expense. Certain leases include escalations based on inflation indexes and fair market value adjustments. Operating lease liabilities are calculated using the prevailing index or rate at lease commencement for such leases.

On March 20, 2023, we consolidated our Germantown center in Pennsylvania with two of our existing centers. Upon consolidation, we terminated our Germantown center lease and recognized lease termination costs of \$0.6 million. Lease termination costs are included in other income (expense) on our consolidated statements of operations.

The following table presents the components of our ROU assets and their classification in our Balance Sheet at June 30, 2023.

Component of Lease Balances	Balance Sheet Line Items	Year Ended June 30,	
		<i>in thousands</i>	
Assets:			
Operating lease assets	Operating lease assets	\$	21,210
Finance lease assets	Property and equipment, net		16,378
Total leased assets		\$	37,588

The following table presents the components of our lease cost and the classification of such costs in our Statement of Operations for the year ended June 30, 2023.

Component of Lease Cost	Statement of Operations Line Items	Year Ended June 30,	
		<i>in thousands</i>	
Operating lease cost	Cost of care excluding depreciation and amortization and Corporate, general and administrative	\$	4,642
Finance lease expense:			
Amortization of leased assets	Depreciation and amortization		3,080
Interest on lease liabilities	Interest expense, net		1,255
Variable lease cost	Cost of care excluding depreciation and amortization and Corporate, general and administrative		82
Short-term lease cost	Cost of care excluding depreciation and amortization and Corporate, general and administrative		108
Total lease expense:		\$	9,167

The following table includes the weighted-average lease terms and discount rates for operating and finance leases as of June 30, 2023.

Weighted average remaining lease term:	June 30, 2023
Operating leases	7.9 years
Finance leases	3.9 years
Weighted average discount rate	June 30, 2023
Operating leases	6.60 %
Finance leases	7.80 %

The following table includes the future maturities of lease payments for operating leases and finance leases for periods subsequent to June 30, 2023.

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<i>in thousands</i>	Operating Lease		Finance Lease		Total
2024	\$	4,882	\$	5,970	\$ 10,852
2025		4,356		5,270	9,626
2026		4,283		4,245	8,528
2027		3,981		3,549	7,530
2028		3,140		1,759	4,899
Thereafter		7,033		—	7,033
Total lease payments		27,675		20,793	48,468
Less liability accretion / imputed interest		(5,317)		(2,957)	(8,274)
Total lease liabilities		22,358		17,836	40,194
Less: Current lease liabilities		3,530		4,722	8,252
Total long-term lease liabilities	\$	18,828	\$	13,114	\$ 31,942

The following table includes the future maturities of minimum rental payments that are required to be paid under all non-cancelable operating and capital lease obligations, prior to the adoption of ASC 842:

<i>in thousands</i>	Operating Lease		Capital Lease	
2023	\$	4,873	\$	4,405
2024		4,581		3,909
2025		4,122		3,126
2026		4,061		2,092
2027		3,764		1,393
Thereafter		10,265		535
Total minimum rental payments		31,666		15,460
Less: Amount representing interest				(2,652)
Subtotal				12,808
Current portion				3,368
Long-term portion			\$	9,440

Note 7: Long-term Debt

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

	June 30, 2023		June 30, 2022	
	<i>in thousands</i>			
Senior secured borrowings:				
Term Loan Facility	\$	67,500	\$	71,250
Convertible term loan		2,284		2,327
Total debt		69,784		73,577
Less unamortized debt issuance costs		1,145		1,574
Less current maturities		3,795		3,793
Noncurrent maturities	\$	64,844	\$	68,210

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 its prior 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. As of June 30, 2023, we had no borrowings outstanding under the facility. The remaining capacity under the Revolving Credit Facility as of June 30, 2023 was \$97.2 million, subject to (i) any issued amounts under our letters of credit, which as of June 30, 2023 was \$2.8 million, and (ii) applicable covenant compliance restrictions and any other conditions precedent to borrowing. 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, 2023 and 2022, the interest rate on the Term Loan Facility was 6.95% and 3.83%, 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. U.S.-dollar LIBOR ceased to be published on June 30, 2023. As such, during fiscal year 2023, the Company prospectively adjusted the effective interest rate for debt and now utilizes SOFR as the effective interest rate.

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, 2023 and 2022, respectively.

The deferred financing costs related to the Term Loan 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 \$0.4 million for the years ended June 30, 2023 and 2022, 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, 2023 were as follows:

	Long-term debt
	<i>in thousands</i>
Year ending June 30:	
2024	\$ 3,796
2025	3,799
2026	60,052
2027	56
2028	60
Thereafter	2,021
Total debt	<u>\$ 69,784</u>

Note 8: 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

The following table shows the Company’s cash, cash equivalents and marketable securities by significant investment category as of June 30, 2023.

<i>in thousands</i>	Amortized Cost	Fair Value	Cash and Cash Equivalents	Short-term Investments
Cash	\$ 49,775	\$ 49,775	\$ 49,775	\$ —
Level 1				
Money market funds	77,474	77,474	77,474	—
Mutual funds	46,170	46,213	—	46,213
Total	<u>\$ 173,419</u>	<u>\$ 173,462</u>	<u>\$ 127,249</u>	<u>\$ 46,213</u>

There were no transfers in and out of Level 3 during the fiscal years ended June 30, 2023 and 2022. The Company’s policy is to recognize transfers as of the actual date of the event or change in circumstances.

Note 9: 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.

Civil Investigative Demands

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). In December 2022, the Company received a supplemental civil investigative demand requesting supplemental information on the same matters. 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.

Stockholder Lawsuits

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 (the “Securities Action”). 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. On September 13, 2022, the Company and the officer and director defendants and Apax Partners, L.P. and Welsh, Carson, Anderson & Stowe filed a motion to dismiss the amended complaint for failure to state a claim upon which relief can be granted.

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, Brian Hall, 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. On May 15, 2023, Mr. Hall filed a lawsuit in the Delaware Court of Chancery asserting derivative claims for breach of fiduciary duty against certain of the Company’s current and former officers and directors generally relating to alleged failures by the defendants to take remedial actions to address the matters that resulted in sanctions by CMS at certain of the Company’s centers, and alleged misstatements in the Company’s public filings relating to those matters. On June 28, 2023, upon stipulation of the parties, the court entered an order staying the litigation pending the resolution of the motion to dismiss in the Securities Action or upon fifteen days’ notice by any party to the litigation. We are currently unable to predict the outcome of this matters.

Other Matters

In the third fiscal quarter of 2023, the Company agreed to settle a wage and hour class action lawsuit in the State of California for a cash payment of \$1.2 million. The agreement is subject to court approval.

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 10: 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,	
	2023	2022
	<i>in thousands</i>	
Stock options	\$ 1,010	\$ 719
Profits interests units	867	1,162
Restricted stock units	3,116	1,858
Total stock-based compensation expense	\$ 4,993	\$ 3,739

2020 Equity Incentive Plan*Profits Interests*

TCO Group Holdings, L.P. (the “LP”), the Company’s largest shareholder and prior to the IPO, the Company’s parent, maintains the TCO Group Holdings, L.P. Equity Incentive Plan (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, advisers, and other services providers (including partners) of the LP or any of its affiliates, including the Company. A maximum number of 16,162,177 Class B Units are authorized for grant under the 2020 Equity Incentive Plan. Both performance-based and time-based units were issued under the plan. As of June 30, 2023, a total of 13,009,137 profits interests units have been granted under the 2020 Equity Incentive Plan.

These profits interests represent 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 participate in any increase of LP value after a hurdle rate is achieved and, for performance-based units, the LP profits interests receive the agreed-upon return on their invested capital and internal rate of return, as applicable. The hurdle rate per unit is \$5.49 for both the performance-based and time-based units outstanding as of June 30, 2023.

Each award of profits interests is subject to the following material terms:

- (i) The profits interests receive distributions (other than tax distributions) only upon a liquidity event, as defined, that exceeds a threshold equivalent to the fair value of the LP, as determined by the LP’s Board of Directors, at the grant date.
- (ii) A portion of the units vest over a period of continuous employment or service (time-based units) while the other portion of the units only vest based on the level of aggregate multiple of invested capital and, with respect to certain grants of profits interests, 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-based units).

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

The Company uses the Monte Carlo option model to determine the fair value of the granted profits interests units at the time of the grant. As the awards outstanding as of June 30, 2023, were granted prior to our IPO, the stock price was based on prices realized in equity transactions prior to being publicly traded. 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, 2023, was as follows:

	Number of units	Weighted average grant date fair value
Time-based unit awards		
Unvested balance, June 30, 2022	2,158,072	\$ 1.28
Granted	—	\$ —
Forfeited	(49,654)	\$ 1.28
Vested	(844,081)	\$ 1.28
Unvested balance, June 30, 2023	<u>1,264,337</u>	<u>\$ 1.28</u>
Performance-based unit awards		
Unvested balance, June 30, 2022	2,217,865	\$ 0.57
Granted	—	\$ —
Forfeited	(99,307)	\$ 0.57
Vested	—	\$ —
Unvested balance, June 30, 2023	<u>2,118,558</u>	<u>\$ 0.57</u>

The total unrecognized compensation cost related to profits interests units outstanding as of June 30, 2023 was \$2.1 million, comprised (i) \$0.9 million related to time-based unit awards expected to be recognized over a weighted-average period of 1.8 years and (ii) \$1.2 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 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 or vested (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. 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, 2023, was as follows:

	Number of awards	Weighted average grant-date fair value per share
Restricted stock units - time based		
Outstanding balance, June 30, 2022	476,768	\$ 9.69
Forfeited	(236,344)	\$ 5.19
Vested	(194,337)	\$ 6.29
Granted	1,827,707	\$ 6.49
Outstanding balance, June 30, 2023	<u>1,873,794</u>	<u>\$ 10.10</u>

The total unrecognized compensation cost related to time-based restricted stock units outstanding as of June 30, 2023, was \$9.4 million and is expected to be recognized over a weighted-average period of 2.3 years.

A summary of performance-based vesting restricted stock units activity for the year ended June 30, 2023, was as follows:

Restricted stock units - performance based	Number of awards	Weighted average grant-date fair value per share
Outstanding balance, June 30, 2022	258,767	\$ 5.18
Forfeited	—	\$ —
Vested	—	\$ —
Granted	—	\$ —
Outstanding balance, June 30, 2023	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, 2023, was \$0.8 million and is expected to be recognized over a weighted-average period of 2.4 years.

Nonqualified Stock Options

A summary of time-based vesting stock option activity for the year ended June 30, 2023, was as follows:

Stock options - time based	Number of awards	Weighted average grant-date fair value per share
Outstanding balance, June 30, 2022	554,499	\$ 1.61
Granted	162,162	\$ 0.80
Forfeited	—	\$ —
Exercised	—	\$ —
Expired	—	\$ —
Outstanding balance, June 30, 2023	716,661	\$ 1.43
Exercisable balance, June 30, 2023	207,936	\$ 0.21

The total unrecognized compensation costs related to time-based vesting stock options outstanding as of June 30, 2023, was \$0.4 million and is expected to be recognized over a weighted-average period of 1.8 years.

The fair value of the time-based stock options granted during the year ended June 30, 2023, was based upon the Black-Scholes option pricing model using the assumptions in the following table:

	2023	
Expected volatility		34.5 %
Weighted-average expected life (years) - time vesting units		2.9
Interest rate		1.56 %
Dividend yield		0 %
Weighted-average fair values	\$	0.80
Fair value of underlying stock	\$	3.70

A summary of performance-based vesting stock option activity for the year ended June 30, 2023, was as follows:

Stock options - performance based	Number of awards	Weighted average grant-date fair value per share
Outstanding balance, June 30, 2022	776,299	\$ 3.08
Granted	—	\$ —
Forfeited	—	\$ —
Vested	—	\$ —
Outstanding balance, June 30, 2023	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, 2023, was \$1.4 million and is expected to be recognized over a weighted-average period of 2.4 years.

Note 11: Income Taxes

The Company's effective income tax rate for the years ended June 30, 2023 and 2022 was 14.3% and (10.0%), 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,	
	2023	2022
	<i>in thousands</i>	
Statutory rate	\$ (10,667)	\$ (1,520)
IRC Section 162(m) limitation (a)	588	506
Change in valuation allowance	4,297	2,738
Permanent adjustments	457	662
Prior year true-up and other	157	389
Income from entities not subject to taxation	605	302
State tax	(2,678)	(2,354)
Provision for income taxes	\$ (7,241)	\$ 723

(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.

Provision for income taxes consisted of the following for the years ended June 30, 2023 and 2022:

	Year ended June 30,	
	2023	2022
	<i>in thousands</i>	
Current:		
Federal	\$ 3,709	\$ (998)
State	575	(339)
Total current tax expense	4,284	(1,337)
Deferred:		
Federal	(10,263)	1,408
State	(1,262)	652
Total deferred tax expense	(11,525)	2,060
Total provision for income taxes	\$ (7,241)	\$ 723

The significant components of deferred tax assets and liabilities were as follows for the years ended June 30, 2023 and 2022:

	Year ended June 30,	
	2023	2022
	<i>in thousands</i>	
Deferred tax assets:		
Amortization	\$ 629	\$ 686
Federal net operating losses	17,147	3,083
State net operating losses	5,701	4,048
Provision for uncollectible accounts	1,114	869
Accrued vacation	835	828
Reported and estimated claims	1,164	1,025
Stock-based compensation	449	185
Accrued bonuses	582	102
Interest Expense	791	496
Lease liability	6,784	—
Other	—	6
Total deferred tax assets	35,196	11,328
Valuation allowance	(8,347)	(4,050)
Deferred tax assets, net of valuation allowance	26,849	7,278
Deferred tax liabilities:		
Goodwill	(6,697)	(9,108)
Depreciation	(13,137)	(8,430)
Equity investment	(5,019)	(5,429)
Prepaid expenses	(1,792)	(2,072)
ROU asset	(6,436)	—
Other	(4)	—
Total deferred tax liabilities	(33,085)	(25,039)
Net deferred tax liability	\$ (6,236)	\$ (17,761)

Carryforwards

The Company had state net operating loss carryforwards of \$117.9 million and \$73.1 million at June 30, 2023 and 2022, 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 has federal net operating loss carryforwards of \$81.7 million and \$14.7 million as of June 30, 2023 and 2022, respectively which do not expire.

Valuation Allowance

The Company has provided \$8.3 million and \$4.1 million at June 30, 2023 and June 30, 2022, respectively, as a valuation allowance against its deferred tax assets for federal and 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, 2023 and 2022.

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, 2020 and forward. The Company is subject to income tax examinations by California, Colorado and New Mexico state jurisdictions for the period ended June 30, 2019 and forward.

Note 12: 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"). The PWD Loan does not accrue interest. Additionally, the General Partner is paid an administration fee of \$35,000 per year. At each of June 30, 2023 and 2022, \$0.7 million was recorded in Deposits and other.

Note 13: 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, 2023, the Company served approximately 6,400 PACE participants, making it the largest PACE provider in the U.S. based upon participants served, and operated 17 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, CMS shares 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, 2023			June 30, 2022		
	PACE	All other ⁽¹⁾	Totals	PACE	All other ⁽¹⁾	Totals
Capitation revenue	\$ 686,836	\$ —	\$ 686,836	\$ 696,998	\$ —	\$ 696,998
Other service revenue	347	904	1,251	403	1,239	1,642
Total revenues	687,183	904	688,087	697,401	1,239	698,640
External provider costs	374,528	—	374,528	383,046	—	383,046
Cost of care, excluding depreciation and amortization	211,707	564	212,271	178,904	1,318	180,222
Center-Level Contribution Margin	100,948	340	101,288	135,451	(79)	135,372
Overhead costs ⁽²⁾	135,264	—	135,264	125,948	(94)	125,854
Depreciation and amortization	14,959	460	15,419	13,491	433	13,924
Equity loss	—	—	—	—	—	—
Other operating (income) expense	—	—	—	—	—	—
Interest expense, net	1,342	180	1,522	2,335	191	2,526
Loss on extinguishment of debt	—	—	—	—	—	—
Gain on equity method investment	—	—	—	—	—	—
Other expense (income)	(124)	—	(124)	305	—	305
Income (Loss) Before Income Taxes	\$ (50,493)	\$ (300)	\$ (50,793)	\$ (6,628)	\$ (609)	\$ (7,237)

(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 14: 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 and other equity awards, 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, 2023 and 2022, there were 1,035,066 performance-based awards excluded from the calculation of diluted EPS.

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

<i>in thousands, except share values</i>	Year ended June 30,	
	2023	2022
Net income (loss) attributable to InnovAge Holding Corp.	\$ (40,673)	\$ (6,521)
Weighted average common shares outstanding (basic)	135,593,824	135,519,970
EPS (basic)	\$ (0.30)	\$ (0.05)
Dilutive shares	—	—
Weighted average common shares outstanding (diluted)	135,593,824	135,519,970
EPS (diluted)	\$ (0.30)	\$ (0.05)

Note 15: Subsequent Event

The Company has evaluated subsequent events through September 12, 2023, 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, 2023.

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) and 15d-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, 2023.

This Form 10-K does not include an attestation report on internal controls over financial reporting of the Company’s registered public accounting firm. 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, 2023 that have 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

Insider Trading Arrangements

During the three months ended June 30, 2023, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) and (c) of Regulation S-K.

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, 2023, 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, <https://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, 2023, 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, 2023, 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, 2023, 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, 2023, 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 69 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.

<u>Exhibit No.</u>	<u>Description</u>
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*	Amendment No. 1 to the Credit Agreement, dated as of June 14, 2023, among TCO Intermediate Holdings, Inc., Total Community Options, Inc., each subsidiary loan party thereto, and JPMorgan Chase Bank, N.A., as administrative agent and as collateral agent.
10.4	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).
10.5+	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).
10.6+	Class B Unit Award Agreement, effective August 30, 2023, by and between TCO Group Holdings, L.P. 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 September 1, 2023).

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10.7+	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).
10.8+	Transition and Separation Agreement, dated as of July 3, 2023, by and between Total Community Options Inc. and Barbara Gutierrez (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on July 5, 2023).
10.9+	Letter Agreement relating to Class B Units, dated as of July 3, 2023, by and between TCO Group Holdings, L.P. and Barbara Gutierrez (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on July 5, 2023).
10.10+	Employment Agreement, dated as of July 3, 2023, by and between Total Community Options, Inc. and Benjamin C. Adams (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 5, 2023).
10.11+	Class B Unit Award Agreement, effective as of July 10, 2023, by and between TCO Group Holdings, L.P. and Benjamin C. Adams (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on July 5, 2023).
10.12+	Employment Agreement, dated as of November 30, 2021, by and between Nicole D'Amato and Total Community Options, Inc. (incorporated by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K filed with the SEC on September 13, 2022).
10.13+	Employment Agreement, dated as of February 19, 2018, by and between Maria Lozzano and InnovAge Holding Corp. (incorporated by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K filed with the SEC on September 13, 2022).
10.14+	First Amendment to Employment Agreement, dated as of May 22, 2020, by and between Maria Lozzano and Total Community Options, Inc. (incorporated by reference to Exhibit 10.8 to the Company's Annual Report on Form 10-K filed with the SEC on September 13, 2022).
10.15+	Transition and Separation Agreement, dated February 28, 2023, by and between InnovAge Holding Corp. and Maria Lozzano (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on February 28, 2023).
10.16+	Employment Agreement, dated February 28, 2023, by and between InnovAge Holding Corp. and Christine Bent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 28, 2023).
10.17+	Employment Agreement, dated as of August 15, 2022, by and between Richard Feifer and Total Community Options, Inc. (incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K filed with the SEC on September 13, 2022).
10.18+	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).
10.19+	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).
10.20+*	TCO Group Holdings, L.P. 2020 Equity Incentive Plan.
10.21+	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).
10.22+	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

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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 12, 2023

INNOVAGE HOLDING CORP.

By: /s/ Benjamin C. Adams
Name: Benjamin C. Adams
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, Benjamin C. Adams 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 12, 2023.

<u>Signature</u>	<u>Title</u>
<u>/s/ Patrick Blair</u> Patrick Blair	President and Chief Executive Officer (principal executive officer)
<u>/s/ Benjamin C. Adams</u> Benjamin C. Adams	Chief Financial Officer (principal financial officer and principal accounting officer)
<u>/s/ John Ellis Bush</u> John Ellis Bush	Director
<u>/s/ James Carlson</u> James Carlson	Director, Chair of the Board
<u>/s/ Andrew Cavanna</u> Andrew Cavanna	Director
<u>/s/ Patricia Fontneau</u> Patricia Fontneau	Director
<u>/s/ Edward Kennedy, Jr.</u> Edward Kennedy, Jr.	Director
<u>/s/ Thomas Scully</u> Thomas Scully	Director
<u>/s/ Teresa Sparks</u> Teresa Sparks	Director

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/s/ Marilyn Tavenner Director

Marilyn Tavenner

/s/ Richard Zoretic Director

Richard Zoretic

AMENDMENT NO. 1

THIS AMENDMENT NO. 1 (this "Agreement"), dated as of June 14, 2023, is entered into among TCO INTERMEDIATE HOLDINGS, INC., a Delaware corporation ("Holdings"), TOTAL COMMUNITY OPTIONS, INC., a Colorado corporation (the "Borrower"), each Subsidiary Loan Party party hereto (together with Holdings and the Borrower, the "Loan Parties") and JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, the "Administrative Agent") and as collateral agent.

RECITALS

WHEREAS, the Borrower, the Subsidiary Loan Parties party thereto, the lenders from time to time party thereto (the "Lenders"), and JPMorgan Chase Bank, N.A., as Administrative Agent and collateral agent, are party to the Credit Agreement, dated as of March 8, 2021 (as amended, modified, extended, restated, replaced, or supplemented from time to time prior to the date hereof, the "Credit Agreement"); and

WHEREAS, certain loans, commitments and/or other extensions of credit (the "Loans") under the Credit Agreement denominated in Dollars (the "Affected Currency") incur or are permitted to incur interest, fees or other amounts based on the London Interbank Offered Rate as administered by the ICE Benchmark Administration ("LIBOR") in accordance with the terms of the Credit Agreement;

WHEREAS, the Administrative Agent, the Borrower and the Lenders party hereto comprising all the Lenders have determined in accordance with the Credit Agreement that LIBOR for the Affected Currency should be replaced with the applicable Benchmark Replacement for all purposes under the Credit Agreement and any Loan Document and the parties to this Agreement hereby agree that such changes shall become effective on the Amendment Effective Date (as defined below).

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

1. Defined Terms. Capitalized terms used herein but not otherwise defined herein shall have the meanings provided to such terms in the Credit Agreement, as amended by this Agreement.

2. Amendments.

(a) The Credit Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages attached as Exhibit A hereto.

(b) The exhibits to the Credit Agreement are hereby amended to (i) amend and restate Exhibit D, Form of Borrowing Request, in the form attached as Exhibit B hereto and (ii) amend and restate Exhibit E, Form of Interest Election Request, in the form attached as Exhibit C hereto.

3. Payment of Expenses. The Borrower agrees to reimburse the Administrative Agent for all reasonable fees, charges and disbursements of the Administrative Agent in connection with the preparation, execution and delivery of this Agreement, including all reasonable fees, charges and disbursements of counsel to the Administrative Agent, in each case on the terms set forth in Section 9.03(a) of the Credit Agreement.

4. Conditions Precedent. This effectiveness of this Agreement is subject to the satisfaction of each of the following conditions (the date of the satisfaction of all such conditions, the "Amendment Effective Date"):

(a) The Administrative Agent (or its counsel) shall have received from each of Holdings, the Borrower, each other Guarantor and each Lender either (x) a counterpart of this Agreement signed on behalf of such party or (y) written evidence reasonably satisfactory to the Administrative Agent (which may include delivery of a signed signature page of this Agreement by facsimile or other means of electronic transmission (e.g., "pdf")) that such party has signed a counterpart of this Agreement.

5. Representations and Warranties. Each Loan Party represents and warrants to the Administrative Agent that, as of the date hereof:

(c) this Agreement and the performance by each Loan Party of its obligations under this Agreement have been duly authorized by all necessary corporate or other action and, if required, stockholder action. This Agreement has been duly executed and delivered by each of Holdings, the Borrower and the other Loan Parties and constitutes, a legal, valid and binding obligation of Holdings, the Borrower or such Loan Party, as applicable, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law; and

(d) The entering into and performance of this Agreement as in effect on the Amendment Effective Date (a) does not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except filings necessary to perfect Liens created under the Credit Agreement, (b) will not violate any Requirement of Law applicable to Holdings, the Borrower or any of the Restricted Subsidiaries, as applicable, (c) will not violate or result in a default under any indenture or other material agreement or instrument binding upon Holdings, the Borrower or any of the Restricted Subsidiaries or any of their assets, or give rise to a right thereunder to require any payment to be made by Holdings, the Borrower or any of the Restricted Subsidiaries or give rise to a right of, or result in, termination, cancellation or acceleration of any material obligation thereunder, (d) will not result in a Limitation on any right, qualification, approval, Permit, accreditation, authorization, Reimbursement Approval, license or franchise or authorization granted by any Governmental Authority, Third Party Payor or other Person applicable to the business, operations or assets of the Borrower or any of the Restricted Subsidiaries or adversely affect the ability of the Borrower or any of the Restricted Subsidiaries to participate in any Third Party Payor Arrangement except for Limitations, individually or in the aggregate, that are not material to the business of the Borrower and the Restricted Subsidiaries, taken as a whole, (e) will not result in the creation or imposition of any Lien on any asset of Holdings, the Borrower or any of the Restricted Subsidiaries, except Liens created under the Credit Agreement and (f) will not affect any Loan Party's right to receive, or reduce the amount of, payments and reimbursements from Third Party Payors, or materially adversely affect any Healthcare Permit. There is no pending or, to the knowledge of any Loan Party, threatened Limitation by any Governmental Authority, Third Party Payor or any other Person of any right, qualification, approval, Permit, authorization, accreditation, Reimbursement Approval, license or franchise of the Borrower, or any Restricted Subsidiary, except for such Limitations, individually or in the aggregate, as are not reasonably likely to result in a Material Adverse Effect.

6. Reaffirmation; Reference to and Effect on the Loan Documents.

(a) From and after the Amendment Effective Date, each reference in the Credit Agreement to "hereunder," "hereof," "this Agreement" or words of like import and each reference in the other Loan Documents to "Credit Agreement," "thereunder," "thereof" or words of like import shall, unless the context otherwise requires, mean and be a reference to the Credit Agreement as amended by this Agreement. This Agreement is a Loan Document. This Agreement shall not constitute a novation of any Obligations.

(b) The Loan Documents, and the obligations of the Borrower and the Guarantors under the Loan Documents, are hereby ratified and confirmed and shall remain in full force and effect according to their terms.

(c) The Borrower and each Guarantor (i) acknowledges and consents to all of the terms and conditions of this Agreement, (ii) affirms all of its obligations under the Loan Documents, (iii) agrees that this Agreement and all documents executed in connection herewith do not operate to reduce or discharge its obligations under the Loan Documents, (iv) agrees that the Security Documents continue to be in full force and effect and are not impaired or adversely affected in any manner whatsoever, (v) confirms its grant of security interests pursuant to the Security Documents to which it is a party as Collateral for the Obligations, and (vi) acknowledges that all Liens granted (or purported to be granted) pursuant to the Security Documents remain and continue in full force and effect in respect of, and to secure, the Obligations. Each Guarantor hereby reaffirms its obligations under the Collateral Agreement, and agrees that its obligation to guarantee the Obligations is in full force and effect as of the date hereof.

(d) The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

(e) In the event of any conflict between the terms of this Agreement and the terms of the Credit Agreement or the other Loan Documents, the terms hereof shall control.

7. Governing Law; Jurisdiction; Consent to Service of Process; Waiver of Jury Trial, Etc.

(a) This Agreement shall be construed in accordance with and governed by the law of the State of New York, without regard to conflict of laws principles thereof to the extent such principles would cause the application of the law of another state.

(b) EACH PARTY HERETO HEREBY AGREES AS SET FORTH IN SECTION 9.10 OF THE CREDIT AGREEMENT AS IF SUCH SECTIONS WERE SET FORTH IN FULL HEREIN.

8. Amendments; Headings; Severability. This Agreement may not be amended nor may any provision hereof be waived except pursuant to a writing signed by Holdings, the Borrower, the other Loan Parties and the Administrative Agent. The Section headings used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting this Agreement. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof, and the invalidity of a particular provision in a particular jurisdiction shall

not invalidate such provision in any other jurisdiction. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

9. Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement by telecopy, emailed pdf or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that nothing herein shall require the Administrative Agent to accept electronic signatures in any form or format without its prior written consent.

10. Notices. All notices hereunder shall be given in accordance with the provisions of Section 9.01 of the Credit Agreement.

11. Certain Existing LIBOR Borrowings. For the avoidance of doubt and notwithstanding anything to the contrary in the Credit Agreement (as amended by this Agreement), (x) Eurodollar Loans (as defined in the Credit Agreement immediately prior to the Amendment Effective Date (the "Pre-Amendment Credit Agreement")) outstanding under the Pre-Amendment Credit Agreement as of the Amendment Effective Date may, in any event, remain outstanding as Eurodollar Loans pursuant to the terms of the Pre-Amendment Credit Agreement until the last day of the Interest Period applicable thereto that is in effect on the Amendment Effective Date, with such Eurodollar Loans and thereafter, upon expiration of such Interest Period, such Eurodollar Loans shall be required to be converted to Term Benchmark Loans in accordance with the Credit Agreement (as amended by this Agreement) and (y) notwithstanding clause (x) above, the terms of such Eurodollar Loans in respect of the calculation, payment and administration of those Eurodollar Loans shall remain in effect from and after the Amendment Effective Date, in each case, solely for purposes of making, and the administration of, interest payments on such Eurodollar Loans until such loans are converted to Term Benchmark Loans.

[remainder of page intentionally left blank]

Each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

HOLDINGS: TCO INTERMEDIATE HOLDINGS, INC,

By: /s/ Patrick Blair
Name: Patrick Blair
Title: President and CEO

BORROWER: TOTAL COMMUNITY OPTIONS, INC.,

By: /s/ Patrick Blair
Name: Patrick Blair
Title: President and CEO

SUBSIDIARY LOAN PARTIES:

INNOVATIVE CARE MANAGEMENT, INC.
SENIORS!, INC. TOTAL
LONGTERM CARE, INC.

By: /s/ Patrick Blair
Name: Patrick Blair
Title: President and CEO

TLC INLAND, LLC
INNOVAGE GREATER COLORADO PACE-LOVELAND,
LLC,

By: Total Longterm Care, Inc., their sole member

By: /s/ Patrick Blair
Name: Patrick Blair
Title: President and CEO

TOTAL COMMUNITY CARE, LLC
TOTAL LONGTERM CARE SOLUTIONS, LLC
INNOVAGE INVESTMENT HOLDINGS, LLC
INNOVAGE SENIOR HOUSING – THORTON II, LLC,
TCO EASTERN HOLDINGS, LLC
TCO WESTERN HOLDINGS, LLC

By: Total Community Options, Inc., their sole member

By: /s/ Patrick Blair
Name: Patrick Blair
Title: President and CEO

INNOVAGE VIRGINIA PACE-ROANOKE VALLEY, LLC
INNOVAGE VIRGINIA PACE II, LLC,
INNOVAGE PENNSYLVANIA LIFE, LLC
INNOVAGE VIRGINIA PACE-CHARLOTTESVILLE, LLC
INNOVAGE FLORIDA PACE, LLC
INNOVAGE FLORIDA PACE II, LLC
INNOVAGE KENTUCKY PACE-LOUISVILLE, LLC
INNOVAGE WASHINGTON DC PACE, LLC

By: TCO Eastern Holdings, LLC., their sole member

By: /s/ Patrick Blair
Name: Patrick Blair
Title: President and CEO

INNOVAGE HOME CARE NORTH, LLC
INNOVAGE HOME CARE - ASPEN, LLC,

By: Senior!, Inc., their sole member

By: /s/ Patrick Blair
Name: Patrick Blair
Title: President and CEO

INNOVAGE CALIFORNIA PACE-LOS ANGELES, LLC,

By: TCO Western Holdings, LLC, their sole member

By: Total Community Options, Inc., their sole member

By: /s/ Patrick Blair
Name: Patrick Blair
Title: President and CEO

ADMINISTRATIVE AGENT:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: /s/ Nicholas J. Watts

Name: Nicholas J. Watts

Title: Authorized Officer

[Signature Page to Amendment No. 1]

LENDERS:

JPMORGAN CHASE BANK, N.A.,
as Lender

By: /s/ Nicholas J. Watts
Name: Nicholas J. Watts
Title: Authorized Officer

LENDERS:

Capital One, National Association, as Lender and Issuing Bank

By: /s/ Esha Shah
Name: Esha Shah
Title: Duly Authorized Signatory

[Signature Page to Amendment No. 1]

LENDERS:

Barclays Bank PLC,

By: /s/ Warren Veech III _____
Name: Warren Veech III
Title: Vice President

LENDERS:

Citibank N.A.,

By: /s/ Karan Kapoor _____

Name: Karan Kapoor

Title: Director

[Signature Page to Amendment No. 1]

LENDERS:

Goldman Sachs Bank USA,

By: /s/ Keshia Leday

Name: Keshia Leday

Title: Authorized Signatory

[Signatme Page to Amendment No.]

Exhibit A

(Attached hereto)

CREDIT AGREEMENT

consisting of

a \$75,000,000
Term Loan Facility,

and

a \$100,000,000
Revolving Credit Facility

effective as of

March 8, 2021

[\(as amended by Amendment No. 1, dated as of June 14, 2023\)](#)

by and among

TCO INTERMEDIATE HOLDINGS, INC.,
as Holdings

TOTAL COMMUNITY OPTIONS, INC.,
as the Borrower

The Lenders Party Hereto from Time to Time

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent, Collateral Agent and Revolver Agent,

THE OTHER FINANCIAL INSTITUTIONS PARTY HERETO

and

JPMORGAN CHASE BANK, N.A., BARCLAYS BANK PLC and CAPITAL ONE,
NATIONAL ASSOCIATION
as Joint Lead Arrangers and Joint Bookrunners

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CREDIT AGREEMENT effective as of the March 8, 2021, by and among TCO Intermediate Holdings, Inc., a Delaware corporation, TOTAL COMMUNITY OPTIONS, INC., a Colorado corporation (“TCO” and the “Borrower”), the LENDERS party hereto from time to time, JPMORGAN CHASE BANK, N.A., a national banking association (in its individual capacity, “JPMorgan”), as Administrative Agent, Revolver Agent, Collateral Agent, Swingline Lender, a Joint Bookrunner and a Joint Lead Arranger.

Borrower and Holdings desire to, effective upon the occurrence of the Closing Date, (i) obtain commitments from the Lenders to make term loans on the Closing Date in an aggregate principal amount, together with the aggregate principal amount of the Initial Term Loans outstanding on such date, not to exceed \$75,000,000 (the “Initial Term Loan Facility”) and (iv) make commitments under the Revolving Credit Facility of \$100,000,000 (the “Revolving Credit Facility”).

The proceeds of Revolving Loans, Swingline Loans and Letters of Credit will be used by the Borrower for working capital and general corporate purposes (including Permitted Acquisitions). The proceeds of the Initial Term Loans, will be used by the Borrower on the Closing Date (i) to pay the Transaction Expenses, working capital and other general corporate purposes and (ii) to consummate the Closing Date Refinancing and (iii) for working capital and other general corporate purposes.

Effective upon the occurrence of the Closing Date, the Lenders have agreed to effect the foregoing transactions on the terms and subject to the conditions set forth herein. Accordingly, the parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

“ABR” when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

“Acquired Indebtedness” means, with respect to any specified Person,

(a) Indebtedness of any other Person existing at the time such other Person is merged, consolidated or amalgamated with or into or became a Restricted Subsidiary of such specified Person, and

(b) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“Additional Credit Extension Amendment” means an amendment to this Agreement (which may, at the option of the Administrative Agent and the Revolver Agent, be in the form of an amendment and restatement of this Agreement) and any other applicable Loan Document

providing for any Incremental Term Loans, loans under any Incremental Revolving Commitments, Replacement Term Loans, Extended Term Loans or loans under any Extended Revolving Commitments which shall be consistent with the applicable provisions of this Agreement relating to Incremental Term Loans, loans under any Incremental Revolving Commitments, Replacement Term Loans, Extended Term Loans or loans under any Extended Revolving Commitments and otherwise satisfactory to the Administrative Agent and the Revolver Agent.

“Additional Lender” means any Person that is not an existing Lender and has agreed to provide Incremental Commitments pursuant to Section 2.20.

“Adjusted Daily Simple SOFR” means an interest rate per annum equal to (a) the Daily Simple SOFR for the applicable Class of Loans, plus (b) 0.10%; provided that if the Adjusted Daily Simple SOFR Rate as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement.

“Adjusted LIBO Term SOFR Rate” means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to (a) the LIBO Term SOFR Rate for the applicable Class of Loans for such Interest Period multiplied by (b) the Statutory Reserve Rate, plus (b) 0.10%; provided that if the Adjusted Term SOFR Rate as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement .

“Administrative Agent” means JPMorgan, in its capacity as administrative agent for the Lenders under the Loan Documents.

“Administrative Questionnaire” means an administrative questionnaire in a form supplied by the Administrative Agent.

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate” means, with respect to a specified Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with the Person specified.

“Affiliated Lender” means a Non-Debt Fund Affiliate or a Debt Fund Affiliate.

“Affiliated Lender Assignment and Assumption” has the meaning provided in Section 9.04(d).

“Affiliated Lender Register” shall have the meaning provided in Section 9.04(f).

“Agents” means the Administrative Agent, the Collateral Agent, the Revolver Agent and the Arranger.

“Agreement” means this Credit Agreement, as the same may be renewed, extended, modified, supplemented, amended or amended and restated from time to time.

“Alternate Base Rate” means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus ½ of 1% and (c) the Adjusted ~~LIBO~~Term SOFR Rate for a one month Interest Period ~~on~~as published two U.S. Government Securities Business Days prior to such day (or if such day is not a U.S. Government Securities Business Day, the immediately preceding U.S. Government Securities Business Day) plus 1%; provided that for the purpose of this definition, the Adjusted ~~LIBO~~Term SOFR Rate for any day shall be based on the ~~LIBO Screen Rate (or if the LIBO Screen Rate is not available for such one month Interest Period, the Interpolated Rate)~~Term SOFR Reference Rate at approximately ~~11:00 a.m. London~~5:00 a.m. Chicago time on such day ~~(or any amended publication time for the Term SOFR Reference Rate, as specified by the CME Term SOFR Administrator in the Term SOFR Reference Rate methodology)~~. Any change in the Alternate Base Rate due to a change in the Prime Rate, the NYFRB Rate or the Adjusted ~~LIBO~~Term SOFR Rate shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the Adjusted ~~LIBO~~Term SOFR Rate, respectively. If the Alternate Base Rate is being used as an alternate rate of interest pursuant to Section 2.14 (for the avoidance of doubt, only until the Benchmark Replacement has been determined pursuant to Section 2.14(b)), then the Alternate Base Rate shall be the greater of clauses (a) and (b) above and shall be determined without reference to clause (c) above. For the avoidance of doubt, if the Alternate Base Rate as determined pursuant to the foregoing would be less than 0%, such rate shall be deemed to be 0% for purposes of this Agreement.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or any of its Subsidiaries from time to time concerning or relating to bribery or corruption by virtue of such Person being organized or operating in such jurisdiction.

“Apax” means each of Apax Partners, L.L.P. and its Affiliates and funds or partnerships managed by, or under the sole control of and exclusively advised by, it or any of its Affiliates, but not including, however, any of their portfolio companies.

“Applicable Agent” means with respect to Term Lenders and Term Loans and all payments and matters relating thereto, the Administrative Agent, and with respect to the Revolving Credit Facility, Revolving Lenders, Revolving Loans, Swingline Loans, Letters of Credit and L/C Reimbursement Obligations and all payments and matters relating thereto, the Revolver Agent.

“Applicable Percentage” means, with respect to any Revolving Lender, the percentage of the aggregate Revolving Commitments represented by such Lender’s Revolving Commitment; provided that in the case of Section 2.22 when a Defaulting Lender shall exist, “Applicable Percentage” shall mean, with respect to any Revolving Lender, the percentage of the total Revolving Commitments (disregarding any Defaulting Lender’s Revolving Commitment) represented by such Revolving Lender’s Revolving Commitment. If the Revolving Commitments have terminated or expired, the Applicable Percentage of the Revolving Commitments shall be determined based upon the Revolving Commitments most recently in

effect, giving effect to any assignments that occur thereafter and to any Revolving Lender's status as a Defaulting Lender at the time of determination.

"Applicable Rate" means for any day with respect to (a) (i) Initial Term Loans and Revolving Credit Loans, the applicable rate per annum set forth below under the caption "~~Eurodollar~~ Term SOFR Margin" or "ABR Margin" or, as applicable, "RFR Margin", as the case may be and (ii) with respect to the commitment fees payable pursuant to Section 2.12(a), the applicable rate per annum set forth below under the caption "Commitment Fee", in each case, based upon the Secured Net Leverage Ratio as of the end of the fiscal quarter of Holdings for which consolidated financial statements have theretofore been most recently delivered pursuant to subsection 7.1(a) or 7.1(b), (b) with respect to Incremental Term Loans that are not Tranche B Term Loans, the margin to be added to ABR or ~~LIBOR~~ Term SOFR Rate, or as applicable, RFR, as the case may be, as agreed upon by Borrower and the Lender or Lenders providing the Incremental Term Commitment relating thereto as provided in subsection 2.2, (c) with respect to Extended Term Loans, such percentage as shall be agreed to by Borrower and the applicable Extending Term Lenders as shown in the applicable Loan Modification Offer and (d) with respect to any Extended Revolving Credit Commitment, such percentage as shall be agreed to by Borrower and the applicable Revolving Credit Lenders pursuant to the applicable Revolving Extension Notice; provided that for purposes of clause (a) above, until the date of the delivery of the consolidated financial statements pursuant to subsection 7.1(b) as of and for the fiscal quarter ended March 31, 2021, the Applicable Rate shall be based on the rates per annum set forth in Level II.

<u>Level</u>	<u>Secured Net Leverage Ratio</u>	<u>Term SOFR Margin</u>	Eurodollar <u>RFR Margin</u>	<u>ABR Margin</u>	<u>Commitment Fee</u>
I	If the Secured Net Leverage Ratio is greater than 2.50:1.00	<u>2.00%</u>	2.00%	1.00%	0.35%
II	If the Secured Net Leverage Ratio is less than or equal to 2.50:1.00	<u>1.75%</u>	1.75%	0.75%	0.25%

The Applicable Rate shall be re-determined quarterly on a prospective basis on the first day following the date of delivery to Administrative Agent of the certified calculation of the Secured Net Leverage Ratio pursuant to the applicable Compliance Certificate delivered pursuant to subsection 5.01(d); provided, that if the Borrower fails to provide such certification within thirty (30) days from the date such certification is due pursuant to subsection 5.01(d), the Applicable Rate shall be set at the margins in the row immediately preceding the row providing the then current Applicable Rate to be effective until the date on which such certification is delivered (on which date (but not retroactively), without constituting a waiver of any Default or Event of Default occasioned by the failure to timely deliver such certification, the Applicable Rate shall be set at the margin based upon the calculations disclosed by such certification).

“Approved Fund” has the meaning assigned to such term in Section 9.04(b).

“Arranger” means each Joint Lead Arranger in its capacity as a joint lead arranger and joint bookrunner under this Agreement.

“ASC” means the Financial Accounting Standards Board Accounting Standards Codification.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04) and accepted by the Applicable Agent, in the form of Exhibit A or any other form (including electronic records generated by the use of an electronic platform) approved by the Administrative Agent and, in the case of any assignment with respect to a Revolving Loan, Letter of Credit or Revolving Commitment, the Revolver Agent.

“Assumption” has the meaning specified in Section 9.17.

“Attributable Indebtedness” means, on any date, in respect of any Capital Lease Obligation of any Person, the capitalized amount thereof that would appear as a liability on a balance sheet of such Person prepared as of such date in accordance with GAAP.

“Available Amount” means, at any date, an amount, not less than zero in the aggregate, determined on a cumulative basis equal to, without duplication:

(a) (i) greater of (x) \$25,000,000 and (y) 35% of TTM Consolidated EBITDA as of the applicable date of determination plus (ii) 50% of the aggregate amount of the Consolidated Net Income (or, if the Consolidated Net Income is a negative number, such amount shall be deemed to be \$0) accrued on a cumulative basis during the period, taken as one accounting period, beginning on January 1, 2021 and ending on the last day of the Borrower’s most recently completed fiscal quarter for which internal financial statements are available immediately preceding the date of determination (such amount attributable to this clause (a)(ii), the “Retained Net Income Basket”), plus

(b) the cumulative amount of Net Proceeds of issuance of Equity Interests (other than Disqualified Stock, Equity Interests issued in connection with the exercise of a Cure Right and Equity Interests issued in connection with Section 6.08(c)(B) hereof) received by the Borrower after the Closing Date and prior to the date of determination, plus

(c) an amount equal to the net reduction in Investments made pursuant to Section 6.04(r) by the Borrower and its Restricted Subsidiaries after the Closing Date resulting from (A) the sale or other disposition (other than to the Borrower or a Restricted Subsidiary) of any such Investment and (B) repurchases, redemptions and repayments of such Investments and the receipt of any dividends or distributions from such Investments, plus

(d) to the extent that any Unrestricted Subsidiary of the Borrower is redesignated as a Restricted Subsidiary after the Closing Date, an amount equal to the

lesser of (A) the Fair Market Value of the Borrower's interest in such Subsidiary immediately following such redesignation and (B) the aggregate amount of the Borrower's Investments in such Subsidiary pursuant to Section 6.04(r), plus

(e) in the event the Borrower and/or any Restricted Subsidiary of the Borrower makes any Investment pursuant to Section 6.04(r) after the Closing Date in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary of the Borrower (and, if such Investment was made by a Loan Party, such Person becomes a Guarantor), an amount equal to the existing Investment of the Borrower and/or any of its Restricted Subsidiaries in such Person that was previously treated as a Restricted Payment, plus

(f) Borrower Retained Prepayment Amounts arising after the Closing Date, minus

(g) any amount of the Available Amount used to make Investments pursuant to Section 6.04(r) after the Closing Date and prior to such time, minus

(h) any amount of the Available Amount used to make Restricted Payments and prepayments of Specified Indebtedness pursuant to Section 6.08(a)(x) and Section 6.08(b)(iii) after the Closing Date and prior to such time.

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, any tenor for such Benchmark (or component thereof) or payment period for interest calculated with reference to such Benchmark (or component thereof), as applicable, that is or may be used for determining the length of an Interest Period for any term rate or otherwise, for determining any frequency of making payments of interest calculated pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to clause (fe) of Section 2.14.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Bankruptcy Event" means, with respect to any Person, such Person (i) becomes the subject of a bankruptcy or insolvency proceeding, (ii) has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, (iii) becomes the subject of a Bail-In

Action or (iv) in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment; provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof; provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

“Benchmark” means, initially, ~~LIBO~~the Term SOFR Rate; provided that if a Benchmark Transition Event, ~~a Term SOFR Transition Event or an Early Opt-in Election, as applicable, and its and the~~ related Benchmark Replacement Date have occurred with respect to ~~LIBO~~the Term SOFR Rate, or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to clause (b) ~~or clause (c)~~ of Section 2.14.

“Benchmark Replacement” means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date:

~~(1) the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;~~

~~(2) the sum of: (a) Adjusted Daily Simple SOFR and (b) the related Benchmark Replacement Adjustment;~~

~~(3) the sum of: (a) the alternate benchmark rate that has been selected and mutually agreed upon by the Administrative Agent and the Borrower as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for dollar-denominated syndicated credit facilities at such time and (b) the related Benchmark Replacement Adjustment;~~

~~provided that, in the case of clause (1), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion; provided further that, notwithstanding anything to the contrary in this Agreement or in any other Loan Document, upon the occurrence of a Term SOFR Transition Event, and the delivery of a Term SOFR Notice, on the applicable Benchmark Replacement Date the “Benchmark Replacement” shall revert to and shall be deemed to be the sum of (a) Term SOFR and (b) the related Benchmark Replacement Adjustment, as set forth in clause (1) of this definition (subject to the first proviso above).~~

If the Benchmark Replacement as determined pursuant to clause (1), or (2) ~~or (3)~~ above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement:-

~~the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected (1) for purposes of clauses (1) and (2) of the definition of “Benchmark Replacement,” the first alternative set forth in the order below that can be determined by the Administrative Agent:-~~

~~(a) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for the applicable Corresponding Tenor;~~

~~(b) the spread adjustment (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index cessation event with respect to such Benchmark for the applicable Corresponding Tenor; and~~

~~(2) for purposes of clause (3) of the definition of “Benchmark Replacement,” the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected and mutually agreed upon by the Administrative Agent and the Borrower for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date and/or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for dollar-denominated syndicated credit facilities; at such time.~~

~~provided that, in the case of clause (1) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Administrative Agent in its reasonable discretion.~~

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement and/or any Term Benchmark Loan, any technical, administrative or operational changes (including changes to the definition of “Alternate Base Rate,” the definition of “Business Day,” the definition of “U.S. Government Securities Business Day,” the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides in its reasonable discretion (in consultation with the Borrower) may be appropriate to reflect the adoption and implementation of such Benchmark ~~Replacement~~ and to permit the administration thereof by the Administrative

Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides (in consultation with the Borrower) that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of such Benchmark ~~Replacement~~ exists, in such other manner of administration as the Administrative Agent decides (in consultation with the Borrower) is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

“Benchmark Replacement Date” means, with respect to any Benchmark, the earliest to occur of the following events with respect to ~~the~~such then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the first date of the public on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be no longer representative; provided, that such non-representativeness will be determined by reference to the most recent statement or publication of information referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date;

~~(3) in the case of a Term SOFR Transition Event, the date that is thirty (30) days after the date a Term SOFR Notice is provided to the Lenders and the Borrower pursuant to Section 2.14(c); or~~

~~(4) in the case of an Early Opt-in Election, the sixth (6th) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, so long as the Administrative Agent has not received, by 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, written notice of objection to such Early Opt-in Election from Lenders comprising the Required Lenders.~~

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means with respect to any Benchmark, the occurrence of one or more of the following events with respect to ~~the~~such then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the NYFRB, the CME Term SOFR Administrator, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), in each case, which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer, or as of a specified future date will no longer be, representative.

For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Unavailability Period” means, with respect to any Benchmark, the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced ~~the~~such then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.14 and (y) ending at the time that a Benchmark Replacement has replaced ~~the~~such then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.14.

“Beneficial Owner” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Securities Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time.

“Beneficial Ownership Certification” means a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Board” means the Board of Governors of the Federal Reserve System of the United States of America.

“Board of Directors” means:

(a) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board,

(b) with respect to a partnership, the board of directors of the general partner of the partnership,

(c) with respect to a limited liability company, the board of managers or the managing member or members or any controlling committee of managing members thereof, and

(d) with respect to any other Person, the board or committee of such Person serving a similar function.

“Borrower” has the meaning set forth in the preamble to this Agreement.

“Borrower Retained Prepayment Amounts” has the meaning specified in Section 2.11(g).

“Borrowing” means (a) Loans of the same Class and Type made, converted or continued on the same date and, in the case of ~~Eurodollar~~ Term Benchmark Loans, as to which a single Interest Period is in effect, or (b) a Swingline Loan.

“Borrowing Request” means a written request by the Borrower for a Borrowing in accordance with Section 2.03 substantially in the form of Exhibit D, or such other form as shall be approved by the Applicable Agent.

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed ; provided that ~~when used in connection with a Eurodollar Loan, the term “Business Day” shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.~~ in addition to the foregoing, a Business Day shall be (a) in relation to RFR Loans and any interest rate settings, fundings, disbursements, settlements or payments of any such RFR Loan, or any other dealings of such RFR Loan and (b) in relation to Loans referencing the Adjusted Term SOFR Rate and any interest rate settings, fundings, disbursements, settlements or payments of any such Loans referencing the Adjusted Term SOFR Rate or any

other dealings of such Loans referencing the Adjusted Term SOFR Rate, any such day that is only a U.S. Government Securities Business Day.

“Capital Lease Obligations” of any Person means, at the time the determination is to be made, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“Captive Insurance Subsidiary” means a Subsidiary established by the Borrower or any of its Subsidiaries for the sole purpose of insuring the business, facilities and/or employees of the Borrower and its Subsidiaries.

“Cash Management Agreement” means any agreement relating to Cash Management Obligations that is entered into between and between the Borrower or any Restricted Subsidiary and any Qualified Counterparty.

“Cash Management Obligations” means (1) obligations owed by the Borrower or any Restricted Subsidiary to any Qualified Counterparty in respect of any overdraft and related liabilities arising from treasury, depository and cash management services or any automated clearing house transfers of funds entered into in the ordinary course of business and (2) the Borrower’s or any Subsidiary’s participation in commercial (or purchasing) card programs at any Qualified Counterparty in the ordinary course of business (“card obligations”).

“CFC” means a “controlled foreign corporation” within the meaning of Section 957(a) of the Code.

“CFC Holdco” means any Domestic Subsidiary or Foreign Subsidiary that is a “disregarded entity” for U.S. federal income tax purposes that owns (directly or indirectly) no material assets other than cash or cash accounts and equity interests (or equity interests and indebtedness), each as determined for U.S. federal income tax purposes, of one or more (a) Foreign Subsidiaries that are CFCs or (b) subsidiaries that themselves are CFC Holdcos.

“Change in Law” means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender or any Issuing Bank (or, for purposes of Section 2.15(b), by any lending office of such Lender or by such Lender’s or such Issuing Bank’s holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided that, notwithstanding anything herein to the contrary, the Dodd-Frank Wall Street Reform and Consumer Protection Act and Basel III and all requests, rules, guidelines or directives thereunder or issued in connection therewith shall be deemed to be a “Change in Law”, regardless of the date enacted, adopted, or issued.

“Change of Control” means:

(a) any “Person” or “group” (as such term is used in Sections 13(d) and 14(d) of the Securities and Exchange Act of 1934 (the “Exchange Act”), other than the Permitted Holders, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have “beneficial ownership” of all shares that any such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the voting stock of Holdings (for purposes of calculating the voting stock held by a group, the voting stock beneficially owned by a Permitted Holder shall be excluded to the extent such Permitted Holder is part of such group),

(b) Holdings shall cease to own, directly or indirectly, one hundred percent (100%) of the outstanding Equity Interests of the Borrower, or

(c) a “change of control” (or similar event) shall occur under any other instrument governing Material Indebtedness.

“Charges” has the meaning set forth in Section 9.13.

“Class”, means (i) when used in reference to any Loan or Borrowing, whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans, Initial Term Loans, Incremental Term Loans of any series, Extended Term Loans of any series, Replacement Term Loans of any series or Swingline Loans, (ii) when used in reference to any Commitment, refers to whether such Commitment is a Revolving Commitment, an Initial Term Loan Commitment or an Incremental Commitment relating to an additional Class of Loans and (iii) when used in reference to any Lender, refers to whether such Lender has Loans, Borrowings or Commitments of a particular Class.

“CLO” has the meaning assigned to such term in Section 9.04(b).

“Closing Date” means March 8, 2021.

“Closing Date Refinancing” means the refinancing of all of the outstanding obligations under the Existing Credit Agreement, other than contingent indemnification obligations not yet asserted and the cash collateralization of letters of credit, cash management obligations or other similar secured obligations thereunder.

“CME Term SOFR Administrator” means CME Group Benchmark Administration Limited as administrator of the forward-looking term Secured Overnight Financing Rate (SOFR) (or a successor administrator).

“CMS” means the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services.

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Collateral” means any and all “Collateral”, as defined in any applicable Security Document and all other property that is from time to time pledged to secure the Obligations pursuant to any Security Document.

“Collateral Agent” means JPMorgan, in its capacity as collateral agent for the Secured Parties under this Agreement and any Security Document.

“Collateral Agreement” means the Guarantee and Collateral Agreement among the Loan Parties and the Collateral Agent, substantially in the form of Exhibit B.

“Collateral and Guarantee Requirement” means the requirement that:

(a) the Collateral Agent shall have received from each Loan Party either (i) a counterpart of the Collateral Agreement duly executed and delivered on behalf of such Loan Party or (ii) in the case of any Person that becomes a Loan Party after the Closing Date, a supplement to the Collateral Agreement, in the form specified therein, duly executed and delivered on behalf of such Loan Party, subject, in each case, to the limitations and exceptions set forth in this Agreement and the Security Documents,

(b) all Obligations (other than, with respect to any Loan Party, any Excluded Swap Obligations of such Loan Party) shall have been unconditionally guaranteed by Holdings, the Borrower (other than with respect to its direct Obligations as a primary obligor) and each Subsidiary Loan Party (each, a “Guarantor”),

(c) the Obligations and the Guarantee shall have been secured by a perfected first-priority security interest (subject to prior Liens to the extent permitted by Section 6.02) in (i) all the Equity Interests of the Borrower and (ii) all Equity Interests of each Restricted Subsidiary directly owned by the Borrower or a Subsidiary Loan Party; provided that in the case of any such directly-owned Restricted Subsidiary that is a CFC or a CFC Holdco, such pledge shall be limited to 65% of the issued and outstanding equity interests as determined for U.S. federal income tax purposes,

(d) all documents and instruments, including Uniform Commercial Code financing statements, required by law or reasonably requested by the Collateral Agent to be filed, registered or recorded to create the Liens intended to be created by the Collateral Agreement and perfect such Liens to the extent required by the Collateral Agreement, shall have been executed, filed, registered or recorded or delivered to the Collateral Agent for filing, registration or recording, and

(e) each Loan Party shall have obtained all material consents and approvals required to be obtained by it in connection with the execution and delivery of all Security Documents to which it is a party, the performance of its obligations thereunder and the granting by it of the Liens thereunder.

Notwithstanding anything to the contrary in this Agreement or any Security Document, no Loan Party shall be required to pledge or grant security interests (i) in particular assets if, in the reasonable judgment of the Collateral Agent, the costs, burden or consequences (including any adverse tax consequences) of obtaining or perfecting such pledges or security interests in

such assets (including any title insurance or surveys) are excessive in relation to the practical benefits to the Lenders therefrom, (ii) in any owned real property, (iii) in any leasehold interests, and (iv) with respect to any Excluded Assets.

The Collateral Agent may grant extensions of time for the perfection of security interests in particular assets and the delivery of assets (including extensions beyond the Closing Date for the perfection of security interests in the assets of the Loan Parties on such date) where it determines, in consultation with the Borrower, that perfection cannot be accomplished without undue effort or expense by the time or times at which it would otherwise be required by this Agreement or the Security Documents.

No actions in any non-U.S. jurisdiction or required by the laws of any non-U.S. jurisdiction shall be required in order to create any security interests in assets located or titled outside of the U.S. or to perfect such security interests, including any intellectual property registered in any non-U.S. jurisdiction (it being understood that there shall be no security agreements or pledge agreements governed under the laws of any non-U.S. jurisdiction). Except as set forth in the next sentence, perfection by possession with respect to any item of Collateral shall not be required. Control agreements and perfection by control shall not be required with respect to Collateral requiring perfection through control agreements or perfection by “control” (as defined in the Uniform Commercial Code), other than in respect of certificated Equity Interests of the Borrower and wholly owned Restricted Subsidiaries that are Material Subsidiaries directly owned by the Loan Parties otherwise required to be pledged pursuant to the provisions of clause (c) of this definition of “Collateral and Guarantee Requirement” and not otherwise constituting an Excluded Asset.

“Commitment” means a Revolving Commitment, an Initial Term Loan Commitment, any Commitment in respect of an Incremental Extension of Credit or any combination thereof (as the context requires).

“Commodity Exchange Act” means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“Competitors” means any Person who is not an Affiliate of a Loan Party and who engages (or whose Affiliate engages) as a material business in the same or similar business as a material business of the Loan Parties.

“Compliance Certificate” means a certificate substantially in the form of Exhibit F.

“Consolidated EBITDA” means, for any period, Consolidated Net Income for such period, plus

(a) without duplication and to the extent deducted (and not added back or excluded) in determining such Consolidated Net Income for such period (except in the case of clause (xiv), (xvi)(B) and (xvi)(C)), the sum of: (i) consolidated interest expense of the Borrower and its Restricted Subsidiaries for such period determined in accordance with GAAP, (ii) consolidated income tax expense of the Borrower and its Restricted Subsidiaries for such period, (iii) all amounts attributable to depreciation and amortization expense of the Borrower and its Restricted Subsidiaries for such period, (iv)

any non-cash charges for such period (but excluding (A) any non-cash charge in respect of amortization of a prepaid cash item that was included in Consolidated Net Income in a prior period and (B) any non-cash charge that relates to the write-down or write-off of inventory or accounts receivable); provided that if any non-cash charges represent an accrual or reserve for potential cash items in any future period (x) the Borrower may determine not to add back such non-cash charge in the current period or (y) to the extent the Borrower decides to add back such non-cash charge, the cash payment in respect thereof in such future period shall be subtracted from Consolidated EBITDA to such extent, (v) any net after-tax gains or losses realized upon the disposition of assets outside the ordinary course of business (including any gain or loss realized upon the disposition of any Equity Interests of any Person) and any net gains or losses on disposed, abandoned and discontinued operations (including in connection with any disposal thereof) and any accretion or accrual of discounted liabilities, (vi) any non-recurring out-of-pocket expenses or charges for the period (including, without limitation, any premiums, make-whole or penalty payments) relating to any offering of Equity Interests by the Borrower or any other direct or indirect parent company of the Borrower (other than any such offering the proceeds of which are utilized to effectuate a Cure Right or in connection with Section 6.08(c)(B) hereof) or merger, recapitalization or acquisition transactions made by the Borrower or any of its Restricted Subsidiaries, or any Indebtedness incurred or repaid by the Borrower or any of its Restricted Subsidiaries (in each case, whether or not successful), (vii) any Transaction Expenses made or incurred by the Borrower and its subsidiaries in connection with the Transactions that are paid or accrued within 180 days of the consummation of the Transactions (provided that any retention or severance payments paid to employees in connection with the Transactions may be paid or accrued within 12 months of the consummation of the Transactions), (viii) other cash expenses incurred during such period in connection with a Permitted Acquisition to the extent that such expenses are reimbursed in cash during such period pursuant to indemnification provisions of any agreement relating to such transaction, (ix) (A) the amount of management, monitoring, consulting, transaction and advisory fees and related indemnities and expenses paid or accrued during such period to a Permitted Investor to the extent permitted to be paid or accrued under Section 6.09(h) and (B) the amortization of any management, monitoring, consulting, transaction and advisory fees paid on the Closing Date pursuant to the Management Agreement, (x) any non-cash costs or expenses incurred pursuant to any management equity plan, stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, (xi) (A) fees and expenses paid or incurred by the Borrower and its Subsidiaries in connection with the Amendment and Restatement of the Existing Credit Agreement that are paid or accrued within 180 days of the Closing Date and (B) fees, costs and expenses paid or incurred by the Borrower in connection with the making of the Permitted Distributions, (xii) earn-out and contingent consideration obligations (including to the extent accounted for as bonuses, compensation or otherwise) and adjustments thereof and purchase price adjustments, in each case in connection with any acquisitions, (xiii) any costs, charges, accruals, reserves or expenses attributable to the undertaking and/or implementation of cost savings initiatives and operating expense reductions, restructuring and similar charges, severance, relocation costs, integration and facilities opening costs and other business optimization expenses, signing costs, retention

or completion bonuses, transition costs, costs related to closure/consolidation of facilities and curtailments or modifications to pension and post-retirement employee benefit plans (including any settlement of pension liabilities); provided that the aggregate amount of synergies added back pursuant to clauses (xiii), (xiv) and (xv) shall not exceed, for any Test Period, 35% of Consolidated EBITDA (after giving effect to such addbacks) are (a) (i) reasonably identifiable and certified by a Financial Officer and (ii) do not exceed for any Test Period, together the aggregate amount of synergies added back pursuant to clauses (xiii), (xiv) and (xv), 35% of Consolidated EBITDA (after giving effect to such addbacks), or (b) funded or reimbursed in cash by any governmental aid, relief payments, grants, loans (to the extent eligible for forgiveness) or similar payments from any Governmental Authority or pursuant to any Government Program (including, without limitation, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act")) and, in each case, such governmental aid, relief payments, grants, loans or similar payments are not included in the calculation of Consolidated Net Income or Consolidated EBITDA (for the avoidance of doubt, amounts added back pursuant to this proviso (b) are not subject to and do not count towards the foregoing 35% of Consolidated EBITDA limitation), (xiv) pro forma "run rate" cost savings, operating expense reductions and synergies related to the Transactions that are reasonably identifiable and projected by the Borrower in good faith to result from actions that have been taken or with respect to which substantial steps have been taken or are expected to be taken (in the good faith determination of the Borrower) within 24 months after the Closing Date; provided that the aggregate amount of synergies added back pursuant to clauses (xiii), (xiv) and (xv) shall not exceed, for any Test Period, 35% of Consolidated EBITDA (after to giving effect to such addbacks), (xv) pro forma "run rate" cost savings, operating expense reductions and synergies (including post-acquisition price or administration fee increases) related to acquisitions, dispositions and other specified transactions following the Closing Date, restructurings, cost savings initiatives and other initiatives that are reasonably identifiable and projected by the Borrower in good faith to from actions that have been taken or with respect to which substantial steps have been taken or are expected to be taken (in the good faith determination of the Borrower) within 24 months after such acquisition, disposition or other specified transaction, restructuring, cost savings initiative or other initiative; provided that the aggregate amount of synergies added back pursuant to clauses (xiii), (xiv) and (xv) shall not exceed, for any Test Period, 35% of Consolidated EBITDA (after giving effect to such addbacks), (xvi) without duplication (A) the aggregate reduction (if any) in Consolidated Net Income for such period attributable to all facilities opened or acquired and operating for a period of 24 months or less by the Borrower and its Restricted Subsidiaries as of the end of the relevant Test Period, (B) for newly opened facilities opened for a period of 24 months or less as of the end of the relevant Test Period, a "run-rate" maturity adjustment that reflects the expected mature earnings profile of newly opened facilities, as determined by the Borrower in good faith subject to a cap of (1) \$14,000,000 with respect to the facility located at 3870 Rosin Court, Sacramento, California and (2) with respect to each other such facility, \$11,500,000 per facility, in each case for any Test Period added back pursuant to this clause (B) and (C) a "run-rate" annualization adjustment to reflect a full 12 months of earnings for facilities acquired within the relevant Test Period, (xvii) any net unrealized gain or loss (after any offset) resulting from currency transaction or

translation gains or losses and any net gains or losses related to currency remeasurements of Indebtedness (including intercompany indebtedness and foreign currency hedges for currency exchange risk), (xviii) cash expenses incurred during such period in connection with extraordinary casualty events to the extent such expenses are reimbursed in cash by insurance during such period, (xix) any extraordinary, unusual or non recurring charges, expenses or losses and (xx) Public Company Costs, minus

(b) without duplication, other non-cash items (other than the accrual of revenue in accordance with GAAP consistently applied in the ordinary course of business) increasing Consolidated Net Income for the period (excluding any such non-cash item to the extent it represents the reversal of an accrual or reserve for potential cash item in any prior period),

(c) without duplication, plus unrealized losses and minus unrealized gains in each case in respect of Swap Agreements, as determined in accordance with GAAP, and

(d) minus amounts distributed by Borrower or its Subsidiaries to Holdings pursuant to Sections 6.08(a)(iv) and 6.08(a)(xi) during such period.

Notwithstanding the foregoing, (a) with respect to any Qualified Joint Venture or Subsidiary which is consolidated for purposes of GAAP, Consolidated EBITDA shall include 100% of such Person's Consolidated EBITDA calculated as set forth above with respect to such Person, (b) with respect to any other Person accounted for by the equity method of accounting, Consolidated EBITDA shall include the Borrower's pro rata share of Net Income of such Person and (c) Consolidated EBITDA for the fiscal quarters ended March 31, 2020, June 30, 2020, September 30, 2020 and December 31, 2020 shall be \$21,803,632.32, \$31,662,507.56, \$29,048,803.11 and \$30,097,566.95, respectively.

For the avoidance of doubt, Consolidated EBITDA shall be calculated (i) including pro forma adjustments, in accordance with Section 1.07 with respect to events occurring following the Closing Date and (ii) with respect any Test Period that includes any of the fiscal quarters ended March 31, 2020, June 30, 2020, September 30, 2020 and December 31, 2020, based on the amounts specified in clause (c) of the immediately preceding sentence, as adjusted to reflect the addback permitted under clause (a)(xvi) of the definition of "Consolidated EBITDA" above for such Test Period.

"Consolidated First Lien Net Indebtedness" means, as of any date of determination, (a) the principal amount of Indebtedness described in clause (a) of the definition of "Consolidated Total Net Indebtedness" outstanding on such date that is secured by a Lien on Collateral of the Loan Parties on a pari passu or senior basis to the Obligations (excluding any Indebtedness to the extent subordinated in right of payment to the Obligations) minus (b) unrestricted cash and Permitted Investments of the Borrower and its Restricted Subsidiaries, in each case, included on the consolidated balance sheet of the Borrower and its Restricted Subsidiaries as of such date.

"Consolidated Net Income" means, for any period, the net income or loss of the Borrower and its Restricted Subsidiaries for such period determined on a consolidated basis in

accordance with GAAP and before any reduction in respect of preferred stock dividends; provided that there shall be excluded from Consolidated Net Income (a) the cumulative effect of a change in accounting principles during such period to the extent included in Consolidated Net Income, (b) any gains or losses (less all fees, expenses and charges relating thereto) attributable to any sale of assets outside the ordinary course of business, the disposition of any Equity Interests of any Person or any of its Restricted Subsidiaries, or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries, in each case, other than in the ordinary course of business, (c) any extraordinary, unusual or non-recurring gain or loss, together with any related provision for taxes on such extraordinary, unusual or non-recurring gain or loss for such period, (d) income or losses attributable to discontinued operations (including, without limitation, operations disposed during such period whether or not such operations were classified as discontinued), (e) any non-cash charges (i) attributable to applying the purchase method of accounting in accordance with GAAP, (ii) resulting from the application of ASC Topic 350 or ASC Topic 360, and (iii) relating to the amortization of intangibles resulting from the application of ASC Topic 805, (f) all non-cash charges relating to employee benefit or other management or stock compensation plans of the Borrower or a Restricted Subsidiary (excluding any such non-cash charge to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense incurred in a prior period) to the extent that such non-cash charges are deducted in computing Consolidated Net Income; provided, that if the Borrower or any Restricted Subsidiary of the Borrower makes a cash payment in respect of such non-cash charge in any period, such cash payment will (without duplication) be deducted from the Consolidated Net Income of the Borrower for such period, (g) all unrealized gains and losses relating to hedging transactions and mark-to-market of Indebtedness denominated in foreign currencies resulting from the application of ASC Topic 830 and (h) any unrealized foreign currency translation gains or losses, including in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person. Notwithstanding the foregoing, for purposes of calculating the “Available Amount”, Consolidated Net Income of any Restricted Subsidiary of the Borrower will be excluded to the extent that the declaration or payment of dividends or other distributions by that Restricted Subsidiary of that net income is not at the date of determination permitted by a Requirement of Law (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders; provided that Consolidated Net Income of the Borrower shall be increased by the amount of dividends or distributions that are actually paid in cash or Permitted Investments to (or to the extent subsequently converted into cash or Permitted Investments by) the Borrower or a Restricted Subsidiary (subject to provisions of this sentence) during such period, to the extent not previously included therein.

“Consolidated Secured Net Indebtedness” means, as of any date of determination, (a) the principal amount of Indebtedness described in clause (a) of the definition of “Consolidated Total Net Indebtedness” outstanding on such date that is secured by a Lien on any assets of the Loan Parties minus (b) unrestricted cash and Permitted Investments of the Borrower and its Restricted Subsidiaries, in each case, included on the consolidated balance sheet of the Borrower and its Restricted Subsidiaries as of such date.

“Consolidated Total Net Indebtedness” means, as of any date of determination, (a) the aggregate principal amount of Indebtedness of the Borrower and its Restricted Subsidiaries

outstanding on such date consisting of Indebtedness for borrowed money, Attributable Indebtedness, purchase money debt, unreimbursed amounts under letters of credit (subject to the proviso below), obligations represented by promissory notes and all Guarantees of the foregoing, in each case (except in the case of Guarantees) in an amount that would be reflected on a balance sheet prepared as of such date on a consolidated basis in accordance with GAAP (but excluding the effects of any discounting of Indebtedness resulting from the application of acquisition accounting in connection with the Transactions or any acquisition constituting an Investment permitted under this Agreement) minus (b) unrestricted cash and Permitted Investments of the Borrower and its Restricted Subsidiaries included on the consolidated balance sheet of the Borrower and its Restricted Subsidiaries as of such date plus (c) with respect to each Qualified Joint Venture, the Borrower's pro rata share of the positive difference (if any) of (x) the aggregate principal amount of Indebtedness of such Qualified Joint Venture outstanding on such date consisting of Indebtedness for borrowed money, Attributable Indebtedness, purchase money debt, unreimbursed amounts under letters of credit (subject to the proviso below), obligations represented by promissory notes and all Guarantees of the foregoing, in each case (except in the case of Guarantees) in an amount that would be reflected on a balance sheet prepared as of such date on a consolidated basis in accordance with GAAP minus (y) unrestricted cash and Permitted Investments of such Qualified Joint Venture; provided that Consolidated Total Net Indebtedness shall not include Indebtedness in respect of (i) letters of credit, except to the extent of unreimbursed amounts under commercial letters of credit that are not reimbursed within three (3) Business Days after such amount is drawn and (ii) Unrestricted Subsidiaries. For the avoidance of doubt, obligations under Swap Agreements permitted by Section 6.01(x) do not constitute Consolidated Total Net Indebtedness.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Corporate Practice of Medicine Laws" means all laws, regulations, common law, and attorney general opinions in whatever form, that prohibit any Person other than a licensed physician or professional corporation or professional association whose shareholders are exclusively licensed physicians from employing licensed physicians to provide professional medical services.

"Corresponding Tenor" with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

"Covered Entity" means any of the following:

a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Covered Party” has the meaning assigned to it in Section 9.18.

“Cure Amount” has the meaning specified in Section 7.02(a).

“Cure Right” has the meaning specified in Section 7.02(a).

“Daily Simple SOFR” means, for any day, ~~(a “SOFR, with the conventions for this rate (which will include a lookback) being Rate Day”)~~, a rate per annum equal SOFR for the day (such day “SOFR Determination Date”) that is five (5) U.S. Government Securities Business Day prior to (i) if such SOFR Rate Day is a U.S. Government Securities Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is ~~estab~~published by the SOFR Administrative or Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining ~~“on the SOFR Administrator’s Website. Any change in~~ “on the SOFR Administrator’s Website. Any change in Daily Simple SOFR” for business loans; provided, that if the Administrative Agent decides that any such convention is not administratively feasible for the Administrative Agent, then the Administrative Agent may establish another convention in its reasonable discretion. due to a change in SOFR shall be effective from and including the effective date of such change in SOFR without notice to the Borrower.

“Debt Fund Affiliate” means any Affiliate of the Borrower that is a bona fide debt fund or an investment vehicle that is engaged in or advises funds or other investment vehicles that are engaged in, making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit or securities in the ordinary course and with respect to which any Permitted Investor does not, directly or indirectly, possess the power to direct or cause the direction of the investment policies of such Affiliate.

“Declined Proceeds” has the meaning specified in Section 2.11(g).

“Default” means any event or condition that constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Defaulting Lender” means any Revolving Lender that (a) has failed, within three (3) Business Days of the date required to be funded or paid, to (i) fund any portion of its Revolving Loans, (ii) fund any portion of its participations in Letters of Credit or Swingline Loans or (iii) pay over to the Administrative Agent, Revolver Agent, any Issuing Bank, the Swingline Lender or any other Lender any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Revolving Lender notifies the Administrative Agent and Revolver Agent in writing that such failure is the result of such Revolving Lender’s good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower, the Administrative Agent, the Revolver Agent, any Issuing Bank, the Swingline Lender or any other Lender in writing, or has made a public statement to the effect, that it does not intend or expect to comply with (i) any of its funding obligations under this Agreement (unless such writing or public statement indicates

that such position is based on such Revolving Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied) or (ii) its funding obligations generally under other agreements in which it commits to extend credit, (c) has failed, within three (3) Business Days after written request by the Administrative Agent or the Revolver Agent, acting in good faith, to provide a certification in writing from an authorized officer of such Revolving Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Revolving Loans and participations in then outstanding Letters of Credit and Swingline Loans under this Agreement; provided that such Revolving Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Loan Party's receipt of such certification in form and substance reasonably satisfactory to it, the Administrative Agent and the Revolver Agent, (d) has become the subject of a Bankruptcy Event, or (e) has failed at any time to comply with the provisions of Section 2.18(c) with respect to purchasing participations from the other Lenders, whereby such Lender's share of any payment received, whether by setoff or otherwise, is in excess of its pro rata share of such payments due and payable to all of the Lenders.

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"Disqualified Institutions" means (a) the Persons identified in writing as such by the Borrower to the Administrative Agent prior to the Closing Date, (b) any Competitors of the Borrower and their Subsidiaries (other than any person that is a bona fide debt fund or investment fund that is engaged in making, purchasing, holding or otherwise investing in commercial loans or similar extensions of credit in the ordinary course of business) that (i) are identified in the list of Disqualified Institutions pursuant to clause (a) hereof and (ii) on or after the Closing Date, have been specified in writing by the Borrower to the Administrative Agent from time to time in the form of an update to the list of Disqualified Institutions and (c) Affiliates of such Persons set forth in clauses (a) and (b) above (in the case of Affiliates of such Persons set forth in clause (b) above other than any person that is a bona fide debt fund or investment fund that is engaged in making, purchasing, holding or otherwise investing in commercial loans or similar extensions of credit in the ordinary course of business) that (i)(A) are identified in the list of Disqualified Institutions pursuant to clause (a) hereof and (B) on or after the Closing Date, have been specified in writing by the Borrower to the Administrative Agent from time to time in the form of an update to the list of Disqualified Institutions or (ii) are clearly identifiable as an Affiliate of such Persons on the basis of such Affiliate's name; provided, that, until the disclosure of the identity of a Disqualified Institution or Affiliate of a Disqualified Institution to the Lenders generally by the Administrative Agent, such Person shall not constitute a Disqualified Institution; provided, further that, to the extent Persons are identified as Disqualified Institutions in writing by the Borrower to the Administrative Agent after the Closing Date pursuant to clauses (b)(ii) or (c)(i)(B), the inclusion of such Persons as Disqualified Institutions shall not retroactively apply to prior assignments or participations in respect of any Loan under this Agreement. Any updates, modifications or supplements to the list of Disqualified Institutions must be delivered by e-mail to JPMDQ_Contact@jpmorgan.com and shall become effective three (3) Business Days after such delivery. The identity of Disqualified Institutions may be communicated (i) by the Administrative Agent to a Lender upon request and (ii) by any Lender to any prospective Lender, Participant or Assignee, subject to the acknowledgment and acceptance by such prospective Lender, Participant or Assignee that the

identity of Disqualified Institutions is being disseminated on a confidential basis and that such prospective Lender, Participant or Assignee shall be bound by the same confidentiality restrictions as those applicable to the Lender making such communication, but will not be otherwise posted or distributed to any Person. Notwithstanding the foregoing, the Borrower, by written notice to the Administrative Agent, may from time to time in its sole discretion remove any entity from the list of Disqualified Institutions (or otherwise modify such list to exclude any particular entity), and such entity removed or excluded from the list of Disqualified Institutions shall no longer be a Disqualified Institution for any purpose under this Agreement or any other Loan Document.

“Disqualified Stock” means any Equity Interest that, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Qualified Preferred Stock), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations (other than (i) contingent indemnification obligations as to which no claim has been asserted and (ii) obligations under treasury services agreements or obligations under secured hedge agreements not then due and payable) that are accrued and payable and the termination of the Commitments and the termination of all outstanding Letters of Credit (unless the outstanding amount of the LC Exposure related thereto has been cash collateralized, back-stopped by a letter of credit in form and substance, and issued by a letter of credit issuer, reasonably satisfactory to the applicable Issuing Bank and in a face amount equal to 103% of the outstanding amount of the applicable LC Exposure in respect thereof), or deemed reissued under another agreement reasonably acceptable to the applicable Issuing Bank), (b) is redeemable at the option of the holder thereof (other than solely for Qualified Preferred Stock and other than as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations (other than (i) contingent indemnification obligations as to which no claim has been asserted and (ii) obligations under treasury services agreements or obligations under secured hedge agreements not then due and payable) that are accrued and payable and the termination of the Commitments and the termination of all outstanding Letters of Credit (unless the outstanding amount of the LC Exposure related thereto has been cash collateralized, back-stopped by a letter of credit in form and substance, and issued by a letter of credit issuer, reasonably satisfactory to the applicable Issuing Bank and in a face amount equal to 103% of the outstanding amount of the applicable LC Exposure in respect thereof, or deemed reissued under another agreement reasonably acceptable to the applicable Issuing Bank)), in whole or in part, (c) provides for the scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Stock, in each case, prior to the date that is 91 days after the Latest Maturity Date at the time of issuance of such Equity Interests; provided, that if such Equity Interests are issued pursuant to a plan for the benefit of future, current or former employees, directors, officers, members of management or consultants of Holdings (or a parent), the Borrower or the Restricted Subsidiaries or by any such plan to such employees, directors, officers, members of management or consultants, such Equity Interests shall not constitute Disqualified Stock solely because they may be permitted to be repurchased by Holdings, the Borrower or its Restricted Subsidiaries in order

to satisfy applicable statutory or regulatory obligations or as a result of such employee's, director's, officer's, management member's or consultant's termination of employment or service, as applicable, death or disability.

“dollars” or “\$” refers to lawful money of the United States of America.

“Domestic Subsidiary” means any Subsidiary incorporated or organized under the laws of the United States of America, any State thereof or the District of Columbia.

~~“Early Opt-in Election” means, if the then-current Benchmark is LIBO Rate, the occurrence of:~~

- ~~(1) a notification by the Administrative Agent, the issuance of which shall be reasonably agreed to in advance by the Borrower, to (or the request by the Borrower to the Administrative Agent to notify) each of the other parties hereto that at least five currently outstanding dollar-denominated syndicated credit facilities at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review), and~~
- ~~(2) the joint election by the Administrative Agent and the Borrower to trigger a fallback from LIBO Rate and the provision by the Administrative Agent of written notice of such election to the Lenders.~~

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Electronic Signature” means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

“Environment” means ambient air, indoor air, surface water, groundwater, drinking water, land surface, sediments, and subsurface strata & natural resources such as wetlands, flora and fauna.

“Environmental Laws” means all laws (including the common law), rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by or with any Governmental Authority, relating in any way to the

Environment, the preservation or reclamation of or damage to natural resources, the presence, management, storage, treatment, transports, exposure to, Release or threatened Release of any Hazardous Material, or to health and safety matters.

“Environmental Liability” means liabilities, obligations, damages, claims, actions, suits, judgments, orders, fines, penalties, fees, expenses and costs (including administrative oversight costs, natural resource damages and medical monitoring, investigation or remediation costs), whether contingent or otherwise, arising out of or relating to (a) compliance or non-compliance with any Environmental Law, (b) the generation, use, handling, transportation, storage or treatment of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the Release or threatened Release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Equity Interests” means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest from the issuer thereof (but excluding any debt security that is convertible into, or exchangeable for, any of the foregoing).

“ERISA” means the Employee Retirement Income Security Act of 1974 and the regulations promulgated thereunder, as amended from time to time.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code, and including Section 414(m) and (o) of the Code solely for purposes of Section 412 of the Code and Section 302 of ERISA.

“ERISA Event” means (a) any “reportable event”, as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan (other than an event for which the 30 day notice period is waived), (b) a failure to satisfy the minimum funding standard under Section 412 of the Code or Section 302 of ERISA, whether or not waived, (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan or Multiemployer Plan, (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan, (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any written notice relating to an intention to terminate any Plan or Multiemployer Plan or to appoint a trustee to administer any Plan or Multiemployer Plan, (f) the receipt by the Borrower or any ERISA Affiliate of any written notice relating to the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan, (g) the withdrawal of the Borrower or any of its ERISA Affiliates from a Plan subject to Section 4063 of ERISA during a plan year in which such entity was a “substantial employer” (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA, (h) the receipt by the Borrower or any ERISA Affiliate of any written notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any written notice, concerning a determination that a Multiemployer Plan is, or is expected to be insolvent

within the meaning of Title IV of ERISA or that a Multiemployer Plan is in “endangered” or “critical” status (within the meaning of Section 432 of the Code or Section 305 of ERISA), (i) the receipt by the Borrower or any ERISA Affiliate of any written notice concerning a determination that a Plan is, or is expected to be, in “at risk” status (within the meaning of Section 430 of the Code or Section 303 of ERISA) or (j) the occurrence of a non-exempt prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) with respect to any Plan.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

~~“Eurodollar”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.~~

“Event of Default” has the meaning assigned to such term in Section 7.01.

“Excluded Assets” has the meaning assigned to such term in the Collateral Agreement.

“Excluded Domestic Subsidiary” means any Domestic Subsidiary that is (i) a direct or indirect Subsidiary of a Subsidiary of the Borrower that is a CFC or (ii) a CFC Holdco.

“Excluded Subsidiary” means (i) any Subsidiary to the extent (and for so long as) a Guarantee by such Subsidiary would be prohibited or restricted by applicable law or by any restriction in any contract existing on the Closing Date or, so long as any such restriction in any contract is not entered into in contemplation of such Subsidiary becoming a Subsidiary, at the time such Subsidiary becomes a Subsidiary (including any requirement to obtain the consent of any governmental authority or third party), (ii) Excluded Domestic Subsidiaries, (iii) any Subsidiary that is a CFC or a CFC Holdco, (iv) Unrestricted Subsidiaries, (v) Captive Insurance Subsidiaries, (vi) not-for-profit Subsidiaries, (vii) special purpose entities reasonably satisfactory to the Administrative Agent, (viii) any Subsidiary that is not a Material Subsidiary and (ix) any subsidiary where the Administrative Agent and the Borrower agree that the cost (including any adverse tax consequences) of obtaining a Guarantee by such Subsidiary would be excessive in light of the practical benefit to the Lenders afforded thereby.

“Excluded Swap Obligation” means, with respect to any Loan Party, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Loan Party of, or the grant by such Loan Party of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Loan Party’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder (determined after giving effect to any keepwell, support or other agreement for the benefit of such Loan Party and any and all guarantees of such Loan Party’s Swap Obligations by other Loan Parties) at the time the Guarantee of such Loan Party or the grant of such security interest becomes effective with respect to such Swap Obligation but for such Loan Party’s failure to constitute an “eligible contract participant” at such time. If a Swap Obligation arises under a

master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal in accordance with the first sentence of this definition.

“Excluded Taxes” means, with respect to the Administrative Agent, Revolver Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower or any Loan Party hereunder, (a) Taxes imposed on (or measured by) its net income (however denominated) (including any backup withholding with respect thereto) and franchise Taxes imposed on it (in lieu of net income Taxes), in each case as a result of (i) such recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office, located in the jurisdiction imposing such Tax, or (ii) such recipient being subject to Other Connection Taxes, (b) any branch profits Taxes, or any similar Tax, imposed by any jurisdiction described in clause (a) above, (c) in the case of a Lender, any U.S. federal withholding Taxes that are (or would be) required to be withheld from amounts payable to or for the account of such Lender pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Commitment (or, to the extent a Lender acquires an interest in a Term Loan without acquiring an interest in the corresponding Commitment, the Term Loan) (in each case other than pursuant to an assignment request by the Borrower under Section 2.19(b)), or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.17(a), amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (d) any withholding Tax that is attributable to a Lender's failure to comply with Section 2.17(e) or withholding Tax that is attributable to an Applicable Agent's failure to comply with Section 2.17(f), and (e) any withholding Taxes imposed under FATCA.

“Existing Credit Agreement” means that certain Third Amended and Restated Credit Agreement, dated June 15, 2020, by and among the Borrower, Holdings, the other Loan Parties party thereto, Capital One, National Association, as administrative agent and collateral agent, and each of the financial institutions party thereto as lenders.

“Existing Revolving Loans” has the meaning set forth in Section 2.01.

“Existing Term Loan Class” has the meaning set forth in Section 2.21(a).

“Extended Revolving Commitments” means revolving credit commitments established pursuant to Section 2.21 that are substantially identical to the Revolving Commitments except that such extended revolving commitments may have a later maturity date and different provisions with respect to interest rates and fees than those applicable to the Revolving Commitments.

“Extended Term Loans” has the meaning set forth in Section 2.21(a).

“Extending Term Lender” has the meaning set forth in Section 2.21(c).

“Extension Election” has the meaning set forth in Section 2.21(c).

“Extension Request” has the meaning set forth in Section 2.21(a).

“Facility” means a given Class of Term Loans or Revolving Commitments, as the context may require.

“Fair Market Value” means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by the Board of Directors, chief executive officer or chief financial officer of the Borrower.

“FATCA” means Sections 1471 through 1474 of the Code as of the date hereof (and any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the current Code (or any amended or successor version described above) and any applicable law or regulation pursuant to an intergovernmental agreement, treaty or convention among Governmental Authorities entered into to implement the foregoing (together with any law implementing such agreement and any U.S. or non-U.S. regulations or official guidance).

“FCPA” means the United States Foreign Corrupt Practices Act of 1977, as amended.

“Federal Funds Effective Rate” means, for any day, the rate calculated by the NYFRB based on such day’s federal funds transactions by depository institutions, as determined in such manner as shall be set forth on the NYFRB’s Website from time to time, and published on the next succeeding Business Day by the NYFRB as the effective federal funds rate.

“Fee Letter” means the Fee Letter, dated as of the date hereof, by and among the Administrative Agent and the Borrower.

“Financial Covenant” means the covenant of the Borrower set forth in Section 6.12.

“Financial Covenant Default” has the meaning specified in Section 7.02.

“Financial Officer” means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower, in each case in his or her capacity as such.

“First Lien Net Leverage Ratio” means, with respect to any Test Period, the ratio of (a) Consolidated First Lien Net Indebtedness as of the last day of such Test Period to (b) Consolidated EBITDA for such Test Period.

“Flood Insurance Laws” means, collectively, (i) National Flood Insurance Reform Act of 1994 (which comprehensively revised the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973) as now or hereafter in effect or any successor statute thereto, (ii) the Flood Insurance Reform Act of 2004 as now or hereafter in effect or any successor statute thereto and (iii) the Biggert-Waters Flood Insurance Reform Act of 2012 as now or hereafter in effect or any successor statute thereto.

“Floor” means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to LIBO Rate, the Adjusted Term SOFR Rate or the Adjusted Daily Simple SOFR, as applicable. For the avoidance of doubt, the initial Floor for each of Adjusted Term SOFR Rate or the Adjusted Daily Simple SOFR shall be 0%.

“Foreign Casualty Event” has the meaning specified in Section 2.11(h).

“Foreign Disposition” has the meaning specified in Section 2.11(h).

“Foreign Lender” means any Lender that is not a United States person within the meaning of Section 7701(a)(30) of the Code.

“Foreign Subsidiary” means any Subsidiary that is not a Domestic Subsidiary.

“GAAP” means generally accepted accounting principles in the United States of America, including those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time. If at any time the SEC permits or requires domestic companies subject to the reporting requirements of the Securities Exchange Act to use IFRS in lieu of GAAP for financial reporting purposes, the Borrower may elect by written notice to the Administrative Agent to so use IFRS in lieu of GAAP and, upon any such notice, references herein to GAAP shall thereafter be construed to mean (a) for periods beginning on and after the date specified in such notice, IFRS as in effect on the date specified in such notice and as in effect from time to time (for all other purposes of this Agreement) and (b) for prior periods, GAAP as defined in the first sentence of this definition. Notwithstanding any change to IFRS, all ratios and computations contained in this Agreement shall be computed in conformity with GAAP.

“Government Programs” means (i) the Medicare and Medicaid Programs, (ii) any state health plan adopted pursuant to Title XIX of the Social Security Act, and (iii) any other foreign or domestic federal, state or local reimbursement or governmental health care programs.

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government. Governmental Authority shall include any agency, branch or other governmental body charged with the responsibility and/or vested with the authority to administer and/or enforce any Healthcare Laws, including any Medicare, Medicaid or other Government Program contractors, intermediaries or carriers.

“Guarantee” of or by any Person (the “guarantor”) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a)

to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party or applicant in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which the Guarantee is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee.

"Guarantors" has the meaning set forth in the definition of "Collateral and Guarantee Requirement" and shall include each Subsidiary Loan Party that shall have become a Guarantor pursuant to Section 5.12(a).

"Hazardous Materials" means all explosive, radioactive, infectious, chemical, biological, medical, hazardous or toxic materials, substances, wastes or other pollutants or contaminants, including petroleum or petroleum byproducts, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas and all other materials, substances or wastes of any nature regulated pursuant to any Environmental Law.

"Healthcare Laws" means all applicable statutes, laws, ordinances, rules and regulations of any Governmental Authority with respect to the regulation of patient health care, PACE and the provision of medical and social services to PACE participants and the submission of claims for reimbursement including: (a) federal fraud and abuse laws and regulations, including, the federal patient referral law, 42 U.S.C. § 1395nn, commonly known as the Stark Law, the federal anti-kickback law, 42 U.S.C. § 1320a-7b, the federal civil monetary penalty statute 42 U.S.C. § 1320a-7a, the False Claims Act, 31 U.S.C. § 3729 et seq., the exclusion laws, 42 U.S.C. § 1320a-7, all criminal laws relating to health care fraud and abuse, including but not limited to 18 U.S.C. Sections 286 and 287, and the health care fraud criminal provisions under HIPAA, federal laws regarding the submission of false claims, false billing, false coding, collection of accounts receivable or refund of overpayments and similar state laws and regulations, (b) federal and state laws and regulations applicable to reimbursement and reassignment, (c) HIPAA and any state and local laws and regulations regulating the privacy and/or security of individually identifiable information of patients and PACE participants, including state laws providing for notification of breach of privacy or security of individually identifiable information of patients and PACE participants (collectively, "Privacy and Security Laws"), (d) Medicare and Medicaid, (e) statutes and regulations affecting any other health care program financed with United States, state or any other government funds or any other Government Programs, (f) all federal statutes and regulations affecting the medical assistance program established by Titles V, XIX, XX, and XXI of the Social Security Act and any statutes succeeding thereto, and all state statutes and plans for medical assistance enacted in connection with the federal statutes and regulations, (g) the Federal Controlled Substances Act, 21 U.S.C. § 801, et seq., as amended, and implementing

regulations, (h) Federal Food, Drug and Cosmetic Act, 21 U.S.C. § 321 et seq., as amended, and implementing regulations, (i) Clinical Laboratory Improvement Amendments of 1988, as amended, 42 U.S.C. § 263a et seq., implementing regulations, and any related state laws and regulations governing laboratories, (j) the licensure or regulation of healthcare providers, suppliers, professionals, facilities or payors, (k) Corporate Practice of Medicine Laws, (l) the provision of, or payment for, health care services, items or supplies, (m) quality, safety certification and accreditation standards and requirements, and (n) any other federal or state law or regulation governing health care or PACE providers.

“Healthcare Permits” has the meaning specified in Section 3.21(g).

“HIPAA” means the Health Insurance Portability and Accountability Act of 1996, as the same may be amended, modified or supplemented from time to time (including, without limitation, the provisions of the Health Information Technology for Economic and Clinical Health Act contained in the American Recovery and Reinvestment Act), and any successor statute thereto, and any and all rules or regulations promulgated from time to time thereunder.

“Holdings” means (A) TCO Intermediate Holdings, Inc., a Delaware corporation, or (B) any other entity (such entity, a “Succeeding Holdings”) that becomes the immediate parent of the Borrower.

“HPS” has the meaning set forth in the preamble to this Agreement.

“IFRS” means International Financial Reporting Standards and applicable accounting requirements set by the International Accounting Standards Board or any successor thereto (or the Financial Accounting Standards Board, the Accounting Principles Board of the American Institute of Certified Public Accountants, or any successor to either such board, or the SEC, as the case may be), as in effect from time to time.

~~“IBA” has the meaning assigned to such term in Section 1.08.~~

~~“Impacted Interest Period” has the meaning set forth in the definition of “LIBO Rate.”~~

“Incremental Commitments” has the meaning set forth in Section 2.20(a).

“Incremental Extensions of Credit” has the meaning set forth in Section 2.20(b).

“Incremental Facility Closing Date” has the meaning set forth in Section 2.20(b).

“Incremental Loan Request” has the meaning set forth in Section 2.20(a).

“Incremental Revolving Commitments” has the meaning set forth in Section 2.20(a).

“Incremental Revolving Lender” has the meaning set forth in Section 2.20(c).

“Incremental Revolving Loan” has the meaning set forth in Section 2.20(b).

“Incremental Term Commitments” has the meaning set forth in Section 2.20(a).

“Incremental Term Lender” has the meaning set forth in Section 2.20(c).

“Incremental Term Loan” has the meaning set forth in Section 2.20(b).

“Indebtedness” of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding (i) trade accounts payable and accrued obligations incurred in the ordinary course of business and (ii) earn-outs and other contingent consideration obligations to the extent the amount thereof has not yet been determined based on the achievement of the applicable financial performance or other contingency for payment), (f) all obligations of others secured by (or for which the holder of such obligations has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, but limited, in the event such secured obligations are nonrecourse to such Person, to the fair value of such property, (g) all Guarantees by such Person of the obligations of any other Person, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party or applicant in respect of letters of credit and letters of guaranty and (j) all obligations, contingent or otherwise, of such Person in respect of bankers’ acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. Notwithstanding the foregoing, the term “Indebtedness” shall not include (a) contingent obligations, including Guarantees, incurred in the ordinary course of business or in respect of operating leases, and not in respect of borrowed money, (b) deferred or prepaid revenues, (c) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the respective seller, (d) any amounts that any member of management, the employees or consultants of Holdings, the Borrower or any of the Subsidiaries may become entitled to under any cash incentive, deferred compensation or employee benefit plan in existence from time to time or (e) earn-outs and similar contingent payment obligations, non-compete arrangements, indemnification obligations and purchase price adjustments in connection with any Permitted Acquisition or permitted Investment.

“Indemnified Taxes” means (a) Taxes other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

“Indemnitee” has the meaning set forth in Section 9.03(b).

“Information” has the meaning set forth in Section 9.12.

“Initial Term Loan” means the Term Loans funded on the Closing Date.

“Initial Term Loan Maturity Date” means the fifth anniversary of the Closing Date.

“Intellectual Property Security Agreement” has the meaning assigned to such term in the Collateral Agreement.

“Interest Election Request” means a written request by the Borrower to convert or continue a Borrowing in accordance with Section 2.07 substantially in the form of Exhibit E, or such other form as shall be approved by the Administrative Agent and, in the case of any conversion or continuance with respect to a Revolving Loan, the Revolver Agent.

“Interest Payment Date” means (a) with respect to any ABR Loan (including a Swingline Loan), the last day of each March, June, September and December and (b) with respect to any ~~Eurodollar Loan~~ RFR Loan, each date that is on the numerically corresponding day in each calendar month that is one month after the borrowing of such Loan (or, if there is no such numerically corresponding day in such month) and (c) with respect to any Term Benchmark, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a ~~Eurodollar~~ Term Benchmark Borrowing with an Interest Period of more than three months’ duration, each day prior to the last day of such Interest Period that occurs at intervals of three months’ duration after the first day of such Interest Period.

“Interest Period” means, with respect to any ~~Eurodollar~~ Term Benchmark Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, ~~two~~, three or six months thereafter (or twelve months or a shorter period as may be agreed by the Borrower, the Applicable Agent and all Lenders participating therein) and, in each case, subject to the availability for the Benchmark applicable to the relevant Loan or Commitment, as the Borrower may elect in the Borrowing Request; provided that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period and (c) no tenor that has been removed from this definition to pursuant to Section 2.14(e) shall be available for specification in such Borrowing Request. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

~~“Interpolated Rate” means, at any time, for any Interest Period, the rate per annum (rounded to the same number of decimal places as the LIBO Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBO Screen Rate for the longest period (for which that LIBO Screen Rate is available) that is shorter than the Impacted Interest Period; and (b) the LIBO Screen Rate for the shortest period (for which that LIBO Screen Rate is available) that exceeds the Impacted Interest Period, in each case, at such time.~~

“Investments” has the meaning set forth in Section 6.04.

“IPO” means the initial public offering of the common stock of TCO Group Holdings, Inc., a Delaware corporation, pursuant to the Registration Statement on Form S-1, filed with the SEC on March 3, 2021, as amended.

“IRS” means the United States Internal Revenue Service.

~~“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.~~

“Issuing Bank” means JPMorgan, Capital One, National Association, Barclays Bank PLC, Citibank N.A., Goldman Sachs Bank USA and any Person that becomes an Issuing Bank with the approval of, and pursuant to an agreement with and in form and substance satisfactory to, the Administrative Agent and the Borrower in such Person’s capacity as Issuing Bank hereunder and together with its successors. For the avoidance of doubt, Barclays Bank PLC shall only be required to provide standby Letters of Credit.

“Issuing Bank Sublimit” means, with respect to JPMorgan, \$8,571,000, with respect to Capital One, National Association, \$7,500,000, with respect to Barclays Bank PLC, \$6,000,000, with respect to Citibank N.A., \$3,429,000, with respect to Goldman Sachs Bank USA, \$4,500,000 and with respect to any other Issuing Bank, such amount as agreed between such Issuing Bank and the Borrower.

“Joint Lead Arrangers” means JPMorgan, Barclays Bank PLC and Capital One, National Association.

“JPMorgan” has the meaning set forth in the preamble to this Agreement.

“Junior Lien Intercreditor Agreement” means an intercreditor agreement or another agreement in form and substance reasonably acceptable to the Administrative Agent and the Borrower.

“Latest Maturity Date” means, at any date of determination and with respect to the specified Loans or Commitments (or in the absence of any such specification, all outstanding Loans and Commitments hereunder), the latest Maturity Date applicable to any such Loans or Commitments hereunder at such time, including the latest maturity date of any Extended Term Loan, any Extended Revolving Commitment, any Incremental Term Loans and any Incremental Revolving Commitments, in each case as extended in accordance with this Agreement from time to time.

“LC Disbursement” means a payment made by the Issuing Bank pursuant to a Letter of Credit.

“LC Exposure” means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Revolving Lender at any time shall be its Applicable Percentage of the aggregate LC Exposure at such time.

“LCT Election” has the meaning set forth in Section 1.07(f).

“LCT Test Date” has the meaning set forth in Section 1.07(f).

“Lenders” means each Person that was a lender on the Closing Date and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption or an Additional Credit Extension Amendment, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term “Lenders” includes the Swingline Lender.

“Letter of Credit” means any letter of credit issued or deemed issued pursuant to this Agreement.

“Letter of Credit Sublimit” has the meaning set forth in Section 2.05(b).

~~“LIBO Rate” means, with respect to any Eurodollar Borrowing for any Interest Period, the LIBO Screen Rate at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period; provided that if the LIBO Screen Rate shall not be available at such time for such Interest Period (an “Impacted Interest Period”) then the LIBO Rate shall be the Interpolated Rate.~~

~~“LIBO Screen Rate” means, for any day and time, with respect to any Eurodollar Borrowing for any Interest Period, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate for U.S. Dollars for a period equal in length to such Interest Period as displayed on such day and time on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion); provided that if the LIBO Screen Rate as so determined would be less than 0%, such rate shall be deemed to be 0% for the purposes of this Agreement.~~

“Licensed Personnel” has the meaning set forth in Section 3.21(b).

“Lien” means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset or other arrangement to provide priority or preference with respect to such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party (other than customary rights of first refusal and tag, drag and similar rights in joint

venture agreements (other than any such agreement in respect of any Subsidiary)) with respect to such securities.

“Limitation” means a revocation, suspension, termination, impairment, probation, limitation, nonrenewal, forfeiture, declaration of ineligibility, loss of status as a participating provider in any Third Party Payor Arrangement, and the loss of any other rights.

“Limited Condition Transaction” means (i) any acquisition by one or more of the Borrower or its Restricted Subsidiaries of any assets, business or Person whose consummation is not conditioned on the availability of, or on obtaining, third party financing, (ii) any permitted Investment whose consummation is not conditioned on the availability of, or on obtaining, third party financing and (iii) any redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness requiring irrevocable notice in advance of such redemption, repurchase, defeasance, satisfaction and discharge or repayment.

“LLC” means any Person that is a limited liability company under the laws of its jurisdiction of formation.

“Loan Document Obligations” means (a) the due and punctual payment by the Borrower of (i) the principal of, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on, the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by the Borrower under this Agreement in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of disbursements, interest thereon (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) and obligations to provide cash collateral (“L/C Reimbursement Obligations”), and (iii) all other monetary obligations of the Borrower to any of the Secured Parties under this Agreement and each other Loan Document, including obligations to pay fees, expense reimbursement obligations and indemnification obligations, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), (b) the due and punctual performance of all other obligations of the Borrower under or pursuant to this Agreement and each other Loan Document, and (c) the due and punctual payment and performance in full of all the obligations of each other Loan Party under or pursuant to the Collateral Agreement and each other Loan Document.

“Loan Documents” means, collectively, (i) this Agreement, (ii) the promissory notes, if any, executed and delivered pursuant to Section 2.09(e), (iii) any Additional Credit Extension Amendment, (iv) the Security Documents, (v) the Fee Letter and (vi) any other amendment or joinder to the foregoing.

“Loan Parties” means Holdings, the Borrower, and the Subsidiary Loan Parties.

“Loans” means the loans made by the Lenders to the Borrower pursuant to this Agreement or an Additional Credit Extension Amendment.

“Long-Term Indebtedness” means any Indebtedness that, in accordance with GAAP, constitutes (or, when incurred, constituted) a long-term liability (excluding Revolving Loans and Swingline Loans or extensions of credit under any other revolving credit or similar facility).

“Management Special Bonuses” has the meaning set forth in Section 6.08(a)(ix).

“Market Capitalization” means an amount equal to (i) the total number of issued and outstanding shares of common Equity Interests of TCO Group Holdings, Inc. on the date of the declaration of a Restricted Payment multiplied by (ii) the arithmetic mean of the closing prices per share of such common Equity Interests on the principal securities exchange on which such common Equity Interests are traded for the 30 consecutive trading days immediately preceding the date of declaration of such Restricted Payment.

“Material Adverse Effect” means a material adverse effect on (a) the business, operations, assets, liabilities, financial condition or results of operations of Holdings, the Borrower and the Subsidiaries, taken as a whole, (b) the ability of the Loan Parties (taken as a whole) to perform their payment obligations under the Loan Documents or (c) the rights of, or benefits available to, the Administrative Agent, Collateral Agent or one or more Lenders under any Loan Document.

“Material Disposition” means the sale by the Borrower or any Subsidiary of assets (including the capital stock of a Subsidiary or a business unit) (whether effected pursuant to a division or otherwise) for aggregate consideration (including amounts received in connection with post-closing payment adjustments, earn-outs and noncompete payments) of at least \$25,000,000.

“Material Indebtedness” means Indebtedness (other than the Loans and Letters of Credit), or obligations in respect of one or more Swap Agreements, of any one or more of Holdings, the Borrower and the Subsidiaries in an aggregate principal amount exceeding the greater of (x) \$25,000,000 and (y) 35% of TTM Consolidated EBITDA as of the date of such of determination. For purposes of determining Material Indebtedness, the “principal amount” of the obligations of the Borrower or any Subsidiary in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Subsidiary would be required to pay if such Swap Agreement were terminated at such time.

“Material Subsidiary” means, at any date of determination, each wholly owned Restricted Subsidiary (when combined with the assets of such Subsidiary’s Restricted Subsidiaries after eliminating intercompany obligations) (i) whose total assets at the last day of the Test Period ending on the last day of the most recent fiscal period for which financial statements pursuant to Section 5.01(a) or (b) have been delivered were equal to or greater than 5.0% of the Total Assets of the Borrower and the Restricted Subsidiaries at such date or (ii) whose revenues during such Test Period were equal to or greater than 5.0% of the consolidated revenues of the Borrower and the Restricted Subsidiaries for such period (in the case of any determination relating to any Specified Transaction, on a Pro Forma Basis including the revenues of any Person being acquired in connection therewith), in each case determined in accordance with GAAP; provided that if, at any time and from time to time after the Closing Date, Restricted

Subsidiaries that are not Material Subsidiaries (other than Excluded Subsidiaries (except pursuant to clause (viii) of the definition thereof)) have, in the aggregate, (a) total assets at the last day of such Test Period equal to or greater than 10.0% of the Total Assets of the Borrower and the Restricted Subsidiaries at such date or (b) revenues during such Test Period equal to or greater than 10.0% of the consolidated revenues of the Borrower and the Restricted Subsidiaries for such period, in each case determined in accordance with GAAP, then the Borrower shall, on or prior to the date on which financial statements for the last quarter of such Test Period are delivered pursuant to this Agreement, designate in writing to the Administrative Agent one or more of such Restricted Subsidiaries as Material Subsidiaries for each fiscal period until this proviso is no longer applicable.

“Maturity Date” means (i) with respect to the Initial Term Loans, the Initial Term Loan Maturity Date, (ii) with respect to the Revolving Commitments, the Revolving Maturity Date, (iii) with respect to any Incremental Term Loans or Incremental Revolving Commitments, the final maturity date as specified in the applicable Additional Credit Extension Amendment and (iv) with respect to any Class of Extended Term Loans or Extended Revolving Commitments, the final maturity date as specified in the applicable Additional Credit Extension Amendment with respect thereto accepted by the respective Lender or Lenders; provided that, in each case, if such day is not a Business Day, the Maturity Date shall be the Business Day immediately succeeding such day.

“Maximum Rate” has the meaning set forth in Section 9.13.

“Medical Services” means medical and health care services provided to a Person by Licensed Personnel provided by a Loan Party and other respective employees, independent contractors and leased personnel whether or not covered by a policy of insurance issued by an insurer, and includes physician services, nurse practitioner services and physician’s assistant services provided by Licensed Personnel supplied by a Loan Party, its respective employees, independent contractors and leased personnel to a Person for a valid and proper medical or health purpose.

“Medicare and Medicaid Programs” means the programs established under Title XVIII and XIX of the Social Security Act and any successor programs performing similar functions.

“MNPI” has the meaning set forth in Section 8.07(b).

“Moody’s” means Moody’s Investors Service, Inc.

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“Net Proceeds” means, with respect to any event, (a) the cash proceeds received in respect of such event including (i) any cash received in respect of any non-cash proceeds (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but excluding any interest payments), but only as and when received, (ii) in the case of a casualty, insurance proceeds and (iii) in the case of a condemnation or similar event, condemnation awards and similar payments, net of (b) the sum of (i) all reasonable fees and out-of-pocket

expenses paid to third parties (other than Affiliates) in connection with such event, (ii) in the case of a sale, transfer or other disposition of an asset (including pursuant to a casualty or a condemnation or similar proceeding), the amount of all payments required to be made as a result of such event to repay Indebtedness (other than Loans and other Indebtedness secured by Liens ranking pari passu or junior to the Liens securing the Obligations) secured by such asset or otherwise subject to mandatory prepayment as a result of such event and (iii) the amount of all taxes paid (or reasonably estimated to be payable) and the amount of any reserves established to fund liabilities reasonably estimated to be payable, in each case during the year that such event occurred or the next succeeding year and that are directly attributable to such event (as determined reasonably and in good faith by a Financial Officer); provided that, no net proceeds calculated in accordance with the foregoing of less than \$10,000,000 realized in a single transaction or series of related transactions shall constitute Net Proceeds.

“Net Working Capital” means, at any date, (a) the consolidated current assets of Holdings, the Borrower and its subsidiaries as of such date (excluding cash and Permitted Investments) minus (b) the consolidated current liabilities of Holdings, the Borrower and its subsidiaries as of such date (excluding current liabilities in respect of Indebtedness). Net Working Capital at any date may be a positive or negative number. Net Working Capital increases when it becomes more positive or less negative and decreases when it becomes less positive or more negative.

“Non-Consenting Lender” has the meaning set forth in Section 9.02(b).

“Non-Core Assets” means, in connection with any acquisition (including any Permitted Acquisition) permitted hereunder, non-core assets acquired as part of such acquisition.

“Non-Debt Fund Affiliate” means any Affiliate of Holdings (other than Holdings, the Borrower or any Subsidiary of the Borrower) that is not a Debt Fund Affiliate.

“Non-Loan Party” means any Restricted Subsidiary of the Borrower that is not a Loan Party.

“Note” has the meaning set forth in Section 2.09(e).

“NYFRB” means the Federal Reserve Bank of New York.

“NYFRB’s Website” means the website of the NYFRB at <http://www.newyorkfed.org>, or any successor source.

“NYFRB Rate” means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); provided that if none of such rates are published for any day that is a Business Day, the term “NYFRB Rate” means the rate for a federal funds transaction quoted at 11:00 a.m. on such day received by the Administrative Agent from a federal funds broker of recognized standing selected by it.

“Obligations” means (a) Loan Document Obligations, (b) obligations of any Loan Party arising under any Secured Hedge Agreement (including monetary obligations incurred during the

pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) and (c) Cash Management Obligations (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding); provided that the “Obligations” shall in no event include any Excluded Swap Obligations.

“OFAC” means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

“OID” means original issue discount.

“Organizational Documents” means, with respect to any Person, collectively, (a) such Person’s articles or certificate of incorporation, articles or certificate of organization, certificate of limited partnership, certificate of formation, or comparable documents filed or recorded with the applicable Governmental Authority of such Person’s jurisdiction of formation and (b) such Person’s, bylaws, limited liability company agreement, partnership agreement or other comparable organizational or governing documents.

“Other Connection Taxes” means, with respect to any Lender, Taxes imposed as a result of any present or former connection between such Person and the jurisdiction imposing such Tax (other than a connection arising from such Person having executed, delivered, become a party to, performed its obligations or received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to, or enforced, any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes” means any and all present or future recording, stamp, mortgage, court or documentary, intangible filing, transfer, or similar levies arising from any payment made under this Agreement or any Loan Document or from the execution, delivery, enforcement, registration, filing or recording of, from the receipt or perfection of a security interest under, or otherwise with respect to, this Agreement or any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment or designation of a new office made pursuant to Section 2.19).

“Otherwise Applied” means, with respect to any Net Proceeds, the amount of such Net Proceeds that was (i) required to prepay the Loans pursuant to Section 2.11 or (ii) otherwise previously applied under the Loan Documents.

“Overnight Bank Funding Rate” means, for any day, the rate comprised of both overnight federal funds and overnight Eurodollar borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the NYFRB as set forth on the NYFRB’s Website from time to time, and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate.

“PACE” means the Program of All-Inclusive Care for the Elderly.

“Pari Passu Debt” means, at any time, the Loans, all unfunded Commitments, and all other Indebtedness (including, without limitation, all Refinancing Indebtedness) outstanding, and

unfunded commitments to fund other Indebtedness, that is secured by all or a portion of the Collateral on a pari passu basis (but without regard to the control of remedies) with the Obligations.

“Participant” has the meaning set forth in Section 9.04(c).

“Participant Register” has the meaning set forth in Section 9.04(c).

“Patriot Act” has the meaning set forth in Section 9.14.

“Payment” has the meaning assigned to it in Section 8.06(c).

“Payment Notice” has the meaning assigned to it in Section 8.06(c).

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“Permits” means, with respect to any Person, any permit, supplier or provider number, accreditation, approval, authorization, license, registration, certificate, concession, grant, franchise, waiver, variance or permission from, and any other contractual obligations with, any Governmental Authority, in each case whether or not having the force of law and applicable to or binding upon such Person or any of its property or operations or to which such Person or any of its property or operations is subject.

“Permitted Acquisition” means any transaction or series of related transactions by Borrower or any Restricted Subsidiary for the direct or indirect (a) acquisition of all or substantially all of the property of any person, or all or substantially all of the assets constituting a business unit, division, product line or line of business of any person, (b) acquisition of in excess of 50% of the Equity Interests (or such lesser amount in an existing Investment the acquisition of which would result in the Borrower and its Restricted Subsidiaries Investment holding at least 50% of such Equity Interests) of any person, and otherwise causing such person to become a Subsidiary of such person, or (c) subject to Section 7.04, merger, amalgamation or consolidation or any other combination with any person, if each of the following conditions is met, or if the Required Lenders have otherwise consented in writing thereto:

(i) no Specified Default has occurred and is continuing at the time the definitive agreement for such acquisition is executed;

(ii) the persons or business to be acquired (other than Non-Core Assets, if any, with respect to such acquisition) shall be, or shall be engaged in, a line of business other than a Permitted Business;

(iii) (a) in the case of an acquisition of all or substantially all of the property of any person or all or substantially all of the assets constituting a business unit, division, product line or line of business of any person, the person making such acquisition is Borrower or a Restricted Subsidiary (or a newly formed entity created to consummate the acquisition and directly or indirectly controlled by Borrower), or upon consummation of such acquisition becomes, a Restricted Subsidiary, (b) in the case of an acquisition of in

excess of 50% of the Equity Interests (or such lesser amount in an existing Investment the acquisition of which would result in the Borrower and its Restricted Subsidiaries Investment holding at least 50% of such Equity Interests) of any person, both the person making such acquisition and the person directly so acquired is Borrower or a Restricted Subsidiary, or upon consummation of such acquisition becomes, a Restricted Subsidiary, and (c) in the case of a merger, amalgamation or consolidation or any other combination with any person, the person surviving such merger, amalgamation consolidation or other combination is Borrower or a Restricted Subsidiary, or upon consummation of such acquisition becomes, a Restricted Subsidiary, subject, in each case, of the right of the Borrower to designate Unrestricted Subsidiaries so long as the requirements in Section 5.14 are complied with; and

(iv) solely with respect to the acquisition of persons organized in the United States or property or assets located in the United States, the actions set forth in the definition of “Collateral and Guarantee Requirement,” to the extent applicable, shall have been taken (or arrangements for the taking of such actions after the consummation of such acquisition shall have been made that are reasonably satisfactory to the Administrative Agent), unless such newly created or acquired Subsidiary is designated as an Unrestricted Subsidiary pursuant to Section 5.14 or is otherwise an Excluded Subsidiary.

“Permitted Acquisition Agreement” means any agreement of merger, purchase or acquisition relating to a Permitted Acquisition.

“Permitted Acquisition Company Representations” means, with respect to the representations and warranties contained in any Permitted Acquisition Agreement with respect to a Permitted Acquisition subject to customary “funds certain provisions”, such representations and warranties regarding the target of such Permitted Acquisition in the Permitted Acquisition Agreement as are material to the interests of the Lenders financing such Permitted Acquisition, but only to the extent that Borrower or any of its Restricted Subsidiaries or any of their respective Affiliates has the right to terminate its or its affiliates’ obligations under the Permitted Acquisition Agreement (or the right not to consummate the acquisition pursuant to the Permitted Acquisition Agreement) or to not close thereunder as a result of a breach of such representations and warranties in such Permitted Acquisition Agreement.

“Permitted Business” means (i) any business engaged in by the Borrower or any of its Restricted Subsidiaries on the Closing Date and (ii) any business or other activities that are reasonably similar, ancillary, complementary or related to, or a reasonable extension, development or expansion of, the businesses in which the Borrower and its Restricted Subsidiaries are engaged on the Closing Date.

“Permitted Distributions” has the meaning set forth in Section 6.08(a)(ix).

“Permitted Encumbrances” means:

(a) Liens imposed by law for Taxes that are not yet due and payable or are being contested in compliance with Section 5.05,

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or if more than 30 days overdue, are unfiled and no other action has been taken to enforce such Liens or that are being contested in good faith and by appropriate actions, in each case if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP or the equivalent accounting principles in the relevant local jurisdiction;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance, other social security benefits or other insurance-related obligations (including, but not limited to, in respect of deductibles, self-insured retention amounts and premiums and adjustments thereto),

(d) deposits and pledges to secure the performance of bids, trade contracts, leases, public or statutory obligations, progress payments, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business,

(e) judgment liens in respect of judgments that do not constitute an Event of Default under paragraph (i) of Section 7.01,

(f) minor survey exceptions, easements or reservations of rights for others for, licenses, zoning restrictions, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, minor defects or irregularities of title and other similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not either detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Subsidiary, in each case in any material respect, taken as a whole,

(g) landlords' and lessors' and other like Liens in respect of rent not in default,

(h) [reserved],

(i) leases or subleases, and

(j) Liens arising from precautionary Uniform Commercial Code financing statement or similar filings;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Holder" means any of the following: (i) any of the Permitted Investors or their respective Affiliates, (ii) any investment fund or vehicle managed, sponsored or advised by a Permitted Investor or any Affiliate thereof, and any Affiliate of or successor to any such investment fund or vehicle and (iii) each partner, officer, director, principal or member of the Permitted Investors or any Affiliate of the Permitted Investors.

“Permitted Initial Revolving Loan Borrowing Purposes” means one or more Borrowings of Revolving Loans that, do not in the aggregate, exceed the amount sufficient to fund certain OID or upfront fees in connection with the Initial Term Loans and Revolving Commitments as agreed with the Arranger.

“Permitted Investments” means:

(a) United States dollars or, in the case of any Restricted Subsidiary which is not a Domestic Subsidiary, any other currencies held from time to time in the ordinary course of business,

(b) direct obligations of, or obligations of the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof,

(c) direct obligations issued by any state of the United States of America or any political subdivision of any such state, or any public instrumentality thereof, in each case having maturities of not more than 12 months from the date of acquisition,

(d) investments in commercial paper maturing within 365 days from the date of acquisition thereof and having, at such date of acquisition, a credit rating from S&P or Moody’s of at least A2 or P2, respectively,

(e) investments in certificates of deposit, banker’s acceptances and time deposits maturing within 365 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than \$500,000,000,

(f) Indebtedness or preferred stock issued by Persons with a rating of “A” or higher from Standard & Poor’s Rating Services or “A2” or higher from Moody’s Investors Service, Inc. with maturities of 12 months or less from the date of acquisition,

(g) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (b) above and entered into with a financial institution satisfying the criteria described in clause (e) above, and

(h) investments in money market funds that comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, as amended, substantially all of whose assets are invested in investments of the type described in clauses (a) through (g) above.

“Permitted Investors” means each of (i) Welsh, Carson, Anderson & Stowe XII, L.P., a Delaware limited partnership, (ii) Welsh, Carson, Anderson & Stowe XII Delaware, L.P., a Delaware limited partnership, (iii) Welsh, Carson, Anderson & Stowe XII Delaware II, L.P., a

Delaware limited partnership, (iv) Welsh, Carson, Anderson & Stowe XII Cayman, L.P., a Cayman exempted limited partnership, (v) WCAS XII Co-Investors LLC, a Delaware limited liability company, (vi) WCAS Management Corporation, a Delaware corporation and (vii) Apax.

“Permitted Liens” has the meaning set forth in Section 6.02.

“Permitted Payment Restriction” shall mean any encumbrance or restriction (each, a “restriction”) on the ability of any Qualified Joint Venture to pay dividends or make any other distributions on its Equity Interests to the Borrower or a Restricted Subsidiary, which restriction would not materially impair the Borrower’s ability to make scheduled payments of cash interest and to make required principal payments on the Loans, as reasonably determined by the Borrower.

“Permitted Refinancing” means any Indebtedness of the Borrower or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, renew, refund, refinance, replace, defease or discharge other Indebtedness of the Borrower or any of its Restricted Subsidiaries (other than intercompany Indebtedness); provided that:

(a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness extended, renewed, refunded, refinanced, replaced, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees, commissions, discounts and expenses, including premiums, incurred in connection therewith),

(b) either (a) such Permitted Refinancing has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, renewed, refunded, refinanced, replaced, defeased or discharged or (b) all scheduled payments on or in respect of such Permitted Refinancing (other than interest payments) shall be at least 91 days following the final scheduled maturity of the Loans,

(c) if the Indebtedness being extended, renewed, refunded, refinanced, replaced, defeased or discharged is Subordinated Indebtedness, such Permitted Refinancing is subordinated in right of payment to the Obligations on terms at least as favorable to the holders of the Obligations as those contained in the documentation governing the Subordinated Indebtedness being extended, renewed, refunded, refinanced, replaced, defeased or discharged,

(d) such Indebtedness is incurred (i) by the Borrower or by any Restricted Subsidiary who is the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, (ii) by any Loan Party if the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is a Loan Party; or by any Non-Loan Party if the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is a Non-Loan Party, and

(e) such Indebtedness is not secured by any assets other than the assets that secured the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged and if the Liens securing such Indebtedness were subject to a Junior Lien

Intercreditor Agreement with the Collateral Agent, the Liens securing such new Indebtedness shall be subject to a Junior Lien Intercreditor Agreement, as applicable, with the Collateral Agent on terms not less favorable to the Secured Parties than the terms of such existing Junior Lien Intercreditor Agreement, as applicable.

“Permitted Security” means (a) common stock of Holdings or (b) Qualified Preferred Stock, in each case (i) (x) issued to the Permitted Investors for cash or (y) issued to any other Person that makes an equity investment in Holdings in connection with the Transactions and (ii) the proceeds of which are contributed by Holdings to the Borrower in exchange for common stock or as a capital contribution.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means any “employee pension benefit plan” (as defined in Section 3(2) of ERISA) that is subject to the provisions of Title IV or Section 302 of ERISA or Section 412 of the Code, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Prepayment Event” means:

(a) any sale, transfer or other disposition of any property or asset of Holdings, the Borrower or any Restricted Subsidiary in excess of \$10,000,000 per transaction (or series of related transactions), other than (i) dispositions described in clauses (a), (b), (c) and (d) of Section 6.05 or (ii) dispositions pursuant to clause (e) of Section 6.05 to the extent the property subject to such transaction was acquired after the Closing Date and such acquisition was funded by the issuance of Equity Interests by Holdings (or capital contributions in respect thereof) substantially simultaneously with such acquisition, or

(b) any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of Holdings, the Borrower or any Restricted Subsidiary with a fair value immediately prior to such event equal to or greater than \$10,000,000, or

(c) the incurrence by Holdings or any Restricted Subsidiary of (x) any Refinancing Indebtedness or (y) any Indebtedness not permitted under Section 6.01.

“Prime Rate” means, for any day, a rate per annum equal to the ~~highest of (a) the~~ rate last quoted by The Wall Street Journal as the “Prime Rate” in the United States or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as reasonably determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as reasonably determined by the Administrative Agent), ~~(b) the sum of 0.50% per annum and the Federal Funds Effective Rate, and (c) the sum of (x) the LIBO Rate calculated for each such day based on an Interest Period of one month determined two Business Days prior to such day (but for the avoidance of doubt not less than one percent (1.00%) per annum), plus~~

~~(y) the excess of the Applicable Rate for Eurodollar Loans over the Applicable Rate for ABR Loans, in each instance, as of such day. Any change in the Prime Rate due to a change in any of the foregoing shall be effective on from and including the effective date of such change in the “bank prime loan” rate, the Federal Funds Rate or the LIBO Rate for an Interest Period of one month is publicly announced or quoted as being effective.~~

“Pro Forma Basis” and “Pro Forma Effect” mean, with respect to compliance with any test or covenant or calculation of any ratio hereunder, the determination or calculation of such test, covenant or ratio (including in connection with Specified Transactions) in accordance with Section 1.07.

“Pro Forma Compliance” means, with respect to the Financial Covenant, compliance on a Pro Forma Basis in accordance with Section 1.07.

“Proposed Change” has the meaning set forth in Section 9.02(b).

“Public Company Costs” means, as to any Person, costs relating to compliance with the provisions of the Securities Act and the Exchange Act (or similar regulations applicable in other listing jurisdictions), as applicable to companies with equity securities held by the public, costs associated with, or in anticipation of, or preparation for, compliance with the requirements of the Sarbanes Oxley Act of 2002 (or similar non-U.S. regulations) and the rules and regulations promulgated in connection therewith (or similar regulations applicable in other listing jurisdictions), the rules of national securities exchange companies with listed equity, directors’ or managers’ compensation, fees and expense reimbursement, costs relating to investor relations, shareholder meetings and reports to shareholders, directors’ and officers’ insurance and other executive costs, legal and other professional fees, and listing fees, whether arising by virtue of the initial listing of such Person’s equity securities on a national securities exchange (or similar non-U.S. exchange) or in respect of the ongoing operation of such Person as a listed equity or its listed debt securities following the initial listing of such Person’s equity securities or debt securities, respectively, on a national securities exchange (or similar non-U.S. exchange).

“Public-Sider” means a Lender whose representatives may trade in securities of the Borrower or its controlling person or any of its Subsidiaries while in possession of the financial statements provided by the Borrower under the terms of this Agreement.

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

“QFC Credit Support” has the meaning assigned to it in Section 9.22.

“Qualified Counterparty” means any Person which is a party to a Swap Agreement or a Cash Management Agreement with the Borrower or any Restricted Subsidiary and that is or was a Revolving Lender or an Affiliate of a Revolving Lender on the Closing Date or at the time it enters into such Swap Agreement or Cash Management Agreement, as applicable, or that is designated as a “Qualified Counterparty” by the Borrower to the Collateral Agent, in each case in its capacity as a party thereto.

“Qualified Joint Venture” shall mean any joint venture that satisfies each of the following requirements: (1) except for Permitted Payment Restrictions, there are no consensual restrictions, directly or indirectly, on the ability of such joint venture to pay dividends or make distributions to the holders of its Equity Interests; (2) the Equity Interests of such joint venture consist solely of (a) Equity Interests owned by the Borrower or one or more Loan Parties, and (b) Equity Interests owned by Strategic Investors and (3) the primary business of such Qualified Joint Venture is a Permitted Business.

“Qualified Preferred Stock” means common stock or preferred stock of Holdings that (a) does not require the payment of cash dividends (it being understood that cumulative dividends shall be permitted), (b) is not mandatorily redeemable pursuant to a sinking fund obligation or otherwise prior to the date that is 180 days after the Latest Maturity Date at the time of incurrence thereof (other than upon an event of default or change of control; provided that any such payment is subordinated (whether by contract or pursuant to Holdings’ charter or the certificate of designations of such preferred stock) in right of payment to the Obligations on the terms set forth in the certificate of incorporation of Holdings in existence on the Closing Date or such other terms reasonably satisfactory to the Administrative Agent), (c) contains no maintenance covenants, other covenants materially adverse to the Lenders or remedies (other than voting rights) and (d) is convertible only into common equity of Holdings or securities that would constitute Qualified Preferred Stock.

“Rate Contract” means Swap Agreements and any other agreements or arrangements designed to provide protection against fluctuations in interest or currency exchange rates.

“Reference Time” with respect to any setting of the then-current Benchmark means (1) if such Benchmark is ~~LIBO~~the Term SOFR Rate, 11:00 a.m. (London 5:00 a.m. (Chicago time) on the day that is two ~~London banking~~U.S. Government Securities Business dDays preceding the date of such setting, ~~and~~ (2) if the RFR for such Benchmark is Daily Simple SOFR, then four Business Days prior to such setting or (3) if such Benchmark is ~~not LIBO~~none of the Term SOFR Rate or Daily Simple SOFR, the time determined by the Administrative Agent in its reasonable discretion.

“Refinancing Indebtedness” means (i) any Refinancing Term Loans and (ii) any Refinancing Revolving Commitments.

“Refinancing Revolving Commitments” means any Incremental Revolving Commitments that are designated by a Responsible Officer of the Borrower as “Refinancing Revolving Commitments” in the applicable Additional Credit Extension Amendment; provided that on the date of effectiveness thereof the Borrower reduces the aggregate amount of a Class of Revolving Commitments, Extended Revolving Commitments or previously established Incremental Revolving Commitments by a corresponding amount.

“Refinancing Term Loans” means any Incremental Term Loans that are designated by a Responsible Officer of the Borrower as “Refinancing Term Loans” in the applicable Additional Credit Extension Amendment.

“Register” has the meaning set forth in Section 9.04(b).

“Reimbursement Approvals” means, with respect to all Government Programs, any and all certifications, provider or supplier numbers, enrollments, provider agreements, participation agreements, accreditations and any other similar agreements with or approvals by any Governmental Authority or other Person necessary to participate and receive reimbursement from a Government Program.

“Rejection Notice” has the meaning specified in Section 2.11(g).

“Related Parties” means, with respect to any specified Person, such Person’s **Affiliates** and the respective directors, members, partners, officers, employees, agents, advisors and other representatives of such Person and such Person’s **Affiliates**.

“Release” means any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into or through the environment or within, into or from any building, structure, facility or fixture.

“Relevant Governmental Body” means the Federal Reserve Board or the NYFRB, or a committee officially endorsed or convened by the Federal Reserve Board or the NYFRB (including, without limitation, the Alternative Reference Rates Committee), or any successor thereto.

“Relevant Rate” means (i) with respect to any Term Benchmark Borrowing, the Adjusted Term SOFR Rate or (ii) with respect to any RFR Borrowing, the Adjusted Daily Simple SOFR, as applicable.

“Replacement Term Loans” has the meaning assigned to such term in Section 9.02(c).

“Required Lenders” means, at any time, Lenders having Revolving Exposures, outstanding Term Loans and unused Commitments representing more than 50% of the aggregate Revolving Exposures, outstanding Term Loans and unused Commitments at such time (disregarding any of the foregoing of a Defaulting Lender).

“Required Revolving Lenders” means, at any time, Lenders having Revolving Exposures and unused Revolving Commitments representing more than 50% of the sum of the aggregate Revolving Exposures and unused Revolving Commitments at such time (disregarding any of the foregoing of a Defaulting Lender).

“Required Term Lenders” means, at any time, Lenders having outstanding Term Loans and unused Commitments in respect of Term Loans representing more than 50% of the aggregate outstanding Term Loans and unused Commitments in respect of Term Loans at such time (disregarding any of the foregoing of a Defaulting Lender).

“Requirement of Law” means, with respect to any Person, (i) the Organizational Documents of such Person and (ii) any statute, law, treaty, rule, regulation, order, decree, writ, injunction or determination of any arbitrator or court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject, including all Healthcare Laws.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Responsible Officer” means the chief executive officer, president, vice president, chief financial officer, chief operating officer, chief administrative officer, secretary or assistant secretary, treasurer or assistant treasurer or other similar officer or Person performing similar functions of a Loan Party. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in the Holdings, the Borrower or any Restricted Subsidiary, or any payment thereon (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests; provided that the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of a Restricted Subsidiary by the Borrower or a Restricted Subsidiary shall not constitute a Restricted Payment but shall constitute an Investment.

“Restricted Subsidiary” means any Subsidiary of the Borrower other than an Unrestricted Subsidiary.

“Reuters” means, as applicable, Thomson Reuters Corp., Refinitiv, or any successor thereto.

“Revolver Agent” means the Administrative Agent.

“Revolving Availability Period” means the period from and including the Closing Date to but excluding the earlier of (a) the Revolving Maturity Date and (b) the date of termination of the Revolving Commitments.

“Revolving Commitment” means, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Loans hereunder, which commitment is set forth on Schedule 2.1 opposite such Lender’s name under the heading “Revolving Commitment”, expressed as an amount representing the maximum possible aggregate amount of such Lender’s Revolving Exposure hereunder, as such commitment may be reduced or increased from time to time pursuant to this Agreement.

“Revolving Commitment Increase” has the meaning set forth in Section 2.20(a).

“Revolving Credit Facility” has the meaning set forth in the recitals.

“Revolving Creditor” means each Revolving Lender, the Swingline Lender, each Issuing Bank and the Administrative Agent and, to the extent its claim arises in connection with the credit facility evidenced by the Revolving Commitments, each other Indemnitee and holder of an Obligation of a Loan Party.

“Revolving Exposure” means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender’s Revolving Loans at such time.

“Revolving Lender” means a Lender with a Revolving Commitment or, if the Revolving Commitments have terminated or expired, a Lender with Revolving Exposure.

“Revolving Loan” means the Loans made pursuant to clauses (b) and (c) of Section 2.01.

“Revolving Loan Obligations” means all Obligations arising under or in respect of the Revolving Commitments.

“Revolving Loan Outstandings” means at any time of calculation (i) the sum of the then existing aggregate outstanding principal amount of Revolving Loans plus the then existing L/C Reimbursement Obligations and (ii) when used with reference to any single Lender, the sum of the then existing outstanding principal amount of Revolving Loans advanced by such Lender plus the then existing L/C Reimbursement Obligations for the account of such Lender.

“Revolving Maturity Date” means the fifth anniversary of the Closing Date.

“RFR Borrowing” means, as to any Borrowing, the RFR Loans comprising such Borrowing.

“RFR Loan” means a Loan that bears interest at a rate based on the Adjusted Daily Simple SOFR.

“S&P” means Standard & Poor’s Ratings Group, Inc.

“Sanctioned Country” means, at any time, a country, region or territory which is itself the subject or target of any comprehensive, country-based Sanctions (at the time of this Agreement, Crimea, Cuba, Iran, North Korea and Syria).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the European Union or Her Majesty’s Treasury of the United Kingdom, (b) any other Person located, organized or ordinarily resident in a Sanctioned Country or (c) any Person 50% or more of the Equity Interests of which are owned by one or more Persons referenced in clause (a).

“Sanctions” means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, or (b) the European Union or Her Majesty’s Treasury of the United Kingdom.

“SEC” means the Securities and Exchange Commission or any Governmental Authority succeeding to any of its principal functions.

“Secured Hedge Agreement” means any Swap Agreement that is entered into by and between the Borrower or any Restricted Subsidiary and any Qualified Counterparty.

“Secured Indebtedness” at any date means the aggregate principal amount of Total Indebtedness outstanding at such date that consists of Indebtedness that in each case is then secured by Liens on any property or assets of Borrower or its Subsidiaries.

“Secured Net Leverage Ratio” means, with respect to any Test Period, the ratio of (a) Consolidated Secured Net Indebtedness as of the last day of such Test Period to (b) Consolidated EBITDA for such Test Period.

“Secured Parties” means (a) the Lenders, (b) the Collateral Agent, (c) the Administrative Agent, (d) the Revolver Agent, (e) the Issuing Bank, (f) each Qualified Counterparty, (g) each Indemnitee, and (h) the successors and assigns of each of the foregoing.

“Securities Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Security Documents” means the Collateral Agreement the Intellectual Property Security Agreements (if applicable), each reaffirmation agreement or other similar agreement delivered in connection with any or all of the foregoing and each other security agreement or other instrument or document executed and delivered pursuant to Section 5.12 or 5.13 to secure any of the Obligations.

“series” means, with respect to any Extended Term Loans, Incremental Term Loans or Replacement Term Loans, all such Term Loans that have the same maturity date, amortization and interest rate provisions and that are designated as part of such “series” pursuant to the applicable Additional Credit Extension Amendment.

“SOFR” means, ~~with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published as administered by the SOFR Administrator on the SOFR Administrator’s Website at approximately 8:00 a.m. (New York City time) on the immediately succeeding Business Day.~~

“SOFR Administrator” means the NYFRB (or a successor administrator of the secured overnight financing rate).

“SOFR Administrator’s Website” means the NYFRB’s Website, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

“SOFR Determination Date” has the meaning specified in the definition of “Daily Simple SOFR”.

“SOFR Rate Day” has the meaning specified in the definition of “Daily Simple SOFR”.

“Solvent” and “Solvency” mean, with respect to any Person on any date of determination, that on such date (a) the fair value (on a going concern basis) of the assets of such Person and its Subsidiaries, on a consolidated basis, exceeds, on a consolidated basis, their debts and liabilities, subordinated, contingent or otherwise, (b) the present fair saleable value (on a going concern basis) of the property of such Person and its Subsidiaries, on a consolidated basis, is greater than

the amount that will be required to pay the probable liability, on a consolidated basis, of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured, (c) such Person and its Subsidiaries, on a consolidated basis, are able to pay their debts and liabilities, subordinated, contingent or otherwise, as such liabilities become absolute and matured and (d) such Person and its Subsidiaries, on a consolidated basis, are not engaged in, and are not about to engage in, business for which they have unreasonably small capital. The amount of any contingent liability at any time shall be computed as the amount that would reasonably be expected to become an actual and matured liability.

“Specified Default” means an Event of Default pursuant to Section 7.01(a), (b), (g) or (h).

“Specified Indebtedness” has the meaning set forth in Section 6.08(b).

“Specified Representations” means those representations and warranties made by the Loan Parties in Section 3.01(a) (with respect to organizational existence only), Section 3.01(b) (as relates to the execution, delivery and performance of the Loan Documents), Section 3.02 (as relates to due authorization, execution, delivery and enforceability of the Loan Documents), Section 3.03 (with respect to charter documents and limited to execution, delivery and performance of the Loan Documents, borrowing under, guaranteeing under and granting of security interests in the Collateral), Section 3.08, Section 3.15, Section 3.16, the last sentence of Section 3.19(a), Section 3.19(b)(i) and (b)(ii) and Section 3.20.

“Specified Transactions” means (a) the Transactions, (b) any acquisition (including a Permitted Acquisition), any Material Disposition, any sale, transfer or other disposition that results in a Person ceasing to be a Restricted Subsidiary, any involuntary disposition, any Investment that results in a Person becoming a Restricted Subsidiary, in each case, whether by merger, consolidation or otherwise, any incurrence or repayment of Indebtedness, any Restricted Payment, any designation of a Restricted Subsidiary as an Unrestricted Subsidiary and any redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or (c) any other event that by the terms of the Loan Documents requires Pro Forma Compliance with a test or covenant or requires such test or covenant to be calculated on a Pro Forma Basis.

~~“Statutory Reserve Rate” means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Person serving as the Administrative Agent (or any Affiliate thereof) is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.~~

“Strategic Investors” shall mean hospitals, health systems, other healthcare companies and other similar strategic joint venture partners.

“Subordinated Indebtedness” means Indebtedness of Holdings, the Borrower or any Subsidiary that is subordinated in right of payment to the Obligations expressly by its terms.

“Subsequent Transaction” has the meaning set forth in Section 1.07(f).

“subsidiary” means, with respect to any Person (the “parent”) at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held.

“Subsidiary” means any subsidiary of the Borrower.

“Subsidiary Loan Party” means any Domestic Subsidiary (other than an Excluded Subsidiary).

“Succeeding Holdings” has the meaning set forth in the definition of “Holdings.”

“Supported QFC” has the meaning assigned to it in Section 9.22.

“Swap Agreement” means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments on account of services provided by current or former directors, officers, employees or consultants of the Borrower or the Subsidiaries shall be a Swap Agreement.

“Swap Obligation” means, with respect to any Loan Party, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

“Swingline Exposure” means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the aggregate Swingline Exposure at such time.

“Swingline Lender” means JPMorgan, in its capacity as lender of Swingline Loans hereunder, together with its successors in such capacity.

“Swingline Loan” means a Loan made pursuant to Section 2.04.

“Swingline Sublimit” has the meaning set forth in Section 2.04.

“Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges in the nature of tax imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Term Benchmark” when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted Term SOFR Rate.

“Term Creditor” means each Term Lender and, to the extent its claim arises in connection with the Term Loans, each other Indemnitee and holder of an Obligation of a Loan Party.

“Term Lender” means, at any time, any Lender that has a Term Loan and/or Commitment with respect to a Term Loan at such time.

“Term Loan Obligations” means all Obligations arising under or in respect of the Term Loans.

“Term Loans” means the Initial Term Loans, the Incremental Term Loans of each series, the Replacement Term Loan and the Extended Term Loans of each series, collectively, or as the context may require.

~~“Term SOFR” means, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.~~

~~“Term SOFR Notice” means a notification by the Administrative Agent to the Lenders and the Borrower of the occurrence of a Term SOFR Transition Event. Determination Day” has the meaning assigned to it under the definition of Term SOFR Reference Rate.~~

~~“Term SOFR Transition Event” means the determination by the Administrative Agent that (a) Term SOFR has been recommended for use by the Relevant Governmental Body, (b) the administration of Term SOFR is administratively feasible for the Administrative Agent and (c) a Benchmark Transition Event or an Early Opt-in Election, as applicable, has previously occurred resulting in a Benchmark Replacement in accordance with Section 2.14 that is not Term SOFR Rate” means, with respect to any Term Benchmark Borrowing and for any tenor comparable to the applicable Interest Period, the Term SOFR Reference Rate at approximately 5:00 a.m., Chicago time, two U.S. Government Securities Business Days prior to the commencement of such tenor comparable to the applicable Interest Period, as such rate is published by the CME Term SOFR Administrator.~~

“Term SOFR Reference Rate” means, for any day and time (such day, the “Term SOFR Determination Day”), with respect to any Term Benchmark Borrowing denominated in Dollars and for any tenor comparable to the applicable Interest Period, the rate per annum published by the CME Term SOFR Administrator and identified by the Administrative Agent as the

forward-looking term rate based on SOFR. If by 5:00 pm (New York City time) on such Term SOFR Determination Day, the “Term SOFR Reference Rate” for the applicable tenor has not been published by the CME Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Rate has not occurred, then, so long as such day is otherwise a U.S. Government Securities Business Day, the Term SOFR Reference Rate for such Term SOFR Determination Day will be the Term SOFR Reference Rate as published in respect of the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate was published by the CME Term SOFR Administrator, so long as such first preceding U.S. Government Securities Business Day is not more than five (5) U.S. Government Securities Business Days prior to such Term SOFR Determination Day.

“Test Period” means, for any date of determination under this Agreement, the four consecutive fiscal quarters of the Borrower most recently ended as of such date of determination for which financial statements have been delivered.

“Third Party Payor” means any Government Program and any quasipublic agency, Blue Cross, Blue Shield and any managed care plans and organizations, including health maintenance organizations and preferred provider organizations and private commercial insurance companies and any similar third party arrangements, plans or programs for payment or reimbursement in connection with the provision or supply of health care services, products or supplies.

“Third Party Payor Arrangement” means any arrangement, plan or program for payment or reimbursement by any Third Party Payor in connection with the provision or supply of healthcare services, products or supplies.

“Total Assets” means, as of any date of determination, the amount that would, in conformity with GAAP, be set forth opposite the caption “total assets” (or any like caption) on the most recent consolidated balance sheet of the Borrower and the Restricted Subsidiaries at such date (and, in the case of any determination relating to any Specified Transaction, on a Pro Forma Basis including any property or assets being acquired in connection therewith).

“Total Indebtedness” means, as of any date, the aggregate principal amount of Indebtedness of Holdings, the Borrower and the Subsidiaries outstanding as of such date, in the amount that would be reflected on a balance sheet prepared as of such date on a consolidated basis in accordance with GAAP.

“Total Net Leverage Ratio” means, with respect to any Test Period, the ratio of (a) Consolidated Total Net Indebtedness as of the last day of such Test Period to (b) Consolidated EBITDA for such Test Period.

“Transaction Expenses” means any fees or expenses incurred or paid by the Permitted Investors, any direct or indirect parent company of the Borrower, the Borrower or any of its (or their) Subsidiaries in connection with the Transactions (including payments to officers, employees and directors as change of control payments, severance payments, special or retention bonuses and charges for repurchase or rollover of, or modifications to, stock options and/or restricted stock).

“Transactions” means, collectively, (a) the IPO and (b) the Closing Date Refinancing.

“TTM Consolidated EBITDA” means Consolidated EBITDA on a Pro Forma Basis for the most recently ended Test Period.

“Type”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Term SOFR Rate or the Alternate Base Rate or, if applicable pursuant to Section 2.14, the Adjusted Daily Simple SOFR.

“UK Financial Institutions” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“Unrestricted Subsidiary” means any Subsidiary of the Borrower designated by the Board of Directors of the Borrower as an Unrestricted Subsidiary pursuant to Section 5.14 subsequent to the Closing Date.

“U.S. Government Securities Business Day” means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

“U.S. Special Resolution Regime” has the meaning assigned to it in Section 9.22.

“U.S. Tax Compliance Certificate” has the meaning set forth in Section 2.17(e)(ii)(B)(3).

“Weighted Average Life to Maturity” means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (i) the sum of the products obtained by multiplying (a) the amount of each then remaining scheduled installment, sinking fund, serial maturity or other required scheduled payments of principal, including payment at final scheduled maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by (ii) the then outstanding principal amount of such Indebtedness; provided that the effects of any prepayments made on such Indebtedness shall be disregarded in making such calculation.

“wholly owned” means with respect to any Person, a subsidiary of such Person all the outstanding Equity Interests of which (other than (x) directors’ qualifying shares and (y) shares

issued to foreign nationals to the extent required by applicable law) are owned by such Person and/or by one or more wholly owned subsidiaries of such Person.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in ERISA.

“Write-Down and Conversion Powers” means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

“Yield” for any Indebtedness on any date of determination will be determined by the Administrative Agent utilizing (a) the higher of (i) Adjusted Term SOFR Rate (or other applicable similar rate) and (ii) if applicable, any LIBOR Ter SOFR floor” applicable to such Indebtedness on such date, (b) the interest margin for such Indebtedness on such date, and (c) the issue price of such Indebtedness (after giving effect to any OID (with OID being equated to interest based on an assumed four-year average life to maturity on a straight-line basis)) or upfront fees (which shall be deemed to constitute like amounts of OID) paid to the market in respect of such Indebtedness but excluding customary arranger, closing, underwriting, commitment, structuring, ticking, unused line, amendment fees and other similar fees not paid generally to all lenders of such Indebtedness.

SECTION 1.02 Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a “Revolving Loan”) or by Type (e.g., a “Eurodollar Term Benchmark Loan”) or by Class and Type (e.g., a “Eurodollar Term Benchmark Revolving Loan”). Borrowings also may be classified and referred to by Class (e.g., a “Revolving Borrowing”) or by Type (e.g., a “Eurodollar Term Benchmark Borrowing”) or by Class and Type (e.g., a “Eurodollar Term Benchmark Revolving Borrowing”).

SECTION 1.03 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, amended and restated or otherwise modified (subject to any restrictions on such amendments, supplements, amendment and restatements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the

words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement (e) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights and (f) all references to “in the ordinary course of business” of Holdings or any Subsidiary thereof means (i) in the ordinary course of business of, or in furtherance of an objective that is in the ordinary course of business of Holdings or such Subsidiary, as applicable, (ii) customary and usual in the industry or industries of Holdings and its Subsidiaries in any jurisdiction in which Holdings or any Subsidiary does business, as applicable, or (iii) generally consistent with the past or current practice of Holdings or such Subsidiary, as applicable, or any similarly situated businesses in any jurisdiction in which Holdings or any Subsidiary does business, as applicable..

SECTION 1.04 Accounting Terms; GAAP.

Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP as in effect from time to time, provided that if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision (including any definition) hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision (including any definition) hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. In addition, notwithstanding any other provision contained herein, (i) the definitions set forth in the Loan Documents and any financial calculations required by the Loan Documents shall be computed to exclude any change to lease accounting rules from those in effect pursuant to ASC Topic 842 (Leases) and other related lease accounting guidance as in effect on the Closing Date and (ii) all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to (A) any election under ASC Topic 825 to value any Indebtedness or other liabilities of Holdings, the Borrower or any Subsidiary at “fair value”, as defined therein, (B) the consolidation of variable interest entities in accordance with ASC Topic 810 and (C) the portion of any Indebtedness attributable to any non-wholly owned Subsidiary that corresponds to the non-controlling interest share owned by third parties in such non-wholly owned Subsidiary.

SECTION 1.05 [Reserved].

SECTION 1.06 Available Amount Transactions. If more than one action occurs on any given date the permissibility of the taking of which is determined hereunder by reference to the amount of the Available Amount immediately prior to the taking of such action, the permissibility of the taking of each such action shall be determined independently and in no event may any two or more such actions be treated as occurring simultaneously.

SECTION 1.07 Pro Forma Calculations.

(a) Notwithstanding anything to the contrary herein, financial ratios and tests, including the First Lien Net Leverage Ratio, Secured Net Leverage Ratio and the Total Net Leverage Ratio, and compliance with covenants determined by reference to Consolidated EBITDA or Total Assets, shall be calculated in the manner prescribed by this Section 1.07; provided, that notwithstanding anything to the contrary in clauses (b), (c), (d) or (f) of this Section 1.07, (A) when calculating any such ratio or test for purposes of Section 6.12 (other than for the purpose of determining Pro Forma Compliance with Section 6.12), the events described in this Section 1.07 that occurred subsequent to the end of the applicable Test Period shall not be given Pro Forma Effect and cash and Permitted Investments included on the consolidated balance sheet of Holdings, the Borrower and its Restricted Subsidiaries as of the date of the event for which the calculation of any such ratio is made shall be taken into account in lieu of cash or Permitted Investments as of the last day of the relevant Test Period and (B) when calculating any such ratio or test for purposes of the incurrence of any Indebtedness, cash and Permitted Investments resulting from the incurrence of any such Indebtedness shall be excluded from the pro forma calculation of any applicable ratio or test. In addition, whenever a financial ratio or test is to be calculated on a Pro Forma Basis, the reference to the "Test Period" for purposes of calculating such financial ratio or test shall be deemed to be a reference to, and shall be based on, the most recently ended Test Period for which financial statements of the Borrower have been delivered prior to the Closing Date or pursuant to Section 5.01(a) or Section 5.01(b) (it being understood that for purposes of determining Pro Forma Compliance with Section 6.12, if no Test Period with an applicable level cited in Section 6.12 has passed, the applicable level shall be the level for the first Test Period cited in Section 6.12 with an indicated level).

(b) For purposes of calculating any financial ratio or test or compliance with any covenant determined by reference to Consolidated EBITDA or Total Assets, Specified Transactions (with any incurrence or repayment of any Indebtedness in connection therewith to be subject to clause (d) of this Section 1.07) that (i) have been made during the applicable Test Period or (ii) if applicable as described in clause (a) above, have been made subsequent to such Test Period and prior to or substantially concurrently with the event for which the calculation of any such ratio is made shall be calculated on a Pro Forma Basis assuming that all such Specified Transactions (and any increase or decrease in Consolidated EBITDA, Total Assets and the component financial definitions used therein attributable to any Specified Transaction) had occurred on the first day of the applicable Test Period (or, in the case of Total Assets, on the last day of the applicable Test Period). If since the beginning of any applicable Test Period any Person that subsequently became a Restricted Subsidiary or was merged, amalgamated or consolidated with or into the Borrower or any of its Restricted Subsidiaries since the beginning of such Test Period shall have made any Specified Transaction that would have required adjustment pursuant to this Section 1.07, then such financial ratio or test (or Total Assets) shall be calculated to give Pro Forma Effect thereto in accordance with this Section 1.07.

(c) Whenever Pro Forma Effect is to be given to a Specified Transaction, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Borrower and, in the case of any "Test Period" determined by reference to financial statements of the Borrower most recently delivered prior to the Closing Date or

pursuant to Section 5.01(a) or Section 5.01(b), and may include, for the avoidance of doubt, the amount of “run-rate” cost savings, operating expense reductions and synergies resulting from or relating to, any Specified Transaction (including the Transactions) to the extent permitted by the definition of “Consolidated EBITDA.”

(d) In the event that the Borrower or any Restricted Subsidiary incurs (including by assumption or guarantees) or repays (including by repurchase, redemption, repayment, retirement, discharge, defeasance or extinguishment) any Indebtedness (in each case, other than Indebtedness incurred or repaid (other than any repayment from the proceeds of other Indebtedness) under any revolving credit facility unless such Indebtedness has been permanently repaid and not replaced) subsequent to the end of the applicable Test Period and prior to or simultaneously with the event for which the calculation of any such ratio is made, then such financial ratio or test shall be calculated giving Pro Forma Effect to such incurrence, assumption, guarantee, repurchase, redemption, repayment, retirement, discharge, defeasance or extinguishment of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock, in each case to the extent required, as if the same had occurred on the last day of the applicable Test Period.

(e) [Reserved].

(f) As relates to any action being taken solely in connection with a Limited Condition Transaction, for purposes of:

(i) determining compliance with any provision of this Agreement (other than the Financial Covenant) which requires the calculation of any financial ratio or test, including First Lien Net Leverage Ratio, Secured Net Leverage Ratio and Total Net Leverage Ratio, or

(ii) testing availability under baskets set forth in this Agreement (including baskets determined by reference to Consolidated EBITDA or Total Assets),

in each case, at the option of the Borrower (the Borrower’s election to exercise such option in connection with any Limited Condition Transaction, an “LCT Election”), the date of determination of whether any such action is permitted hereunder shall be deemed to be the date the definitive agreements for such Limited Condition Transaction are entered into (the “LCT Test Date”), and if, after giving Pro Forma Effect to the Limited Condition Transaction (and the other transactions to be entered into in connection therewith, including any incurrence of Indebtedness and the use of proceeds thereof, as if they had occurred on the first day of the most recent Test Period ending prior to the LCT Test Date (except with respect to any incurrence or repayment of Indebtedness for purposes of the calculation of any leverage-based test or ratio, which shall in each case be treated as if they had occurred on the last day of such Test Period)), the Borrower or any of its Restricted Subsidiaries would have been permitted to take such action on the relevant LCT Test Date in compliance with such ratio, test or basket, such ratio, test or basket shall be deemed to have been complied with; provided that if financial statements for one or more subsequent fiscal periods shall have become available, the Borrower may elect, in its sole discretion, to redetermine all such ratios, tests or baskets on the basis of such financial statements, in which case, such date of redetermination shall thereafter be deemed to be the

applicable LCT Test Date. For the avoidance of doubt, if the Borrower has made an LCT Election and any of the ratios, tests or baskets for which compliance was determined or tested as of the LCT Test Date would have failed to have been complied with as a result of fluctuations in any such ratio, test or basket, including due to fluctuations in Consolidated EBITDA or Total Assets of the Borrower or the Person subject to such Limited Condition Transaction, at or prior to the consummation of the relevant transaction or action, such baskets, tests or ratios will not be deemed to have failed to have been complied with as a result of such fluctuations. If the Borrower has made an LCT Election for any Limited Condition Transaction, then in connection with any calculation of any ratio, test or basket availability with respect to the incurrence of Indebtedness or Liens, the making of Restricted Payments, the making of any Investment, mergers, the conveyance, lease or other transfer of all or substantially all of the assets of the Borrower, the prepayment, redemption, purchase, defeasance or other satisfaction of Indebtedness, or the designation of an Unrestricted Subsidiary (each, a “Subsequent Transaction”) following the relevant LCT Test Date and prior to the earlier of the date on which such Limited Condition Transaction is consummated or the date that the definitive agreement or irrevocable notice for such Limited Condition Transaction is terminated or expires without consummation of such Limited Condition Transaction, for purposes of determining whether such Subsequent Transaction is permitted under this Agreement, any such ratio, test or basket shall be required to be satisfied (i) on a Pro Forma Basis assuming such Limited Condition Transaction and other transactions in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) have been consummated and (ii) assuming such Limited Condition Transaction and other transactions in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) have not been consummated.

SECTION 1.08 Interest Rates; LIBOR Benchmark Notification. The interest rate on ~~Eurodollar Loans is determined by reference to the LIBO Rate, which is derived from the London interbank offered rate. The London interbank offered rate is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. In July 2017, the U.K. Financial Conduct Authority announced that, after the end of 2021, it would no longer persuade or compel contributing banks to make rate submissions to the ICE Benchmark Administration (together with any successor to the ICE Benchmark Administrator, the “IBA”) for purposes of the IBA setting the London interbank offered rate. As a result, it is possible that commencing in 2022, the London interbank offered rate may no longer be available or may no longer be deemed an appropriate reference rate upon which to determine the interest rate on Eurodollar Loans. In light of this eventuality, public and private sector industry initiatives are currently underway to identify new or alternative reference rates to be used in place of the London interbank offered rate.~~ Loan denominated in dollars may be derived from an interest rate benchmark that may be discontinued or is, or may in the future become, the subject of regulatory reform. Upon the occurrence of a Benchmark Transition Event, ~~a Term SOFR Transition Event or an Early Opt-in Election,~~ Section 2.14(b) and (c) provides ~~the~~ a mechanism for determining an alternative rate of interest. The ~~Administrative Agent will promptly notify the Borrower, pursuant to Section 2.14(e), of any change to the reference rate upon which the interest rate on Eurodollar Loans is based. However, the~~ Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission, performance or any other matter related to ~~the London interbank offered rate or other rates in the definition of “LIBO Rate”~~ any interest rate used in this Agreement, or with respect to any alternative or successor rate thereto, or

replacement rate thereof ~~(including, without limitation, (i) any such alternative, successor or replacement rate implemented pursuant to Section 2.14(b) or (c), whether upon the occurrence of a Benchmark Transition Event, a Term SOFR Transition Event or an Early Opt-in Election, and (ii) the implementation of any Benchmark Replacement Conforming Changes pursuant to Section 2.14(d)),~~ including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate will be similar to, or produce the same value or economic equivalence of, the ~~LIBO~~existing interest Rate being replaced or have the same volume or liquidity as did ~~the London interbank offered~~any existing interest rate prior to its discontinuance or unavailability. The Administrative Agent and its affiliates and/or other related entities may engage in transactions that affect the calculation of any interest rate used in this Agreement or any alternative, successor or alternative rate (including any Benchmark Replacement) and/or any relevant adjustments thereto, in each case, in a manner adverse to the Borrower. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain any interest rate used in this Agreement, any component thereof, or rates referenced in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

SECTION 1.09 Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized and acquired on the first date of its existence by the holders of its Equity Interests at such time.

ARTICLE II

The Credits

SECTION 2.01 Commitments. Holdings, the Borrower and the Lenders acknowledge and agree that (a) each Lender with a Revolving Commitment agrees to make Revolving Loans to the Borrower following the Closing Date and from time to time during the Revolving Availability Period in an aggregate principal amount that will not result in such Lender's Revolving Exposure (together with the LC Exposure of such Lender and obligations of such Lender with respect to outstanding Swingline Loans) exceeding such Lender's Revolving Commitment (and, in the case of any Swingline Lender or Issuing Bank unless waived by such Person in its sole discretion, that will not result in the aggregate amount of the Revolving Loans and Swingline Loans funded by such Person, when aggregated with the face amount of all Letters of Credit issued by such Person, exceeding the amount of such Person's Revolving Commitment), and (b) each Lender agrees to make a term loan (each an "Initial Term Loan") to the Borrower on the Closing Date in an aggregate principal amount such that, immediately after giving effect thereto, the portion of the Initial Term Loan held by each Lender is equal to the amount set forth opposite such Lender's name in Schedule 2.01 under the heading "Initial Term

Loan Commitment” (such Commitments, the “Initial Term Loan Commitments”). The Borrower shall designate in the relevant Borrowing Request whether each Borrowing will be maintained as a ~~Eurodollar~~ Term Benchmark Loan or an ABR Loan and, if such Borrowing is to be a ~~Eurodollar~~ Term Benchmark Borrowing, the Interest Period with respect thereto. Amounts repaid or prepaid in respect of Initial Term Loans may not be reborrowed.

SECTION 2.02 Loans and Borrowings.

(a) Each Loan (other than a Swingline Loan) shall be made as part of a Borrowing consisting of Loans of the same Class and Type made by the Lenders ratably in accordance with their respective Commitments of the applicable Class. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender’s failure to make Loans as required.

(b) Subject to Section 2.14, each Borrowing shall be comprised entirely of ABR Loans or ~~Eurodollar~~ Term Benchmark Loans, as the Borrower may request in accordance herewith.

(c) At the commencement of each Interest Period for any ~~Eurodollar~~ Term Benchmark Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$100,000 and not less than \$500,000. At the time that each ABR Borrowing, or if applicable pursuant to Section 2.14, RFR Borrowing, is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$100,000 and not less than \$100,000. Borrowings of more than one Type and Class may be outstanding at the same time. There shall not at any time be more than a total of 20 ~~Eurodollar~~ Term Benchmark Borrowings or if applicable pursuant to Section 2.14, RFR Borrowings, outstanding. Notwithstanding anything to the contrary herein, (1) an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the aggregate Revolving Commitments and (2) subject to Section 2.04(a), a Swingline Loan may be in an aggregate amount (i) that is equal to the entire unused balance of the aggregate Revolving Commitments or (ii) that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e).

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Revolving Maturity Date or the Term Loan Maturity Date, as applicable.

SECTION 2.03 Requests for Borrowings. To request a Revolving Borrowing or Term Loan Borrowing, the Borrower shall notify the Applicable Agent of such request in writing (a) in the case of a ~~Eurodollar~~ Term Benchmark Borrowing, not later than ~~12:00 noon~~ 11:00 a.m., New York City time, three (3) U.S. Government Securities Business Days before the date of the proposed Borrowing (or, in the case of the Borrowing of the Initial Term Loans, one (1) Business Day before the date of the proposed Borrowing or, in the case of an RFR Borrowing, not later than 11:00 a.m., New York City time, five U.S. Government Securities Business Days) or (b) in the case of an ABR Borrowing, not later than 12:00 noon, New York City time, on the date of the proposed Borrowing; provided that any such notice of an ABR

Revolving Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e) must be given not later than 10:00 a.m., New York City time, on the date of the proposed Borrowing. Each written Borrowing Request shall be signed by the Borrower and irrevocable. Each such written Borrowing Request shall specify the following information in compliance with Section 2.02:

- (i) whether the requested Borrowing is to be a Revolving Borrowing or a Term Loan Borrowing,
- (ii) the aggregate amount of such Borrowing,
- (iii) the date of such Borrowing, which shall be a Business Day,
- (iv) whether such Borrowing is to be an ABR Borrowing ~~or a Eurodollar~~, Term Benchmark Borrowing or, if applicable pursuant to Section 2.14, an RFR Borrowing,
- (v) in the case of a ~~Eurodollar~~ Term Benchmark Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period", and
- (vi) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.06.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested ~~Eurodollar~~ Term Benchmark Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section 2.03, the Applicable Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04 Swingline Loans.

(a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Borrower from time to time during the Revolving Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding \$3,000,000 (the "Swingline Sublimit"), (ii) the aggregate Revolving Exposures exceeding the aggregate Revolving Commitments or (iii) unless otherwise consented by the Swingline Lender in its sole discretion, the aggregate principal amount of outstanding Swingline Loans and Revolving Loans of such Swingline Lender, when aggregated with the LC Exposure of such Swingline Lender, exceeding the amount of such Person's Revolving Commitment; provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Borrower shall notify the Administrative Agent of such request in writing, not later than 2:00 p.m., New York City time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall

specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any such notice received from the Borrower. The Swingline Lender shall make each Swingline Loan available to the Borrower by means of a credit to the general deposit account of the Borrower maintained with the Swingline Lender (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e), by remittance to the Issuing Bank) by 3:00 p.m., New York City time, on the requested date of such Swingline Loan.

(c) The Swingline Lender may, and shall at least once every thirty (30) days, by written notice given to the Revolver Agent not later than 12:00 noon, New York City time, on any Business Day require the Revolving Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Revolving Lenders will participate. Promptly upon receipt of such notice, the Revolver Agent will give notice thereof to each Revolving Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Swingline Loans. Each Revolving Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Revolver Agent, for the account of the Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Swingline Loans. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Revolving Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Revolving Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Revolving Lenders), and the Revolver Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Revolving Lenders. The Revolver Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Revolver Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Revolver Agent, any such amounts received by the Revolver Agent shall be promptly remitted by the Revolver Agent to the Revolving Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear; provided that any such payment so remitted shall be repaid to the Swingline Lender or to the Revolver Agent, as applicable, if and to the extent such payment is required to be refunded to the Borrower for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

SECTION 2.05 Letters of Credit.

(a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit for its own account (or for the account

of any of its Subsidiaries so long as the Borrower is a co-applicant), in a form reasonably acceptable to the Revolver Agent and the Issuing Bank, at any time and from time to time during the Revolving Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank) to the Issuing Bank and the Revolver Agent (at least three (3) Business Days in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section 2.05), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Issuing Bank, the Borrower also shall submit a letter of credit application on the Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension, (i) the LC Exposure shall not exceed \$30,000,000 (the "Letter of Credit Sublimit"), (ii) no Revolving Lender's Revolving Exposure (together with such Revolving Lender's LC Exposure and the obligations of such Revolving Lender with respect to outstanding Swingline Loans) shall exceed such Revolving Lender's Revolving Commitment, (iii) unless otherwise consented by the Issuing Bank in its sole discretion, the aggregate principal amount of outstanding Swingline Loans and Revolving Loans of such Issuing Bank, when aggregated with the LC Exposure of such Issuing Bank, shall not exceed the amount of such Issuing Bank's Revolving Commitment and (iv) unless otherwise consented by the Issuing Bank in its sole discretion, the LC Exposure attributable to Letters of Credit issued by such Issuing Bank shall not exceed such Issuing Bank's Issuing Bank Sublimit.

(i) An Issuing Bank shall not be under any obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Bank from issuing such Letter of Credit, or any law applicable to such Issuing Bank shall prohibit, or require that such Issuing Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuing Bank with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such Issuing Bank is not otherwise compensated hereunder) not in effect on the Effective Date, or shall impose upon such Issuing

Bank any unreimbursed loss, cost or expense that was not applicable on the Effective Date and that such Issuing Bank in good faith deems material to it; or

(B) the issuance of such Letter of Credit would violate one or more policies of such Issuing Bank applicable to letters of credit generally

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date that is 12 months after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, 12 months after such renewal or extension) and (ii) the date that is five (5) Business Days prior to the Revolving Maturity Date (except to the extent cash collateralized or backstopped pursuant to arrangements reasonably acceptable to the Issuing Bank and the Revolver Agent). Any Letter of Credit may provide for automatic extension or renewal thereof for an additional period of up to 12 months (but in no event shall such period renew or extend beyond the date referred to in clause (ii)).

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Bank or the Lenders, the Issuing Bank hereby grants to each Revolving Lender, and each Revolving Lender hereby acquires from the Issuing Bank, a participation in any such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under any such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Lender hereby absolutely and unconditionally agrees to pay to the Revolver Agent, for the account of the Issuing Bank, such Revolving Lender's Applicable Percentage of each LC Disbursement made by the Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph (e) of this Section 2.05, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Revolving Lender acknowledges and agrees that its obligation to assume and acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If the Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Revolver Agent an amount equal to such LC Disbursement not later than 12:00 noon, New York City time, on the Business Day immediately following the day that the Borrower receives notice of such LC Disbursement; provided that, if such LC Disbursement is not less than \$100,000, the Borrower may, subject to the conditions to borrowing set forth herein, request (and, if the Borrower fails to reimburse such LC Disbursement when due, the Borrower shall be deemed to have requested) in accordance with Section 2.03 or 2.04 that such LC Disbursement be financed with an ABR Revolving Borrowing or Swingline Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing or Swingline Loan (and the time for reimbursement of such LC Disbursement shall automatically be extended to the Business Day following such request or deemed request). If the Borrower fails to make such payment when due, the Revolver Agent shall notify each Revolving Lender of the applicable

LC Disbursement, the payment then due from the Borrower in respect thereof and such Revolving Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Revolving Lender shall pay to the Revolver Agent its Applicable Percentage of the payment then due from the Borrower, in the same manner as provided in Section 2.06 with respect to Loans made by such Revolving Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Revolving Lenders), and the Revolver Agent shall promptly pay to the Issuing Bank the amounts so received by it from the Revolving Lenders. Promptly following receipt by the Revolver Agent of any payment from the Borrower pursuant to this paragraph, the Revolver Agent shall distribute such payment to the Issuing Bank or, to the extent that Revolving Lenders have made payments pursuant to this paragraph to reimburse the Issuing Bank, then to such Revolving Lenders and the Issuing Bank as their interests may appear. Any payment made by a Revolving Lender pursuant to this paragraph to reimburse the Issuing Bank for any LC Disbursement (other than the funding of ABR Revolving Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section 2.05 shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section 2.05, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Revolver Agent, Administrative Agent, the Lenders nor the Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided that the foregoing shall not be construed to excuse the Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential or punitive damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Issuing Bank (as finally determined by a court of competent jurisdiction), the Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented that appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole

discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall promptly notify the Revolver Agent and the Borrower in writing of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Issuing Bank and the Revolving Lenders with respect to any such LC Disbursement in accordance with paragraph (e) of this Section 2.05.

(h) Interim Interest. If the Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR Revolving Loans; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section 2.05, then Section 2.13(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Lender pursuant to paragraph (e) of this Section 2.05 to reimburse the Issuing Bank shall be for the account of such Revolving Lender to the extent of such payment.

(i) Replacement of the Issuing Bank. The Issuing Bank may be replaced at any time by written agreement among the Borrower, the Revolver Agent and the successor Issuing Bank. The Revolver Agent shall notify the Lenders of any such replacement of the Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of the Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of the Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Revolver Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, the Required Revolving Lenders) demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with the Collateral Agent, in the name of the Collateral Agent and for the benefit of the Lenders, an amount in cash equal to 103% the LC Exposure as

of such date plus any accrued and unpaid fees thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in paragraph (g) or (h) of Section 7.01. The Borrower also shall deposit cash collateral pursuant to this paragraph as and to the extent required by Section 2.11(b) and Section 2.22. Each such deposit shall be held by the Collateral Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Collateral Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Revolver Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Revolver Agent to reimburse the Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of the Required Revolving Lenders), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three (3) Business Days after all Events of Default have been cured or waived.

(k) Additional Issuing Banks. The Borrower may at any time, and from time to time, designate one or more additional Lenders to act as an issuing bank under this Agreement with the consent of the Revolver Agent (which consent shall not be unreasonably withheld) and such Lender. Any Lender designated as an issuing bank pursuant to this Section 2.05(k) shall be deemed to be and shall have all the rights and obligations of an "Issuing Bank" hereunder.

SECTION 2.06 Funding of Borrowings.

(a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon (or, in the case of any requested same-day ABR Borrowing, 2:00 p.m.), New York City time, to the account of the Applicable Agent most recently designated by it for such purpose by notice to the Lenders; provided that Swingline Loans shall be made as provided in Section 2.04. The Applicable Agent will make such Loans available to the Borrower by promptly crediting the amounts so received in like funds, to an account of the Borrower maintained with the Applicable Agent in New York City and designated by the Borrower in the applicable Borrowing Request; provided that ABR Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e) shall be remitted by the Revolver Agent to the Issuing Bank.

(b) Unless the Applicable Agent shall have received notice from a Lender prior to the proposed Borrowing that such Lender will not make available to the Applicable Agent such Lender's share of such Borrowing, the Applicable Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this

Section 2.06 and may, in reliance upon such assumption and in its sole discretion, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Applicable Agent, then the applicable Lender and the Borrower severally agree to pay to the Applicable Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Applicable Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Applicable Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Applicable Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.07 Interest Elections.

(a) Each Revolving Borrowing and Term Loan Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Term Benchmark Borrowing, shall have an initial Interest Period as specified in such Borrowing Request or as designated by Section 2.03. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Term Benchmark Borrowing, may elect Interest Periods therefor, all as provided in this Section 2.07. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section 2.07 shall not apply to Swingline Loans, which may not be converted or continued.

(b) To make an election pursuant to this Section 2.07, the Borrower shall notify the Applicable Agent of such election in writing by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such Interest Election Request shall be signed by the Borrower and shall be irrevocable.

(c) Each written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing),

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day,

(iii) whether the resulting Borrowing is to be an ABR Borrowing ~~or a Eurodollar Term Benchmark Borrowing~~ or, if applicable pursuant to Section 2.14, an RFR Borrowing, and

(iv) if the resulting Borrowing is a Eurodollar Term Benchmark Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period."

If any such Interest Election Request requests a Eurodollar Term Benchmark Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Applicable Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Term Benchmark Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing.

(f) Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Applicable Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing, no outstanding Borrowing may be converted to or continued as a Eurodollar Term Benchmark Borrowing in excess of one month.

SECTION 2.08 Termination and Reduction of Commitments.

(a) Unless previously terminated, (i) the Revolving Commitments shall terminate on the Revolving Maturity Date and (ii) the Initial Term Loan Commitments shall terminate at 5:00 p.m., New York City time, on the Closing Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitments of any Class; provided that (i) each reduction of the Commitments of any Class shall be in an amount that is an integral multiple of \$100,000 and not less than \$100,000, and (ii) the Borrower shall not terminate or reduce the Revolving Commitments if, after giving effect to any concurrent prepayment of the Revolving Loans and Swingline Loans and/or cash collateralization of outstanding Letters of Credit in a manner reasonably satisfactory to the applicable Issuing Bank and the Revolver Agent and in a face amount equal to 103% of the outstanding amount of the applicable LC Exposure in respect thereof, the aggregate Revolving Exposures would exceed the aggregate Revolving Commitments.

(c) The Borrower shall notify the Applicable Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section 2.08 at least three (3) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Applicable Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section 2.08 shall be irrevocable; provided that a notice of termination of the Revolving Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, or the closing of a refinancing transaction, a sale of all or substantially all of the assets of the Borrower and its Subsidiaries or a Change of

Control, in which case such notice may be revoked by the Borrower (by notice to the Applicable Agent) on or prior to the specified effective date if such condition is not satisfied. Any termination or reduction of the Commitments of any Class shall be permanent. Each reduction of the Commitments of any Class shall be made ratably among the Lenders in accordance with their respective Commitments of such Class.

SECTION 2.09 Repayment of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay (i) to the Revolver Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan of such Lender on the Revolving Maturity Date, (ii) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Term Loan of such Lender as provided in Section 2.10, and (iii) to the Revolver Agent the then unpaid principal amount of each Swingline Loan on the earlier of the Revolving Maturity Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least 2 Business Days after such Swingline Loan is made; provided that on each date that a Revolving Borrowing is made, the Borrower shall repay all Swingline Loans then outstanding.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) (1) The Administrative Agent shall maintain a Register in which it shall record (i) the amount of each Term Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Term Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Term Lenders and each Term Lender's share thereof and (2) the Revolver Agent shall maintain a Register in which it shall record (i) the amount of each Revolving Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Revolving Lender hereunder and (iii) the amount of any sum received by the Revolver Agent hereunder for the account of the Revolving Lenders and each Revolving Lender's share thereof. Without limitation of the foregoing, the Revolver Agent shall furnish to the Administrative Agent on a monthly basis, and at such other times as the Administrative Agent may request, a copy of the Register maintained by the Revolver Agent.

(d) The entries made in the Register shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent or Revolver Agent to maintain accounts pursuant to paragraph (b) or (c) of this Section 2.09 or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans of any Class made by it be evidenced by a promissory note (a "Note"). In such event, the Borrower shall prepare, execute and deliver to such Lender a Note payable to such Lender (or, if requested by such Lender, to such Lender

and its registered assigns) and in a form approved by the Administrative Agent and, in the case of Revolving Loans and Revolving Commitment, the Revolver Agent. Thereafter, the Loans evidenced by such Note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more Notes in such form payable to such payee and its registered assigns.

SECTION 2.10 Amortization of Term Loans.

(a) The Borrower shall repay Initial Term Loan Borrowings on each date (each such date, a “Term Loan Installment Date”) set forth below in the aggregate principal amount equal to the percentage set forth below of the aggregate outstanding principal amount of the Initial Term Loans on the Closing Date (after giving effect to the Borrowing of the Initial Term Loans on the Closing Date and to be adjusted for any voluntary and mandatory prepayments):

Date	Amount (Percent of Principal)
September 30, 2021	1.25%
December 31, 2021	1.25%
March 31, 2022	1.25%
June 30, 2022	1.25%
September 30, 2022	1.25%
December 31, 2022	1.25%
March 31, 2023	1.25%
June 30, 2023	1.25%
September 30, 2023	1.25%
December 31, 2023	1.25%
March 31, 2024	1.25%
June 30, 2024	1.25%
September 30, 2024	1.25%
December 31, 2024	1.25%
March 31, 2025	1.25%
June 30, 2025	1.25%
September 30, 2025	1.25%
December 31, 2025	1.25%
Initial Term Loan Maturity Date	Remaining outstanding aggregate principal amount of Initial Term Loans

(b) To the extent not previously paid, all Initial Term Loans shall be due and payable on the Term Loan Maturity Date.

SECTION 2.11 Prepayment of Loans.

(a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing of any Class of Loans, in whole or in part, as selected by the Borrower in

its sole discretion and subject to the requirements of this Section 2.11 and the payment of any premium as provided in Section 2.12.

(b) In the event and on such occasion that the aggregate Revolving Exposures exceed the aggregate Revolving Commitments, the Borrower shall prepay Revolving Borrowings or Swingline Loans (or, if no such Borrowings are outstanding, deposit cash collateral in an account with the Collateral Agent pursuant to Section 2.05(j)) in an aggregate amount equal to such excess.

(c) In the event and on each occasion that any Net Proceeds are received by or on behalf of Holdings, the Borrower or any Restricted Subsidiary in respect of any Prepayment Event, the Borrower shall, promptly after such Net Proceeds are received by Holdings, the Borrower or such Restricted Subsidiary (and in any event not later than the fifth Business Day after such Net Proceeds are received), prepay Loans as provided in clause (e) of this Section 2.11 in an amount equal to 100% of such Net Proceeds (or, to the extent that, after giving effect to such transaction, the Total Net Leverage Ratio does not exceed 3.75:1.00 on a Pro Forma Basis as of such date, 0% of such Net Proceeds); provided that, in the case of any event described in clause (a) or (b) of the definition of the term "Prepayment Event", if the Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer to the effect that the Borrower and the Restricted Subsidiaries intend to apply the Net Proceeds from such event (or a portion thereof specified in such certificate), within 540 days after receipt of such Net Proceeds or, in the case of a Prepayment Event arising from a disposition described in clause (r) of Section 6.05, 730 days after receipt of such Net Proceeds, to acquire or replace real property, equipment or other tangible assets (excluding inventory), or other Investment otherwise permitted hereunder, to be used in the business of the Borrower and the Restricted Subsidiaries (or, at the election of the Borrower, credit such Net Proceeds against amounts paid in respect of an acquisition or Investment consummated no more than 365 days prior to the receipt of such Net Proceeds), and certifying that no Default has occurred and is continuing, then no prepayment shall be required pursuant to this paragraph in respect of the Net Proceeds specified in such certificate, except to the extent of any such Net Proceeds therefrom that have not been so applied or contractually committed in writing by the end of such 540-day period or 730-day period, as applicable (and, if so contractually committed in writing but not applied prior to the end of such 365-day period or 730-day period, as applicable, applied within 180 days of the end of such period), promptly after which time a prepayment shall be required in an amount equal to such Net Proceeds that have not been so applied.

(d) [Reserved]

(e) All prepayments of the Loans required under clause (c) of this Section 2.11 (A) shall be applied first, to prepay the scheduled installments of principal on the Term Loans (pro rata between Initial Term Loans and Incremental Term Loans, if any (unless otherwise specified in the Additional Credit Extension Amendment governing such Incremental Term Loan) based on the outstanding principal balance of such Term Loans as of the date of prepayment) in direct order of maturity; second to the outstanding principal balance of the Revolving Loans, which shall not effect a permanent reduction to the Revolving Loan Commitment; and third to cash collateralize any outstanding Letters of Credit in an amount equal to 103% of the face amount of such outstanding Letters of Credit. Prior to any optional or

mandatory prepayment of Borrowings hereunder, the Borrower shall determine in accordance with the foregoing provisions of this Section 2.11 the Borrowing or Borrowings of each applicable Class to be prepaid and shall specify such determination in the notice of such prepayment pursuant to paragraph (f) of this Section 2.11.

(f) The Borrower shall notify the Applicable Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) in writing of any prepayment hereunder (i) in the case of prepayment of (1) a Eurodollar Term Benchmark Borrowing, not later than ~~12:00 noon~~ 11:00 a.m., New York City time, three (3) Business Days before the date of prepayment or (2) an RFR Borrowing, not later than 11:00 a.m., New York City time, 5 Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Borrowing, not later than 12:00 noon, New York City time, one (1) Business Day before the date of prepayment or (iii) in the case of prepayment of a Swingline Loan, not later than 2:00 p.m., New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid, the Class of Loans to be prepaid and, in the case of a mandatory prepayment, a reasonably detailed calculation of the amount of such prepayment; provided that, (i) if a notice of optional prepayment is given in connection with a conditional notice of termination of the Revolving Commitments as contemplated by Section 2.08, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.08 and (ii) otherwise, if a notice of prepayment is given under this Section 2.11, such notice of prepayment may be conditioned upon the effectiveness of other credit facilities or the closing of a refinancing transaction, a sale of all or substantially all of the assets of the Borrower and its Subsidiaries or a Change of Control and such notice of prepayment may be revoked if such condition is not satisfied. Promptly following receipt of any such notice (other than a notice relating solely to Swingline Loans), the Applicable Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02, except as necessary to apply fully the required amount of a mandatory prepayment. Each prepayment of a Borrowing shall be applied ratably to the Loans of each applicable Lender included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.13 but shall in no event include premium or penalty; provided that in the event that the notice required by this clause (f) is not made within the required times with respect to any mandatory prepayments, such prepayment shall nevertheless be required to be made within the times set forth for such prepayment herein, and any such prepayment of Eurodollar Term Benchmark Loans made without the required notice shall be required to be accompanied by additional amounts as set forth in Section 2.16.

(g) Each Term Lender may reject all or a portion of its pro rata share of any mandatory prepayment (such declined amounts, the “Declined Proceeds”) of Term Loans required to be made pursuant to clause (c) of this Section 2.11 (except in respect of mandatory prepayments made with Net Proceeds from any event described in clause (c) of the definition of the term “Prepayment Event”) by providing written notice (each, a “Rejection Notice”) to the Administrative Agent and the Borrower no later than 5:00 p.m. one (1) Business Day after the date of such Lender’s receipt of notice from the Administrative Agent regarding such prepayment. Each Rejection Notice from a given Lender shall specify the principal amount of the mandatory repayment of Term Loans to be rejected by such Lender. If a Lender of Term

Loans fails to deliver a Rejection Notice to the Administrative Agent within the time frame specified above or such Rejection Notice fails to specify the principal amount of the Term Loans to be rejected, any such failure will be deemed an acceptance of the total amount of such mandatory prepayment of its Term Loans. Any Declined Proceeds shall be retained by the Borrower (such remaining Declined Proceeds, the "Borrower Retained Prepayment Amounts").

(h) Notwithstanding any other provisions of this Section 2.11, (i) to the extent that any of or all the Net Proceeds of any disposition by a Foreign Subsidiary ("Foreign Disposition"), the Net Proceeds of any casualty event from a Foreign Subsidiary (a "Foreign Casualty Event") attributable to Foreign Subsidiaries are prohibited or delayed by (x) applicable local law or (y) material constituent document restrictions (including as a result of minority ownership) and other restriction in material agreements, from being repatriated to the United States, the portion of such Net Proceeds so affected will not be required to be applied to repay Term Loans at the times provided in this Section 2.11 but may be retained by the applicable Foreign Subsidiary so long, but only so long, as the applicable local law will not permit repatriation to the United States (the Borrower hereby agreeing to undertake to use commercially reasonable efforts to overcome or eliminate any such restriction (subject to the considerations above and as determined in the Borrower's reasonable business judgment) to make the relevant prepayment), and once such repatriation of any of such affected Net Proceeds is permitted under the applicable local law, such repatriation will be promptly effected and an amount equal to such repatriated Net Proceeds will be promptly (and in any event not later than five (5) Business Days after such repatriation) applied (net of additional taxes payable or reserved against as a result thereof) to the repayment of the Term Loans pursuant to this Section 2.11 to the extent provided herein and (ii) to the extent that the repatriation of any of or all the Net Proceeds of any Foreign Disposition or any Foreign Casualty Event attributable to Foreign Subsidiaries would have material adverse tax consequences (as reasonably determined in good faith by the Borrower) with respect to such Net Proceeds, such Net Proceeds so affected will not be required to be applied to repay Term Loans at the times provided in this Section 2.11 but may be retained by the applicable Foreign Subsidiary.

(i) In addition to any prepayment of Term Loans pursuant to Section 2.11(a), Holdings, the Borrower or any Subsidiary of the Borrower may at any time, pursuant to a bid made in the open market to all Lenders through the Administrative Agent pursuant to procedures reasonably acceptable to the Administrative Agent, prepay Term Loans of any Class of any Lender so long as (w) immediately prior to and after giving effect to any such prepayment pursuant to this Section 2.11(i), no Event of Default has occurred and is continuing, (x) no proceeds of Swingline Loans or Revolving Loans are utilized to fund any such prepayment, and (y) Holdings, the Borrower or such Subsidiary, as applicable, and each Lender whose Term Loans are to be prepaid pursuant to this Section 2.11(i) execute and deliver to the Administrative Agent an instrument identifying the amount of Term Loans of each Class of each such Lender to be so prepaid, the date of such prepayment and the prepayment price therefor. The principal amount of any Term Loans of any Class prepaid pursuant to this paragraph (i) shall reduce remaining scheduled amortization for such Class of Term Loans on a pro rata basis.

SECTION 2.12 Fees.

(a) The Borrower agrees to pay to the Revolver Agent for the account of each Lender a commitment fee, which shall accrue at a rate per annum equal to the Applicable Rate with respect thereto on the average daily unused amount of each Revolving Commitment of such Lender during the period from and including the Closing Date to but excluding the date on which the aggregate Revolving Commitments terminate. Accrued commitment fees shall be payable in arrears in respect of the Revolving Commitments on the last Business Day of March, June, September and December of each year and on the date on which the Revolving Commitments terminate. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). For purposes of computing commitment fees with respect to Revolving Commitments, a Revolving Commitment of a Lender shall be deemed to be used to the extent of the outstanding Revolving Loans and LC Exposure of such Lender (and the Swingline Exposure of such Lender shall be disregarded for such purpose).

(b) The Borrower agrees to pay (i) to the Revolver Agent for the account of each Revolving Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Rate used to determine the interest rate applicable to Eurodollar Term Benchmark Revolving Loans (as such Applicable Rate may be increased pursuant to Section 2.13(c)) on the average daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the date of issuance of any Letter of Credit to but excluding the later of the date on which such Lender's Revolving Commitment terminates and the date on which such Lender ceases to have any LC Exposure, and (ii) to the Issuing Bank a fronting fee, which shall accrue at a rate equal to 0.125% per annum on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Closing Date to but excluding the later of the date of termination of the Revolving Commitments and the date on which there ceases to be any LC Exposure, as well as the Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees shall be payable on the last Business Day of March, June, September and December of each year, commencing on the first such date to occur after the Closing Date; provided that all such fees shall be payable on the date on which the Revolving Commitments terminate and any such fees accruing after the date on which the Revolving Commitments terminate shall be payable on demand. Any other fees payable to the Issuing Bank pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) [Reserved].

(d) The Borrower agrees to pay to the Administrative Agent, the Revolver Agent, the Joint Lead Arrangers and the Lenders signatory to the Fee Letter, as applicable, fees in the amount and at the times separately agreed upon between the Borrower, the

Administrative Agent, the Revolver Agent, the Joint Lead Arrangers and the Lenders signatory to the Fee Letter in the Fee Letter.

(e) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent in the Fee Letter.

(f) The Borrower agrees to pay to the Administrative Agent, the Revolver Agent and the Joint Lead Arrangers, as applicable, fees in the amount and at the times separately agreed upon between the Borrower, the Administrative Agent, the Revolver Agent and the Joint Lead Arrangers in the Fee Letter.

(g) The Borrower agrees to pay to the Administrative Agent, the Revolver Agent, the Joint Lead Arrangers and the Lenders signatory to the Fee Letter, as applicable, fees in the amount and at the times separately agreed upon between the Borrower, the Administrative Agent, the Revolver Agent, the Joint Lead Arrangers and the Lenders signatory to the Fee Letter in the Fee Letter.

(h) If the Borrower or any of its Affiliates pays the Term Loans in any amount and for any reason, no prepayment premium shall apply.

(i) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Applicable Agent (or to the Issuing Bank, in the case of fees payable to it) for distribution, in the case of commitment fees and participation fees, to the Lenders entitled thereto. Fees paid shall not be refundable under any circumstances.

SECTION 2.13 Interest.

(a) The Loans comprising each ABR Borrowing (including each Swingline Loan) shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Term Benchmark Borrowing shall bear interest at the Adjusted LIBO Term SOFR Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Each RFR Loan shall bear interest at a rate per annum equal to the Adjusted Daily Simple SOFR plus the Applicable Rate.

(ed) Notwithstanding the foregoing, (i) automatically upon the occurrence and during the continuance of a Specified Default, or (ii) at the election of the Required Lenders upon the occurrence and during the continuance any other Event of Default, the Borrower shall pay interest on overdue amounts hereunder at a fluctuating interest rate at all times equal to 2.00% per annum over the Applicable Rate (but not with respect to any commitment fee set forth therein) to the fullest extent permitted by applicable laws. In the case of clause (ii) above, in the case of any Event of Default resulting from the failure to observe or perform the Financial Covenant, such election may not be made prior to the expiration of the Borrower's Cure Right with respect to such Financial Covenant Event of Default.

(~~de~~) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon termination of the Revolving Commitments; provided that (i) interest accrued pursuant to paragraph (c) of this Section 2.13 shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Revolving Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any ~~Eurodollar~~ Term Benchmark Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(~~ef~~) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate ~~or~~ Adjusted LIBO Term SOFR Rate, Term SOFR Rate, Adjusted Daily Simple SOFR or Daily Simple SOFR shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14 Alternate Rate of Interest; Illegality.

(a) Subject to clauses (b), (c), (d), (e), ~~and~~ (f) ~~and (g)~~ of this Section 2.14, if ~~prior to the commencement of any Interest Period for a Eurodollar Borrowing:~~

(i) the Administrative Agent determines (which determination shall be conclusive absent manifest error) (A) prior to the commencement of any Interest Period for a Term Benchmark Borrowing, that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Term SOFR Rate ~~or the LIBO Rate, as applicable~~ (including because the LIBO Screen Term SOFR Reference Rate is not available or published on a current basis), for such Interest Period; ~~provided that no Benchmark Transition Event shall have occurred at such time~~ or (B) at any time, that adequate and reasonable means do not exist for ascertaining the applicable Adjusted Daily Simple SOFR; or

(ii) the Administrative Agent is advised by the Required Lenders ~~that that (A)~~ prior to the commencement of any Interest Period for a Term Benchmark Borrowing, the Adjusted LIBO Term SOFR Rate ~~or the LIBO Rate, as applicable,~~ for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period or (B) at any time, Adjusted Daily Simple SOFR will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone, telecopy or electronic mail as promptly as practicable thereafter and, until (x) the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, ~~(A)~~ with respect to the relevant Benchmark and (y) the Borrower

delivers a new Interest Election Request in accordance with the terms of Section 2.08 or a new Borrowing Request in accordance with the terms of Section 2.03, any Interest Election Request that requests the conversion of any ~~Revolving~~ Borrowing to, or continuation of any ~~Revolving~~ Borrowing as, a ~~Eurodollar~~ Term Benchmark Borrowing shall be ineffective and (B) if any Borrowing Request that requests a ~~Eurodollar Revolving Borrowing~~, such Borrowing shall be made as an ABR Borrowing Term Benchmark Borrowing shall instead be deemed to be an Interest Election Request or a Borrowing Request, as applicable, for (x) an RFR Borrowing so long as the Adjusted Daily Simple SOFR is not also the subject of Section 2.14(a)(i) or (ii) above or (y) an ABR Borrowing if the Adjusted Daily Simple SOFR also is the subject of Section 2.14(a)(i) or (ii) above; provided that if the circumstances giving rise to such notice affect only one Type of Borrowings, then ~~the~~ all other Types of Borrowings shall be permitted. Furthermore, if any Term Benchmark Loan or RFR Loan is outstanding on the date of the Borrower's receipt of the notice from the Administrative Agent referred to in this Section 2.14(a) with respect to a Relevant Rate applicable to such Term Benchmark Loan or RFR Loan, then until (x) the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist with respect to the relevant Benchmark and (y) the Borrower delivers a new Interest Election Request in accordance with the terms of Section 2.08 or a new Borrowing Request in accordance with the terms of Section 2.03, (1) any Term Benchmark Loan shall on the last day of the Interest Period applicable to such Loan, be converted by the Administrative Agent to, and shall constitute, (x) an RFR Borrowing so long as the Adjusted Daily Simple SOFR is not also the subject of Section 2.14(a)(i) or (ii) above or (y) an ABR Loan if the Adjusted Daily Simple SOFR also is the subject of Section 2.14(a)(i) or (ii) above, on such day, and (2) any RFR Loan shall on and from such day be converted by the Administrative Agent to, and shall constitute an ABR Loan.

(b) Notwithstanding anything to the contrary herein or in any other Loan Document (and any Swap Agreement shall be deemed not to be a "Loan Document" for purposes of this Section 2.14), if a Benchmark Transition Event ~~or an Early Opt-in Election, as applicable,~~ and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1) ~~or (2)~~ of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (3) ~~2~~ of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders of each affected Class.

~~(c) Notwithstanding anything to the contrary herein or in any other Loan Document and subject to the proviso below in this paragraph, if a Term SOFR Transition Event~~

~~and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then the applicable Benchmark Replacement will replace the then-current Benchmark for all purposes hereunder or under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings, without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document; provided that, this clause (c) shall not be effective unless the Administrative Agent has delivered to the Lenders and the Borrower a Term SOFR Notice. For the avoidance of doubt, the Administrative Agent shall not be required to deliver a Term SOFR Notice after a Term SOFR Transition Event and may do so in its sole discretion.~~

(dc) ~~In connection with the implementation of a Benchmark Replacement~~ Notwithstanding anything to the contrary herein or in any other Loan Document, the Administrative Agent, in consultation with the Borrower, will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(ed) The Administrative Agent will promptly notify the Borrower and the Lenders of (i) any occurrence of a Benchmark Transition Event, ~~a Term SOFR Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date,~~ (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (df) below and (v) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 2.14, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 2.14.

(fe) Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including the Term SOFR ~~or LIBO~~ Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Administrative Agent may modify the definition of "Interest Period" for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the

definition of "Interest Period" for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(ef) Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a Eurodollar Term Benchmark Borrowing or RFR Borrowing of, conversion to or continuation Eurodollar Term Benchmark Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any ~~such~~ request for a Term Benchmark Borrowing into a request for a Borrowing of or conversion to ABR Loans (A) an RFR Borrowing so long as the Adjusted Daily Simple SOFR is not the subject of a Benchmark Transition Event or (B) an ABR Borrowing if the Adjusted Daily Simple SOFR is the subject of a Benchmark Transition Event. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of ABR based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of ABR. Furthermore, if any Term Benchmark Loan or RFR Loan is outstanding on the date of the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period with respect to a Relevant Rate applicable to such Term Benchmark Loan or RFR Loan, then until such time as a Benchmark Replacement is implemented pursuant to this Section 2.14, (1) any Term Benchmark Loan shall on the last day of the Interest Period applicable to such Loan, be converted by the Administrative Agent to, and shall constitute, (x) an RFR Borrowing so long as the Adjusted Daily Simple SOFR is not the subject of a Benchmark Transition Event or (y) an ABR Loan if the Adjusted Daily Simple SOFR is the subject of a Benchmark Transition Event, on such day and (2) any RFR Loan shall on and from such day be converted by the Administrative Agent to, and shall constitute an ABR Loan.

SECTION 2.15 Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Term SOFR Rate) or the Issuing Bank,

(ii) subject the Administrative Agent, the Revolver Agent, any Lender or the Issuing Bank to any Taxes (other than (A) Indemnified Taxes or Other Taxes, or (B) Excluded Taxes) on its loans, letters of credit, commitments or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, or

(iii) impose on any Lender or the Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Term Benchmark Loans made by such Lender or any Letter of Credit or participation therein,

and the result of any of the foregoing shall be to increase the cost to such Lender or Issuing Bank of making or maintaining any Eurodollar Term Benchmark Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or the Issuing Bank of

participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by the Administrative Agent, the Revolver Agent, such Lender or the Issuing Bank hereunder (whether of principal, interest or otherwise), then the Borrower will pay to the Administrative Agent, the Revolver Agent, such Lender or the Issuing Bank, as applicable, such additional amount or amounts as will compensate such Lender or the Issuing Bank, as applicable, for such additional costs incurred or reduction suffered.

(b) If any Lender or the Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital or on the capital of such Lender's or the Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the Issuing Bank, to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Bank's policies and the policies of such Lender's or the Issuing Bank's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or the Issuing Bank, as applicable, such additional amount or amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or the Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or the Issuing Bank or its holding company, as applicable, as specified in paragraph (a) or (b) of this Section 2.15 shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or the Issuing Bank, as applicable, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender or the Issuing Bank to demand compensation pursuant to this Section 2.15 shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender or the Issuing Bank pursuant to this Section 2.15 for any increased costs or reductions incurred more than 270 days prior to the date that such Lender or the Issuing Bank, as applicable, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the Issuing Bank's intention to claim compensation therefor; provided, further, that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16 Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Term Benchmark Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Term Benchmark Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurodollar Term Benchmark Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(f) and is revoked in accordance therewith), or (d) the assignment of any Eurodollar Term Benchmark Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then,

in any such event, the Borrower shall compensate each Lender for the actual out-of-pocket loss, actual cost and/or actual expense (including any actual loss, cost and expense incurred by reason of the liquidation or reemployment of deposits), in each case attributable to such event. ~~In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan (excluding any "floor" applicable pursuant to the definition of Adjusted LIBO Rate), for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate that such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the Eurodollar market (but, in each case, excluding loss of anticipated profit).~~ A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section 2.16 shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof. Notwithstanding the foregoing, no additional amounts shall be due and payable pursuant to this Section 2.16 to the extent that on the relevant due date the Borrower deposits in a Prepayment Account an amount equal to any payment of Eurodollar Term Benchmark Loans otherwise required to be made on a date that is not the last day of the applicable Interest Period; provided that on the last day of the applicable Interest Period, the Applicable Agent shall be authorized, without any further action by or notice to or from the Borrower or any other Loan Party, to apply such amount to the prepayment of such Eurodollar Term Benchmark Loans. For purposes of this Agreement, the term "Prepayment Account" means a non-interest bearing account established by the Borrower with the Applicable Agent and over which the Applicable Agent shall have exclusive dominion and control, including the right of withdrawal for application in accordance with this Section 2.16.

SECTION 2.17 Taxes.

(a) Any and all payments by or on account of any obligation of any Loan Party hereunder or under any other Loan Document shall be made without deduction or withholding for any Taxes, except to the extent required by applicable law. If any applicable law requires the deduction or withholding of any Tax from any such payment, then (i) the applicable withholding agent shall be entitled to make such deduction or withholding and shall pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law, and (ii) to the extent such Tax is an Indemnified Tax or Other Tax, the sum payable by the applicable Loan Party shall be increased as necessary so that after making all required deductions and withholdings for Indemnified Taxes or Other Taxes (including deductions or withholdings applicable to additional sums payable under this Section 2.17), the Lender (or, in the case of any amount received by the Administrative Agent or the Revolver Agent for its own account, the Administrative Agent or Revolver Agent, as applicable) receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Without duplication of other amounts payable by the Borrower under this Section 2.17, the Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) Without duplication of amounts payable by the Borrower under Section 2.17, the Borrower shall indemnify the Administrative Agent, the Revolver Agent and each Lender, within 30 days after written demand therefor, for the full amount of any Indemnified Taxes on or with respect to any payment by or on account of any obligation of the Borrower hereunder or under any other Loan Document, or Other Taxes payable or paid by the Administrative Agent, the Revolver Agent or such Lender, as applicable, (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 2.17), and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender, or by the Administrative Agent or Revolver Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error. Notwithstanding anything to the contrary contained in this Section 2.17(c), the Borrower shall not be required to indemnify the Administrative Agent, the Revolver Agent or any Lender pursuant to this Section 2.17(c) for any amount to the extent the Administrative Agent, the Revolver Agent or such Lender fails to notify the Borrower of such possible indemnification claim within 270 days after the Administrative Agent, the Revolver Agent or such Lender receives written notice from the applicable taxing authority of the specific tax assessment giving rise to such indemnification claim.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by a Loan Party to a Governmental Authority pursuant to this Section 2.17, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, if any, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments under any Loan Document shall deliver to the Borrower and the Applicable Agent, on or prior to the Closing Date in the case of each Foreign Lender that is a signatory hereto, and on the date of assignment pursuant to which it becomes a Lender in the case of each other Lender and from time to time thereafter as reasonably requested by either of the Borrower or the Applicable Agent, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower or the Applicable Agent as will permit such payments to be made without withholding or at a reduced rate. Each Lender shall, whenever a lapse in time or change in circumstances renders such documentation (including any specific documentation required below in this Section 2.17(e)) obsolete, expired or inaccurate in any material respect, deliver promptly to the Borrower and the Applicable Agent updated or other appropriate documentation (including any new documentation reasonably requested by the Borrower or the Applicable Agent) or promptly notify the Borrower and the Applicable Agent in writing of its inability to do so.

(ii) Without limiting the generality of the foregoing:

(A) each Lender that is a “United States person” within the meaning of Section 7701(a)(30) of the Code shall deliver to the Borrower and the Applicable Agent (and from time to time thereafter upon the reasonable request of the Borrower or the Applicable Agent) two duly completed and executed copies of IRS Form W-9, certifying that such Lender is exempt from U.S. federal backup withholding Tax,

(B) each Foreign Lender shall deliver to the Borrower and the Applicable Agent (and from time to time thereafter upon the reasonable request of the Borrower or the Applicable Agent) two (2) duly signed and properly completed copies of whichever of the following is applicable:

(1) IRS Form W-8BEN or W-8BEN-E, as applicable, claiming eligibility for benefits under an income tax treaty to which the United States is a party,

(2) IRS Form W-8ECI,

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit K-1 to the effect that such Foreign Lender is not (A) a “bank” within the meaning of Section 881(c)(3)(A) of the Code, (B) a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (C) a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) IRS Form W-8BEN or W-8BEN-E, as applicable, or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit K-2 or Exhibit K-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit K-4 on behalf of each such direct and indirect partner;

(5) any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Applicable Agent to determine the withholding or deduction required to be made; and

(c) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Applicable Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Applicable Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Applicable Agent as may be necessary for the Borrower and the Applicable Agent to comply with their obligations under FATCA and to determine whether such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (C), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Notwithstanding any other provision of this Section 2.17(e), a Lender shall not be required to deliver any form or other documentation that such Lender is not legally eligible to deliver.

(iv) Each Lender hereby authorizes the Applicable Agent to deliver to the Loan Parties and to any successor of such Applicable Agent any documentation provided by such Lender pursuant to this Section 2.17(e).

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification, provide such successor form, or promptly notify the Borrower and the Applicable Agent in writing of its legal inability to do so.

(f) On or before the date the Applicable Agent becomes a party to this Agreement, the Applicable Agent (as well as any Person receiving any payment on behalf of the Applicable Agent) shall provide to the Borrower, two (2) duly signed and properly completed copies of (i) IRS Form W-9, or (ii) a U.S. branch withholding certificate on IRS Form W-8IMY evidencing its agreement with the Borrower to be treated as a "United States person" within the meaning of Section 7701(a)(30) of the Code with respect to amounts received on account of any Lender, and IRS Form W-8ECI (with respect to amounts received on its own account). At any time thereafter, the Applicable Agent shall provide updated documentation previously provided (or a successor form thereto) when any documentation previously delivered has expired or become obsolete or invalid or otherwise upon the reasonable request of the Borrower.

(g) If the Administrative Agent, the Revolver Agent or a Lender determines, in its sole discretion exercised in good faith, that it has received a refund (whether in cash or by offset against Taxes otherwise due) of any Taxes as to which it has been indemnified (including by the payment of additional amounts) pursuant to this Section 2.17, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.17 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of the Administrative Agent,

the Revolver Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Borrower, upon the request of the Administrative Agent, the Revolver Agent or such Lender, agrees to repay the amount paid over to the Borrower pursuant to this Section 2.17(g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent, the Revolver Agent or such Lender in the event the Administrative Agent, the Revolver Agent or such Lender is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 2.17(g), in no event will the Administrative Agent, the Revolver Agent or any Lender be required to pay any amount to the Borrower or any other Loan Party pursuant to this Section 2.17(g) to the extent that such payment would place the Administrative Agent, the Revolver Agent or such Lender, as applicable, in a less favorable net after-Tax position than the Administrative Agent, the Revolver Agent or such Lender, as applicable would have been in if the Tax subject to the indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section 2.17 shall not be construed to require the Administrative Agent, the Revolver Agent or any Lender to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the Borrower or any other Person.

(h) For purposes of this Section 2.17, the term "Lender" includes any Swingline Lender and any Issuing Bank.

SECTION 2.18 Payments Generally; Pro Rata Treatment; Sharing of Setoffs.

(a) The Borrower shall make each payment required to be made by it hereunder or under any other Loan Document (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) at or prior to the time expressly required hereunder or under such other Loan Document for such payment (or, if no such time is expressly required, prior to 3:00 p.m., New York City time), on the date when due, in immediately available funds, without setoff or counterclaim. Any amounts received after such time on any date may, in the discretion of the Applicable Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Applicable Agent at its offices at 383 Madison Avenue, New York, New York (or such other office as from time to time the Applicable Agent shall designate by notice to the Borrower), except payments to be made directly to the Issuing Bank or Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.03 shall be made directly to the Persons entitled thereto and payments pursuant to other Loan Documents shall be made to the Persons specified therein. The Applicable Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment under any Loan Document shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments under each Loan Document shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Applicable Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of setoff or counterclaim or otherwise except as expressly provided in this Agreement, obtain payment in respect of any principal of or interest on any of its Loans or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and participations in LC Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by Holdings, the Borrower or any Subsidiary pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements (but excluding, for the avoidance of doubt, prepayments pursuant to Section 2.11(i)) to any assignee or participant, other than to the Borrower or any Subsidiary (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Applicable Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Applicable Agent for the account of the Lenders or the Issuing Bank hereunder that the Borrower will not make such payment, the Applicable Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption and in its sole discretion, distribute to the Lenders or the Issuing Bank, as applicable, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Bank, as applicable, severally agrees to repay to the Applicable Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Applicable Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Applicable Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.06(a), 2.18(d) or 9.03(c), then the Applicable Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Applicable Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid. If any Revolving Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(c), 2.05(d) or (e), 2.06(a), 2.18(d) or 9.03(c), then the Revolver Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Revolver Agent for the account of such Revolving Lender and for the benefit of the Revolver Agent, the Swingline Lender or the Issuing Bank to satisfy such Revolving Lender's obligations under such Sections until all such unsatisfied obligations are fully paid, and/or (ii) hold any such amounts in a segregated non-interest bearing account as cash collateral for, and application to, any future funding obligations of such Revolving Lender under such Sections, in the case of each of (i) and (ii) above, in any order as determined by the Revolver Agent in its discretion.

(f) Notwithstanding any contrary provision set forth herein or in any other Loan Document, all payments made by Loans Parties to Administrative Agent, Revolver Agent or Collateral Agent after any or all of the Obligations under the Loan Documents have been accelerated (so long as such acceleration has not been rescinded) or have otherwise matured, including proceeds of Collateral, shall be applied as follows:

first, to payment of costs, expenses and indemnities, of Administrative Agent, Collateral Agent and Revolver Agent payable or reimbursable by the Loan Parties under the Loan Documents;

second, to payment of attorney costs of the Lenders and Issuing Banks payable or reimbursable by the Loan Parties under this Agreement;

third, to payment of all accrued unpaid interest on the Loans, Letters of Credit and fees owed to the Lenders and Issuing Banks (whether or not accruing after the filing of any case under the Bankruptcy Code with respect to any Obligations and whether or not a claim for such post-filing or post-petition interest, fees, and charges is allowed or allowable in any such proceeding);

fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans and Letters of Credit (including to cash collateralize that portion of LC Exposure comprised of the aggregate undrawn amount of Letters of Credit), the Obligations under Secured Hedge Agreements and Cash Management Obligations under Cash Management Agreements;

fifth, to the payment of all other Obligations owing to the Administrative Agent and the other Secured Parties then due and payable; and

sixth, any remainder shall be for the account of and paid to whoever may be lawfully entitled thereto.

In carrying out the foregoing, (i) amounts received shall be applied to each category in the numerical order provided until exhausted prior to the application to the immediately succeeding

category, (ii) each of the Lenders or other Persons entitled to payment shall receive an amount equal to its pro rata share of amounts available to be applied pursuant to clauses third, fourth, and fifth above and (iii) no payments by a Guarantor and no proceeds of Collateral of a Guarantor shall be applied to Obligations, the guaranty of which by such Guarantor would constitute an Excluded Swap Obligation.

SECTION 2.19 Mitigation Obligations; Replacement of Lenders.

(a) If any Lender requests compensation under Section 2.15, or if any Loan Party is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as applicable, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender is affected in the manner described in Section 2.14(b) and as a result thereof any of the actions described in such Section is required to be taken, or if any Lender requests compensation under Section 2.15, or if any Loan Party is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender defaults in its obligation to fund Loans hereunder, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Applicable Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Applicable Agent, which consent shall not unreasonably be withheld or delayed, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a material reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

SECTION 2.20 Incremental Extensions of Credit.

(a) At any time or from time to time after the Closing Date, the Borrower may by written notice to the Administrative Agent, elect to request (i) one or more increases to the existing Revolving Credit Commitments which may be under a new revolving credit facility

or may be part of an existing Class of Revolving Credit Commitments (any such increase, the “Incremental Revolving Credit Commitments”); or (ii) prior to the Latest Maturity Date, the establishment of one or more new term loan commitments which may be under a new term facility or may be part of an existing Class of Term Commitments (the “Incremental Term Commitments”, and together with the Incremental Revolving Credit Commitments, the “Incremental Facilities”). The aggregate amount of all such Incremental Facilities shall not exceed the sum of (A) the greater of (x) \$125,000,000 and (y) 150% of Consolidated EBITDA as of the last day of the most recently ended four fiscal quarter period for which financial statements are available, plus (B) an additional amount such that, in the case of this clause (B) only, after giving Pro Forma Effect thereto (including the use of proceeds thereof and other customary events and assuming that any Incremental Revolving Credit Commitments established at such time are fully funded), (x) if such Incremental Facility is secured on a “first lien” basis pari passu with the Liens on Collateral securing the Obligations, the First Lien Net Leverage Ratio shall be no greater than 3.00:1.00 (the “First Lien Incremental Test Ratio”), (y) if such Facility Increase is secured on a junior lien basis to the Liens on Collateral securing the Obligations, the Senior Secured Net Leverage Ratio shall be no greater than 4.25:1.00 (the “Junior Lien Incremental Test Ratio”), and (z) if such Facility Increase is unsecured, the Total Net Leverage Ratio shall be no greater 4.25:1.00 (the “Unsecured Incremental Test Ratio” and, together with the First Lien Incremental Test Ratio and the Junior Lien Incremental Test Ratio, the “Incremental Test Ratios”); provided, that for purposes of such calculation of the First Lien Net Leverage Ratio, Senior Secured Net Leverage Ratio and Total Net Leverage Ratio, as applicable, (A) the proceeds of the applicable Facility Increase shall not be included in the determination of unrestricted cash and Permitted Investments netted for the purposes of determining the applicable Incremental Test Ratio and (B) such ratio shall be calculated as of the last day of the most recently ended Test Period (in each case, excluding cash proceeds of such Incremental Facilities from any unrestricted cash permitted to be netted in the calculation of such ratio), plus (C) to the extent not financed with long-term indebtedness, an amount equal to all voluntary prepayments of the Term Loans, any Incremental Loans and, to the extent accompanied by a permanent reduction of the Revolving Credit Commitments, voluntary prepayments of the Revolving Credit Loans (it being understood that, unless the Borrower otherwise elects in writing to the Administrative Agent, (I) Borrower shall be deemed to have utilized amounts under clause (B) (to the extent compliant therewith) prior to utilization of amounts under clause (A) or (C), (II) loans may be incurred under clauses (A), (B) and (C) above, and proceeds from any such incurrence under each of clauses (A), (B) and (C) above, may be utilized in a single transaction by first calculating the incurrence under clause (B) above and then calculating the incurrence under clause (A) and/or (C) above, together with any other fixed dollar basket set forth herein) and (III) the Administrative Borrower may reclassify utilizations among clauses (A), (B) and (C) above if, at the time of such reclassification, the Borrower would be permitted to incur the aggregate principal amount of Indebtedness being so reclassified (it being understood and agreed that such reclassification shall be automatic if at the end of any fiscal quarter such reclassification would then be permitted); provided, that in no event shall the aggregate amount of Incremental Revolving Credit Commitments incurred in reliance upon clauses (A) or (B) above exceed \$50,000,000.

(b) On the applicable date (each, an “Incremental Facility Closing Date”) specified in the applicable Additional Credit Extension Amendment, subject to the satisfaction of the terms and conditions in this Section 2.20 and in the applicable Additional Credit

Extension Amendment, (i) (A) each Incremental Term Lender of such Class shall make a Loan to the Borrower (an “Incremental Term Loan”) in an amount equal to its Incremental Term Commitment of such Class and (B) each Incremental Term Lender of such Class shall become a Lender hereunder with respect to the Incremental Term Commitment of such Class and the Incremental Term Loans of such Class made pursuant thereto and (ii) (A) each Incremental Revolving Lender of such Class shall make its Commitment available to the Borrower (when borrowed, an “Incremental Revolving Loan” and collectively with any Incremental Term Loan, “Incremental Extensions of Credit”) in an amount equal to its Incremental Revolving Commitment of such Class and (B) each Incremental Revolving Lender of such Class shall become a Lender hereunder with respect to the Incremental Revolving Commitment of such Class and the Incremental Revolving Loans of such Class made pursuant thereto.

(c) Each Incremental Loan Request from the Borrower pursuant to this Section 2.20 shall set forth the requested amount and proposed terms of the relevant Incremental Term Loans or Incremental Revolving Commitments. Incremental Term Loans may be made, and Incremental Revolving Commitments may be provided, by any existing Lender (but no existing Lender will have an obligation to make any Incremental Commitment) or by any Additional Lender (each such existing Lender or Additional Lender providing such Commitment or Loan, an “Incremental Revolving Lender” or “Incremental Term Lender”, as applicable, and, collectively, the “Incremental Lenders”); provided that the Applicable Agent, the Swingline Lender and each Issuing Bank shall have consented (not to be unreasonably withheld or delayed) to such Additional Lender’s providing such Incremental Revolving Commitments, to the extent such consent, if any, would be required under Section 9.04(b) for an assignment of Revolving Commitments, as applicable, to such Lender or Additional Lender.

(d) The effectiveness of any Additional Credit Extension Amendment pursuant to this Section 2.20, and the Incremental Commitments thereunder, shall be subject to the satisfaction on the applicable date specified therein (the “Incremental Amendment Date”) of each of the following conditions, together with any other conditions set forth in the applicable Additional Credit Extension Amendment:

(i) after giving effect to such Incremental Commitments, the conditions of Section 4.02 shall be satisfied; provided, that, in connection with any Incremental Commitment, which is being used to finance a Limited Condition Transaction, the Incremental Lenders party to such Additional Credit Extension Amendment shall be permitted to waive or limit (or not require the satisfaction of) in full or in part any of the conditions set forth in Section 4.02(a) without the consent of the existing Lenders,

(ii) each Incremental Term Commitment shall be in an aggregate principal amount that is not less than \$1,000,000 and shall be in an increment of \$500,000 (provided that such amount may be less than \$1,000,000 if such amount represents all remaining availability under the limit set forth in Section 2.20(d)(iii)) and each Incremental Revolving Commitment shall be in an aggregate principal amount that is not less than \$1,000,000 and shall be in an increment of \$500,000 (provided that such amount may be less than \$1,000,000 if such amount represents all remaining availability under the limit set forth in Section 2.20(d)(iii)),

(iii) [reserved], and

(iv) to the extent reasonably requested by the Administrative Agent, receipt by the Administrative Agent of (A) customary legal opinions, board resolutions and officers' certificates (including solvency certificates) consistent (and in no event more extensive) with those delivered on the Closing Date (conformed as appropriate) other than changes to such legal opinions resulting from a change in law, change in fact or change to counsel's form of opinion reasonably satisfactory to the Administrative Agent and (B) reaffirmation agreements and/or such amendments to the Security Documents as may be reasonably requested by the Administrative Agent in order to ensure that such Incremental Lenders are provided with the benefit of the applicable Loan Documents.

(e) The terms, provisions and documentation of the Incremental Term Loans and Incremental Term Commitments or the Incremental Revolving Loans and Incremental Revolving Commitments, as the case may be, of any Class shall be as agreed between the Borrower and the applicable Incremental Lenders providing such Incremental Commitments, and except as otherwise set forth herein, to the extent not identical to any Class of Term Loans or Revolving Commitments, as applicable, each existing on the Incremental Facility Closing Date, shall be consistent with clauses (i) through (iii) below, as applicable, or otherwise reasonably satisfactory to the Applicable Agent (except for covenants or other provisions (a) conformed (or added) in the Loan Documents pursuant to the related Additional Credit Extension Amendment, (x) in the case of any Class of Incremental Term Loans and Incremental Term Commitments, for the benefit of the Term Lenders and (y) in the case of any Class of Incremental Revolving Loans and Incremental Revolving Commitments, for the benefit of the Revolving Lenders or (b) applicable only to periods after the Latest Maturity Date as of the Incremental Amendment Date); provided that in the case of a Term Loan Increase or a Revolving Commitment Increase, the terms, provisions and documentation (other than the Additional Credit Extension Amendment evidencing such increase) of such Term Loan Increase or a Revolving Commitment Increase shall be identical (other than with respect to upfront fees, OID or similar fees, it being understood that, if required to consummate such Term Loan Increase or Revolving Commitment Increase transaction, the interest rate margins and rate floors may be increased, any call protection provision may be made more favorable to the applicable existing Lenders and additional upfront or similar fees may be payable to the lenders providing the Term Loan Increases or Revolving Commitment Increases, as applicable) to the applicable Term Loans or Revolving Commitments being increased, in each case, as existing on the Incremental Facility Closing Date. In connection with any Incremental Term Loans that constitute part of the same Class as the Initial Term Loans, the Borrower and the Administrative Agent shall be permitted to adjust the rate of prepayment in respect of such Class such that the Term Lenders holding Initial Term Loans comprising part of such Class continue to receive a payment that is not less than the same Dollar amount that such Term Lenders would have received absent the incurrence of such Incremental Term Loans. In any event:

(i) the Incremental Term Loans:

(A) (I) shall rank *pari passu* or junior in right of payment with the Obligations and (II) shall either be secured by the Collateral or unsecured and, if so secured shall rank *pari passu* or junior in right of security with the Obligations

(and, subject to a subordination agreement (if subject to payment subordination), or (if subject to lien subordination) a Junior Lien Intercreditor Agreement),

(B) as of the Incremental Amendment Date, shall not have a final scheduled maturity date earlier than the Initial Term Loan Maturity Date,

(C) as of the Incremental Amendment Date, shall have a Weighted Average Life to Maturity not shorter than the remaining Weighted Average Life to Maturity of the Initial Term Loans,

(D) shall have an Applicable Rate, and subject to clauses (e)(i)(B) and (e)(i)(C) above, amortization determined by the Borrower and the applicable Incremental Term Lenders; provided the Applicable Rate and amortization for a Term Loan Increase shall be (x) the Applicable Rate and amortization for the Class being increased or (y) in the case of the Applicable Rate, higher than the Applicable Rate for the Class being increased as long as the Applicable Rate for the Class being increased shall be automatically increased as and to the extent necessary to eliminate such deficiency,

(E) shall have fees determined by the Borrower and the applicable arrangers for such Incremental Term Loan, and

(F) may participate (I) in any voluntary prepayments of any Class of Term Loans hereunder, in whole or in part, as selected by the Borrower in its sole discretion and subject to the requirements of Section 2.11 and (II) on a pro rata basis or less than pro rata basis (but not on a greater than pro rata basis (except for prepayments with Net Proceeds from any event described in clause (c) of the definition of the term "Prepayment Event")) in any mandatory prepayments of Term Loans hereunder.

Loans: (ii) the Incremental Revolving Commitments and Incremental Revolving

(A) (I) shall rank pari passu or junior in right of payment with the Obligations and (II) shall either be secured by the Collateral or unsecured and, if so secured, shall rank pari passu or junior in right of security with the Obligations,

(B) (I) shall not have a final scheduled maturity date or commitment reduction date earlier than the Revolving Maturity Date and (II) shall not have any scheduled amortization or mandatory commitment reduction prior to the Revolving Maturity Date,

(C) shall provide that the borrowing and repayment (except for (1) payments of interest and fees at different rates on Incremental Revolving Commitments (and related outstandings), (2) repayments required upon the Maturity Date of the Incremental Revolving Commitments and (3) repayment made in connection with a permanent repayment and termination of commitments

(in accordance with clause (E) below)) of Loans with respect to Incremental Revolving Commitments after the associated Incremental Facility Closing Date shall be made on a pro rata basis or less than a pro rata basis (but not greater than a pro rata basis) with all Revolving Commitments then existing on the Incremental Facility Closing Date,

(D) may be elected to be included as additional participations under the Additional Credit Extension Amendment, subject to (other than in the case of a Revolving Commitment Increase) the consent of the Swingline Lender and the Issuing Bank, in which case, on the Incremental Amendment Date all Swingline Loans and Letters of Credit shall be participated on a pro rata basis by all Revolving Lenders in accordance with their percentage of the Revolving Commitments existing after giving effect to such Additional Credit Extension Amendment; provided, such election may be made conditional upon the maturity of one or more other Revolving Commitments; provided, further, that in connection with such election the Swingline Lender or the Issuing Bank may, in its sole discretion and with the consent of the Revolver Agent (not to be unreasonably withheld or delayed), agree in the applicable Additional Credit Extension Amendment to increase the Swingline Sublimit or the Letter of Credit Sublimit so long as such increase does not exceed the amount of the additional Incremental Revolving Commitments,

(E) may provide that the permanent repayment of Revolving Loans with respect to, and termination of, Incremental Revolving Commitments after the associated Incremental Facility Closing Date be made on a pro rata basis or less than pro rata basis with all other Revolving Commitments,

(F) shall provide that assignments and participations of Incremental Revolving Commitments and Incremental Revolving Loans shall be governed by the same assignment and participation provisions applicable to Revolving Commitments and Revolving Loans then existing on the Incremental Facility Closing Date,

(G) shall have an Applicable Rate determined by the Borrower and the applicable Incremental Revolving Lenders; provided the Applicable Rate for a Revolving Commitment Increase shall be (x) the Applicable Rate for the Class being increased or (y) higher than the Applicable Rate for the Class being increased as long as the Applicable Rate for the Class being increased shall be automatically increased as and to the extent necessary to eliminate such deficiency, and

(H) shall have fees determined by the Borrower and the applicable arrangers of the Incremental Revolving Commitment,

(iii) the Yield applicable to the Incremental Term Loans or Incremental Revolving Loans of each Class shall be determined by the Borrower and the applicable

Incremental Lenders and shall be set forth in each applicable Additional Credit Extension Amendment.

(f) Commitments in respect of Incremental Term Loans and Incremental Revolving Commitments shall become additional Commitments pursuant to an Additional Credit Extension Amendment, executed by the Borrower, each Incremental Lender providing such Commitments, the Applicable Agent and, for purposes of any election and/or increase to the Swingline Sublimit or the Letter of Credit Sublimit pursuant to Section 2.20(e)(ii)(D), the Swingline Lender, the Revolver Agent and each Issuing Bank. The Additional Credit Extension Amendment may, without the consent of any other Loan Party, Agent or Lender, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Applicable Agent and the Borrower, to effect the provisions of this Section 2.20, including amendments as deemed necessary by the Applicable Agent in its reasonable judgment to effect any lien or payment subordination and associated rights of the applicable Lenders to the extent any Incremental Extensions of Credit are to rank junior in right of security or payment or to address technical issues relating to funding and payments. The Borrower will use the proceeds of the Incremental Term Loans and Incremental Revolving Commitments for any purpose not prohibited by this Agreement.

(g) Upon any Incremental Amendment Date on which Incremental Revolving Commitments are effected through a Revolving Commitment Increase pursuant to this Section 2.20, (a) each of the existing Revolving Lenders shall assign to each of the Incremental Revolving Lenders, and each of the Incremental Revolving Lenders shall purchase from each of the existing Revolving Lenders, at the principal amount thereof, such interests in the Incremental Revolving Loans outstanding on such Incremental Amendment Date as shall be necessary in order that, after giving effect to all such assignments and purchases, such Revolving Loans will be held by existing Revolving Lenders and Incremental Revolving Lenders ratably in accordance with their Revolving Commitments after giving effect to the addition of such Incremental Revolving Commitments to the existing Revolving Commitments, (b) each Incremental Revolving Commitment shall be deemed for all purposes a Revolving Commitment and each Loan made thereunder shall be deemed, for all purposes, a Revolving Loan and (c) each Incremental Revolving Lender shall become a Lender with respect to the Incremental Revolving Commitments and all matters relating thereto. The Administrative Agent, the Revolver Agent and the Lenders hereby agree that the minimum borrowing and prepayment requirements in this Agreement shall not apply to the transactions effected pursuant to the immediately preceding sentence.

(h) The Incremental Term Loans made under each Term Loan Increase shall be made by the applicable Lenders participating therein pursuant to the procedures set forth in Section 2.01 and 2.02 (as may be conformed as necessary or appropriate as reasonably determined by the Administrative Agent) and on the date of the making of such Incremental Term Loans, and notwithstanding anything to the contrary set forth in Section 2.01 and 2.02, such Incremental Term Loans shall be added to (and form part of) each Borrowing of outstanding Term Loans under the applicable Class of Term Loans on a pro rata basis (based on the relative sizes of the various outstanding Borrowings), so that each Lender under such Class

will participate proportionately in each then outstanding Borrowing of Term Loans of such Class.

(i) This Section 2.20 shall supersede any provisions in Sections 2.18 or 9.02 to the contrary.

SECTION 2.21 Extended Term Loans and Extended Revolving Commitments.

(a) The Borrower may at any time and from time to time request that all or a portion of the Term Loans of any Class (an "Existing Term Loan Class") be amended to extend the scheduled maturity date(s) of any payment of principal with respect to all or a portion of any principal amount of such Term Loans (any such Term Loans which have been so converted, "Extended Term Loans") and to provide for other terms consistent with this Section 2.21. In order to establish any Extended Term Loans, the Borrower shall provide a notice to the Administrative Agent (who shall provide a copy of such notice to each of the Lenders under the Existing Term Loan Class) (an "Extension Request") setting forth the proposed terms of the Extended Term Loans to be established, which shall be consistent with the Term Loans under the Existing Term Loan Class from which such Extended Term Loans are to be converted except that:

(i) all or any of the scheduled amortization payments of principal of the Extended Term Loans may be delayed to later dates than the scheduled amortization payments of principal of the Term Loans of such Existing Term Loan Class to the extent provided in the applicable Additional Credit Extension Amendment,

(ii) the Yield with respect to the Extended Term Loans (whether in the form of interest rate margin, upfront fees, original issue discount or otherwise) may be different than the Yield for the Term Loans of such Existing Term Loan Class and upfront fees may be paid to the existing Term Lenders, in each case, to the extent provided in the applicable Additional Credit Extension Amendment, and

(iii) the Additional Credit Extension Amendment may provide for other covenants and terms that apply only after the Initial Term Loan Maturity Date.

(b) Any Extended Term Loans converted pursuant to any Extension Request shall be designated a series of Extended Term Loans for all purposes of this Agreement; provided that, subject to the limitations set forth in clause (a) above, any Extended Term Loans converted from an Existing Term Loan Class may, to the extent provided in the applicable Additional Credit Extension Amendment and consistent with the requirements set forth above, be designated as an increase in any previously established Class of Term Loans.

(c) The Borrower shall provide the applicable Extension Request at least five (5) Business Days prior to the date on which Lenders under the applicable Existing Term Loan Class are requested to respond. No Lender shall have any obligation to agree to have any of its Term Loans of any Existing Term Loan Class converted into Extended Term Loans pursuant to any Extension Request. Any Lender wishing to have all or a portion of its Term Loans under the Existing Term Loan Class subject to such Extension Request (such Lender an "Extending

Term Lender”) converted into Extended Term Loans shall notify the Administrative Agent (an “Extension Election”) on or prior to the date specified in such Extension Request of the amount of its Term Loans under the Existing Term Loan Class which it has elected to request be converted into Extended Term Loans (subject to any minimum denomination requirements reasonably imposed by the Administrative Agent and acceptable to the Borrower). In the event that the aggregate amount of Term Loans under the Existing Term Loan Class subject to Extension Elections exceeds the amount of Extended Term Loans requested pursuant to an Extension Request, Term Loans of the Existing Term Loan Class subject to Extension Elections shall be converted to Extended Term Loans on a pro rata basis based on the amount of Term Loans included in each such Extension Election (subject to any minimum denomination requirements reasonably imposed by the Administrative Agent and acceptable to the Borrower).

(d) The Borrower may, with the consent of each Person providing an Extended Revolving Commitment, the Revolver Agent and any Person acting as swingline lender or issuing bank under such Extended Revolving Commitments, amend this Agreement pursuant to an Additional Credit Extension Amendment to provide for Extended Revolving Commitments and to incorporate the terms of such Extended Revolving Commitments into this Agreement on substantially the same basis as provided with respect to the Revolving Commitments; provided that (i) the establishment of any such Extended Revolving Commitments shall be accompanied by a corresponding reduction in the Revolving Commitments and (ii) any reduction in the Revolving Commitments may, at the option of the Borrower, be directed to a disproportional reduction of the Revolving Commitments of any Lender providing an Extended Revolving Commitment.

(e) Extended Term Loans and Extended Revolving Commitments shall be established pursuant to an Additional Credit Extension Amendment to this Agreement among the Borrower, the Applicable Agent and each Extending Term Lender or Lender providing an Extended Revolving Commitment which shall be consistent with the provisions set forth above (but which shall not require the consent of any other Lender other than those consents provided in this Section 2.21). Each Additional Credit Extension Amendment shall be binding on the Lenders, the Loan Parties and the other parties hereto. In connection with any Additional Credit Extension Amendment, the Loan Parties and the Administrative Agent shall enter into such amendments to the Security Documents as may be reasonably requested by the Administrative Agent (which shall not require any consent from any Lender other than those consents provided pursuant to this Agreement) in order to ensure that the Extended Term Loans or Extended Revolving Commitments are provided with the benefit of the applicable Security Documents and shall deliver such other documents, certificates and opinions of counsel in connection therewith as may be reasonably requested by the Administrative Agent.

(f) The provisions of this Section 2.21 shall override any provision of Section 9.02 to the contrary. No conversion of Loans pursuant to any extension in accordance with this Section 2.21 shall constitute a voluntary or mandatory payment or prepayment for purposes of this Agreement.

SECTION 2.22 Defaulting Lenders.

Notwithstanding any provision of this Agreement to the contrary, if any Revolving Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the unfunded portion of the Revolving Commitment of such Defaulting Lender pursuant to Section 2.12(a),

(b) the Revolving Commitment, Revolving Exposure, LC Exposure or Swingline Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 9.02); provided that this clause (ii) shall not apply to the vote of a Defaulting Lender, except to the extent the consent of such Lender would be required under clause (i), (ii), (iii) or (iv) in the proviso to the first sentence of Section 9.02(b),

(c) if any Swingline Exposure or LC Exposure exists at the time such Lender becomes a Defaulting Lender then:

(i) so long as no Event of Default has occurred and is continuing as to which the Revolver Agent has received written notice from the Borrower or a Revolving Lender, all or any part of the Swingline Exposure and LC Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentages but only to the extent that the sum of all non-Defaulting Lenders' Revolving Exposures plus such Defaulting Lender's Swingline Exposure and LC Exposure does not exceed the total of all non-Defaulting Lenders' Revolving Commitments,

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within one (1) Business Day following notice by the Revolver Agent (x) first, prepay such Swingline Exposure and (y) second, cash collateralize, for the benefit of the Issuing Bank only, the Borrower's obligations corresponding to such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.05(j) for so long as such LC Exposure is outstanding,

(iii) if the Borrower cash collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to clause (ii) above, the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.12(b) with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is cash collateralized,

(iv) if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.12(a) and Section 2.12(b) shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages, and

(v) if all or any portion of such Defaulting Lender's LC Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of the Issuing Bank or any other Lender hereunder, all fees that otherwise would have been payable to such Defaulting Lender (solely with respect to the portion of such Defaulting Lender's Revolving Commitment that was utilized by such LC Exposure) and letter of credit fees payable under Section 2.12(b) with respect to such Defaulting Lender's LC Exposure shall be payable to the Issuing Bank until and to the extent that such LC Exposure is reallocated and/or cash collateralized, and

(vi) so long as such Lender is a Defaulting Lender, the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Bank shall not be required to issue, amend, extend or increase any Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding LC Exposure will be 100% covered by the Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Borrower in accordance with Section 2.22(c), and participating interests in any newly made Swingline Loan or any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.22(c)(i) (and such Defaulting Lender shall not participate therein).

(d) If (i) a Bankruptcy Event with respect to a parent entity of any Lender shall occur following the Closing Date and for so long as such event shall continue or (ii) the Swingline Lender or the Issuing Bank has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless the Swingline Lender or the Issuing Bank, as the case may be, shall have entered into arrangements with the Borrower or such Lender, satisfactory to the Swingline Lender or the Issuing Bank, as the case may be, to defease any risk to it in respect of such Lender hereunder.

(e) In the event that the Revolver Agent, the Borrower, the Swingline Lender and the Issuing Bank each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swingline Exposure and LC Exposure of the Revolving Lenders shall be readjusted to reflect the inclusion of such Lender's Revolving Commitment and on such date such Lender shall purchase at par such of the Revolving Loans of the other Revolving Lenders as the Revolver Agent shall determine may be necessary in order for such Lender to hold Revolving Loans in accordance with its Applicable Percentage (whereupon such Lender shall cease to be a Defaulting Lender).

ARTICLE III

Representations and Warranties

The Borrower represents and warrants to the Lenders that:

SECTION 3.01 Organization; Power. Each of Holdings, the Borrower and the Restricted Subsidiaries (a) is duly organized or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization (to the extent such concept exists in such jurisdiction) except, solely with respect to any Restricted Subsidiary that is not a Material Subsidiary where the failure to do so, individually or in the aggregate, is not reasonably likely to result in a Material Adverse Effect, (b) except where the failure to do so, individually or in the aggregate, is not reasonably likely to result in a Material Adverse Effect, has the requisite power and authority and all governmental rights, qualifications, approvals, authorizations, permits, accreditations, Reimbursement Approvals, licenses and franchises material to the business of the Borrower and the Restricted Subsidiaries taken as a whole that are necessary to own its assets, to carry on its business as now conducted and as proposed to be conducted and to execute, deliver and perform its obligations under each Loan Document to which it is a party and (c) except where the failure to do so, individually or in the aggregate, is not reasonably likely to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 3.02 Authorization; Enforceability. This Agreement and the other Loan Documents to be entered into by each Loan Party and the performance by each Loan Party of its obligations under the Loan Documents have been duly authorized by all necessary corporate or other action and, if required, stockholder action. This Agreement has been duly executed and delivered by each of Holdings and the Borrower and constitutes, and each other Loan Document to which any Loan Party is to be a party, when executed and delivered by such Loan Party, will constitute, a legal, valid and binding obligation of Holdings, the Borrower or such Loan Party, as applicable, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03 Governmental Approvals; No Conflicts. The entering into and performance of the Loan Documents as in effect on the Closing Date (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except filings necessary to perfect Liens created under the Loan Documents, (b) will not violate any Requirement of Law applicable to Holdings, the Borrower or any of the Restricted Subsidiaries, as applicable, (c) will not violate or result in a default under any indenture or other material agreement or instrument binding upon Holdings, the Borrower or any of the Restricted Subsidiaries or any of their assets, or give rise to a right thereunder to require any payment to be made by Holdings, the Borrower or any of the Restricted Subsidiaries or give rise to a right of, or result in, termination, cancellation or acceleration of any material obligation thereunder, (d) will not result in a Limitation on any right, qualification, approval, Permit, accreditation, authorization, Reimbursement Approval, license or franchise or authorization granted by any

Governmental Authority, Third Party Payor or other Person applicable to the business, operations or assets of the Borrower or any of the Restricted Subsidiaries or adversely affect the ability of the Borrower or any of the Restricted Subsidiaries to participate in any Third Party Payor Arrangement except for Limitations, individually or in the aggregate, that are not material to the business of the Borrower and the Restricted Subsidiaries, taken as a whole, (e) will not result in the creation or imposition of any Lien on any asset of Holdings, the Borrower or any of the Restricted Subsidiaries, except Liens created under the Loan Documents and (f) will not affect any Loan Party's right to receive, or reduce the amount of, payments and reimbursements from Third Party Payors, or materially adversely affect any Healthcare Permit. There is no pending or, to the knowledge of any Loan Party, threatened Limitation by any Governmental Authority, Third Party Payor or any other Person of any right, qualification, approval, Permit, authorization, accreditation, Reimbursement Approval, license or franchise of the Borrower, or any Restricted Subsidiary, except for such Limitations, individually or in the aggregate, as are not reasonably likely to result in a Material Adverse Effect.

SECTION 3.04 Financial Condition; No Material Adverse Effect.

(a) The Borrower has heretofore delivered to the Lenders audited financial statements for the fiscal years ended June 30, 2020 and unaudited financial statements for the fiscal quarter ended December 31, 2020. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of TCO and its Subsidiaries as of such dates and for such periods in accordance with GAAP consistently applied.

(b) Since June 30, 2020, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

SECTION 3.05 Properties.

(a) Each of Holdings, the Borrower and the Restricted Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business, free and clear of all Liens, except for Permitted Liens and minor defects in title that do not interfere in any material respect with its ability to conduct its business or to utilize such properties for their intended purposes, except in each case, where the failure to have such title or interest could not reasonably be expected to have a Material Adverse Effect.

(b) Each of Holdings, the Borrower and the Restricted Subsidiaries owns, licenses or possesses the right to use all trademarks, trade names, copyrights, patents and other intellectual property material to its business, except to the extent that, individually or in the aggregate, failure to so own, license or possess would not be reasonably likely to result in a Material Adverse Effect. The conduct of the businesses of Holdings, the Borrower and the Restricted Subsidiaries does not infringe upon the intellectual property rights of any other Person, except for any such infringements that, individually or in the aggregate, are not reasonably likely to result in a Material Adverse Effect.

SECTION 3.06 Litigation and Environmental Matters.

(a) As of the Closing Date, except as set forth on Schedule 3.06 or could not reasonably be expected to have a Material Adverse Effect, there are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of Holdings, the Borrower or any Restricted Subsidiary, threatened against or affecting Holdings, the Borrower or any Restricted Subsidiary, including any relating to any Environmental Law.

(b) Except with respect to any other matters that, individually or in the aggregate, are not reasonably likely to result in a Material Adverse Effect, (A) neither Holdings, the Borrower nor any Restricted Subsidiary (i) has failed to comply with any applicable Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) knows of any basis for any Environmental Liability or (iv) has received any written claim or notice of violation or of potential responsibility regarding any alleged violation of or liability under any Environmental Law, and (B)(i) there has been no Release of Hazardous Materials at, on, under or from any property currently, or to the knowledge of Holdings, the Borrower or any of the Restricted Subsidiaries, formerly owned, leased or operated by any of them which could reasonably be expected to result in liability under any Environmental Law on the part of any of them, and (ii) all Hazardous Materials generated, used or stored at, or transported for treatment or disposal from, any properties currently, or to the knowledge of Holdings, Borrower and the Restricted Subsidiaries, formerly owned, leased or operated by Holdings, the Borrower or any of the Subsidiaries have been disposed of in a manner that could not reasonably be expected to result in liability under any Environmental Law on the part of any of them.

SECTION 3.07 Compliance with Laws and Agreements. Each of Holdings, the Borrower and the Restricted Subsidiaries is in compliance with all Requirements of Law applicable to it or its property or operations and all material indentures, agreements and other instruments binding upon it or its property, except where failure to comply, individually or in the aggregate, would not have a Material Adverse Effect.

SECTION 3.08 Investment Company Status. Neither Holdings, the Borrower, nor any Domestic Restricted Subsidiary is required to be registered as an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

SECTION 3.09 Taxes. Each of Holdings, the Borrower and the Restricted Subsidiaries has timely filed or caused to be filed all federal and other material Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) any Taxes that are being contested in compliance with Section 5.05 or (b) to the extent that the failure to do so is not reasonably likely to result, individually or in the aggregate, in a Material Adverse Effect.

SECTION 3.10 ERISA. No ERISA Event has occurred or is reasonably likely to occur that, when taken together with all other such ERISA Events for which liability is reasonably likely to occur, is reasonably likely to result in a Material Adverse Effect. The

present value of all accumulated benefit obligations under each Plan did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair value of the assets of such Plan, except as would not reasonably be likely to result in a Material Adverse Effect.

SECTION 3.11 Disclosure.

(a) As of the Closing Date, none of the reports, financial statements, certificates or other written information furnished by or on behalf of any Loan Party to the Administrative Agent, the Revolver Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by other information so furnished) contains any untrue statement of material fact or omits to state any material fact necessary to make the statements therein (when taken as a whole), in the light of the circumstances under which they were made (giving effect to all supplements and updates thereto), not materially misleading; provided that the foregoing shall not apply to any projected financial information, and with respect to such projected financial information, Holdings and the Borrower represent only that such information was prepared in good faith based upon assumptions believed by them to be reasonable at the time made and delivered and as of the Closing Date, it being understood that such projections are not a guarantee of financial performance and actual results may differ from such projections and such differences may be material.

(b) As of the Closing Date, to the knowledge of the Borrower, the information included in the Beneficial Ownership Certification provided on or prior to the Closing Date to any Lender in connection with this Agreement is true and correct in all respects.

SECTION 3.12 Subsidiaries. As of the Closing Date, Holdings does not have any subsidiaries other than the Borrower and the Subsidiaries and Subsidiaries that are not Material Subsidiaries listed on Schedule 3.12. Schedule 3.12 sets forth the name of, and the ownership or beneficial interest of Holdings in, each subsidiary, including the Borrower, and identifies each Subsidiary that is a Subsidiary Loan Party, in each case as of the Closing Date.

SECTION 3.13 [Reserved].SECTION 3.14

SECTION 3.15 Labor Matters. Except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect, (i) as of the Closing Date, there are no strikes, lockouts or slowdowns against Holdings, the Borrower or any Restricted Subsidiary pending or, to the knowledge of Holdings, the Borrower or any Restricted Subsidiary, threatened, (ii) the Borrower and the Restricted Subsidiaries are in compliance with the Fair Labor Standards Act and any other applicable Requirements of Law dealing with such matters and (iii) all payments due from Holdings, the Borrower or any Restricted Subsidiary, or for which any claim may be made against Holdings, the Borrower or any Restricted Subsidiary, on account of wages and employee health and welfare insurance and other benefits, have been paid (to the extent required by applicable Requirements of Law) or accrued as a liability on the books of Holdings, the Borrower or such Restricted Subsidiary.

SECTION 3.16 Solvency. Immediately after the consummation of the Transactions to occur on the Closing Date, the Borrower and its Subsidiaries, on a consolidated

basis, are Solvent, in each case after giving effect to any rights of indemnification, contribution or subrogation arising among the Subsidiary Loan Parties pursuant to the Collateral Agreement or by law.

SECTION 3.17 Federal Reserve Regulations. No part of the proceeds of any Loan have been used or will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X. Neither Holdings nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of buying or carrying margin stock (as defined in Regulation U).

SECTION 3.18 Reimbursement from Third Party Payors. The accounts receivable of Holdings, the Borrower and the Restricted Subsidiaries have been at all times during the three (3) years immediately preceding the Closing Date and will continue to be adjusted to reflect the reimbursement policies required by all applicable Requirements of Law and other Third Party Payor Arrangements to which Holdings, the Borrower or such Restricted Subsidiary is subject, and do not exceed in any material respect amounts the Borrower or such Restricted Subsidiary is entitled to receive under any capitation arrangement, fee schedule, discount formula, cost-based reimbursement or other adjustment or limitation to usual charges, except, in each instance, where failure to comply with the foregoing would not, individually or in the aggregate, be reasonably likely to have a Material Adverse Effect. All billings by Holdings, the Borrower and each Restricted Subsidiary pursuant to any Third Party Payor Arrangements have been at all times during the three (3) years immediately preceding the Closing Date made in compliance with all applicable Requirements of Law, except where failure to comply would not, individually or in the aggregate, be reasonably likely to have a Material Adverse Effect. At all times during the three (3) years immediately preceding the Closing Date, none of the Borrower or any Restricted Subsidiary (i) has retained an overpayment received from, or failed to refund any amount due to, any Third Party Payor in violation of any Healthcare Law or Third Party Payor Arrangement, where such retention or failure to refund would, individually or in the aggregate, be reasonably likely to have a Material Adverse Effect; and (ii) except as set forth on Schedule 3.17, has received written notice of, or has knowledge of, any material overpayment or refunds due to any Third Party Payor outside the ordinary course of business.

SECTION 3.19 Fraud and Abuse. At all times during the three (3) years immediately preceding the Closing Date, none of Holdings, the Borrower or any Subsidiary, nor any of their respective partners, members, stockholders, officers or directors, acting on behalf of Holdings, the Borrower or any Restricted Subsidiary, have engaged on behalf of Holdings, the Borrower or any Subsidiary in any activities that are prohibited, or, as applicable, cause for civil penalties, disqualification, debarment, or mandatory or permissive exclusion from any Government Program, under any Healthcare Law, or the regulations promulgated thereunder, or related Requirements of Law, or under any similar state law or regulation, or that are prohibited by binding rules of professional conduct, including to the extent prohibited by such laws (a) knowingly and willfully making or causing to be made a false statement or misrepresentation of a material fact in any application for any benefit or payment, (b) knowingly and willfully making or causing to be made any false statement or misrepresentation of a material fact for use in determining rights to any benefit or payment, (c) failing to disclose knowledge by a claimant of the occurrence of any event affecting the initial or continued right to any benefit or payment on

its own behalf or on behalf of another, with intent to secure such benefit or payment fraudulently, (d) knowingly and willfully soliciting or receiving any remuneration (including any kickback, bribe or rebate), directly or indirectly, overtly or covertly, in cash or in kind, or offering to pay or receive such remuneration (i) in return for referring an individual to a Person for the furnishing or arranging for the furnishing of any item or service for which payment may be made, in whole or in part, pursuant to any Third Party Payor Arrangement to which the foregoing rules and regulations apply or (ii) in return for purchasing, leasing or ordering or arranging for or recommending purchasing, leasing or ordering any good, facility, service or item for which payment may be made, in whole or in part, pursuant to any Third Party Payor Arrangement to which the foregoing rules and regulations apply and (e) making any prohibited referral for designated health services, or presenting or causing to be presented a claim or bill to any individual, Third Party Payor or other entity for designated health services furnished pursuant to a prohibited referral. To the knowledge of each Loan Party, during the three (3) years immediately preceding the Closing Date no Person has filed or has threatened to file against any such party an action under any federal or state whistleblower statute, including without limitation, under the False Claims Act of 1863 (31 U.S.C. § 3729 et seq.) or any other Healthcare Law. Neither Holdings, the Borrower nor any Restricted Subsidiary shall be considered to be in breach of this Section 3.18 so long as such prohibited actions as have occurred, individually or in the aggregate, are not reasonably likely to have a Material Adverse Effect.

SECTION 3.20 Patriot Act, Etc.

(a) To the extent applicable, Holdings and each of its Subsidiaries is in compliance, in all material respects, with (i) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 C.F.R. Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto and (ii) the Patriot Act. No part of the proceeds of the Loans will be used, directly or, to the knowledge of Holdings and its Subsidiaries, indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the FCPA.

(b) (i) None of Holdings or its Subsidiaries will directly or, to the knowledge of Holdings or such Subsidiary, indirectly, (x) use the proceeds of the Loans in violation of Sanctions or (y) otherwise make available such proceeds to any Person for the purpose of financing activities or business of or with any Sanctioned Person, to the extent such activities, businesses or transaction would be prohibited by Sanctions if conducted by a corporation incorporated in the United States or in a European Union member state, or in any Sanctioned Country, except to the extent that such financing would be permissible for a Person required to comply with Sanctions (including pursuant to any applicable exemptions, licenses or other approvals), (ii) none of Holdings, any Subsidiary or their respective directors, officers or employees or any controlled Affiliate of Holdings, the Borrower or its Subsidiaries that will act in any capacity in connection with or benefit from the incurrence of any Loans, is a Sanctioned Person and (iii) none of Holdings, its Subsidiaries or their respective directors, officers and employees, are in violation of applicable Sanctions.

SECTION 3.21 Security Documents. Except as otherwise contemplated hereby or under any other Loan Documents, the provisions of the Security Documents, together with such filings and other actions required to be taken hereby or by the applicable Security Documents are effective to create in favor of the Collateral Agent for the benefit of the Secured Parties, except as otherwise provided hereunder, including subject to Permitted Liens, a legal, valid, enforceable and perfected first priority Lien on all right, title and interest of the respective Loan Parties in the Collateral described therein.

Notwithstanding anything herein (including this Section 3.20) or in any other Loan Document to the contrary, neither the Borrower nor any other Loan Party makes any representation or warranty as to (A) the effects of perfection or non-perfection, the priority or the enforceability of any pledge of or security interest in any Equity Interests of any Foreign Subsidiary, or as to the rights and remedies of the Agents or any Lender with respect thereto, under foreign law or (B) the pledge or creation of any security interest, or the effects of perfection or non-perfection, the priority or the enforceability of any pledge of or security interest to the extent such pledge, security interest, perfection or priority is not required pursuant to the Collateral and Guarantee Requirement.

SECTION 3.22 Compliance with Healthcare Laws.

(a) Each Loan Party and each of their respective Subsidiaries is, and at all times during the three (3) years immediately preceding the Closing Date has been, in compliance with all Healthcare Laws and requirements of all Third Party Payor Arrangements applicable to it, its assets, business or operations, including all conditions of coverage and conditions of participation under any Government Program, except where non-compliance with any of the foregoing, individually or in the aggregate, would not have a Material Adverse Effect. To any Loan Party's knowledge, no circumstance exists or event has occurred which could reasonably be expected to result in a material violation of any Healthcare Law or any requirement of any Third Party Payor Arrangement. There are no pending (or, to the knowledge of any Loan Party, threatened) Proceedings against or affecting any Loan Party or, to the knowledge of any Loan Party, any Licensed Personnel, relating to any actual or alleged non-compliance with any Healthcare Law or requirement of any Third Party Payor other than those Proceedings that would not reasonably be expected to have, in the aggregate, a Material Adverse Effect. To any Loan Party's knowledge, there are no facts, circumstances or conditions that would reasonably be expected to form the basis for any such Proceeding against or affecting any Loan Party or any Licensed Personnel.

(b) Without limiting the generality of any other representation or warranty made herein, (i) each of the physicians, nurse practitioners, and physicians assistants, whether employees, independent contractors or leased personnel of each Loan Party ("Licensed Personnel") holds a valid and unrestricted license to practice his or her profession from each state in which he or she provides professional services, and, when required, holds a valid and unrestricted Drug Enforcement Administration registration and applicable state license to prescribe controlled substances, (ii) all Licensed Personnel, in the exercise of their respective duties on behalf of a Loan Party, are in compliance in all material respects with all applicable Healthcare Laws, (iii) all agreements between a Loan Party and a hospital or other health care facility and all agreements between a Loan Party and Licensed Personnel are in compliance in all

material respects with all applicable Healthcare Laws and (iv) no Loan Party is and no Licensed Personnel are debarred, disqualified, suspended or excluded from participation in any Government Program or are listed on the United States Department of Health and Human Services Office of Inspector General List of Excluded Individuals/Entities or General Services Administration list of excluded parties, except where non-compliance with any of the foregoing subsections (i) through (iv), individually or in the aggregate, would not have a Material Adverse Effect, nor to any Loan Party's knowledge is any such debarment, disqualification, suspension or exclusion threatened or pending. To any Loan Party's knowledge, at all times during the three (3) years immediately preceding the Closing Date, each Loan Party has maintained in all material respects all records required to be maintained by any Governmental Authority, including state licensing boards and agencies, CMS, Drug Enforcement Administration and state boards of pharmacy and any Government Program as required by the Healthcare Laws and, to any Loan Party's knowledge, there are no presently existing circumstances which would result or likely would result in violations of the Healthcare Laws except such of the foregoing that, individually or in the aggregate, would not have a Material Adverse Effect. Each Loan Party will have, effective as of the Closing Date and at all times thereafter, such Permits, licenses, franchises, certificates and other approvals or authorizations of governmental or regulatory authorities as are necessary under applicable Requirements of Law to own their respective properties and conduct their respective business (including such Permits as are required under such federal, state and other Healthcare Laws as are applicable thereto), and to participate in and receive reimbursement under any Government Program, except where non-compliance with any of the foregoing, individually or in the aggregate, would not have a Material Adverse Effect.

(c) To any Loan Party's knowledge, there currently exist no restrictions, deficiencies, required plans of corrective actions or other such remedial measures under any Government Program's certifications or licensure, except such of the foregoing that, individually or in the aggregate, would not have a Material Adverse Effect. Without limiting the foregoing, no validation review, program integrity review, audit or other investigation related to any Loan Party or their respective operations (i) has been conducted by or on behalf of any Governmental Authority in the three (3) years immediately preceding the Closing Date, or (ii) is scheduled, pending or, to the knowledge of any Loan Party, threatened, that, in each case, would have, either individually or in the aggregate, a Material Adverse Effect. No Loan Party has any knowledge that any condition exists or event has occurred which, in itself or with the giving of notice or lapse of time or both, reasonably would be expected to result in the suspension, revocation, forfeiture, non-renewal of any governmental consent applicable to any Loan Party or Subsidiary of a Loan Party or service Subsidiary of a Loan Party or such Loan Party's participation in any Government Program, any other material Third Party Payor Arrangement, or of any participation agreements, which suspension, revocation, forfeiture or non-renewal would have, either individually or in the aggregate, a Material Adverse Effect; provided, however, nothing in the foregoing shall prohibit or prevent any Loan Party from terminating or causing the termination of any contract for the provision of Medical Services in the ordinary course of the Loan Party's business. There is no investigation, audit, claim review, or other action pending, or to the knowledge of any Loan Party, threatened, which would reasonably be expected to result in a suspension, revocation, termination, restriction, limitation, modification or non-renewal of any Reimbursement Approval or result in any Loan Party's or any of their Subsidiaries' exclusion from any Third Party Payor, except, in each case, where such exclusion, suspension, revocation,

termination, restriction, limitation, modification or non-renewal, individually or in the aggregate, would not have a Material Adverse Effect.

(d) Each Loan Party that provides professional Medical Services and each of its Licensed Personnel has the requisite National Provider Identifier or other authorizations and Permits requisite to bill the Medicare and Medicaid Programs (in the state or states in which such entities operate), and all other Third Party Payor Arrangements that such Loan Party currently bills or in the past billed except where the failure to have such authorization would not have, either individually or in the aggregate, a Material Adverse Effect. There is no investigation, audit, claim review or other action pending or, to any Loan Party's knowledge, threatened which would likely result in a revocation, suspension, termination, probation, restriction, limitation, or non-renewal of any Third Party Payor Arrangement, provider number, Permit or authorization or result in the exclusion of any Loan Party from the Medicare and Medicaid Programs, or from any Third Party Payor Arrangement, which revocation, suspension, termination, probation, restriction, limitation, non-renewal or exclusion would have, either individually or in the aggregate, a Material Adverse Effect.

(e) As applicable, the Borrower has adopted a compliance plan the purpose of which is to assure that each Loan Party and its Licensed Personnel is in material compliance with applicable Healthcare Laws.

(f) Each Loan Party and professional corporation and professional association with which a Loan Party has entered into a management services agreement or other affiliation agreement conducts its business in compliance with all applicable Corporate Practice of Medicine Laws except where non-compliance with the foregoing, would not reasonably be expected to have, in the aggregate, a Material Adverse Effect.

(g) Each Loan Party will have, effective as of the Closing Date and at all times thereafter, such Permits, licenses, franchises, certificates and other approvals or authorizations of governmental or regulatory authorities as are necessary under applicable Requirements of Law to own their respective properties and conduct their respective business (including such Permits as are required under such federal, state and other Healthcare Laws as are applicable thereto), and to receive reimbursement under any Government Program (collectively, the "Healthcare Permits"), except where the failure to have any Healthcare Permit would not reasonably be expected to have, in the aggregate, a Material Adverse Effect.

(h) Each Loan Party holds, and at all times during the three (3) years immediately preceding the Closing Date has held, all Healthcare Permits necessary for it to own, lease, sublease or operate its assets or to conduct its business or operations as presently conducted and to participate in and obtain reimbursement under all Third Party Payors in which such Persons' participate, except where a failure to hold any such Healthcare Permits would not reasonably be expected to have, in the aggregate, a Material Adverse Effect. All such Healthcare Permits are, and at all times during the three (3) years immediately preceding the Closing Date have been, in full force and effect and there is and has been no default under, violation of, or other noncompliance with the terms and conditions of any such Healthcare Permit, except where a failure of any such Healthcare Permit to be in full force and effect, or any default under, violation of, or other noncompliance with the terms and conditions of any such Healthcare Permit, would

not reasonably be expected to have, in the aggregate, a Material Adverse Effect. No Governmental Authority has taken, or to the knowledge of any Loan Party intends to take, action to suspend, revoke, terminate, place on probation, restrict, limit, modify or not renew any Healthcare Permit of any Loan Party where any such action would reasonably be expected to have, in the aggregate, a Material Adverse Effect.

(i) Each Loan Party, as applicable, has obtained and maintains accreditation in good standing and without limitation or impairment by all applicable accrediting organizations, to the extent prudent and customary in the industry in which it is engaged or required by law (including any equivalent regulation), except where the failure to have or maintain such accreditation in good standing or imposition of limitation or impairment would not reasonably be expected to have, in the aggregate, a Material Adverse Effect.

(j) No Loan Party is a party to or has any ongoing reporting obligations pursuant to any corporate integrity agreements, deferred prosecution agreements, monitoring agreements, consent decrees, settlement orders, plans of correction or similar agreements with or imposed by any Governmental Authority.

SECTION 3.23 Privacy and Security Law Compliance.

To the extent that any Loan Party or any Subsidiary is a “covered entity” or “business associate” within the meaning of HIPAA or any other comparable Privacy and Security Law, the Borrower and each such Loan Party and each Subsidiary, except as set forth on Schedule 3.22, (x) is in compliance in all material respects with each of the applicable requirements of all Privacy and Security Laws and (y) is not and would not reasonably be expected to become the subject of any civil or criminal penalty, process, claim, action or proceeding, or any administrative or other regulatory review, survey, process or proceeding (other than routine surveys or reviews conducted by any Government Program or accreditation entity) that would result in any of the foregoing or that would materially adversely affect a Loan Party’s or Subsidiary’s business, operations, assets, properties or condition (financial or otherwise), in connection with any actual or potential violation by a Loan Party or any Subsidiary of the then effective provisions of any Privacy and Security Law except, in each case, for such non-compliance under this Section 3.22 as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.]

SECTION 3.24 EEA Financial Institution.

Neither the Borrower nor any other Loan Party is an Affected Financial Institution.

ARTICLE IV

Conditions

SECTION 4.01 Closing Date. This Agreement shall not become effective until the date on which each of the following conditions is satisfied (or waived):

(a) No Default shall have occurred and be continuing on and as of the Closing Date.

(b) Each of the representations and warranties of Borrower and its Restricted Subsidiaries set forth in Section 3 and in the other Loan Documents shall be true and correct in all material respects, except to the extent that such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date (or, if qualified by “materiality”, “Material Adverse Effect” or similar language, in all respects (after giving effect to such qualification));

(c) The Administrative Agent shall have received a solvency certificate, dated the Closing Date, and signed by the Chief Financial Officer of the Borrower or a Financial Officer (immediately after giving effect to the Transactions) substantially in the form attached hereto as Exhibit G.

(d) The Administrative Agent shall have received all of the agreements, documents, instruments and other items set forth in Part II of the Closing Checklist attached hereto as Exhibit C, each in form and substance reasonably satisfactory to the Administrative Agent.

(e) Since June 30, 2020, there shall not have occurred a “Material Adverse Effect”.

(f) The Administrative Agent and the Revolver Agent shall have received all fees and expenses due and payable on or prior to the Closing Date, including the fees set forth in the Fee Letter and reimbursement or payment of all reasonable out-of-pocket expenses (including fees, charges and disbursements of counsel) required to be reimbursed or paid by any Loan Party hereunder or under any other Loan Document, in each case, to the extent invoiced three (3) days prior to the Closing Date).

(g) The Administrative Agent shall have received, at least three (3) days prior to the Closing Date, all documentation and other information required by regulatory authorities concerning the Borrower and the Subsidiary Loan Parties under applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act, that has been requested by the Administrative Agent in writing at least 10 Business Days prior to the Closing Date.

(h) Immediately following or substantially concurrently with the funding of the Initial Term Loans, the IPO and the Closing Date Refinancing shall have been consummated.

The Administrative Agent shall notify the Borrower and the Lenders of the Closing Date, and such notice shall be conclusive and binding.

SECTION 4.02 Each Credit Event. The obligation of each Lender to make any Loan or honor any Extension Request (other than a Borrowing Request requesting only a conversion of Loans to the other Type or a continuation of Eurodollar Term Benchmark Loans) after the Closing Date and of the Issuing Bank to issue, amend, renew or extend any Letter of

Credit, including, without limitation, on the Closing Date, is subject to satisfaction or waiver of the following conditions:

(a) On the relevant date of such Borrowing, after giving effect to such Borrowing or issuance of such Letter of Credit, as applicable, the following shall be true and correct:

(i) with respect to any borrowing under an Incremental Facility in order to effect a Limited Condition Transaction, the Permitted Acquisition Company Representations and the Specified Representations shall be true and correct in all material respects; provided that each reference in such representation or warranty to “Material Adverse Effect” shall be deemed to be “Material Adverse Effect”, “Company Material Adverse Effect” or like term as defined in the applicable Permitted Acquisition Agreement; and

(ii) with respect to each Borrowing or issuance of Letter of Credit, other than as set forth in clause (i) above, the representations and warranties of each Loan Party set forth in the Loan Documents shall be true and correct in all material respects (except to the extent any such representation or warranty is qualified by “materially”, “Material Adverse Effect” or a similar term, in which case such representation and warranty shall be true and correct in all respects) on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct (or true and correct in all material respects, as the case may be) as of such earlier date).

(b) Solely with respect to any Borrowing Request of the Initial Term Loans, Revolving Loans or issuance of any Letter of Credit (subject to Section 1.07(f), with respect to Revolving Loans or issuance of any Letter of Credit in connection with a Limited Condition Transaction), at the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

(c) Solely with respect to any Borrowing Request of the Initial Term Loans, Revolving Loans or issuance of any Letter of Credit (subject to Section 1.07(f), with respect to Revolving Loans or issuance of any Letter of Credit in connection with a Limited Condition Transaction), the opinion of the independent public accountants (after giving effect to any reissuance or revision of such opinion) on the most recent audited consolidated financial statements delivered by the Borrower pursuant to Section 5.01(a) shall not include a “going concern” or like qualification or exception or any qualification or exception as to the scope of such audit, except as may be required solely as a result of the impending maturity of any Loan or any anticipated inability to satisfy any financial maintenance covenant (including the

Financial Covenant) or from the activities, operations, financial results, assets or liabilities of any Unrestricted Subsidiary.

(d) Solely with respect to any Borrowing Request of the Initial Term Loans, Revolving Loans or issuance of any Letter of Credit (subject to Section 1.07(f), with respect to Revolving Loans or issuance of any Letter of Credit in connection with a Limited Condition Transaction), the Administrative Agent and, if applicable, the Revolver Agent, the relevant Issuing Bank and/or Swingline Lender shall have received a Borrowing Request in accordance with the requirements hereof.

Each Borrowing (provided that a conversion or continuation of a Borrowing shall not constitute a "Borrowing" for purposes of this Section 4.02) and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by Holdings and the Borrower on the date thereof as to the matters specified in paragraphs (a), (b) and (c) of this Section 4.02.

ARTICLE V

Affirmative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees, expenses and other amounts payable under any Loan Document shall have been paid in full and all Letters of Credit shall have expired or terminated and all LC Disbursements shall have been reimbursed, each of the Borrower and its Restricted Subsidiaries covenants and agrees with the Lenders that:

SECTION 5.01 Financial Statements and Other Information. The Borrower will furnish to the Administrative Agent (for distribution to the Revolver Agent and each Lender):

(a) within 150 days after the end of the fiscal year of the Borrower ended June 30, 2021 and within 120 days after the end of each fiscal year of the Borrower thereafter, audited year-end consolidated financial statements of the Borrower and its Subsidiaries (including a balance sheet, statement of income and statement of cash flows and stockholders' equity) as of the end of and for such fiscal year, and the related notes thereto, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by independent public accountants of recognized national standing to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied,

(b) within 60 days after the end of the fiscal quarter of the Borrower ended March 31, 2021 and within 45 days after the end of the first three fiscal quarters each fiscal quarter of each fiscal year thereafter, unaudited quarterly consolidated financial statements of the Borrower and its Subsidiaries (including a balance sheet, statement of income and statement of cash flows) as of the end of and for such fiscal quarter and the then-elapsed portion of the fiscal year, setting forth in each case in comparative form the

figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by a Financial Officer as presenting fairly in all material respects the financial condition and results of operations of the Borrower and the Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes,

(c) [reserved],

(d) concurrently with the delivery of the financial statements referred to in Section 5.01(a) for each fiscal year and Section 5.01(b) (for the first three fiscal quarters of each fiscal year) (commencing with the second full fiscal quarter after the Closing Date), (A) a duly completed Compliance Certificate substantially in the form of Exhibit F hereto, signed by a Financial Officer of the Borrower and (B) a “Management’s Discussion and Analysis of Financial Condition and Results of Operations” that describes the financial condition and results of operations of the Borrower and its consolidated Subsidiaries,

(e) [reserved], and

(f) simultaneously with the delivery of each set of consolidated financial statements referred to in clauses (a) and (b) of this Section 5.01, the related unaudited consolidating financial statements reflecting the adjustments necessary to eliminate the accounts of Unrestricted Subsidiaries (if any) from such consolidated financial statements either on the face of the financial statements or in the footnotes thereto, and in “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, and reflecting the financial condition and results of operations of the Borrower and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Borrower.

Notwithstanding the foregoing, the obligations referred to in Sections 5.01(a) and (b) may be satisfied with respect to financial information of the Borrower and its Subsidiaries by furnishing the applicable financial statements of Holdings (or any other direct or indirect parent of Holdings) or Borrower, Holdings or such parent’s Form 8-K, 10-K or 10-Q, as applicable, filed with the SEC, in each case, within the time periods specified in such paragraphs; provided that, to the extent such information relates to Holdings or a direct or indirect parent thereof, if and for so long as such parent will have Independent Assets or Operations such information is accompanied by consolidating information (which need not be audited) that explains in reasonable detail the differences between the information relating to Holdings, on the one hand, and the information relating to the Borrower and the consolidated Restricted Subsidiaries on a stand-alone basis, on the other hand.

Documents required to be delivered pursuant to Section 5.01 may, at the Borrower’s option, be delivered electronically by posting such documents electronically, and if so posted, such documents shall be deemed to have been delivered on the date on which the Borrower posts such documents on the Borrower’s website or another public website (including EDGAR or any successor system thereto) to which the Borrower may so direct; provided that upon the

reasonable request of the Administrative Agent, the Revolver Agent or the Collateral Agent with respect to any specific document so delivered electronically, the Borrower shall promptly deliver a physical copy of such document.

To the extent any report or other information under this Section 5.01 is not delivered within the time periods specified under this Section 5.01 and such report or other information is subsequently delivered prior to the time such failure results in an Event of Default due to the Borrower's failure to deliver such report or other information within such requisite time periods, the Borrower will be deemed to have satisfied its obligations under this Section 5.01 and any Default with respect to its obligations under this Section 5.01 shall be deemed to have been cured (but not any Default under any other provision of this Agreement). The Borrower may satisfy its obligation to deliver any report or other information to Lenders at any time by filing such information with the SEC and providing written notice (which notice may be by facsimile or electronic mail) to the Administrative Agent that such information has been filed.

SECTION 5.02 Notices of Material Events.

(a) The Borrower will furnish to the Administrative Agent (for distribution to the Revolver Agent and each Lender), written notice of the following promptly after obtaining knowledge thereof:

(i) the occurrence of any Event of Default; and

(ii) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against the Borrower or any of its Restricted Subsidiaries that could in each case reasonably be expected to result in a Material Adverse Effect.

Each notice delivered under this Section 5.02 shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03 Information Regarding Collateral.

(a) The Borrower will furnish to the Collateral Agent prompt written notice of (but in no event later than 90 days following) any change (i) in any Loan Party's legal name, (ii) in the jurisdiction of incorporation or organization of any Loan Party or (iii) in any Loan Party's organizational identification number. The Borrower agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Collateral Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral. The Borrower also agrees promptly to notify the Collateral Agent if any material portion of the Collateral is damaged or destroyed.

(b) [Reserved]

SECTION 5.04 Existence; Conduct of Business. The Borrower will, and will cause each of the Restricted Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, qualifications, permits, approvals, accreditations, authorizations, Reimbursement Approvals, licenses, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

SECTION 5.05 Payment of Obligations. Each of Holdings and the Borrower will, and will cause each of its Restricted Subsidiaries to, pay its material Tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) Holdings, the Borrower or such Restricted Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (c) such contest effectively suspends the enforcement of any Lien securing such obligation and (d) the failure to make such payment is not reasonably likely to result, individually or in the aggregate, in a Material Adverse Effect.

SECTION 5.06 Maintenance of Properties. The Borrower will, and will cause each of its Restricted Subsidiaries to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

SECTION 5.07 Insurance.

(a) The Borrower will, and will cause each of its Restricted Subsidiaries to, maintain, with financially sound and reputable insurance companies (which may include self-insurance) at the time the relevant coverage is placed or renewed insurance with respect to its properties and business against loss or damage of such type and in such amounts (with no greater risk retention) and against such risks as are customarily maintained by companies of established repute engaged in the same or similar businesses operating in the same or similar locations. The Borrower will deliver to the Lenders, upon reasonable written request of the Administrative Agent or Revolver Agent, information in reasonable detail as to the insurance so maintained.

SECTION 5.08 [Reserved].

SECTION 5.09 Books and Records; Inspection and Audit Rights. The Borrower will, and will cause each of its Restricted Subsidiaries to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Borrower will, and will cause each of its Restricted Subsidiaries to, permit any representatives designated by the Administrative Agent, upon reasonable prior notice, to visit and inspect its properties during normal business hours, to examine and make extracts from its books and records, including environment assessment reports and Phase I or Phase II studies, and to discuss its affairs, finances and condition with its officers and independent accountants (provided that the Borrower shall be provided the opportunity to participate in any such discussions with its independent accountants), upon reasonable prior notice and during normal business hours, but not more than once in any twelve

(12) month period absent the existence of an Event of Default and only one (1) such time shall be at the Borrower's expense absent the existence of an Event of Default.

SECTION 5.10 Compliance with Laws. The Borrower will, and will cause each of its Restricted Subsidiaries to comply with all Requirements of Law, including Environmental Laws and Healthcare Laws, applicable to it or its property, except where the failure to do so, individually or in the aggregate, is not reasonably likely to result in a Material Adverse Effect. The Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

SECTION 5.11 Use of Proceeds and Letters of Credit. The proceeds of the Revolving Loans, Swingline Loans and Letters of Credit will be used only for working capital and other general corporate purposes (including Permitted Acquisitions) and for any other purposes not prohibited by this Agreement. The proceeds of the Initial Term Loans, together with the proceeds of the IPO, will be used by the Borrower on the Closing Date (i) consummate the Closing Date Refinancing and (ii) to pay the Transaction Expenses and for working capital and other general corporate purposes. No part of the proceeds of any Loan and no Letter of Credit will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X. No part of the proceeds of any Borrowing or any Letter of Credit will be used, directly or, to the knowledge of Parent, Holdings or the Borrower, indirectly, (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, to the extent such activities, businesses or transaction would be prohibited by Sanctions if conducted by a corporation incorporated in the United States, except to the extent specifically or generally licensed by OFAC (or otherwise authorized by OFAC), or (C) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

SECTION 5.12 Additional Subsidiaries; Succeeding Holdings.

(a) If any additional Restricted Subsidiary (other than an Excluded Subsidiary) is formed or acquired after the Closing Date or if any Excluded Subsidiary that is not a Subsidiary Loan Party ceases to qualify as an Excluded Subsidiary, the Borrower will, within 60 days after the date such Restricted Subsidiary has been formed or acquired (or the date on which such Subsidiary ceases to constitute an Excluded Subsidiary), notify the Collateral Agent and the Lenders (through the Administrative Agent) thereof and within such 60-day period cause the Collateral and Guarantee Requirement to be satisfied with respect to such Subsidiary (if it is a Subsidiary Loan Party) and with respect to any Equity Interest in or Indebtedness of such Subsidiary owned by or on behalf of any Loan Party.

(b) Upon the addition of a Succeeding Holdings, the Borrower will notify the Collateral Agent and the Lenders (through the Administrative Agent) thereof and within 10 days after such Succeeding Holdings is formed or acquired cause the Collateral and Guarantee Requirement to be satisfied with respect to the Succeeding Holdings.

SECTION 5.13 Further Assurances.

(a) Each of Holdings, each Succeeding Holdings and the Borrower will, and will cause each Subsidiary Loan Party to, execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements and other documents), which may be required under any applicable law, or which the Administrative Agent or the Required Lenders may reasonably request, to cause the Collateral and Guarantee Requirement to be and remain satisfied, all at the expense of the Loan Parties. The Borrower also agrees to provide to the Collateral Agent, from time to time upon reasonable request, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Security Documents.

(b) If any material assets are acquired by the Borrower or any Subsidiary Loan Party after the Closing Date (other than assets constituting Collateral under the Collateral Agreement that become subject to a perfected Lien in favor of the Collateral Agreement upon acquisition thereof), the Borrower will notify the Administrative Agent and the Lenders thereof and, if requested by the Administrative Agent or the Required Lenders, the Borrower will cause such assets to be subjected to a Lien securing the Obligations and will take, and cause the Subsidiary Loan Parties to take, such actions as shall be necessary or reasonably requested by the Administrative Agent to grant and perfect such Liens, including actions described in paragraph (a) of this Section 5.13, all at the expense of the Loan Parties; provided that the Collateral Agent may, in its reasonable judgment, grant extensions of time for compliance or exceptions with the provisions of this paragraph by any Loan Party.

SECTION 5.14 Designation of Subsidiaries. The Borrower may at any time after the Closing Date designate any Restricted Subsidiary of the Borrower as an Unrestricted Subsidiary or any Unrestricted Subsidiary as a Restricted Subsidiary; provided that (i) immediately before and after such designation, no Event of Default shall have occurred and be continuing or would result therefrom and (ii) no Subsidiary may be designated as an Unrestricted Subsidiary if, after such designation, it would be a "Restricted Subsidiary" for the purpose of any Specified Indebtedness or any Permitted Refinancing thereof. The designation of any Subsidiary as an Unrestricted Subsidiary after the Closing Date shall constitute an Investment by the Borrower therein at the date of designation in an amount equal to the greater of (x) the Fair Market Value of such Investment at the date of designation and (y) the sum of (i) the aggregate amount paid to acquire such Unrestricted Subsidiary, if applicable, plus (ii) the aggregate amount of Investments made by the Borrower and its Subsidiaries in such Unrestricted Subsidiary on or prior to the date of designation. The designation of any Unrestricted Subsidiary as a Restricted Subsidiary shall constitute (i) the incurrence at the time of designation of any Investment, Indebtedness or Liens of such Subsidiary existing at such time and (ii) a return on any Investment by the Borrower in Unrestricted Subsidiaries pursuant to the preceding sentence in an amount equal to the Fair Market Value of such Investment in such Subsidiary.

SECTION 5.15 Post-Closing Matters. The Borrower will, and will cause each of its Restricted Subsidiaries to execute and deliver the documents and complete the tasks set forth on Schedule 5.15 as soon as commercially reasonable and by no later than the date set forth in Schedule 5.15; provided that the Administrative Agent or Collateral Agent, as

applicable, may in its reasonable judgment, grant extensions of time for compliance or exceptions with the provisions of this paragraph.

ARTICLE VI

Negative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees, expenses and other amounts payable under any Loan Document have been paid in full and all Letters of Credit have expired or terminated and all LC Disbursements shall have been reimbursed, each of the Borrower (and, with respect to Section 6.03 only, Holdings) and each Restricted Subsidiary covenants and agrees with the Lenders that:

SECTION 6.01 Indebtedness; Certain Equity Interests.

The Borrower will not, nor will it permit any Restricted Subsidiary to, create, incur, assume or permit to exist any Indebtedness, except:

- (i) Indebtedness created under the Loan Documents,
- (ii) [reserved],
- (iii) Indebtedness existing on the Closing Date set forth in Schedule 6.01 and any Permitted Refinancing thereof,
- (iv) Indebtedness of the Borrower owed to any Restricted Subsidiary and of any Restricted Subsidiary owed to the Borrower or any other Restricted Subsidiary; provided that (A) Indebtedness of the Borrower owed to any Restricted Subsidiary and Indebtedness of any Subsidiary Loan Party owed to the Borrower or any other Restricted Subsidiary shall be subordinated to the Obligations on terms reasonably satisfactory to the Administrative Agent, (B) Indebtedness owed to any Captive Insurance Subsidiary shall only be subordinated to the extent permitted by applicable laws or regulations and (C) the related Investment is permitted by Section 6.04(d),
- (v) Guarantees by the Borrower of Indebtedness of any Restricted Subsidiary and by any Restricted Subsidiary of Indebtedness of the Borrower or any other Restricted Subsidiary; provided that (A) the Indebtedness so Guaranteed is permitted by this Section 6.01, (B) Guarantees permitted under this clause (v) shall be subordinated to the Obligations of the Borrower or the applicable Restricted Subsidiary to the same extent and on the same terms as the Indebtedness so Guaranteed is subordinated to the Obligations and (C) except in the case of Foreign Subsidiaries that provide Guarantees of Indebtedness of other Foreign Subsidiaries, the related Investment is permitted by Section 6.04(d),
- (vi) Indebtedness (including Attributable Indebtedness) of the Borrower or any Restricted Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including Capital Lease Obligations, and any Indebtedness assumed by the Borrower or any Subsidiary in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and

Permitted Refinancings thereof; provided that (A) such Indebtedness (other than Permitted Refinancings) is incurred prior to or within 120 days after such acquisition or the completion of such construction or improvement and (B) the aggregate principal amount of Indebtedness permitted by this clause (vi) shall not (except as permitted by the definition of "Permitted Refinancing") exceed the greater of (x) \$25,000,000 and (y) 35% of TTM Consolidated EBITDA at the time of such incurrence at any time outstanding,

(vii) Acquired Indebtedness of the Borrower or any Restricted Subsidiary assumed in connection with any Permitted Acquisition and not created in contemplation thereof; provided that after giving Pro Forma Effect to such Permitted Acquisition and the assumption or incurrence of such Indebtedness incurred or assumed pursuant to this clause (vii), the Total Net Leverage Ratio does not exceed 4.25:1.00, and any Permitted Refinancing of any such Indebtedness; provided further that any such Indebtedness of a Non-Loan Party does not exceed in the aggregate at any time outstanding, together with any Indebtedness incurred by a Non-Loan Party pursuant to clause (xiv) of this Section 6.01, \$5,000,000,

(viii) Indebtedness owed to any Person (including obligations in respect of letters of credit for the benefit of such Person) providing workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance pursuant to reimbursement or indemnification obligations to such Person, in each case incurred in the ordinary course of business,

(ix) Indebtedness of the Borrower or any Restricted Subsidiary in respect of performance bonds, bid bonds, appeal bonds, surety bonds, performance and completion guarantees and similar obligations, in each case provided in the ordinary course of business,

(x) Indebtedness of any Loan Party pursuant to any Swap Agreement,

(xi) [reserved],

(xii) Indebtedness representing deferred compensation to current or former consultants, employees or directors of Holdings, the Borrower and the Restricted Subsidiaries incurred in the ordinary course of business and consistent with practices of the Borrower and its Restricted Subsidiaries in place on the Closing Date,

(xiii) Indebtedness in respect of promissory notes issued to physicians, consultants, employees or directors or former employees, consultants or directors in connection with repurchases of Equity Interests permitted by Section 6.08(a)(iii),

(xiv) Indebtedness of any Foreign Subsidiary or any Non-Loan Party, collectively, in an amount not to exceed, together with any Indebtedness incurred by a Non-Loan Party pursuant to clause (vii) of this Section 6.01, \$5,000,000 at any time outstanding,

(xv) (a) junior lien or unsecured Indebtedness; provided that on a Pro Forma Basis after giving effect to the incurrence of such Indebtedness and the use of proceeds

thereof, (x) in the case of junior lien Indebtedness, the Secured Net Leverage Ratio does not exceed 4.25:1.00 as the most recent fiscal quarter for which financial statements have been delivered and (y) in the case of unsecured Indebtedness, the Total Net Leverage Ratio does not exceed 4.25:1.00 as the most recent fiscal quarter for which financial statements have been delivered and (b) any Permitted Refinancing thereof,

(xvi) the incurrence by the Borrower or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business, so long as such Indebtedness is extinguished within five (5) Business Days,

(xvii) the incurrence of Indebtedness arising from agreements of the Borrower or a Restricted Subsidiary providing for indemnification, adjustment of purchase price, holdback, contingency payment obligations or similar obligations, in each case, incurred or assumed in connection with the disposition or acquisition of any business, assets or capital stock of the Borrower or any Restricted Subsidiary,

(xviii) the incurrence of Indebtedness resulting from endorsements of negotiable instruments for collection in the ordinary course of business,

(xix) Indebtedness of the Borrower or a Restricted Subsidiary in respect of netting services, overdraft protection and otherwise in connection with deposit accounts; provided that such Indebtedness remains outstanding for ten (10) Business Days or less, and

(xx) the incurrence or issuance by the Borrower or any of its Restricted Subsidiaries of any additional Indebtedness in an aggregate principal amount not to exceed the greater of (x) \$35,000,000 and (y) 50% of TTM Consolidated EBITDA at the time of such incurrence at any time outstanding.

For purposes of determining compliance with Section 6.01, in the event that an item of Indebtedness (or any portion thereof) at any time, whether at the time of incurrence or upon the application of all or a portion of the proceeds thereof or subsequently, meets the criteria of more than one of the categories of permitted Indebtedness described in Section 6.01(a)(i) through (xx) above, the Borrower, in its sole discretion, will classify and may subsequently reclassify such item of Indebtedness (or any portion thereof) in any one or more of the types of Indebtedness described in 6.01(a)(i) through (xx) above and will only be required to include the amount and type of such Indebtedness in such of the above clauses as determined by the Borrower at such time. The Borrower will be entitled to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in 6.01(a)(i) through (xx) above.

For purposes of determining compliance with any dollar-denominated restriction on the incurrence of Indebtedness, the dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed, in the case of revolving credit debt; provided that if such Indebtedness is incurred to extend, replace, refund,

refinance, renew or defease other Indebtedness denominated in a foreign currency, and such extension, replacement, refunding, refinancing, renewal or defeasance would cause the applicable dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such extension, replacement, refunding, refinancing, renewal or defeasance, such dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being extended, replaced, refunded, refinanced, renewed or defeased, plus the aggregate amount of fees, underwriting discounts, premiums (including tender premiums) and other costs and expenses (including OID) incurred in connection with such refinancing.

The accrual of interest, the accretion or amortization of OID, the payment of interest in the form of additional Indebtedness with the same terms, shall not be deemed to be an incurrence of Indebtedness for purposes of this Section 6.01.

SECTION 6.02 Liens. The Borrower will not, and will not permit any Restricted Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except (collectively, "Permitted Liens"):

- (a) Liens created by the Loan Documents,
- (b) Permitted Encumbrances,
- (c) any Lien on any property or asset of the Borrower or any Restricted Subsidiary existing on the Closing Date and set forth in Schedule 6.02; provided that (A) such Lien shall not apply to any other property or asset of the Borrower or any Restricted Subsidiary and (B) such Lien shall secure only those obligations which it secures on the Closing Date and Permitted Refinancings thereof,
- (d) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Restricted Subsidiary or existing on any property or asset of any Person that becomes a Restricted Subsidiary after the date hereof prior to the time such Person becomes a Restricted Subsidiary securing Indebtedness permitted by clause (vii) of Section 6.01; provided that (A) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Restricted Subsidiary, as applicable, (B) such Lien shall not apply to any other property or asset of the Borrower or any Restricted Subsidiary and (C) such Lien shall secure only those obligations that it secures on the date of such acquisition or the date such Person becomes a Restricted Subsidiary, as applicable, and Permitted Refinancings thereof,
- (e) Liens on fixed or capital assets acquired, constructed or improved by the Borrower or any Restricted Subsidiary; provided that (i) such security interests secure Indebtedness permitted by clause (vi) of Section 6.01 (including Permitted Refinancings thereof), (ii) such security interests and the Indebtedness secured thereby (other than Permitted Refinancings) are incurred prior to or within 120 days after such acquisition or the completion of such construction or improvement, (iii) the Indebtedness secured

thereby does not exceed 100% of the cost of acquiring, constructing or improving such fixed or capital assets and (iv) such security interests shall not apply to any other property or assets of the Borrower or any Restricted Subsidiary,

(f) Liens (i) arising from filing Uniform Commercial Code financing statements regarding leases, (ii) of a collecting bank arising in the ordinary course of business under Section 4-208 of the Uniform Commercial Code in effect in the relevant jurisdiction covering only the items being collected upon and (iii) in favor of a banking institution encumbering deposits (including the right of set-off) and which are within the general parameters customary in the banking industry,

(g) Liens arising out of sale and leaseback transactions permitted by Section 6.06,

(h) Liens in favor of the Borrower or another Loan Party (other than Holdings),

(i) licenses, sublicenses, leases or subleases granted to others not interfering in any material respect with the business of the Borrower or any Restricted Subsidiary,

(j) Liens on assets of any Foreign Subsidiary or any Non-Loan Party securing Indebtedness permitted by Section 6.01(xiv),

(k) Liens on assets of the Borrower or the Restricted Subsidiaries not otherwise permitted by this Section 6.02, so long as the aggregate outstanding principal amount of the obligations secured thereby does not exceed the greater of (x) \$35,000,000 and (y) 50% of TTM Consolidated EBITDA at the time of such incurrence at any time outstanding; provided that in no event shall Holdings, the Borrower or any Restricted Subsidiary create, incur, assume or permit to exist any Lien on any Equity Interests of the Borrower or any Restricted Subsidiary,

(l) Liens on the Collateral securing Indebtedness permitted by paragraph (xv) or (xvi) of Section 6.01,

(m) Liens on Equity Interests of an Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary,

(n) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to brokerage accounts incurred in the ordinary course of business and not for speculative purposes,

(o) Liens created or deemed to exist by the establishment of trusts for the purpose of satisfying government reimbursement program costs and other actions or claims pertaining to the same or related matters or other medical reimbursement programs, and

(p) Liens solely on any cash earned money deposits made by the Borrower or any Restricted Subsidiary with any letter of intent or purchase agreement permitted hereunder.

SECTION 6.03 Fundamental Changes.

(a) Neither Holdings nor the Borrower will, nor will they permit any Restricted Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default or Event of Default shall have occurred and be continuing, (i) any Loan Party may merge with and into the Borrower in a transaction in which the surviving entity is a Person organized or existing under the laws of the United States of America, any State thereof or the District of Columbia and, if such surviving entity is not the Borrower, such Person expressly assumes, in writing, all the obligations the Borrower under the Loan Documents, (ii) any Loan Party (other than Holdings or the Borrower) may merge with and into any Restricted Subsidiary in a transaction in which the surviving entity is a Restricted Subsidiary and, if any party to such merger is a Subsidiary Loan Party, is or becomes a Subsidiary Loan Party concurrently with such merger, (iii) any Restricted Subsidiary (other than a Subsidiary Loan Party) may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders and (iv) any asset sale permitted by Section 6.05 or Investment permitted by Section 6.04 may be effected through the merger of a subsidiary of the Borrower with a third party.

(b) The Borrower will not, and Holdings and the Borrower will not permit any Restricted Subsidiary to, engage to any material extent in any business other than a Permitted Business.

(c) Holdings will not engage in any business or activity other than the ownership of all the outstanding shares of capital stock of the Borrower and engaging in corporate and administrative functions and other activities incidental thereto (including payment of dividends and other amounts in respect of its Equity Interests). Holdings will not own or acquire any assets (other than Equity Interests of the Borrower and the cash proceeds of any Restricted Payments permitted by Section 6.08 or proceeds of any issuance of Indebtedness or Equity Interests permitted by this Agreement pending application as required by this Agreement) or incur any liabilities (other than liabilities under and permitted to be incurred under the Loan Documents and liabilities reasonably incurred in connection with its maintenance of its existence (including the ability to incur fees, costs and expenses relating to such maintenance) and activities incidental thereto). Notwithstanding the foregoing, Holdings shall be permitted to (i) enter into transactions, engage in activities and maintain assets or incur liabilities in respect of Swap Agreements related to Indebtedness of Holdings permitted hereunder, (ii) engage in any public offering of its common stock or any other issuance or sale or repurchase of its Equity Interests, in each case to the extent not resulting in a Change of Control, (iii) participate in tax, accounting and other administrative matters as a member of the consolidated group of Holdings, the Borrower and its Restricted Subsidiaries, (iv) hold any cash

or property (but not operate any property), (v) employ or provide indemnification to employees, officers and directors and (vi) engage in any activities incidental to the foregoing.

SECTION 6.04 Investments, Loans, Advances, Guarantees and Acquisitions. The Borrower will not, and will not permit any Restricted Subsidiary to, purchase or acquire (including pursuant to any merger with any Person that was not a wholly owned Restricted Subsidiary prior to such merger) any Equity Interests in or evidences of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make any loans or advances to, Guarantee any obligations of, or make any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit (collectively, "Investments"), except:

(a) Permitted Acquisitions,

(b) Permitted Investments,

(c) Investments existing on the Closing Date and set forth on Schedule 6.04 and any Investments consisting of extensions, modifications or renewals of any such Investments (excluding any such extensions, modifications or renewals involving additional advances, contributions or other investments of cash or property or other increases thereof unless it is a result of the accrual or accretion of interest or OID or payment-in-kind pursuant to the terms, as of the Closing Date, of the original Investment so extended, modified or renewed),

(d) Investments by the Borrower or any Restricted Subsidiaries in Equity Interests in their respective Restricted Subsidiaries; provided that (A) any such Equity Interests held by a Loan Party shall be pledged pursuant to the Collateral Agreement (subject to the limitations referred to in the definition of "Collateral and Guarantee Requirement") and (B) the aggregate amount of investments in Non-Loan Parties by Loan Parties (together with outstanding intercompany loans permitted under clause (B) to the proviso to Section 6.04(e) and outstanding Guarantees permitted to be incurred under clause (B) to the proviso to Section 6.04(f)) shall not exceed the greater of (x) \$10,000,000 and (y) 15% of TTM Consolidated EBITDA at the time of such incurrence at any time outstanding (in each case determined without regard to any write-downs or write-offs),

(e) loans or advances made by the Borrower to any Restricted Subsidiary and made by any Restricted Subsidiary to the Borrower or any other Restricted Subsidiary; provided that (A) any such loans and advances made by a Loan Party shall be evidenced by a promissory note pledged pursuant to the Collateral Agreement and (B) the amount of such loans and advances made by Loan Parties to Non-Loan Parties (together with outstanding investments permitted under clause (B) to the proviso to Section 6.04(d) and outstanding Guarantees permitted under clause (B) to the proviso to Section 6.04(f)) shall not exceed the greater of (x) \$10,000,000 and (y) 15% of TTM Consolidated EBITDA at

the time of such incurrence in the aggregate at any time outstanding (in each case determined without regard to any write-downs or write-offs),

(f) Guarantees constituting Indebtedness permitted by Section 6.01 and performance guarantees in the ordinary course of business; provided that (and without limiting the foregoing) the aggregate principal amount of Indebtedness of Non-Loan Parties that is Guaranteed by any Loan Party (together with outstanding investments permitted under clause (B) to the proviso to Section 6.04(d) and outstanding intercompany loans permitted under clause (B) to the proviso to Section 6.04(e)) shall not exceed the greater of (x) \$10,000,000 and (y) 15% of TTM Consolidated EBITDA at the time of such incurrence at any time outstanding (in each case determined without regard to any write-downs or write-offs),

(g) receivables or other trade payables owing to the Borrower or any Restricted Subsidiary if created or acquired in the ordinary course of business consistent with past practice and payable or dischargeable in accordance with customary trade terms; provided that such trade terms may include such concessionary trade terms as the Borrower or any such Restricted Subsidiary deems reasonable under the circumstances,

(h) Investments consisting of Equity Interests, obligations, securities or other property received in settlement of delinquent accounts of and disputes with customers and suppliers in the ordinary course of business and owing to the Borrower or any Restricted Subsidiary or in satisfaction of judgments,

(i) Investments by the Borrower or any Restricted Subsidiary in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business,

(j) loans or advances by the Borrower or any Restricted Subsidiary to employees and other individual service providers made in the ordinary course of business (including travel, entertainment and relocation expenses) of the Borrower or any Restricted Subsidiary not exceeding \$2,000,000 in the aggregate at any time outstanding (determined without regard to any write-downs or write-offs of such loans or advances),

(k) Investments in the form of Swap Agreements,

(l) Investments of any Person existing at the time such Person becomes a Restricted Subsidiary of the Borrower or consolidates or merges, in one transaction or a series of transactions, with the Borrower or any of the Restricted Subsidiaries (including in connection with a Permitted Acquisition) so long as such investments were not made in contemplation of such Person becoming a Restricted Subsidiary or of such consolidation or merger,

(m) Investments received in connection with the dispositions of assets permitted by Section 6.05,

(n) Investments constituting deposits described in clauses (c) and (d) of the definition of the term "Permitted Encumbrances",

(o) Investments constituting the purchase of Equity Interests in any joint venture so long as on a Pro Forma Basis, immediately after giving effect to the making of such Investment (together with any related issuance or incurrence of Indebtedness) as if such Investment had been made on the first day of the applicable period, the Total Net Leverage Ratio as of the most recent Test Period prior to the making of (or committing to make, at the option of the Borrower) such Investment shall be no greater than 4.25:1.00,

(p) [reserved],

(q) [reserved],

(r) Investments by the Borrower or any Restricted Subsidiary (including Investments in Permitted Acquisitions) in an aggregate amount, as valued at cost at the time each such Investment is made and including all related commitments for future advances, not exceeding the Available Amount immediately prior to the time of the making of any such Investment,

(s) Investments by the Borrower or any Restricted Subsidiary in an amount not to exceed the greater of (x) \$35,000,000 and (y) 50% of TTM Consolidated EBITDA as of the date of such Investment in the aggregate at any time outstanding,

(t) Investments, loans and advances by the Borrower or any Restricted Subsidiary to any Captive Insurance Subsidiary in an amount equal to (A) the capital required under the applicable laws or regulations of the jurisdiction in which such Captive Insurance Subsidiary is formed or determined by independent actuaries as prudent and necessary capital to operate such Captive Insurance Subsidiary plus (B) any reasonable general corporate and overhead expenses of such Captive Insurance Subsidiary,

(u) additional Investments so long as (i) at the time of making such Investment, no Specified Default shall have occurred and be continuing and (ii) on a Pro Forma Basis, immediately after giving effect to the making of such Investment (together with any related issuance or incurrence of Indebtedness) as if such Investment had been made on the first day of the applicable period, the Total Net Leverage Ratio as of the most recent Test Period prior to the making of (or committing to make, at the option of the Borrower) such Investment shall be no greater than 4.25:1.00, and

(v) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and workers compensation, performance and similar deposits entered into as a result of the operations of the business in the ordinary course of business.

For purposes of covenant compliance, the amount of any Investment outstanding at any time shall be the original cost of such Investment (without adjustment for any increases or decreases in the value of such Investments), reduced by (except in the case of any Investments

made using the Available Amount pursuant to Section 6.04(r) and returns which are included in the Available Amount pursuant to the definition thereof) any dividend, distribution, interest payment, return of capital, repayment or other amount received in cash by the Borrower or a Restricted Subsidiary in respect of such Investment.

SECTION 6.05 Asset Sales. The Borrower will not, and will not permit any Restricted Subsidiary to, sell, transfer, lease or otherwise dispose of any asset, including any Equity Interest owned by it (other than directors' qualifying Equity Interests or Equity Interests required by applicable law to be held by a Person other than the Borrower a Restricted Subsidiary), nor will the Borrower permit any Restricted Subsidiary to issue any additional Equity Interest in such Restricted Subsidiary (other than to the Borrower or another Restricted Subsidiary in compliance with Section 6.04) involving aggregate payments or consideration for assets having a Fair Market Value in excess of \$10,000,000 for any individual transaction or series of related transactions, except:

(a) sales, transfers and dispositions of (i) inventory in the ordinary course of business and (ii) used, damaged, obsolete, worn out, negligible or surplus equipment or property in the ordinary course of business,

(b) sales, transfers and dispositions to the Borrower or any Restricted Subsidiary; provided that any such sales, transfers or dispositions involving a Non-Loan Party shall be made in compliance with Section 6.09,

(c) sales, transfers and dispositions of products, services or accounts receivable (including at a discount) in connection with the compromise, settlement or collection thereof consistent with past practice,

(d) sales, transfers and dispositions of property to the extent such property constitutes an investment permitted by clauses (b), (h), (l) and (n) of Section 6.04,

(e) sale and leaseback transactions permitted by Section 6.06,

(f) dispositions resulting from any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of the Borrower or any Restricted Subsidiary,

(g) (i) sales, transfers and dispositions of Non-Core Assets in connection with a Permitted Acquisition or other Investment permitted hereunder which, in the reasonable good faith judgment of the Borrower, are not used or useful or are duplicative in the business of Borrower and the Restricted Subsidiaries or as required by regulatory (including antitrust) authorities and (ii) sales, transfers and dispositions of assets not constituting Collateral, in an aggregate amount not to exceed the greater of \$10,000,000 and 15% TTM Consolidated EBITDA as of the most recent Test Period prior to making (or committing to make, at the option of the Borrower) such sale, transfer or disposition,

(h) exchanges of property for similar replacement property for fair value,

- (i) assets set forth on Schedule 6.05,
- (j) the sale or other disposition of Permitted Investments in the ordinary course of business,
- (k) the sale or disposition of any assets or property received as a result of a foreclosure by the Borrower or any Restricted Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default,
- (l) the licensing or sublicensing of intellectual property in the ordinary course of business or in accordance with industry practice,
- (m) the sale, lease, conveyance, disposition or other transfer of (a) the Equity Interests of, or any Investment in, any Unrestricted Subsidiary or (b) Investments (other than Investments in any Restricted Subsidiary) made pursuant to clause (s) of Section 6.04,
- (n) surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind,
- (o) leases or subleases to third persons in the ordinary course of business that do not interfere in any material respect with the business of the Borrower or any of its Restricted Subsidiaries,
- (p) the sale of Equity Interests in joint ventures to the extent required by or made pursuant to, customary buy/sell arrangements entered into in the ordinary course of business between the joint venture parties and set forth in joint venture agreements,
- (q) sales, transfers, leases and other dispositions of assets in any fiscal year representing no more than 10% of Consolidated EBITDA for the immediately preceding fiscal year of the Borrower and its Restricted Subsidiaries,
- (r) the sale of Equity Interests in a Subsidiary formed after the Closing Date to a Strategic Investor within 18 months of the formation of such Subsidiary in the ordinary course of business such that such newly-formed Subsidiary becomes a Qualified Joint Venture as long as such Subsidiary continues to constitute a Qualified Joint Venture (it being agreed that such sale shall not be deemed permitted pursuant to this clause (r) if the applicable Person ceases to be a Qualified Joint Venture), and
- (s) the issuance by InnovAge California PACE-Sacramento, LLC of 41.1% (in the aggregate) of its outstanding Equity Interests to Adventist Health System/West and Eskaton Properties, Incorporated on March 18, 2019 pursuant to the terms of that certain Limited Liability Company Agreement, dated as of March 18, 2019, by and among TCO Western Holdings, LLC, Adventist Health System/West and Eskaton Properties, Incorporated
- (t) additional sales, transfers, leases and other dispositions so long as (i) at the time of making such sale, transfer, lease or other disposition, no Specified Default shall

have occurred and be continuing and (ii) on a Pro Forma Basis, immediately after giving effect to the making of such sale, transfer, lease or other dispositions) as if such sale, transfer, lease or other dispositions had been made on the first day of the applicable period, the Total Net Leverage Ratio as of the most recent Test Period prior to the making of (or committing to make, at the option of the Borrower) such sale, transfer, lease or other dispositions shall be no greater than 3.75:1.00;

provided that, all sales, transfers, leases and other dispositions permitted hereby (other than those permitted by paragraphs (b), (c), (f), (l), (n) and (p) above) shall be made for Fair Market Value and (other than those permitted by paragraphs (b), (d), (h), (l), (n) and (p) above) for at least 75% cash consideration; provided that, the foregoing cash consideration requirement shall be reduced to the extent, on a Pro Forma Basis, immediately after giving effect to the making of such sale, transfer, lease or other disposition as if such sale, transfer, lease or other dispositions had been made on the first day of the applicable period, the Total Net Leverage Ratio as of the most recent Test Period prior to the making of (or committing to make, at the option of the Borrower) such sale, transfer, lease or other disposition is no greater than (x) 3.75:1.00, to at least 50% cash consideration and (y) 3.00:1.00, to 0% cash consideration (and for purposes of making the foregoing determination, each of the following shall be deemed "cash consideration": (1) any liabilities, as shown on the then most recent balance sheet of Borrower that are assumed by the transferee of any such assets pursuant to a customary novation agreement or other customary agreement that releases Borrower or such Restricted Subsidiary from all liability thereunder or with respect thereto; and (2) any securities, notes or other obligations received by Borrower or such Restricted Subsidiary from the transferee that are converted to cash or Cash Equivalents within ninety (90) days after receipt, to the extent of the cash or Cash Equivalents received in that conversion), plus (for all such sales, transfers, leases and other dispositions permitted hereby) an aggregate additional amount of non-cash consideration in the amount not to exceed the greater of (x) \$10,000,000 and (y) 15% of TTM Consolidated EBITDA as of the date of such Investment).

SECTION 6.06 [Reserved]

SECTION 6.07 [Reserved].

SECTION 6.08 Restricted Payments; Certain Payments of Indebtedness.

(a) The Borrower will not, and will not permit any Restricted Subsidiary to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except:

(i) the Borrower may declare and pay dividends with respect to its common stock payable solely in additional shares of its common stock, and, with respect to its preferred stock, payable solely in additional shares of such preferred stock or in shares of its common stock,

(ii) Restricted Subsidiaries may declare and pay dividends ratably with respect to their capital stock, membership or partnership interests or other similar Equity Interests,

(iii) the Borrower may declare and pay dividends or make other distributions to Holdings, the proceeds of which are used by Holdings or a parent to purchase or redeem Equity Interests of Holdings or a parent acquired by employees, consultants or directors of Holdings, the Borrower or any Restricted Subsidiary; provided that the aggregate amount of such purchases or redemptions under this clause (iii) shall not exceed \$5,000,000 in any fiscal year (and, to the extent that the aggregate amount of purchases or redemptions made in any fiscal year pursuant to this clause (iii)) is less than \$5,000,000, any outstanding amounts from such year (or any prior year) may be carried forward and used for such purpose in any following fiscal year); provided that in any such case (A) no Specified Default has occurred and is continuing or would result therefrom and (B) immediately after giving effect to any such purchase or redemption, the Borrower shall be in Pro Forma Compliance with the Financial Covenant,

(iv) the Borrower may make Restricted Payments to Holdings to pay (or to make a payment to any direct or indirect parent of Holdings to enable it to pay) corporate overhead expenses incurred in the ordinary course and as may be necessary to permit Holdings (or any direct or indirect parent thereof) to pay their expenses and liabilities incurred in the ordinary course, including, without limitation, (A) customary and reasonable salary, bonus and other compensation and benefits payable to officers, employees and consultants of Holdings or any direct or indirect parent thereof, (B) customary and reasonable fees and expenses paid to members of the board of directors of Holdings or any direct or indirect parent thereof or payments in respect of indemnification obligations to such board members, (C) reasonable general corporate overhead expenses of Holdings or any direct or indirect parent thereof, to the extent allocable to the operations of the Borrower and its Restricted Subsidiaries, (D) franchise taxes and other similar licensing expenses, in each case required to maintain its corporate existence and (E) fees and expenses (other than to Affiliates) relating to any unsuccessful debt or equity financing,

(v) with respect to any taxable period (or portion thereof) with respect to which the Borrower and/or any of its Subsidiaries are members of a consolidated, combined or similar income tax group for U.S. federal and/or applicable state or local income tax purposes of which Holdings or a direct or indirect parent thereof is the common parent (a "Tax Group"), the Borrower may make Restricted Payments to Holdings (or any such parent) in an amount necessary to enable Holdings (or such parent, as applicable) to pay the portion of any consolidated, combined or similar U.S. federal, state or local income Taxes (as applicable) of such Tax Group for such taxable period that are directly attributable to the taxable income of the Borrower and/or its applicable Subsidiaries; provided that the amount of any such Restricted Payments pursuant to this clause (v) shall not exceed the amount of such Taxes that the Borrower and/or its applicable Subsidiaries would have paid had the Borrower and/or such Subsidiaries, as applicable, been a stand-alone corporate taxpayer (or a stand-alone corporate group); provided, further, that the payment of Restricted Payments pursuant to this clause (v) in respect of an Unrestricted Subsidiary shall be permitted only to the extent that cash distributions were made by such Unrestricted Subsidiary to the Borrower or any of its Restricted Subsidiaries for such purpose,

(vi) cashless repurchases of Equity Interests of Holdings deemed to occur upon exercise of stock options or warrants or upon vesting of common stock, if such Equity Interests represent a portion of the exercise price or withholding obligations of such options, warrants or common stock,

(vii) the Borrower and its Restricted Subsidiaries may make a payment of any dividend or other distribution or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of this Agreement (provided that such date of declaration or giving of notice of redemption shall be deemed to be a Restricted Payment and shall utilize capacity under another provision of this Section 6.08),

(viii) so long as no Default or Event of Default has occurred and is continuing or would result therefrom, the Borrower and its Restricted Subsidiaries may make payments, directly or indirectly, to Holdings or any other direct or indirect parent company of the Borrower to pay management, consulting and advisory fees or any other amounts payable to any Permitted Holder to the extent permitted by Section 6.09,

(ix) (x) Borrower may make distributions, directly or indirectly, to Holdings or any direct or indirect parent thereof to enable the applicable entity to pay fees and expenses in connection with the Transactions and (y) Borrower may directly or indirectly pay an annual cash Restricted Payment to its direct or indirect equity holders in an aggregate amount not exceeding the sum of (i) 6.0% per annum of the Net Cash Proceeds received by Intermediate Holdings from the IPO and (ii) an aggregate amount per annum not to exceed 7.0% of Market Capitalization; ,

(x) the Borrower and the Restricted Subsidiaries may make additional Restricted Payments in an aggregate amount not exceeding the Available Amount immediately prior to the time of the making of such Restricted Payment; provided that (x) no Specified Default has occurred and is continuing or would result therefrom and (y) solely to the extent such Restricted Payment is attributable to the Retained Net Income Basket, immediately after giving effect to such Restricted Payment on a Pro Forma Basis, the Total Net Leverage Ratio does not exceed 4.25:1.00,

(xi) the Borrower may make Restricted Payments to Holdings to pay any non-recurring fees, cash charges and cost expenses incurred in connection with the issuance of Equity Interests or Indebtedness, in each case only to the extent that such transaction is not consummated,

(xii) additional Restricted Payments long as (i) at the time of making such Restricted Payment, no Specified Default shall have occurred and be continuing and (ii) on a Pro Forma Basis, immediately after giving effect to the making of such Restricted Payment (together with any related issuance or incurrence of Indebtedness) as if such Restricted Payment had been made on the first day of the applicable period, the Total Net Leverage Ratio as of the most recent Test Period prior to the making of (or committing to

make, at the option of the Borrower) such Restricted Payment shall be no greater than 3.75:1.00, and ,

(xiii) additional Restricted Payments in an aggregate amount not to exceed the greater of (x) \$25,000,000 and (y) 35% of TTM Consolidated EBITDA as of the date of such Restricted Payment,

(xiv) the Borrower and its Restricted Subsidiaries may make payments for the repurchase of Equity Interests deemed to occur upon the exercise of options, rights or warrants to the extent such Equity Interests represent a portion of the exercise price of those options, rights or warrants,

(xv) the Borrower and its Restricted Subsidiaries may make cash payments in lieu of fractional shares issuable as dividends on preferred stock or upon the conversion of any convertible debt securities of the Borrower and its Restricted Subsidiaries, and

(xvi) payment of fees and reimbursement of other expenses to the Permitted Holders in connection with the Transactions permitted by Section 6.09 shall be permitted,

and provided further that cancellation of Indebtedness owing to the Borrower or any Restricted Subsidiary from members of management of the Borrower, any of the Borrower's direct or indirect parent companies or any of the Borrower's Restricted Subsidiaries in connection with a repurchase of Equity Interests of any of the Borrower's direct or indirect parent companies will not be deemed to constitute a Restricted Payment.

(b) The Borrower will not, and will not permit any Restricted Subsidiary to, make, directly or indirectly, any payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on, or any payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Subordinated Indebtedness (other than the intercompany loans among Restricted Subsidiaries and the Borrower) ("Specified Indebtedness"), except:

(i) payment of regularly scheduled interest and principal payments as and when due in respect of any Indebtedness, other than, in the case of Subordinated Indebtedness, as prohibited by the subordination provisions thereof,

(ii) the conversion or exchange of any Specified Indebtedness into, or redemption, repurchase, prepayment, defeasance or other retirement of any such Indebtedness with the Net Proceeds of the issuance by Holdings or a parent of Equity Interests (or capital contributions in respect thereof) of Holdings or a parent after the Closing Date to the extent not Otherwise Applied, plus any fees and expenses in connection with such conversion, exchange, redemption, repurchase, prepayment, defeasance or other retirement,

(iii) the prepayment, redemption, defeasance, repurchase or other retirement of Specified Indebtedness for an aggregate purchase price not to exceed the Available Amount; provided that (x) no Event of Default has occurred and is continuing or would

result therefrom and (y) solely to the extent such prepayment, redemption, defeasance, repurchase or other retirement is attributable to the Retained Net Income Basket, immediately after giving effect to such prepayment, redemption, defeasance, repurchase or other retirement of Specified Indebtedness on a Pro Forma Basis, the Total Net Leverage Ratio does not exceed 4.25:1.00,

(iv) additional prepayments, redemptions, defeasances, repurchases or other retirements as long as (i) at the time of making such prepayment, redemption, defeasance, repurchase or other retirement, no Specified Default shall have occurred and be continuing and (ii) on a Pro Forma Basis, immediately after giving effect to the making of such prepayment, redemption, defeasance, repurchase or other retirement (together with any related issuance or incurrence of Indebtedness) as if such prepayment, redemption, defeasance, repurchase or other retirement had been made on the first day of the applicable period, the Total Net Leverage Ratio as of the most recent Test Period prior to the making of (or committing to make, at the option of the Borrower) such prepayment, redemption, defeasance, repurchase or other retirement shall be no greater than 3.75:1.00,

(v) additional prepayments, redemptions, defeasances, repurchases or other retirements of Specified Indebtedness in an aggregate amount not to exceed the greater of (x) \$25,000,000 and (y) 35% of TTM Consolidated EBITDA as of the date of such prepayments, redemption, defeasance, repurchase or other retirement,, and

(vi) refinancings of Indebtedness to the extent the Indebtedness being incurred in connection with such refinancing is a Permitted Refinancing.

(c) The Borrower will not, and will not permit any Restricted Subsidiary to, make any payment or prepayment with respect to the NewCourtland Earn-Out unless (A) after giving effect to such payment, (i) the Loan Parties are in compliance on a Pro Forma Basis with the covenant set forth in Section 6.12, recomputed for the most recent fiscal quarter for which financial statements have been delivered, and (ii) no Event of Default has occurred and is continuing (or would result from the making of such payment) or (B) such payment is made substantially simultaneously with the proceeds of issuances of Permitted Securities (or any other contribution to capital or sale or issuance of any other Equity Interests on terms reasonably satisfactory to the Administrative Agent) by Holdings (other than (x) any Disqualified Stock and (y) Permitted Securities or other contributions or sales of Equity Interests in connection with an exercise of the Cure Right).

SECTION 6.09 Transactions with Affiliates. The Borrower will not, and will not permit any Restricted Subsidiary to, sell, lease, transfer or otherwise dispose of any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, involving aggregate payments or consideration in excess of \$5,000,000 for any individual transaction or series of related transactions, except:

(a) transactions that are at prices and on terms and conditions, taken as a whole, not materially less favorable to the Borrower or such Restricted Subsidiary that

could be obtained on arm's-length transaction basis from unrelated third parties other than an Affiliate,

(b) transactions between or among Holdings, the Borrower, and the Subsidiary Loan Parties,

(c) any Investment permitted under Section 6.04(d), 6.04(e), 6.04(g) or 6.04(m),

(d) any Indebtedness permitted under Section 6.01(v) and Section 6.01(xii),

(e) any Restricted Payment permitted under Section 6.08,

(f) loans or advances to employees permitted under Section 6.04(e),

(g) any lease entered into between the Borrower or any Restricted Subsidiary, as lessee, and any of the Affiliates of the Borrower or entity controlled by such Affiliates, as lessor, which is approved in good faith by a majority of the disinterested members of the Board of Directors of the Borrower and for which the Borrower or any Restricted Subsidiary delivers to the Administrative Agent a letter from an accounting, appraisal or investment banking firm of national standing stating that such lease is fair to the Borrower or such Restricted Subsidiary from a financial point of view,

(h) , the Borrower or any of its Restricted Subsidiaries may pay, or may pay cash dividends to enable Holdings to pay, (A) so long as no Default described in Section 7.01(b) and no Event of Default has occurred and is continuing, the management, advisory, incentive or similar fees payable under the Management Agreement for any period ending after the fourth anniversary of the Closing Date in an aggregate amount not greater than \$1,000,000 during any fiscal year, payable in equal quarterly installments, in arrears (plus any unpaid management, consulting, monitoring or advisory fees within such amount accrued in any prior year but in any event accrued after the fourth anniversary of the Closing Date), (B) so long as no Default described in Section 7.01(b) and no Event of Default has occurred and is continuing, fees in respect of any financings, acquisitions or dispositions with respect to which any Permitted Holder acts as an adviser to Holdings, the Borrower or any Restricted Subsidiary in an amount not to exceed 2.0% of the value of any such transaction and (C) indemnities and expense reimbursements pursuant to the Management Agreement; provided, any fees not paid under this Section 6.09(h) due to the existence of a Default described in Section 7.01(b) or an Event of Default shall be deferred and may be paid when no such Default or Event of Default exists or would arise as a result of such payment,

(i) any contribution to the capital of Holdings directly or indirectly by the Permitted Holders or any purchase of Equity Interests of Holdings by the Permitted Holders not prohibited by this Agreement,

(j) the payment of reasonable fees to directors of Holdings, the Borrower or any Restricted Subsidiary who are not employees of Holdings, the Borrower or any Restricted Subsidiary, and compensation and employee benefit plans and arrangements

paid to, and indemnities provided for the benefit of, directors, officers, consultants or employees of Holdings, the Borrower or any Restricted Subsidiary in the ordinary course of business,

(k) any issuances of Equity Interests, securities or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment agreements, stock options and stock ownership plans approved by the Borrower's or Holdings' Board of Directors (or a committee thereof),

(l) transactions pursuant to agreements set forth on Schedule 6.09 and any amendments thereto to the extent such amendments are not materially less favorable to the Borrower or such Subsidiary Loan Party than those provided for in the original agreements,

(m) any employment, consulting, change of control and severance arrangements entered into in the ordinary course of business between a parent, Holdings, the Borrower or any Restricted Subsidiary and any officer, consultant or employee thereof,

(n) payments by the Borrower or any of its Restricted Subsidiaries of reasonable insurance premiums to, and any borrowings or dividends received from, any Captive Insurance Subsidiary,

(o) transactions with customers, suppliers, contractors, joint venture partners or purchasers or sellers of goods or services, in each case which are in the ordinary course of business (including, without limitation, pursuant to joint venture agreements) and otherwise in compliance with the terms of this Agreement which are approved in good faith by a majority of the disinterested members of the Board of Directors of the Borrower and for which the Borrower or any Restricted Subsidiary delivers to the Administrative Agent a letter from an accounting, appraisal or investment banking firm of national standing stating that such transaction is fair to the Borrower or such Restricted Subsidiary, as applicable, from a financial point of view,

(p) the entering into of any tax sharing agreement or arrangement with Holdings or any direct or indirect parent company of the Borrower and any payments thereunder by the Borrower or any of its Restricted Subsidiaries to Holdings or any parent to the extent permitted by Section 6.08(a)(iv),

(q) the issuance of Equity Interests (other than Disqualified Stock) (i) of Holdings to Affiliates of Holdings or (ii) of Holdings or any Restricted Subsidiary for compensation purposes,

(r) non-exclusive intellectual property licenses not materially interfering with the conduct of the Borrower's business in the ordinary course of business, and

(s) the Transactions (including Transaction Expenses) and the payment of fees and expenses as part of or in connection with the Transactions.

SECTION 6.10 Restrictive Agreements.

(a) Subject to clauses (b) through (d) below, the Borrower will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (i) the ability of Holdings, the Borrower or any Restricted Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets or (ii) the ability of any Restricted Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Borrower or any other Restricted Subsidiary or to Guarantee Indebtedness of the Borrower or any other Restricted Subsidiary.

(b) The foregoing clause (a) shall not apply to restrictions and conditions (i) imposed by law or by any Loan Document, documentation governing any Permitted Refinancing (provided that such restrictions are not materially more restrictive (as determined in good faith by the Borrower), taken as a whole, than those contained in such agreements governing the Indebtedness being refinanced), or Indebtedness of a Foreign Subsidiary permitted to be incurred under this Agreement (provided that such restrictions shall apply only to such Foreign Subsidiary), (ii) existing on the Closing Date identified on Schedule 6.10 (and shall not apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) contained in agreements relating to the sale of a Restricted Subsidiary pending such sale; provided such restrictions and conditions apply only to the Restricted Subsidiary that is to be sold and such sale is permitted hereunder, (iv) contained in agreements relating to the acquisition of property; provided that such restrictions and conditions apply only to the property so acquired and were not created in connection with or in anticipation of such acquisitions and (v) imposed by any customary provisions restricting assignment of any agreement entered into the ordinary course of business.

(c) The foregoing clause (a)(i) shall not apply to restrictions or conditions (i) imposed by any agreement relating to Secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness and (ii) imposed by customary provisions in leases restricting the assignment thereof.

(d) The foregoing clause (a)(ii) shall not apply (x) to customary provisions in joint venture agreements relating to purchase options, rights of first refusal or call or similar rights of a third party that owns Equity Interests in such joint venture or (y) to customary restrictions on leases, subleases, licenses, cross-licenses, sublicenses or asset sale agreements otherwise permitted hereby so long as such restrictions relate solely to the property interest, rights or the assets subject thereto.

(e) For purposes of determining compliance with this Section 6.10, (i) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock shall not be deemed a restriction on the ability to make distributions on Equity Interests and (ii) the subordination of loans or advances made to the Borrower or a Restricted Subsidiary of the Borrower to other Indebtedness incurred by the Borrower or any such Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances.

SECTION 6.11 Amendment of Material Documents. The Borrower will not, and will not permit any Restricted Subsidiary to, amend, modify or waive any of its rights under (a) the documentation governing any Permitted Securities or (b) its Organizational Documents to the extent such amendment, modification or waiver would be materially adverse to the Lenders.

SECTION 6.12 Maximum Secured Net Leverage Ratio .

The Borrower will not permit the Secured Net Leverage Ratio, calculated on the last day of each fiscal quarter listed below, to be greater than 4.75:1.00 as of the last day of each fiscal quarter, commencing with the fiscal quarter ending September 30, 2021.

SECTION 6.13 Fiscal Year. The Borrower will not, and will not permit any Restricted Subsidiary to, change its fiscal year to end on any date other than June 30.

ARTICLE VII

Events of Default

SECTION 7.01 Events of Default. If any of the following events (any such event, an “Event of Default”) shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise,

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in paragraph (a) of this Section 7.01) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five (5) Business Days,

(c) any representation or warranty made or deemed made by or on behalf of Holdings, the Borrower or any Subsidiary Loan Party in or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect (except to the extent any such representation or warranty is qualified by “materially”, “Material Adverse Effect” or a similar term, in which case such representation or warranty shall prove to have been incorrect in any respect) when made or deemed made,

(d) the Borrower or, in the case of Section 6.03, Holdings, fails to (or, to the extent applicable, fails to cause any Restricted Subsidiary to) observe or perform any covenant, condition or agreement contained in Section 5.02(a)(i), 5.04 (solely with

respect to the existence of the Borrower) or in Article VI; provided that the Financial Covenant is subject to cure pursuant to Section 7.02,

(e) Holdings, the Borrower or any Subsidiary Loan Party shall fail to observe or perform any covenant, condition or agreement contained in any Loan Document (other than those specified in paragraph (a), (b) or (d) of this Section 7.01), and such failure shall continue unremedied for a period of 30 days after receipt by the Borrower of notice thereof from the Administrative Agent (which notice will be given at the request of any Lender),

(f) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity (other than, with respect to Indebtedness consisting of Swap Agreements, as a result of any termination events or equivalent events (other than any additional termination events (or equivalent events)) and not as a result of any other default thereunder by any Loan Party); provided that this paragraph (f) shall not apply to Secured Indebtedness that becomes due solely as a result of the voluntary sale or transfer of the property or assets (to the extent not prohibited under this Agreement) securing such Indebtedness; provided, further, that such failure is unremedied and is not waived by the holders of such Indebtedness prior to any termination of the Commitments or acceleration of the Loans hereunder,

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of Holdings, the Borrower or any Restricted Subsidiary or its debts, or of a substantial part of its assets, under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings, the Borrower or any Restricted Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered,

(h) Holdings, the Borrower or any Restricted Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in paragraph (g) of this Section 7.01, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings, the Borrower or any Restricted Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any formal action for the purpose of effecting any of the foregoing,

(i) one or more judgments for the payment of money (to the extent not paid or covered by independent third-party insurance or indemnity as to which the insurer or applicable indemnitor has been notified of such judgment or order and has not denied coverage or indemnity) in an aggregate amount in excess of the greater of (x) \$25,000,000 and (y) 35% of TTM Consolidated EBITDA as of the date of such determination shall be rendered against Holdings, the Borrower, any Restricted Subsidiary or any combination thereof and the same shall remain undischarged for a period of 60 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of Holdings, the Borrower or any Restricted Subsidiary to enforce any such judgment,

(j) (i) an ERISA Event occurs that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, has resulted or would reasonably be expected to result in liability of a Loan Party or an ERISA Affiliate in an aggregate amount which would reasonably be expected to result in a Material Adverse Effect, or (ii) a Loan Party or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its Withdrawal Liability under Section 4201 of ERISA under a Plan in an aggregate amount which would reasonably be expected to result in a Material Adverse Effect,

(k) any Lien purported to be created under any Security Document shall cease to be, or shall be asserted by any Loan Party not to be, a valid and perfected Lien on any Collateral with a fair value in excess of \$25,000,000, with the priority required by the applicable Security Document, except (i) as a result of the sale or other disposition of the applicable Collateral in a transaction permitted under the Loan Documents or (ii) as a result of the Collateral Agent's failure to maintain possession of any stock certificates, promissory notes or other instruments delivered to it under the Collateral Agreement,

(l) any Loan Document shall for any reason be asserted by any Loan Party not to be a legal, valid and binding obligation of any party thereto,

(m) the Guarantees of the Obligations by Holdings and the Subsidiary Loan Parties pursuant to the Collateral Agreement shall cease to be in full force and effect (other than in accordance with the terms of the Loan Documents) or shall be asserted by Holdings, the Borrower or any Subsidiary Loan Party not to be in effect or not to be legal, valid and binding obligations,

(n) there shall occur any revocation, suspension, termination, rescission, non-renewal (except for any such non-renewal at the election of a Loan Party as would not reasonably be expected to have, in the aggregate, a Material Adverse Effect) or forfeiture or any similar final administrative action with respect to one or more Healthcare Permits, in each case of any Loan Party which, in the aggregate, would not reasonably be expected to have a Material Adverse Effect, or

(o) a Change of Control shall occur;

then, and in every such event (other than an event with respect to the Borrower described in paragraph (g) or (h) of this Section 7.01), and at any time thereafter during the continuance of such event, (x) the Revolver Agent may, and at the request of the Required Revolving Lenders shall, by notice to the Borrower, terminate the Revolving Commitments, and thereupon the Revolving Commitments shall terminate immediately, and (y) the Administrative Agent may, and, in the case of the following clause (i), at the request of the Required Term Lenders and, in the case of the following clause (ii), at the request of the Required Lenders, shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments in respect of the Term Loans, and thereupon such Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower, and the Revolving Commitments of each Revolving Lender shall immediately terminate; and in case of any event with respect to the Borrower described in paragraph (g) or (h) of this Section 7.01, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

SECTION 7.02 Borrower's Right to Cure.

(a) Notwithstanding anything to the contrary contained in Section 7.01, in the event that the Borrower fails to comply with the requirements of the Financial Covenant set forth in Section 6.12 (a "Financial Covenant Default"), after the last day of the fiscal period for which the Financial Covenant is being measured, but on or prior to the date that is 10 Business Days subsequent to the date on which financial statements with respect to such fiscal period are required to be delivered pursuant to Section 5.01, Holdings shall have the right to issue Permitted Securities (or any other contribution to capital or sale or issuance of any other Equity Interests on terms reasonably satisfactory to the Administrative Agent), the proceeds of which Holdings will contribute in cash to the Borrower as common equity or other equity on terms reasonably acceptable to the Administrative Agent (collectively, the "Cure Right"); provided that at the Borrower's option, the Borrower may elect to exercise such Cure Right prior to the date of the delivery of the applicable financial statements if the Borrower reasonably determines that it will fail to comply with the requirements of the Financial Covenant upon the delivery of such financial statements, and upon the receipt by the Borrower of such cash (the "Cure Amount") pursuant to the exercise by the Borrower of such Cure Right, the Financial Covenant shall be recalculated giving effect to the following pro forma adjustments:

(i) Consolidated EBITDA shall be increased, solely for the purpose of measuring the Financial Covenant at the end of the applicable fiscal quarter and applicable subsequent periods which include such fiscal quarter and not for any other purpose under this Agreement, by an amount equal to the Cure Amount; and

(ii) if, after giving effect to the foregoing recalculations, the Borrower shall then be in compliance with the requirements of the Financial Covenants, the Borrower shall be deemed to have satisfied the requirements of the Financial Covenant as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of the Financial Covenant that had occurred shall be deemed cured for the purposes of this Agreement.

(b) Notwithstanding anything herein to the contrary, (a) in each four-fiscal-quarter period there shall be at least two fiscal quarters in which the Cure Right is not exercised and no more than five (5) Cure Rights shall be exercised in the aggregate following the Closing Date, (b) the Cure Amount shall be no greater than the amount required for purposes of complying with the Financial Covenant and (c) the Cure Amount shall be set forth in an officer's certificate delivered to the Administrative Agent.

(c) The Cure Right and the effects thereof on determining pricing, financial ratio-based conditions (other than for determining actual compliance with Section 6.12) or any baskets with respect to covenants will be disregarded for all other purposes under the Loan Documents, including, without limitation, for purposes of calculating the leverage ratios as a threshold for permitted exceptions to any affirmative and negative covenants; provided that the reduction in the outstanding principal balance of the Loans due to the application of the proceeds of an the exercise of a Cure Right pursuant to Section 2.11 shall not be taken into account for purposes of determining compliance with the Financial Covenant for the measurement period ending on the last day of the applicable fiscal quarter. In addition, exercise of the Cure Right shall not result in any adjustment to any amounts (including the amount of Indebtedness) or increase in cash (and shall not be included for purposes of determining pricing, mandatory prepayments and the availability or amount permitted pursuant to any covenant under Article VI).

(d) So long as the Borrower is entitled to exercise a Cure Right pursuant to the foregoing terms and provisions of this Section 7.02, neither Administrative Agent, the Revolver Agent nor any Lender shall impose default interest, accelerate the Obligations or exercise any enforcement remedy against any Loan Party or any of its Subsidiaries or any of their respective properties solely on the basis of the applicable Financial Covenant Default; provided that until timely receipt of the Cure Amount, an Event of Default shall be deemed to exist for all other purposes of this Agreement, including, without limitation, any term or provision of any Loan Document which prohibits any action to be taken by a Loan Party or any of its Subsidiaries during the existence of an Event of Default; provided, further, that notwithstanding the foregoing, upon a deemed cure pursuant to Section 7.02(c), the requirements of the applicable Financial Covenant shall be deemed to have been satisfied as of the applicable fiscal quarter with the same effect as though there had been no Financial Covenant Default (and any other Default arising solely as a result thereof) at such date or thereafter.

SECTION 7.03 Exclusion of Immaterial Subsidiaries. Solely for the purposes of determining whether a Default has occurred under clause (g) or (h) of Section 7.01, any reference in any such clause to any Restricted Subsidiary shall be deemed to exclude any

Restricted Subsidiary that is not a Material Subsidiary affected by any event or circumstance referred to in any such clause.

ARTICLE VIII

The Administrative Agent

SECTION 8.01 Authorization and Action.

(a) Each Lender and each Issuing Bank hereby irrevocably appoints the entity named as Administrative Agent in the heading of this Agreement and its successors and assigns to serve as the administrative agent and collateral agent under the Loan Documents and each Lender and each Issuing Bank authorizes the Administrative Agent to take such actions as agent on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are delegated to the Administrative Agent under such agreements and to exercise such powers as are reasonably incidental thereto. Without limiting the foregoing, each Lender and each Issuing Bank hereby authorizes the Administrative Agent to execute and deliver, and to perform its obligations under, each of the Loan Documents to which the Administrative Agent is a party, and to exercise all rights, powers and remedies that the Administrative Agent may have under such Loan Documents.

(b) As to any matters not expressly provided for herein and in the other Loan Documents (including enforcement or collection), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the written instructions of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, pursuant to the terms in the Loan Documents), and, unless and until revoked in writing, such instructions shall be binding upon each Lender and each Issuing Bank; provided, however, that the Administrative Agent shall not be required to take any action that (i) the Administrative Agent in good faith believes exposes it to liability unless the Administrative Agent receives an indemnification and is exculpated in a manner satisfactory to it from the Lenders and the Issuing Banks with respect to such action or (ii) is contrary to this Agreement or any other Loan Document or applicable law, including any action that may be in violation of the automatic stay under any requirement of law relating to bankruptcy, insolvency or reorganization or relief of debtors or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any requirement of law relating to bankruptcy, insolvency or reorganization or relief of debtors; provided, further, that the Administrative Agent may seek clarification or direction from the Required Lenders prior to the exercise of any such instructed action and may refrain from acting until such clarification or direction has been provided. Except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower, any Subsidiary or any Affiliate of any of the foregoing that is communicated to or obtained by the Person serving as Administrative Agent or any of its Affiliates in any capacity. Nothing in this Agreement shall require the Administrative Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable

grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) In performing its functions and duties hereunder and under the other Loan Documents, the Administrative Agent is acting solely on behalf of the Lenders and the Issuing Banks (except in limited circumstances expressly provided for herein relating to the maintenance of the Register), and its duties are entirely mechanical and administrative in nature. Without limiting the generality of the foregoing:

(i) the Administrative Agent does not assume and shall not be deemed to have assumed any obligation or duty or any other relationship as the agent, fiduciary or trustee of or for any Lender, Issuing Bank or holder of any other obligation other than as expressly set forth herein and in the other Loan Documents, regardless of whether a Default or an Event of Default has occurred and is continuing (and it is understood and agreed that the use of the term "agent" (or any similar term) herein or in any other Loan Document with reference to the Administrative Agent is not intended to connote any fiduciary duty or other implied (or express) obligations arising under agency doctrine of any applicable law, and that such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties); additionally, each Lender agrees that it will not assert any claim against the Administrative Agent based on an alleged breach of fiduciary duty by the Administrative Agent in connection with this Agreement and/or the transactions contemplated hereby; and

(ii) nothing in this Agreement or any Loan Document shall require the Administrative Agent to account to any Lender for any sum or the profit element of any sum received by the Administrative Agent for its own account.

(d) The Administrative Agent may perform any of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any of their respective duties and exercise their respective rights and powers through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities pursuant to this Agreement. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agent except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agent.

(e) No Arranger shall have obligations or duties whatsoever in such capacity under this Agreement or any other Loan Document and shall incur no liability hereunder or thereunder in such capacity, but all such persons shall have the benefit of the indemnities provided for hereunder.

(f) In case of the pendency of any proceeding with respect to any Loan Party under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, the Administrative Agent (irrespective of whether the principal of any Loan

or any Reimbursement Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, LC Disbursements and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Issuing Banks and the Administrative Agent (including any claim under Sections 2.12, 2.13, 2.15, 2.17 and 9.03) allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such proceeding is hereby authorized by each Lender, each Issuing Bank and each other Secured Party to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, the Issuing Banks or the other Secured Parties, to pay to the Administrative Agent any amount due to it, in its capacity as the Administrative Agent, under the Loan Documents (including under Section 9.03). Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or Issuing Bank any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or Issuing Bank or to authorize the Administrative Agent to vote in respect of the claim of any Lender or Issuing Bank in any such proceeding

(g) The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the Issuing Banks, and, except solely to the extent of the Borrower's rights to consent pursuant to and subject to the conditions set forth in this Article, none of the Borrower or any Subsidiary, or any of their respective Affiliates, shall have any rights as a third party beneficiary under any such provisions. Each Secured Party, whether or not a party hereto, will be deemed, by its acceptance of the benefits of the Collateral and of the Guarantees of the Obligations provided under the Loan Documents, to have agreed to the provisions of this Article.

SECTION 8.02 Administrative Agent's Reliance, Limitation of Liability,
Etc.

(a) Neither the Administrative Agent nor any of its Related Parties shall be (i) liable for any action taken or omitted to be taken by such party, the Administrative Agent or any of its Related Parties under or in connection with this Agreement or the other Loan Documents (x) with the consent of or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith to be necessary, under the circumstances as provided in the Loan Documents) or (y) in the absence of its own gross negligence or willful misconduct (such absence to be presumed unless otherwise determined by a court of competent jurisdiction by a

final and non-appealable judgment) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document (including, for the avoidance of doubt, in connection with the Administrative Agent's reliance on any Electronic Signature transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page) or for any failure of any Loan Party to perform its obligations hereunder or thereunder.

(b) The Administrative Agent shall be deemed not to have knowledge of any (i) notice of any of the events or circumstances set forth or described in Section 5.02 unless and until written notice thereof stating that it is a "notice under Section 5.02" in respect of this Agreement and identifying the specific clause under said Section is given to the Administrative Agent by the Borrower, or (ii) notice of any Default or Event of Default unless and until written notice thereof (stating that it is a "notice of Default" or a "notice of an Event of Default") is given to the Administrative Agent by the Borrower, a Lender or an Issuing Bank. Further, the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document or the occurrence of any Default or Event of Default, (iv) the sufficiency, validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items (which on their face purport to be such items) expressly required to be delivered to the Administrative Agent or satisfaction of any condition that expressly refers to the matters described therein being acceptable or satisfactory to the Administrative Agent, or (vi) the creation, perfection or priority of Liens on the Collateral or (vii) compliance by Affiliated Lenders with the terms hereof relating to Affiliated Lenders. Notwithstanding anything herein to the contrary, the Administrative Agent shall not be liable for, or be responsible for any Liabilities, costs or expenses suffered by the Borrower, any Subsidiary, any Lender or any Issuing Bank as a result of, any determination of the Revolving Credit Exposure, any of the component amounts thereof or any portion thereof attributable to each Lender or Issuing Bank.

(c) Without limiting the foregoing, the Administrative Agent (i) may treat the payee of any promissory note as its holder until such promissory note has been assigned in accordance with Section 9.04, (ii) may rely on the Register to the extent set forth in Section 9.04(b), (iii) may consult with legal counsel (including counsel to the Borrower), independent public accountants and other experts selected by it, and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts, (iv) makes no warranty or representation to any Lender or Issuing Bank and shall not be responsible to any Lender or Issuing Bank for any statements, warranties or representations made by or on behalf of any Loan Party in connection with this Agreement or any other Loan Document, (v) in determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the

satisfaction of a Lender or an Issuing Bank, may presume that such condition is satisfactory to such Lender or Issuing Bank unless the Administrative Agent shall have received notice to the contrary from such Lender or Issuing Bank sufficiently in advance of the making of such Loan or the issuance of such Letter of Credit and (vi) shall be entitled to rely on, and shall incur no liability under or in respect of this Agreement or any other Loan Document by acting upon, any notice, consent, certificate or other instrument or writing (which writing may be a fax, any electronic message, Internet or intranet website posting or other distribution) or any statement made to it orally or by telephone and believed by it to be genuine and signed or sent or otherwise authenticated by the proper party or parties (whether or not such Person in fact meets the requirements set forth in the Loan Documents for being the maker thereof).

SECTION 8.03 Posting of Communications.

(a) The Borrower agrees that the Administrative Agent may, but shall not be obligated to, make any Communications available to the Lenders and the Issuing Banks by posting the Communications on IntraLinks™, DebtDomain, SyndTrak, ClearPar or any other electronic platform chosen by the Administrative Agent to be its electronic transmission system (the “Approved Electronic Platform”).

(b) Although the Approved Electronic Platform and its primary web portal are secured with generally-applicable security procedures and policies implemented or modified by the Administrative Agent from time to time (including, as of the Closing Date, a user ID/password authorization system) and the Approved Electronic Platform is secured through a per-deal authorization method whereby each user may access the Approved Electronic Platform only on a deal-by-deal basis, each of the Lenders, each of the Issuing Banks and the Borrower acknowledges and agrees that the distribution of material through an electronic medium is not necessarily secure, that the Administrative Agent is not responsible for approving or vetting the representatives or contacts of any Lender that are added to the Approved Electronic Platform, and that there may be confidentiality and other risks associated with such distribution. Each of the Lenders, each of the Issuing Banks and the Borrower hereby approves distribution of the Communications through the Approved Electronic Platform and understands and assumes the risks of such distribution.

(c) THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS ARE PROVIDED “AS IS” AND “AS AVAILABLE”. THE APPLICABLE PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE APPROVED ELECTRONIC PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE APPLICABLE PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE APPROVED ELECTRONIC PLATFORM. IN NO EVENT SHALL THE ADMINISTRATIVE AGENT, ANY ARRANGER OR ANY OF THEIR RESPECTIVE RELATED PARTIES (COLLECTIVELY, “APPLICABLE PARTIES”) HAVE ANY LIABILITY TO ANY LOAN

PARTY, ANY LENDER, ANY ISSUING BANK OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND, INCLUDING DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF ANY LOAN PARTY'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET OR THE APPROVED ELECTRONIC PLATFORM.

"Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Loan Party pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent, any Lender or any Issuing Bank by means of electronic communications pursuant to this Section, including through an Approved Electronic Platform.

(d) Each Lender and each Issuing Bank agrees that notice to it (as provided in the next sentence) specifying that Communications have been posted to the Approved Electronic Platform shall constitute effective delivery of the Communications to such Lender for purposes of the Loan Documents. Each Lender and Issuing Bank agrees (i) to notify the Administrative Agent in writing (which could be in the form of electronic communication) from time to time of such Lender's or Issuing Bank's (as applicable) email address to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such email address.

(e) Each of the Lenders, each of the Issuing Banks and the Borrower agrees that the Administrative Agent may, but (except as may be required by applicable law) shall not be obligated to, store the Communications on the Approved Electronic Platform in accordance with the Administrative Agent's generally applicable document retention procedures and policies.

(f) Nothing herein shall prejudice the right of the Administrative Agent, any Lender or any Issuing Bank to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

SECTION 8.04 The Administrative Agent Individually. With respect to its Commitment, Loans (including Swingline Loans), Letter of Credit Commitments and Letters of Credit, the Person serving as the Administrative Agent shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Lender or Issuing Bank, as the case may be. The terms "Issuing Banks", "Lenders", "Required Lenders" and any similar terms shall, unless the context clearly otherwise indicates, include the Administrative Agent in its individual capacity as a Lender, Issuing Bank or as one of the Required Lenders, as applicable. The Person serving as the Administrative Agent and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of banking, trust or other business with, the Borrower, any Subsidiary or any Affiliate of any of the foregoing as if such Person was not acting as the Administrative Agent and without any duty to account therefor to the Lenders or the Issuing Banks.

SECTION 8.05 Successor Administrative Agent.

(a) The Administrative Agent may resign at any time by giving 30 days' prior written notice thereof to the Lenders, the Issuing Banks and the Borrower, whether or not a successor Administrative Agent has been appointed. Upon any such resignation, the Required Lenders shall have the right to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Banks, appoint a successor Administrative Agent, which shall be a bank with an office in New York, New York or an Affiliate of any such bank. In either case, such appointment shall be subject to the prior written approval of the Borrower (which approval may not be unreasonably withheld and shall not be required while an Event of Default has occurred and is continuing). Upon the acceptance of any appointment as Administrative Agent by a successor Administrative Agent, such successor Administrative Agent shall succeed to, and become vested with, all the rights, powers, privileges and duties of the retiring Administrative Agent. Upon the acceptance of appointment as Administrative Agent by a successor Administrative Agent, the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. Prior to any retiring Administrative Agent's resignation hereunder as Administrative Agent, the retiring Administrative Agent shall take such action as may be reasonably necessary to assign to the successor Administrative Agent its rights as Administrative Agent under the Loan Documents.

(b) Notwithstanding paragraph (a) of this Section, in the event no successor Administrative Agent shall have been so appointed and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its intent to resign, the retiring Administrative Agent may give notice of the effectiveness of its resignation to the Lenders, the Issuing Banks and the Borrower, whereupon, on the date of effectiveness of such resignation stated in such notice, (i) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents; provided that, solely for purposes of maintaining any security interest granted to the Administrative Agent under any Security Document for the benefit of the Secured Parties, the retiring Administrative Agent shall continue to be vested with such security interest as collateral agent for the benefit of the Secured Parties, and continue to be entitled to the rights set forth in such Security Document and Loan Document, and, in the case of any Collateral in the possession of the Administrative Agent, shall continue to hold such Collateral, in each case until such time as a successor Administrative Agent is appointed and accepts such appointment in accordance with this Section (it being understood and agreed that the retiring Administrative Agent shall have no duty or obligation to take any further action under any Security Document, including any action required to maintain the perfection of any such security interest), and (ii) the Required Lenders shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent; provided that (A) all payments required to be made hereunder or under any other Loan Document to the Administrative Agent for the account of any Person other than the Administrative Agent shall be made directly to such Person and (B) all notices and other communications required or contemplated to be given or made to the Administrative Agent shall directly be given or made to each Lender and each Issuing Bank. Following the effectiveness of the Administrative Agent's resignation from its capacity as such, the provisions

of this Article and Section 9.03, as well as any exculpatory, reimbursement and indemnification provisions set forth in any other Loan Document, shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

SECTION 8.06 Acknowledgements of Lenders and Issuing Banks.

(a) Each Lender and each Issuing Bank represents and warrants that (i) the Loan Documents set forth the terms of a commercial lending facility, (ii) it is engaged in making, acquiring or holding commercial loans and in providing other facilities set forth herein as may be applicable to such Lender or Issuing Bank, in each case in the ordinary course of business, and not for the purpose of purchasing, acquiring or holding any other type of financial instrument (and each Lender and each Issuing Bank agrees not to assert a claim in contravention of the foregoing), (iii) it has, independently and without reliance upon the Administrative Agent, any Arranger, or any other Lender or Issuing Bank, or any of the Related Parties of any of the foregoing, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement as a Lender, and to make, acquire or hold Loans hereunder and (iv) it is sophisticated with respect to decisions to make, acquire and/or hold commercial loans and to provide other facilities set forth herein, as may be applicable to such Lender or such Issuing Bank, and either it, or the Person exercising discretion in making its decision to make, acquire and/or hold such commercial loans or to provide such other facilities, is experienced in making, acquiring or holding such commercial loans or providing such other facilities. Each Lender and each Issuing Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent, any Arranger or any other Lender or Issuing Bank, or any of the Related Parties of any of the foregoing, and based on such documents and information (which may contain material, non-public information within the meaning of the United States securities laws concerning the Borrower and its Affiliates) as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

(b) Each Lender, by delivering its signature page to this Agreement on the Closing Date, or delivering its signature page to an Assignment and Assumption or any other Loan Document pursuant to which it shall become a Lender hereunder, shall be deemed to have acknowledged receipt of, and consented to and approved, each Loan Document and each other document required to be delivered to, or be approved by or satisfactory to, the Administrative Agent or the Lenders on the Closing Date.

(c) (i) Each Lender and Issuing Bank hereby agrees that (x) if the Administrative Agent notifies such Lender that the Administrative Agent has determined in its sole discretion that any funds received by such Lender from the Administrative Agent or any of its Affiliates (whether as a payment, prepayment or repayment of principal, interest, fees or otherwise; individually and collectively, a "Payment") were erroneously transmitted to such Lender (whether or not known to such Lender), and demands the return of such Payment (or a portion thereof), such Lender shall promptly, but in no event later than one Business Day thereafter, return to the Administrative Agent the amount of any such Payment (or portion

thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Lender to the date such amount is repaid to the Administrative Agent at the greater of the NYFRB Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect, and (y) to the extent permitted by applicable law, such Lender shall not assert, and hereby waives, as to the Administrative Agent, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Payments received, including without limitation any defense based on "discharge for value" or any similar doctrine. A notice of the Administrative Agent to any Lender under this Section 8.06(c) shall be conclusive, absent manifest error.

(ii) Each Lender hereby further agrees that if it receives a Payment from the Administrative Agent or any of its Affiliates (x) that is in a different amount than, or on a different date from, that specified in a notice of payment sent by the Administrative Agent (or any of its Affiliates) with respect to such Payment (a "Payment Notice") or (y) that was not preceded or accompanied by a Payment Notice, it shall be on notice, in each such case, that an error has been made with respect to such Payment. Each Lender agrees that, in each such case, or if it otherwise becomes aware a Payment (or portion thereof) may have been sent in error, such Lender shall promptly notify the Administrative Agent of such occurrence and, upon demand from the Administrative Agent, it shall promptly, but in no event later than one Business Day thereafter, return to the Administrative Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Lender to the date such amount is repaid to the Administrative Agent at the greater of the NYFRB Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect.

(iii) The Borrower and each other Loan Party hereby agrees that (x) in the event an erroneous Payment (or portion thereof) are not recovered from any Lender that has received such Payment (or portion thereof) for any reason, the Administrative Agent shall be subrogated to all the rights of such Lender with respect to such amount and (y) an erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by the Borrower or any other Loan Party.

(iv) Each party's obligations under this Section 8.06(c) shall survive the resignation or replacement of the Administrative Agent or any transfer of rights or obligations by, or the replacement of, a Lender, the termination of the Commitments or the repayment, satisfaction or discharge of all Obligations under any Loan Document.

SECTION 8.07 Collateral Matters.(a) Except with respect to the exercise of setoff rights in accordance with Section 9.08 or with respect to a Secured Party's right to file a proof of claim in an insolvency proceeding, no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce any Guarantee of the Obligations, it being understood and agreed that all powers, rights and remedies under the Loan Documents may be

exercised solely by the Administrative Agent on behalf of the Secured Parties in accordance with the terms thereof.

(b) In furtherance of the foregoing and not in limitation thereof, no arrangements in respect of Cash Management Services the obligations under which constitute Secured Cash Management Obligations and no Swap Agreement the obligations under which constitute secured Swap Obligations, will create (or be deemed to create) in favor of any Secured Party that is a party thereto any rights in connection with the management or release of any Collateral or of the obligations of any Loan Party under any Loan Document. By accepting the benefits of the Collateral, each Secured Party that is a party to any such arrangement in respect of Cash Management Services or Swap Agreement, as applicable, shall be deemed to have appointed the Administrative Agent to serve as administrative agent and collateral agent under the Loan Documents and agreed to be bound by the Loan Documents as a Secured Party thereunder, subject to the limitations set forth in this paragraph.

(c) The Secured Parties irrevocably authorize the Administrative Agent, at its option and in its discretion, to subordinate any Lien on any property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Section 6.02(a). The Administrative Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Administrative Agent's Lien thereon or any certificate prepared by any Loan Party in connection therewith, nor shall the Administrative Agent be responsible or liable to the Lenders or any other Secured Party for any failure to monitor or maintain any portion of the Collateral.

SECTION 8.08 Credit Bidding. The Secured Parties hereby irrevocably authorize the Administrative Agent, at the direction of the Required Lenders, to credit bid all or any portion of the Obligations (including by accepting some or all of the Collateral in satisfaction of some or all of the Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral (a) at any sale thereof conducted under the provisions of the Bankruptcy Code, including under Sections 363, 1123 or 1129 of the Bankruptcy Code, or any similar laws in any other jurisdictions to which a Loan Party is subject, or (b) at any other sale, foreclosure or acceptance of collateral in lieu of debt conducted by (or with the consent or at the direction of) the Administrative Agent (whether by judicial action or otherwise) in accordance with any applicable law. In connection with any such credit bid and purchase, the Obligations owed to the Secured Parties shall be entitled to be, and shall be, credit bid by the Administrative Agent at the direction of the Required Lenders on a ratable basis (with Obligations with respect to contingent or unliquidated claims receiving contingent interests in the acquired assets on a ratable basis that shall vest upon the liquidation of such claims in an amount proportional to the liquidated portion of the contingent claim amount used in allocating the contingent interests) for the asset or assets so purchased (or for the equity interests or debt instruments of the acquisition vehicle or vehicles that are issued in connection with such purchase). In connection with any such bid, (i) the Administrative Agent shall be authorized to form one or more acquisition vehicles and to assign any successful credit bid to such acquisition vehicle or vehicles, (ii) each of the Secured Parties' ratable interests in the Obligations which were credit bid shall be deemed without any further action under this Agreement to be assigned to such vehicle or vehicles for the purpose of closing

such sale, (iii) the Administrative Agent shall be authorized to adopt documents providing for the governance of the acquisition vehicle or vehicles (provided that any actions by the Administrative Agent with respect to such acquisition vehicle or vehicles, including any disposition of the assets or equity interests thereof, shall be governed, directly or indirectly, by, and the governing documents shall provide for, control by the vote of the Required Lenders or their permitted assignees under the terms of this Agreement or the governing documents of the applicable acquisition vehicle or vehicles, as the case may be, irrespective of the termination of this Agreement and without giving effect to the limitations on actions by the Required Lenders contained in Section 9.02 of this Agreement), (iv) the Administrative Agent on behalf of such acquisition vehicle or vehicles shall be authorized to issue to each of the Secured Parties, ratably on account of the relevant Obligations which were credit bid, interests, whether as equity, partnership interests, limited partnership interests or membership interests, in any such acquisition vehicle and/or debt instruments issued by such acquisition vehicle, all without the need for any Secured Party or acquisition vehicle to take any further action, and (v) to the extent that Obligations that are assigned to an acquisition vehicle are not used to acquire Collateral for any reason (as a result of another bid being higher or better, because the amount of Obligations assigned to the acquisition vehicle exceeds the amount of Obligations credit bid by the acquisition vehicle or otherwise), such Obligations shall automatically be reassigned to the Secured Parties pro rata with their original interest in such Obligations and the equity interests and/or debt instruments issued by any acquisition vehicle on account of such Obligations shall automatically be cancelled, without the need for any Secured Party or any acquisition vehicle to take any further action. Notwithstanding that the ratable portion of the Obligations of each Secured Party are deemed assigned to the acquisition vehicle or vehicles as set forth in clause (ii) above, each Secured Party shall execute such documents and provide such information regarding the Secured Party (and/or any designee of the Secured Party which will receive interests in or debt instruments issued by such acquisition vehicle) as the Administrative Agent may reasonably request in connection with the formation of any acquisition vehicle, the formulation or submission of any credit bid or the consummation of the transactions contemplated by such credit bid.

SECTION 8.09. Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, and each Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using “plan assets” (within the meaning of the Plan Asset Regulations) of one or more Benefit Plans in connection with the Loans, the Letters of Credit or the Commitments,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class

exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, and each Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that none of the Administrative Agent, or any Arranger or any of their respective Affiliates is a fiduciary with respect to the Collateral or the assets of such Lender (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related to hereto or thereto.

(b) The Administrative Agent, and each Arranger hereby informs the Lenders that each such Person is not undertaking to provide investment advice or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Letters of Credit, the Commitments, this Agreement and any other Loan Documents (ii) may recognize a gain if it extended the Loans, the Letters of Credit or the Commitments for an amount less than the amount being paid for an interest in the Loans, the Letters of Credit or the Commitments by such Lender or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees,

processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

ARTICLE IX

Miscellaneous

SECTION 9.01 Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to clause (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to the Borrower, to Total Community Options, Inc. 8950 East Lowry Boulevard Denver, Colorado 80230, Attention: Maureen Hewitt (Telecopy No. (303) 996-1600),

(ii) if to the Administrative Agent, Revolver Agent, Swingline Lender or Collateral Agent, to JPMorgan Chase Bank, N.A., ~~10131~~ South Dearborn St, Floor ~~L204~~, Chicago, IL ~~60602-2300~~~~60603-5506~~, Attention ~~of Sergio Garcia~~; Loan and Agency Servicing, (Email: ~~Sergio.x.garcia@jpmchase.com~~ and Jpm.agency.cri@jpmorgan.com; ~~Tel: 312-336-0359; Telecopy No.: 844-490-5665~~),

(A) for Agency Withholding Tax Inquiries (Email: agency.tax.reporting@jpmorgan.com)

(B) for Agency Compliance/Financials/Intralinks (Email: covenant.compliance@jpmchase.com)

(iii) If to JPMorgan Chase Bank, N.A., as Issuing Bank, to JPMorgan Chase Bank, N.A., 131 South Dearborn St, Floor 04, Chicago, IL 60603-5506, Attention: LC Agency Team (chicago.lc.agency.activity.team@jpmchase.com; Tel: 800-364-1969; Fax: 856-294-5267) with a copy to JPMorgan Chase Bank, N.A., 131 South Dearborn St, Floor 04, Chicago, IL, 60603-5506, Attention: Loan and Agency Servicing (Email: jpm.agency.cri@jpmorgan.com)

~~(iii)~~(iv) if to ~~the~~any Issuing Bank (other than JPMorgan Chase Bank, N.A.), to such address as the Issuing Bank may provide in writing to the Revolver Agent and the Borrower from time to time,

~~(iv)~~(v) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire,

~~(v)~~(vi) if to make any updates, modifications or supplements to the list of Disqualified Institutions, by e-mail to JPMDQ_Contact@jpmorgan.com

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Applicable Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Applicable Agent and the applicable Lender. The Applicable Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. Unless the Applicable Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the Administrative Agent and the Revolver Agent (and, in the case of the Administrative Agent or Revolver Agent, by written notice to the Borrower). All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

(d) Each Revolving Lender shall notify the Revolver Agent in writing of any changes in the address to which notices to such Revolving Lender should be directed, of addresses of its lending office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Revolver Agent shall reasonably request.

SECTION 9.02 Waivers; Amendments.

(a) No failure or delay by the Administrative Agent, the Revolver Agent, the Issuing Bank, the Collateral Agent, the Swingline Lender or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Revolver Agent, the Issuing Bank, the Collateral Agent, the Swingline Lender and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section 9.02, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any

Default, regardless of whether the Administrative Agent, the Revolver Agent, any Lender, the Collateral Agent, the Swingline Lender or the Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Except as provided in Section 2.20 (other than Section 2.20(d)(i)) with respect to an Additional Credit Extension Amendment (or to give effect to any restatement of this Agreement, the substantive terms of which are otherwise permitted hereby), neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except, in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by Holdings, the Borrower and the Required Lenders or, in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Administrative Agent and the Loan Party or Loan Parties that are parties thereto, in each case with the consent of the Required Lenders; provided that no such agreement shall

(i) increase the Commitment of any Lender without the written consent of such Lender (it being understood that a waiver of any condition precedent set forth in Section 4.02 or of any Default or mandatory prepayment or mandatory reduction of any Commitments shall not constitute an increase of any Commitment of any Lender),

(ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender directly and adversely affected thereby, it being understood that any change to the definition of "Secured Net Leverage Ratio", in the component definitions thereof shall not constitute a reduction in any rate of interest; provided that, for the avoidance of doubt, only the consent of the Required Lenders shall be necessary to amend Section 2.13(ed) or to waive any obligation of the Borrower to pay interest thereunder,

(iii) postpone the maturity of any Loan, or any scheduled date of payment of the principal amount of any Loan, the required date of reimbursement of any LC Disbursement, or any date for the payment of any interest or fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender directly and adversely affected thereby (it being understood that a waiver of any Default or mandatory prepayment or mandatory reduction of any Commitment shall not constitute a reduction, waiver, excuse or postponement),

(iv) change Section 2.18(b), (c) or (f) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender directly and adversely affected thereby,

(v) change any of the provisions of this Section 9.02 or the percentage set forth in the definition of "Required Lenders", "Required Revolving Lenders" or any other provision of any Loan Document specifying the number or percentage of Lenders (or Lenders of any Class) required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each

Lender directly and adversely affected thereby (or each Lender of such Class, as applicable),

(vi) release Holdings or any Subsidiary Loan Party from its Guarantee under the Collateral Agreement (except as provided in Section 9.15 or in the Collateral Agreement) or limit its liability in respect of such Guarantee, without the written consent of each Lender,

(vii) release all or substantially all the Collateral from the Liens of the Security Documents (except as provided in Section 9.15 or in the Collateral Agreement), without the written consent of each Lender,

(viii) change any provisions of any Loan Document in a manner that by its terms adversely affects the rights in respect of payments due to Lenders holding Loans of any Class differently than those holding Loans of any other Class, without the written consent of Lenders holding a majority in interest of the outstanding Loans and unused Commitments of each adversely affected Class, or

(ix) (i) the definition of Required Term Lenders or this Section 9.02(b)(ix) or (ii) increase the amount of Revolving Commitments from those in effect on the Closing Date, in each case, without the written consent of the Required Term Lenders (or by the Administrative Agent with the consent of Required Term Lenders);

provided, that (A) no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Issuing Bank or the Swingline Lender without the prior written consent of the Administrative Agent, the Issuing Bank or the Swingline Lender, as applicable, and (B) any waiver, amendment or modification of this Agreement that by its terms affects the rights or duties under this Agreement of a particular Class of Lenders (but not any other Lenders) may be effected by an agreement or agreements in writing entered into by Holdings, the Borrower and requisite percentage in interest of the affected Class of Lenders that would be required to consent thereto under this Section 9.02(b) if such Class of Lenders were the only Class of Lenders hereunder at the time. As it relates to rights of the Issuing Bank, (a) the definition of "Letter of Credit Sublimit" may be amended to increase the amount thereof to an amount equal to no more than 50% of the aggregate principal amount of the Revolving Commitments (as in effect as of the date thereof) with only the written consent of the Issuing Bank, the Revolver Agent and the Borrower and (b) this Agreement may be amended to adjust the mechanics related to the issuance of Letters of Credit, including mechanical changes relating to the existence of multiple Issuing Banks, with only the written consent of the applicable Issuing Bank and the Borrower, so long as the obligations of the Revolving Lenders, if any, who have not executed such amendment, and if applicable, the other Issuing Banks, if any, who have not executed such amendment, are not adversely affected thereby. No Lender consent is required to effect an Additional Credit Extension Amendment (except (i) as expressly provided in Sections 2.20 or 2.21, as applicable or (ii) that the provisions of Section 2.20(d)(i) may not be amended or waived without the consent of the Required Lenders). In connection with any proposed amendment, modification, waiver or termination (a "Proposed Change") requiring the consent of all Lenders or all adversely affected Lenders, if the consent of the Required Lenders to such Proposed Change is obtained, but the consent to such Proposed Change of other Lenders

whose consent is required is not obtained (any such Lender whose consent is not obtained as described in this Section 9.02(b) being referred to as a “Non-Consenting Lender”), then, at the Borrower’s request, any Lender assignee that is reasonably acceptable to the Applicable Agent shall have the right to purchase from such Non-Consenting Lender, and such Non-Consenting Lender agrees that it shall, upon the Borrower’s request, sell and assign to such Lender assignee, at no expense to such Non-Consenting Lender, all the Commitments and Loans of such Non-Consenting Lender for an amount equal to the principal balance of all Loans (and funded participations in Swingline Loans and unreimbursed LC Disbursements) held by such Non-Consenting Lender and all accrued interest and fees with respect thereto through the date of sale (including amounts under Sections 2.12, 2.15, 2.16 and 2.17), such purchase and sale to be consummated pursuant to an executed Assignment and Assumption in accordance with Section 9.04(b) (which Assignment and Assumption need not be signed by such Non-Consenting Lender); provided, that, if any such Non-Consenting Lender does not execute and deliver to the Applicable Agent a duly executed Assignment and Assumption reflecting such replacement within two (2) Business Days of the date on which the Lender assignee executes and delivers such Assignment and Assumption to such Non-Consenting Lender, then such Non-Consenting Lender shall be deemed to have executed and delivered such Assignment and Assumption without any action on the part of the Non-Consenting Lender.

(c) Notwithstanding the provisions of clause (b), this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and the Borrower (i) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Initial Term Loans and the Revolving Loans and the accrued interest and fees in respect thereof, and (ii) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders. In addition, this Agreement may be amended with the written consent of the Administrative Agent, the Borrower and the Lenders providing the relevant Replacement Term Loans to permit the refinancing of all outstanding Term Loans of a Class with a replacement term loan tranche hereunder (the “Replacement Term Loans”); provided that (i) the aggregate principal amount of such Replacement Term Loans shall not exceed the aggregate principal amount of such refinanced Term Loans, (ii) the Applicable Rate for such Replacement Term Loans shall not be higher than the Applicable Rate for such refinanced Term Loans, (iii) the Weighted Average Life to Maturity of such Replacement Term Loans shall not be shorter than the Weighted Average Life to Maturity of such refinanced Term Loans at the time of such refinancing (except to the extent of nominal amortization for periods where amortization has been eliminated as a result of prepayment of the refinanced Term Loans) and (iv) all other terms applicable to such Replacement Term Loans shall be substantially identical to, or less favorable to the Lenders providing such Replacement Term Loans than, those applicable to such refinanced Term Loans, except to the extent necessary to provide for covenants and other terms applicable to any period after the Latest Maturity Date in effect immediately prior to such refinancing.

(d) Notwithstanding anything in this Section 9.02 to the contrary, (a) technical and conforming modifications to the Loan Documents may be made with the consent of the Borrower and the Administrative Agent to the extent necessary (i) to integrate any Incremental Term Loans, any Incremental Revolving Commitments, any Extended Term Loans

or any Extended Revolving Commitments or (ii) to cure any ambiguity, omission, defect or inconsistency and (b) without the consent of any Lender or Issuing Bank, the Loan Parties and the Administrative Agent or any collateral agent may (in their respective sole discretion, or shall, to the extent required by any Loan Document) enter into any (x) amendment, modification or waiver of any Loan Document, or enter into any new agreement or instrument, to effect the granting, perfection, protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Parties or as required by local law to give effect to, or protect any security interest for benefit of the Secured Parties, in any property or so that the security interests therein comply with applicable law or this Agreement or in each case to otherwise enhance the rights or benefits of any Lender under any Loan Document or (y) any Junior Lien Intercreditor Agreement.

(e) Notwithstanding anything in this Section 9.02 to the contrary, if the Administrative Agent and the Borrower shall have jointly identified an obvious error, mistake, ambiguity, incorrect cross-reference or any error or omission of a technical or immaterial nature, in each case, in any provision of this Agreement or any other Loan Document (including, for the avoidance of doubt, any exhibit, schedule or other attachment to any Loan Document), then the Administrative Agent (acting in its sole discretion) and the Borrower or any other relevant Loan Party shall be permitted to amend such provision and such amendment shall become effective without any further action or consent of any other party to any Loan Document. Notification of such amendment shall be made by the Administrative Agent to the Lenders promptly upon such amendment becoming effective.

SECTION 9.03 Expenses; Indemnity; Damage Waiver.

(a) The Borrower shall pay or reimburse (i) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent, the Collateral Agent and the Joint Lead Arrangers, including the reasonable fees, charges and disbursements of counsel for the Agents (within 30 days of a written demand therefor, together with backup documentation supporting such reimbursement request), in connection the preparation, execution, delivery and administration of the Loan Documents or any amendments, modifications or waivers of the provisions thereof (but, limited, in the case of legal fees and expenses, to the reasonable and documented fees, disbursements and other charges of one counsel to the Administrative Agent, and the Joint Lead Arrangers, and, if necessary, of one local counsel in any relevant jurisdiction) and (ii) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and the Lenders (within 30 days of a written demand therefor, together with backup documentation supporting such reimbursement request) incurred in connection with the enforcement of any rights or remedies under this Agreement or the other Loan Documents (but, limited, in the case of legal fees and expenses, to the reasonable and documented fees, disbursements and other charges of one counsel to the Administrative Agent, the Revolver Agent and the Lenders taken as a whole, and, if necessary, of one local counsel to the Administrative Agent, the Revolver Agent and the Lenders taken as a whole in any relevant jurisdiction and one additional counsel in each relevant jurisdiction for each group of similarly situated parties in the event of a conflict of interest). If any Loan Party fails to pay when due any costs, expenses or other amounts payable by it hereunder or under any Loan Document, such amount may be paid on behalf of such Loan Party by the Administrative Agent or Revolver Agent in its discretion. For the avoidance of doubt, this Section 9.03(a) shall not

apply to Taxes, except any Taxes that represent costs and expenses arising from any non-Tax claim. For the avoidance of doubt, the term "Lender" shall, for purposes of this Section 9.03(a) include any Issuing Bank and any Swingline Lender.

(b) The Borrower shall indemnify the Administrative Agent, the Revolver Agent, the Collateral Agent, each Joint Lead Arranger, the Issuing Bank and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee"), and hold each Indemnitee harmless, from and against any and all losses, claims, damages, liabilities or out-of-pocket expenses incurred by or asserted against any Indemnitee (but, limited, in the case of legal fees and expenses, to the reasonable and documented fees, disbursements and other charges of one counsel to the Indemnitees taken as a whole, and, if necessary, of one local counsel to the Indemnitees taken as a whole in any relevant jurisdiction and one additional counsel in each relevant jurisdiction for each group of similarly situated parties in the event of a conflict) incurred in connection with, or as a result of (i) the execution or delivery of any Loan Document or any other agreement or instrument contemplated hereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the consummation of the Transactions, the Amendment and Restatement or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or Release or threat of Release of Hazardous Materials on, at, under or from any property currently or formerly owned, leased or operated by the Borrower or any of its Subsidiaries, or any actual or alleged Environmental Liability related in any way to the Borrower or any of its Subsidiaries or their respective properties or operations, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such liabilities, losses, damages, claims or out-of-pocket expenses resulted from (x) the gross negligence, bad faith or willful misconduct of such Indemnitee or of any of its Related Parties, as determined by a final non-appealable judgment of a court of competent jurisdiction, (y) a material breach of any obligations under any Loan Document by such Indemnitee or of any of its Related Parties, as determined by a final non-appealable judgment of a court of competent jurisdiction or (z) any dispute solely among Indemnitees other than any claims against an Indemnitee in its capacity or in fulfilling its role as an administrative agent or arranger or any similar role under this Agreement and other than any claims arising out of any act or omission of the Borrower or any of its Affiliates (in the case of any such act or omission, as determined in a final and non-appealable judgment of a court of competent jurisdiction). All amounts due under this Section 9.03(b) shall be paid within 30 days after written demand therefor (together with backup documentation supporting such reimbursement request); provided that, that such Indemnitee shall promptly refund and return such amounts to the extent that there is a final non-appealable judicial determination by a court of competent jurisdiction that such Indemnitee was not entitled to indemnification rights with respect to such payment pursuant to the express terms of this Section 9.03(b). This Section 9.03(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim. Payments under this Section shall be made by the Borrower to the Administrative Agent for the benefit of the

relevant Indemnitee. For the avoidance of doubt, the term “Lender” shall, for purposes of this Section 9.03(b) include any Issuing Bank and any Swingline Lender.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent, the Revolver Agent, the Collateral Agent, the Issuing Bank or the Swingline Lender under paragraph (a) or (b) of this Section 9.03, each Lender severally agrees to pay to the Administrative Agent, the Revolver Agent, the Collateral Agent, the Issuing Bank or the Swingline Lender, as applicable, such Lender’s pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as applicable, was incurred by or asserted against the Administrative Agent, the Revolver Agent, the Collateral Agent, the Issuing Bank or the Swingline Lender in its capacity as such. For purposes hereof, a Lender’s “pro rata share” shall be determined based upon its share of the aggregate Revolving Exposures, outstanding Term Loans, and unused Commitments at the time.

(d) To the extent permitted by applicable law, neither the Borrower or any other Loan Party shall assert, and each hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof; provided that, nothing in this Section 9.03(d) shall relieve the Borrower and each Loan Party of any obligation it may have to indemnify an Indemnitee, as provided in Section 9.03(b), against any special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party.

SECTION 9.04 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (except pursuant to Section 6.03(a)(i)) (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 9.04. Nothing in this Agreement, express or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section 9.04) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Revolver Agent, the Issuing Bank and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the limitations set forth in paragraph (a) above and the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of

its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld, conditioned or delayed) of:

(A) the Borrower; provided that the Borrower shall be deemed to have consented to an assignment unless it shall have objected thereto by written notice to the Applicable Agent within 10 Business Days after having received notice thereof; provided further that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if a Specified Event of Default has occurred and is continuing, any other assignee other than a Disqualified Institution,

(B) the Applicable Agent; provided that no consent of the Administrative Agent shall be required for an assignment of all or any portion of a Term Loan to a Lender, an Affiliate of a Lender or an Approved Fund, provided further that no consent of the Revolver Agent shall be required for an assignment of all or any portion of a Revolving Loan or Revolving Commitment to a Lender, and

(C) the Issuing Bank; provided that no consent of the Issuing Bank shall be required for an assignment of all or any portion of a Term Loan.

(ii) Assignments shall be subject to the following conditions:

(A) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans of any Class, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Applicable Agent) shall not be less than an amount of \$1,000,000 and shall be in increments of an amount of \$1,000,000 in excess thereof (or, in each case, if less, all of such Lender's Commitment or Loans of the applicable Class) unless each of the Borrower and the Administrative Agent, and, in the case of any assignment of a Revolving Loan, Letter of Credit or Revolving Commitment, the Revolver Agent, otherwise consent; provided that such assignments shall be aggregated in respect of each Lender and its Affiliates or Approved Funds, if any,

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement; provided that this clause shall not be construed to prohibit assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans,

(C) the parties to each assignment shall execute and deliver to the Applicable Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500,

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire,

(E) no assignment may be made to (i) a Disqualified Institution without the prior written consent of the Borrower, (ii) a natural person or (iii) except as permitted by Section 9.04(d), the Borrower or any of its Affiliates, and

(F) any assignment of Term Loans or Commitments of Term Loans shall specify whether such Term Loans or Commitments, as applicable, constitute Initial Term Loans, Incremental Term Loans or Commitments with respect to any of the foregoing Classes of Term Loans and, if such Term Loans or Commitments constitute Incremental Term Loans or Incremental Term Loan Commitments, the date of initial Borrowing of such Incremental Term Loans or the effective date of such Incremental Term Loan Commitments, as applicable.

Notwithstanding the foregoing or anything to the contrary set forth herein, any assignment of any Loans to any Affiliated Lender shall also be subject to the requirements of Section 9.04(d).

For purposes of this Section 9.04(b):

“Approved Fund” means (a) a CLO and (b) with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

“CLO” means any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course and is administered or managed by a Lender or an Affiliate of such Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section 9.04, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all the assigning Lender’s rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.4 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section 9.04.

(iv) Each of the Administrative Agent and the Revolver Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount and stated interest of the

Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (a “Register”). The entries in the applicable Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent, the Revolver Agent, the Issuing Banks and the Lenders shall treat each Person whose name is recorded in the applicable Register pursuant to the terms hereof as a Lender for all purposes of the Loan Documents, notwithstanding notice to the contrary. Each Register shall be available for inspection by the Borrower, and solely with respect to their respective interests by the Issuing Banks and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee’s completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section 9.04 and any written consent to such assignment required by paragraph (b) of this Section 9.04, the Applicable Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) Any Lender may, without the consent of the Borrower, the Administrative Agent, the Revolver Agent, the Issuing Banks or the Swingline Lender, sell participations to one or more banks or other entities (a “Participant”) in all or a portion of such Lender’s rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender’s obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent, the Revolver Agent, the Issuing Banks and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant.

(i) Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and related interest amounts) of each Participant’s interest in the Loans or other obligations under the Loan Documents (the “Participant Register”); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant’s interest in any Commitments, Loans or its other obligations under this Agreement) except to the extent that the relevant parties, acting reasonably and in good faith, determine that such disclosure is necessary to establish that such Commitment, Loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and the Lender maintaining such Participant Register shall treat each person whose name is recorded in the Participant

Register as the owner of the participation in question for all purposes of this Agreement notwithstanding any notice to the contrary.

(ii) The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 (subject to the requirements and limitations of such Sections, provided that any forms required to be provided by any Participant pursuant to Section 2.17(e) shall be provided solely to the applicable Lender) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section 9.04; provided, further that a Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender; provided such Participant agrees to be subject to Section 2.17(e) and Section 2.18(c) as though it were a Lender.

(iii) Any Lender may at any time pledge, assign or grant a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge, assignment or grant to secure obligations to a Federal Reserve Bank, and this Section 9.04 shall not apply to any such pledge, assignment or grant of a security interest; provided that no such pledge, assignment or grant of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledge or assignee for such Lender as a party hereto.

(iv) Notwithstanding any other provision of this Agreement, no Lender will assign its rights and obligations under this Agreement, or sell participations in its rights and/or obligations under this Agreement, to any Person who is (i) a Disqualified Institution (with respect to participations to the extent the identity of such Disqualified Institution has been made available in writing to all Lenders), (ii) a natural person, (iii) a Person listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation, (iv) a Person either (A) included within the term "designated national" as defined in the Cuban Assets Control Regulations, 31 C.F.R. Part 515 or (B) designated under Section 1(a), 1(b), 1(c) or 1(d) of Executive Order No. 13224, 66 Fed. Reg. 49079 (published September 25, 2001) or similarly designated under any related enabling legislation or any other similar executive orders or (v) the Borrower or any of its Affiliates.

(d) (i) Notwithstanding anything else to the contrary contained in this Agreement, any Lender may assign all or a portion of its Term Loans to a Person who is or will become, after such assignment, an Affiliated Lender in accordance with Section 9.04(b) and this Section 9.04(d); provided that:

(A) the assigning Lender and Non-Debt Fund Affiliate purchasing such Lender's Term Loans, as applicable, shall execute and deliver to the Administrative Agent an assignment agreement substantially in the form of Exhibit J hereto (an

“Affiliated Lender Assignment and Assumption”) in lieu of an Assignment and Assumption;

(B) for the avoidance of doubt, Lenders shall not be permitted to assign Revolving Commitments, Revolving Loans, Extended Revolving Commitments, Incremental Revolving Commitments, Incremental Revolving Loans or Refinancing Revolving Commitments to any Affiliated Lender;

(C) no Non-Debt Fund Affiliate shall be permitted to hold Term Loans pursuant to this Section 9.04(d), if (i) Non-Debt Fund Affiliates in the aggregate would own in excess of 20% of the Term Loans of any Class then outstanding or (ii) there would be more than two (2) Non-Debt Fund Affiliates holding Term Loans of any Class then outstanding; and

(D) any purchases by a Non-Debt Fund Affiliate made through “dutch auctions” shall require that such Person (i) make a customary representation to all assigning Lenders that it does not possess material non-public information (or material information of the type that would not be public if the Borrower or any parent was a publicly reporting company) with respect to the Borrower and its Subsidiaries that either (A) has not been disclosed to the Lenders generally (other than Lenders that have elected not to receive such information) or (B) if not disclosed to the Lenders, could reasonably be expected to have a material effect on, or otherwise be material to (a) a Lender’s decision to participate in any such “dutch auction” or (b) the market price of the Loans and (ii) clearly identify itself as a Non-Debt Fund Affiliate in any assignment and assumption agreement executed in connection with such purchases; provided that if Borrower is unwilling, in its sole discretion, to make the representations set forth in sub-clause (i) above, the assigning Lender shall deliver a customary “big boy” letter to the Administrative Agent.

(ii) Notwithstanding anything to the contrary in this Agreement, no Non-Debt Fund Affiliate shall have any right to (A) attend (including by telephone) any meeting or discussions (or portion thereof) among the Administrative Agent, the Revolver Agent or any Lender to which representatives of the Loan Parties are not invited, (B) receive any information or material prepared by Administrative Agent, the Revolver Agent or any Lender or any communication by or among the Administrative Agent, the Revolver Agent and/or one or more Lenders, except to the extent such information or materials have been made available to any Loan Party or its representatives (and in any case, other than the right to receive notices of prepayments and other administrative notices in respect of its Loans required to be delivered to Lenders pursuant to Section 2 of this Agreement), or (C) make or bring (or participate in, other than as a passive participant in or recipient of its pro rata benefits of) any claim, in its capacity as a Lender, against the Administrative Agent, the Revolver Agent, the Collateral Agent or any other Lender with respect to any duties or obligations or alleged duties or obligations of such Agent or any other such Lender under the Loan Documents.

(iii) By its acquisition of Term Loans, a Non-Debt Fund Affiliate shall be deemed to have acknowledged and agreed that if a case under Title 11 of the United States

Code is commenced against any Loan Party, such Loan Party shall provide (and each Non-Debt Fund Affiliate hereby agrees) that (A) such Non-Debt Fund Affiliate (in its capacity as such) shall not take any step or action in such case to object to, impede, or delay the exercise of any right or the taking of any action by Administrative Agent (or the taking of any action by a third party that is supported by Administrative Agent) in relation to such Non-Debt Fund Affiliates' claim with respect to its Loans (including, without limitation, objecting to any debtor in possession financing, use of cash collateral, grant of adequate protection, sale or disposition, compromise, or plan of reorganization) so long as such Non-Debt Fund Affiliate is treated in connection with such exercise or action on the same or better terms as the other Lenders, (B) the vote of any Non-Debt Fund Affiliate (in its capacity as a Lender) with respect to any plan of reorganization of such Loan Party shall not be counted except that such Non-Debt Fund Affiliate's vote (in its capacity as a Lender) may be counted to the extent any such plan of reorganization proposes to treat the Obligations held by such Non-Debt Fund Affiliate in a manner that is less favorable to such Non-Debt Fund Affiliate than the proposed treatment of similar Obligations held by Lenders that are not Affiliates of the Borrower; each Non-Debt Fund Affiliate hereby irrevocably appoints the Administrative Agent (such appointment being coupled with an interest) as such Non-Debt Fund Affiliate's attorney-in-fact, with full authority in the place and stead of such Non-Debt Fund Affiliate and in the name of such Non-Debt Fund Affiliate (solely in respect of Loans and participations therein and not in respect of any other claim or status such Non-Debt Fund Affiliate may otherwise have) from time to time in the Administrative Agent's discretion to take any action and to execute any instrument that the Administrative Agent may deem reasonably necessary to carry out the provisions of this clause (iii) and this Agreement. For the avoidance of doubt, the Lenders and each Non-Debt Fund Affiliate agree and acknowledge that the provisions set forth in this clause (iii) constitute a "subordination agreement" as such term is contemplated by, and utilized in, Section 510(a) of the Federal Bankruptcy Reform Act of 1978 (the "Bankruptcy Code"), and, as such, would be enforceable for all purposes in any case where a Loan Party has filed for protection under the Bankruptcy Code of the United States.

(e) Notwithstanding anything in Section 9.02 or the definition of "Required Lenders" to the contrary, for purposes of determining whether the Required Lenders or any other requisite Class vote required by this Agreement have (i) consented (or not consented) to any amendment, modification, waiver, consent or other action with respect to any of the terms of any Loan Document or any departure by any Loan Party therefrom, (ii) otherwise acted on any matter related to any Loan Document, or (iii) directed or required the Administrative Agent, Revolver Agent, Collateral Agent or any Lender to undertake any action (or refrain from taking any action) with respect to or under any Loan Document, (A) all Term Loans held by any Non-Debt Fund Affiliate shall be deemed to be not outstanding for all purposes of calculating whether the Required Lenders (or requisite vote of any Class of Lenders) have taken any actions and (B) the aggregate amount of Term Loans held by Debt Fund Affiliates will be excluded to the extent in excess of 49% of the amount required to constitute "Required Lenders"; provided that, (i) the commitment of any Non-Debt Fund Affiliate shall not be increased, (ii) the due date for payments of interest, fees and scheduled payments of principal owed to any Non-Debt Fund Affiliate shall not be extended, (iii) the amounts owing to any Non-Debt Fund Affiliate will not be reduced and (iv) any amendment that results in a disproportionate and adverse effect on a Non-Debt Fund Affiliate, in relation to all non-Affiliated Lenders or otherwise require the

consent of each Lender or each affected Lender without the consent of such Non-Debt Fund Affiliate, in each instance in subclauses (i) to (iv) above, without the consent of such Non-Debt Fund Affiliate.

(f) The Borrower shall maintain at its offices a copy of each Assignment and Assumption delivered to it by any Non-Debt Fund Affiliate (the "Affiliated Lender Register"). Each Non-Debt Fund Affiliate shall advise the Borrower and the Administrative Agent in writing of any proposed disposition of Term Loans by such Lender. Additionally, if any Lender becomes a Non-Debt Fund Affiliate at a time that such Lender holds any Term Loans, such Lender shall promptly advise the Borrower and the Administrative Agent that such Lender is a Non-Debt Fund Affiliate. Copies of the Affiliated Lender Register shall be provided to the Administrative Agent and the Non-Debt Fund Affiliate upon request. Notwithstanding the foregoing if at any time (if applicable, after giving effect to any proposed assignment to a Non-Debt Fund Affiliate), all Non-Debt Fund Affiliates own or would, in the aggregate own more than 20% of the principal amount of all any Class of Term Loans then outstanding (i) any proposed pending assignment to a Non-Debt Fund Affiliate that would cause such threshold to be exceeded shall not become effective or be recorded in the Affiliated Lender Register and (ii) if such threshold is otherwise exceeded (whether as a result of a Lender becoming a Non-Debt Fund Affiliate after it has acquired Term Loans, due to repayments, prepayments or Declined Proceeds, or otherwise), such Non-Debt Fund Affiliate shall assign sufficient Term Loans of such Class so that Non-Debt Fund Affiliates in the aggregate own less than 20% of the aggregate principal amount of Term Loans of such Class then outstanding. The Administrative Agent may conclusively rely upon the Affiliated Lender Register in connection with any amendment or waiver hereunder and shall not have any responsibility for monitoring any acquisition or disposition of Term Loans by any Non-Debt Fund Affiliate or for any losses suffered by any Person as a result of any purported assignment to or from an Affiliated Lender.

(g) The Administrative Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to Disqualified Institutions. Without limiting the generality of the foregoing, the Administrative Agent shall not (x) be obligated to ascertain, monitor or inquire as to whether any Lender or Participant or prospective Lender or Participant is a Disqualified Institution or (y) have any liability with respect to or arising out of any assignment or participation of Loans or Commitments, or disclosure of confidential information, to any Disqualified Institution.

SECTION 9.05 Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall have independent significance and be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Revolver Agent, the Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or

any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

SECTION 9.06 Counterparts; Integration; Effectiveness.

(a) This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent and/or the Revolver Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(b) Delivery of an executed counterpart of a signature page of (x) this Agreement, (y) any other Loan Document and/or (z) any document, amendment, approval, consent, information, notice (including, for the avoidance of doubt, any notice delivered pursuant to Section 9.01), certificate, request, statement, disclosure or authorization related to this Agreement, any other Loan Document and/or the transactions contemplated hereby and/or thereby (each an "Ancillary Document") that is an Electronic Signature transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement, such other Loan Document or such Ancillary Document, as applicable. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Agreement, any other Loan Document and/or any Ancillary Document shall be deemed to include Electronic Signatures, deliveries or the keeping of records in any electronic form (including deliveries by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page), each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be; provided that nothing herein shall require the Administrative Agent to accept Electronic Signatures in any form or format without its prior written consent and pursuant to procedures approved by it; provided, further, without limiting the foregoing, (i) to the extent the Administrative Agent has agreed to accept any Electronic Signature, the Administrative Agent and each of the Lenders shall be entitled to rely on such Electronic Signature purportedly given by or on behalf of the Borrower or any other Loan Party without further verification thereof and without any obligation to review the appearance or form of any such Electronic signature and (ii) upon the request of the Administrative Agent or any Lender, any Electronic Signature shall be promptly followed by a manually executed counterpart. Without limiting the generality of the foregoing, the Borrower and each Loan Party hereby (i) agrees that, for all purposes, including without limitation, in

connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Administrative Agent, the Lenders, the Borrower and the Loan Parties, Electronic Signatures transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page and/or any electronic images of this Agreement, any other Loan Document and/or any Ancillary Document shall have the same legal effect, validity and enforceability as any paper original, (ii) the Administrative Agent and each of the Lenders may, at its option, create one or more copies of this Agreement, any other Loan Document and/or any Ancillary Document in the form of an imaged electronic record in any format, which shall be deemed created in the ordinary course of such Person's business, and destroy the original paper document (and all such electronic records shall be considered an original for all purposes and shall have the same legal effect, validity and enforceability as a paper record), (iii) waives any argument, defense or right to contest the legal effect, validity or enforceability of this Agreement, any other Loan Document and/or any Ancillary Document based solely on the lack of paper original copies of this Agreement, such other Loan Document and/or such Ancillary Document, respectively, including with respect to any signature pages thereto and (iv) waives any claim against any the Administrative Agent, any Arranger, any Issuing Bank and any Lender, and any Related Party of any of the foregoing Persons for any Liabilities arising solely from the Administrative Agent's and/or any Lender's reliance on or use of Electronic Signatures and/or transmissions by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page, including any Liabilities arising as a result of the failure of the Borrower and/or any Loan Party to use any available security measures in connection with the execution, delivery or transmission of any Electronic Signature.

SECTION 9.07 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof, and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The applicable Lender shall notify the Borrower and the Applicable Agent of such setoff or application; provided that any failure to give or any delay in giving such notice shall not affect the validity of any such setoff or application under this Section 9.08. The rights of each Lender under this Section 9.08 are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.09 Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each of Holdings and the Borrower hereby irrevocably and unconditionally (i) submits, for itself and its property, to the exclusive jurisdiction of any New York State court or federal court of the United States of America, in each case, sitting in the Borough of Manhattan in the City of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, any other Loan Document, or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding shall be heard and determined in such New York State or, to the extent permitted by law, in such federal court and (ii) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent, the Revolver Agent, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against Holdings, the Borrower or their respective properties in the courts of any jurisdiction.

(c) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document or the transactions contemplated hereby or thereby in any court referred to in paragraph (b) of this Section 9.09. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY,

AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.10.

SECTION 9.11 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12 Confidentiality. Each of the Agents, the Issuing Banks and the Lenders agrees to maintain the confidentiality of the Information, except that Information may be disclosed (a) to it and its Affiliates and its and its Affiliates' directors, officers, employees, legal counsel, independent auditors and other experts, professionals, advisors or agents (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested or demanded by any Governmental Authority or self-regulatory authority having jurisdiction over it or any of its Affiliates; provided that the Administrative Agent, Revolver Agent or such Lender, as applicable, agrees that it will promptly notify the Borrower (other than at the request of a regulatory authority or any self-regulatory authority having or asserting jurisdiction over such Person) unless such notification is prohibited by law, rule or regulation, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process or order of any court or administrative agency; provided that the Administrative Agent, Revolver Agent or such Lender, as applicable, agrees that it will notify the Borrower as soon as practicable in the event of any such disclosure by such Person (other than at the request of a regulatory authority or any self-regulatory authority having or asserting jurisdiction over such Person) unless such notification is prohibited by law, rule or regulation, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 9.12, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (ii) any current or prospective financing source or (iii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower, (h) to any rating agency when required by it on a customary basis and after consultation with the Borrower (it being understood that, prior to any such disclosure, such rating agency shall undertake to preserve the confidentiality of any Information relating to Loan Parties and their Subsidiaries received by it from such Lender), (i) in connection with the exercise of any remedies hereunder, under any other Loan Document or the enforcement of its rights hereunder or thereunder, (j) for purposes of establishing a "due diligence" defense, (k) to the extent such Information is independently developed by such Person or its Affiliates so long as not based on Information obtained in a manner that would otherwise violate this Section 9.12 or (l) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section 9.12 or (ii) becomes available to the Administrative Agent, the Revolver Agent, any Issuing Bank or any Lender on a nonconfidential basis from a source other than Holdings or the Borrower; provided that such source is not actually known by such disclosing party to be bound by an agreement containing provisions substantially the same as those contained in this Section 9.12. For the purposes of this Section 9.12, the term "Information" means all information received from Holdings or the Borrower relating to Holdings or the Borrower or its business, other than any such information

that is available to the Administrative Agent, the Revolver Agent, any Joint Lead Arranger, any Issuing Bank, any Lender or any of their respective Affiliates on a nonconfidential basis prior to disclosure by Holdings or the Borrower and other than information pertaining to this Agreement routinely provided by arrangers to data service providers, including league table providers, that serve the lending industry; provided that, in the case of information received from Holdings, the Borrower or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section 9.12 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts that are treated as interest on such Loan under applicable law (collectively, the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section 9.13 shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.14 USA Patriot Act. Each Lender hereby notifies each Loan Party that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of each Loan Party and other information that will allow such Lender to identify such Loan Party in accordance with the Patriot Act.

SECTION 9.15 Release of Collateral.

(a) Upon any sale or other transfer by any Loan Party of any Collateral that is permitted under this Agreement to a Person that is not a Loan Party, or upon the effectiveness of any written consent to the release of the security interest granted hereby in any Collateral pursuant to Section 9.02 of this Agreement, the security interest in such Collateral shall be automatically released.

(b) Upon the addition of a Succeeding Holdings and satisfaction by such Succeeding Holdings of the Collateral and Guarantee Requirement, the prior Holdings shall be automatically released from all of its obligations under the Security Documents.

(c) Upon any Subsidiary of the Borrower becoming an Excluded Subsidiary, or otherwise having its Equity Interests disposed of in a transaction permitted under this

Agreement, to be released from its guarantee of any Obligation (including pursuant to a valid waiver or consent, the designation of such Subsidiary as an Unrestricted Subsidiary), to the extent that, after giving effect to such transaction, such Subsidiary would no longer be a Restricted Subsidiary or would otherwise become an Excluded Subsidiary.

SECTION 9.16 No Fiduciary Duty. In connection with all aspects of each transaction contemplated by this Agreement, the Borrower acknowledges and agrees, and acknowledges the other Loan Parties' understanding, that (i) each transaction contemplated by this Agreement is an arm's-length commercial transaction between the Loan Parties, on the one hand, and the Administrative Agent, the Revolver Agent and the Lenders, on the other hand, (ii) in connection with each such transaction and the process leading thereto, the Administrative Agent, the Revolver Agent and the Lenders will act solely as principals and not as agents or fiduciaries of the Loan Parties or any of their stockholders, affiliates, creditors, employees or any other party, (iii) neither the Administrative Agent, the Revolver Agent nor any Lender will assume an advisory or fiduciary responsibility in favor of the Borrower or any of its Affiliates with respect to any of the transactions contemplated hereby or the process leading thereto (irrespective of whether the Administrative Agent, the Revolver Agent or any Lender has advised or is currently advising any Loan Party on other matters) and neither the Administrative Agent, the Revolver Agent nor any Lender will have any obligation to any Loan Party or any of its Affiliates with respect to the transactions contemplated in this Agreement except the obligations expressly set forth herein, (iv) the Administrative Agent, the Revolver Agent and each Lender may be engaged in a broad range of transactions that involve interests that differ from those of the Loan Parties and their affiliates, and (v) neither the Administrative Agent, the Revolver Agent nor any Lender has provided or will provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby and the Loan Parties have consulted and will consult their own legal, accounting, regulatory, and tax advisors to the extent it deems appropriate. The matters set forth in this Agreement and the other Loan Documents reflect an arm's-length commercial transaction between the Loan Parties, on the one hand, and the Administrative Agent, the Revolver Agent and the Lenders, on the other hand. The Borrower agrees that the Loan Parties shall not assert any claims that any Loan Party may have against the Administrative Agent, the Revolver Agent or any Lender based on any breach or alleged breach of fiduciary duty.

SECTION 9.17 [Reserved].

SECTION 9.18 Material Non-Public Information.

(a) EACH LENDER ACKNOWLEDGES THAT INFORMATION (AS DEFINED IN SECTION 9.12) FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES

AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

(b) ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

SECTION 9.19 Acknowledgment and Consent to Bail-In of Affected Financial Institutions.

Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an Affected Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write down and conversion powers of the applicable Resolution Authority.

SECTION 9.20 [Reserved].

SECTION 9.21 Separate Obligations. Each Term Creditor acknowledges and agrees that because of their differing rights in proceeds of the Collateral, the Term Loan

Obligations are fundamentally different from the Revolving Loan Obligations and must be separately classified in any plan of reorganization proposed or confirmed in connection with or following any Bankruptcy Event involving any Borrower or Guarantor as a debtor. No Term Creditor shall seek in any proceeding related to any such Bankruptcy Event to be treated as part of the same class of creditors as the Revolving Creditors or shall oppose any pleading or motion by the Revolving Creditors for the Revolving Creditors and the Term Creditors to be treated as separate classes of creditors. Notwithstanding the foregoing, and regardless of whether the Term Loan Obligations and the Revolving Loan Obligations are separately classified in any such plan of reorganization, the Term Creditors hereby acknowledge and agree that to the extent that the aggregate value of the Collateral exceeds the amount of the Revolving Loan Obligations, the Revolving Creditors shall be entitled to receive, in addition to amounts distributed to them in respect of principal, pre-petition interest and other claims, all amounts owing in respect of interest, and fees, costs and charges incurred subsequent to the commencement of the applicable proceeding related to the applicable Bankruptcy Event (regardless of whether such interest, and fees, costs and charges incurred subsequent to the commencement of the applicable proceeding related to the applicable Bankruptcy Event is allowed as part of the claims of the Revolving Creditors under section 506(b) of the Bankruptcy Code or otherwise) before any distribution (whether pursuant to a plan of reorganization or otherwise) is made in respect of any of the claims held by the Term Creditors. The Term Creditors hereby acknowledge and agree to hold in trust for the benefit of the Revolving Creditors and to turn over to the Revolving Creditors all distributions received or receivable by them in any proceeding related to an applicable Bankruptcy Event (whether pursuant to a plan of reorganization or otherwise) to the extent necessary to effectuate the intent of the preceding sentence, even if such turnover has the effect of reducing the claim or recovery of the Term Creditors.

SECTION 9.22 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Swap Agreements or any other agreement or instrument that is a QFC (such support "QFC Credit Support" and each such QFC a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents

that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

[Signature Pages Follow]

Exhibit B

(Attached hereto)

EXHIBIT D

FORM OF BORROWING REQUEST

Date: []

To: JPMorgan Chase Bank, N.A., as Administrative Agent
10 South Dearborn, Floor L2
Chicago, IL 60602-2300
Attention: Sergio Garcia
Email: Sergio.x.garcia@jpmchase.com;
Jpm.agency.cri@jpmorgan.com

Ladies and Gentlemen:

Reference is made to the Credit Agreement, dated March 8, 2021 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among TCO INTERMEDIATE HOLDINGS, INC., a Delaware corporation, TOTAL COMMUNITY OPTIONS, INC., a Colorado corporation ("Borrower"), the LENDERS party thereto from time to time, JPMORGAN CHASE BANK, N.A., a national banking association (in its individual capacity, "JPMorgan"), as Administrative Agent, Revolver Agent, Collateral Agent, Swingline Lender, a Joint Bookrunner and a Joint Lead Arranger. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Borrower hereby requests (select one):

A Borrowing of new Loans

A conversion of Loans made on

OR A continuation of Term Benchmark Loans made on

to be made on the terms set forth below:

(A) Class of Borrowing¹

(B) Date of Borrowing, conversion or continuation (which is a Business Day)²

¹ Specify Revolving Loans, Incremental Term Loans of any series, Extended Term Loans of any series, Replacement Term Loans of any series or Swingline Loans.

² For Term Benchmark Borrowings, this Borrowing Request shall be delivered no later than 11:00 a.m. (New York City time) three (3) U.S. Government Securities Business Days prior to the proposed date of such Term Benchmark Borrowing. For ABR Borrowing, not later than 12:00 noon, New York City time, on the date of the proposed Borrowing

- (C) Principal amount³
- (D) Type of Loan⁴
- (E) Interest Period and the last day thereof⁵
- (F) Wire instructions for Borrower account:

Bank Routing Number:
SWIFT Code:
Account Number:
Account Name:

The Borrowing contemplated by this Borrowing Request is conditioned upon the satisfaction of the conditions to lending specified in Section 4.02 of the Credit Agreement. The Borrower hereby certifies that the conditions specified in paragraphs (a), (b) and (c) of Section 4.02 of the Credit Agreement will be satisfied on the date of Borrowing.

³ For Term Benchmark Borrowing, such Borrowings shall be made in integral multiples of \$100,000 and not less than \$500,000. For ABR Borrowing, such Borrowing shall be made in integral multiples of \$100,000 and not less than \$100,000.

⁴ Specify Term Benchmark Borrowing or ABR borrowing.

⁵ Applicable to Term Benchmark Borrowings only. The Interest Period shall be subject to the definition of "Interest Period" (as defined in the Credit Agreement) and can be a period of one, three or six months (or twelve months or a shorter period as may be agreed by the Borrower, the Applicable Agent and all Lenders participating therein). The selected Interest Period Cannot extend beyond the applicable Maturity Date. If an Interest Period is not specified, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

TOTAL COMMUNITY OPTIONS, INC.

By: _____

Name:

Title:

Exhibit C

(Attached hereto)

EXHIBIT E

FORM OF INTEREST ELECTION REQUEST

JPMorgan Chase Bank, N.A., as Administrative Agent
10 South Dearborn, Floor L2
Chicago, IL 60602-2300
Attention: Sergio Garcia
Email: Sergio.x.garcia@jpmchase.com;
Jpm.agency.cri@jpmorgan.com

Attention: Sergio Garcia

[Date]

Ladies and Gentlemen:

Reference is made to the Credit Agreement, dated March 8, 2021 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among TCO INTERMEDIATE HOLDINGS, INC., a Delaware corporation, TOTAL COMMUNITY OPTIONS, INC., a Colorado corporation ("Borrower"), the LENDERS party thereto from time to time, JPMORGAN CHASE BANK, N.A., a national banking association (in its individual capacity, "JPMorgan"), as Administrative Agent, Revolver Agent, Collateral Agent, Swingline Lender, a Joint Bookrunner and a Joint Lead Arranger. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to such terms in the Credit Agreement. This notice constitutes an Interest Election Request and the Borrower hereby gives you notice, pursuant to Section 2.07 of the Credit Agreement, that it requests to convert or continue an existing Borrowing under the Credit Agreement. In connection with the foregoing request, Borrower specifies the following information with respect to such conversion or continuation requested hereby:

- (A) List date, Type, Class, principal amount[, currency] and Interest Period (if applicable) of existing Borrowing:_____⁶
- (B) Effective date of interest election of resulting Borrowing (which is a Business Day):_____
- (D) Type of resulting Borrowing:⁷_____
- (E) Interest Period and last day thereof of resulting Borrowing (if a Term Benchmark Borrowing):⁸_____

⁶ If different options are being elected with respect to different portions of the listed Borrowing, use a separate Interest Election Request form for each portion.

⁷ Specify ABR Borrowing or Term Benchmark Borrowing.

⁸ Applicable to Term Benchmark Borrowings only. The Interest Period shall be subject to the definition of "Interest Period" (as defined in the Credit Agreement) and can be a period of one, three or six months (or twelve months or a shorter period as may be agreed by the Borrower, the Applicable Agent and all Lenders

Very truly yours,

TOTAL COMMUNITY OPTIONS, INC.

by

Name:

Title:

participating therein). The selected Interest Period Cannot extend beyond the applicable Maturity Date. If an Interest Period is not specified, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

TCO GROUP HOLDINGS, L.P.
EQUITY INCENTIVE PLAN

1. Defined Terms. Exhibit A, which is incorporated herein by reference, defines the terms used in the Plan and sets forth certain operational rules related to those terms.

2. Purpose. The Plan has been established to advance the interests of the Partnership and its Affiliates by providing for the grant to Participants of interests in the Partnership in the form of Class B Units. Subject to Section 16(c) of the Plan, it is intended that all Class B Units granted pursuant to the Plan qualify as “profits interests” of the Partnership within the meaning of Revenue Procedures 93-27 and 2001-43 and will be granted in exchange for a Participant’s services to, or for the benefit of, the Partnership, and the Plan, each Award Agreement and the LP Agreement will be interpreted and administered consistently with that intent.

3. Administration. The Administrator will administer the Plan and has the discretionary authority, subject only to the express provisions of the Plan, to administer and interpret the Plan and any Award Agreement; to determine eligibility for and grant Awards; to determine, alter, amend, modify or waive the terms and conditions of any Award; to prescribe the purchase price or Hurdle Amount, if any, applicable to any Award; to prescribe forms, rules and procedures related to the Plan and any Award; and to otherwise do all things necessary or desirable to carry out the purposes of the Plan or any Award. All determinations of the Administrator made with respect to the Plan or any Award are conclusive and will bind all Persons.

4. Maximum Number of Units Subject to Plan. Subject to adjustment as provided in Section 8 of the Plan, a maximum number of 16,162,176.84 Class B Units will be available for grant under the Plan (the “Unit Pool”). For purposes of the Unit Pool, Class B Units will be treated as outstanding under the Plan on the date the award is granted and Class B Units that are cancelled or forfeited to the Partnership for no consideration will revert to the Unit Pool and again be available for grant. Following the grant of the maximum number of Class B Units available under the Unit Pool, no further Class B Units will be granted to any Participant except to the extent that Class B Units are made available again for grant under the Plan on account of the cancellation or forfeiture of previously-granted Class B Units or the Unit Pool is increased in accordance with the LP Agreement.

5. Eligibility and Participation. The Administrator will select Participants from among those employees of, and consultants, advisors and other service providers (including partners) to, the Partnership or any of its Affiliates who, in the opinion of the Administrator, are in a position to make a significant contribution to the success of the Partnership.

6. Rules Applicable To Awards.

(a) Award Provisions. The Administrator will determine the terms and conditions of all Awards and will furnish to each Participant an Award Agreement setting forth the terms and conditions applicable to the Participant’s Award. By accepting an Award or entering into an Award Agreement, the Participant agrees to the terms and conditions of the Award, the Award Agreement, the Plan and the LP Agreement.

(b) Transferability. Except as the Administrator expressly consents to in writing or as expressly set forth in the Participant's Award Agreement, (i) unvested Awards may not be transferred; and (ii) vested Awards may be transferred only to the extent permitted under the LP Agreement, subject to the terms and conditions thereof. Notwithstanding any other provision set forth in this Plan or the LP Agreement to the contrary, Participants shall, at his or her sole election, be permitted to transfer all (but not less than all) of the Class B Units to the Sponsor Investors (pro rata based on their relative holdings of Class A Units at such time) and, upon such transfer, all of the transferred Class B Units shall immediately vest, provided, that, this sentence shall not apply to any Class B Units after the second anniversary of the applicable Class B Unit Grant Date, and thereafter shall be null and void and of no further force and effect.

7. Vesting. A Participant's Award will vest on the terms and conditions set forth in the Participant's Award Agreement. The Administrator may at any time and in its sole discretion accelerate the vesting of an Award, regardless of any adverse or potentially adverse tax or other consequences resulting from such acceleration.

8. Adjustments; Covered Transactions.

(a) In the event of any Unit split, Unit dividend, combination of Units, recapitalization or other change in the Partnership's capital structure that constitutes an equity restructuring within the meaning of FASB ASC Topic 718 (or any successor provision), the Administrator will make adjustments it determines are appropriate to the number of Class B Units that are available for grant under the Plan and will also make adjustments it determines are appropriate to Awards then-outstanding under the Plan, any Hurdle Amount applicable to such Awards, and any other provision of such Awards determined by the Administrator to be affected by such change. The Administrator may also make one or more adjustments of the type described in this Section 8(a) in connection with any other event if the Administrator determines that such adjustment(s) are appropriate to avoid distortion in the operation of the Plan.

(b) The Administrator will determine the effect, if any, of a Covered Transaction on Awards, which determination may include, but is not limited to: (i) providing for the assumption or substitution of Awards by the acquiring or surviving entity (which may include requiring Participants holding unvested Awards to exchange or convert such unvested Awards for securities or other assets or rights that are the same or are different from the securities or other assets or rights received upon the exchange or conversion of Units generally in such Covered Transaction); (ii) providing for a cash-out of Awards (including for no consideration if the value of an Award, as determined by the Administrator, is zero at the time of the Covered Transaction); or (iii) providing for the termination of unvested Awards for no consideration. The Administrator may provide that Awards held by different Participants, or different portions of an Award or Awards held by a single Participant, will be treated differently in connection with a Covered Transaction.

(c) Nothing in this Section 8 will limit the rights of the Administrator or the Partnership, the Sponsor Investors under the LP Agreement.

9. Taxes. The Administrator may make such provision for the withholding of taxes and other legally required amounts as it determines are necessary or desirable and any payment

to a Participant under the Plan is conditioned upon the full satisfaction of such withholding requirements. Any amounts withheld by the Partnership or any of its Affiliates pursuant to this Section 9 will be treated as though they had been paid directly to the applicable Participant. Each Participant agrees that, as a condition subsequent to the Participant's receipt of an Award, within thirty (30) days following the date the Award is granted, the Participant will make an election under Section 83(b) of the Code in respect of the Award by filing such election form with the appropriate office of the Internal Revenue Service and will promptly provide a copy of such election to the Partnership. It is the sole responsibility of the Participant of the Award, and not the Partnership (or its Affiliates or Partnership Representative), to file the election under Section 83(b) of the Code even if such Participant requests that the Partnership (or its Affiliates or Partnership Representative) assist the Participant in making such filing.

10. Rights and Obligations as a Member. A Participant's rights as a holder of Class B Units will be subject to the terms and conditions of the Plan, any applicable Award Agreement and the LP Agreement. Once an Award is granted, the Participant will have the rights and be subject to the obligations provided for under the LP Agreement; provided, however, that until all of the restrictions imposed under the applicable Award Agreement, if any, expire or have been removed, the Participant's interest in such Class B Units will be subject to forfeiture as provided in the Plan and in the applicable Award Agreement. As a condition to receiving an Award, the Participant will become a party to the LP Agreement as a "Management Investor" thereunder with respect to the Class B Units subject to the Award, unless otherwise expressly provided in the Participant's Award Agreement, and will be required to sign such customary investment, investment-intent and/or other documents as may be prescribed by the Administrator.

11. Rights Limited. Nothing in the Plan will be construed as giving any Person the right to continued Service. The grant of an Award to a Participant will not give the Participant the right to any Award in the future. The loss of potential appreciation in an Award will not constitute an element of damages in the event of termination of a Participant's Service for any reason, even if such termination of Service is in violation of an obligation of the Partnership or any of its Affiliates to the Participant.

12. Section 409A. Subject to Section 16(c) of the Plan, Awards under the Plan are intended to be exempt from the rules of Section 409A and will be construed and administered consistently with that intent.

13. Payment of Awards. Participants will receive distributions or other payments in respect of their Awards, if any, in accordance with the terms of the LP Agreement.

14. Calculations.

(a) In the event of a Change of Control or Initial Public Offering that is treated as a Wind-Up Date, for the purposes of calculating IRR and MOIC, the Residual Interest (after giving effect to the Change of Control or Initial Public Offering and without duplication) shall be treated as an Apex Return.

(b) The IRR and MOIC computations shall be made on a pro forma basis taking into account the vesting and payment of any entitlements under outstanding incentive

equity or equity-based awards of the Partnership or any of its Affiliates (including any Incentive Units granted hereunder) (collectively, the “Equity Awards”), such that, if the IRR or MOIC threshold is achieved, but, after the vesting and payment of any entitlements under the Equity Awards resulting from such achievement, such IRR or MOIC threshold would no longer be achieved, or would be achieved to a lesser extent, such vesting shall not take effect or shall be reduced accordingly; to the extent a reduction would be warranted pursuant to the preceding clause, the Administrator shall calculate, by using an iterative process, that portion of all unvested Equity Awards which would result in the relevant threshold being met and allocate such vesting pro-rata among the holders of such Equity Awards based on their relative unvested Equity Awards holdings. For the avoidance of doubt, no Equity Awards will vest to the extent that the relevant threshold would not be met after taking into account such vesting. The Administrator’s determinations shall be final, binding and conclusive upon all Persons absent manifest error.

15. Amendment and Termination. The Administrator may at any time or times amend the Plan, any Award or any Award Agreement for any purpose which may at the time be permitted by applicable law, and may at any time terminate the Plan as to any future grants of Awards; provided that except as otherwise expressly provided in the Plan, the applicable Award Agreement, or the LP Agreement, the Administrator may not, without the Participant’s consent, amend the terms of this Plan or an outstanding Award so as to materially and adversely affect the Participant’s rights under such Award, except to the extent the Administrator reserved the right to do so in the Plan, the applicable Award Agreement or the LP Agreement. For the avoidance of doubt, an adjustment to an Award pursuant to the terms of the LP Agreement or Section 8 of the Plan or any other action taken with respect to the Class B Units under the terms of the LP Agreement will not be treated as an amendment requiring the Participant’s consent.

16. Other Compensation Arrangements. The existence of the Plan or the grant of any Award will not in any way affect the right of the Partnership or any of its Affiliates to award a Person bonuses or other compensation in addition to Awards under the Plan.

17. Miscellaneous.

(a) Conditions to Ownership of Awards. The Partnership will not be required to issue any Class B Units as part of an Award prior to fulfillment of all of the following conditions: (i) the completion of any registration, exemption from registration or other qualification of the applicable Class B Units under any state, federal or non-U.S. law, or under the rules or regulations of the Securities and Exchange Commission or any other state, federal or non-U.S. regulatory body which the Administrator deem necessary or advisable; (ii) the obtaining of any approval or other clearance from any state, federal or non-U.S. governmental agency that the Administrator determines to be necessary or advisable; and (iii) the receipt by the Partnership of any other document or agreement required by the Administrator in connection with the grant of an Award.

(b) Waiver of Jury Trial. By accepting an Award under the Plan, each Participant waives, to the maximum extent permitted under applicable law, any right to a trial by jury in any dispute, action, proceeding, cause of action or counterclaim concerning any rights under the Plan or with respect to any Award, any Award Agreement or under any amendment,

waiver, consent, instrument, document or other agreement delivered or which in the future may be delivered in connection therewith, and agrees that any such action, proceeding or counterclaim will be tried before a court and not before a jury. By accepting an Award under the Plan, each Participant certifies that no officer, representative, or attorney of the Partnership or any Affiliate has represented, expressly or otherwise, that the Partnership would not, in the event of any action, proceeding or counterclaim, seek to enforce the foregoing waivers.

(c) Limitation of Liability. Notwithstanding anything to the contrary in the Plan or any Award Agreement, none of the Partnership, any Affiliate of the Partnership, the Administrator, or any Person acting on behalf of the Partnership, any of its Affiliates or the Administrator, will be liable to any Participant, to the estate or beneficiary of any Participant or to any other Person by reason of any acceleration of income, any additional tax, or any other tax or liability asserted by reason of the failure of an Award to satisfy the requirements of Section 409A, by reason of Section 4999 of the Code, or by reason of the failure of any Class B Unit to be treated or qualify as a profits interest, or to be subject to any given tax treatment, for U.S. federal income tax or any other purpose.

(d) Indemnification. To the fullest extent permitted by applicable law, the members, partners, officers, employees and agents of the Administrator (solely in their capacities as such and not, for the avoidance of doubt, in their capacity as Participants) will be indemnified and held harmless by the Partnership from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such Person in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan. The foregoing right of indemnification is not exclusive of any other rights of indemnification to which such Persons may be entitled as a matter of law, or otherwise, or any power that the Partnership may have to indemnify them or hold them harmless.

18. Governing Law. Except as otherwise provided by the express terms of an Award Agreement, the validity, construction, and effect of the Plan and of Awards under the Plan, and of any determinations or decisions made by the Administrator relating to the Plan or to an Award under the Plan, and the rights of any and all Persons having, or claiming to have, any interest under the Plan or an Award under the Plan, will be governed by and construed in accordance with the laws of the State of Delaware, without regard to otherwise governing principles of conflicts of law. Any action or suit with respect to the Plan or an Award Agreement will be brought in the federal or state courts of the State of Delaware, and, by accepting an Award, each Participant agrees to submit to the personal jurisdiction and venue thereof.

19. Establishment of Sub-Plans. The Administrator may from time to time establish one or more sub-plans under the Plan for the purpose of satisfying applicable blue sky, securities, tax or other laws of various jurisdictions. The Administrator will establish such sub-plans by adopting supplements to the Plan setting forth (i) such limitations on the Administrator's discretion under the Plan as it determines are necessary or desirable; and (ii) such additional or alternative terms and conditions as it determines are necessary or desirable. All supplements so established will be deemed to be part of the Plan, but each supplement will apply only to Participants within the affected jurisdiction.

20. Entire Agreement. The Plan, any applicable Award Agreements and the LP Agreement constitute the entire agreement with respect to the subject matter hereof and thereof. In the event of any inconsistency between the Plan and an Award Agreement, the terms and conditions of the Plan will control. In the event of any inconsistency between the LP Agreement and the Plan or an Award Agreement, the LP Agreement will control, except to the extent expressly set forth in the Plan or an Award Agreement.

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EXHIBIT A

Definitions of Terms

The following terms, when used in the Plan, will have the meanings and be subject to the provisions set forth below:

“Administrator” means the Board. The Administrator may delegate its authority to a committee of the Board or such other Person or Persons as it deems appropriate, in which case references to the “Administrator” in the Plan will be construed as references to such committee, Person or Persons to the extent of such delegated authority.

“Affiliate” has the same meaning as under the LP Agreement.

“Apax Investments” means, as of any date, without duplication, the aggregate of the purchase price paid or contributions made by the Apax Investors, regardless of how structured (including through a merger or contribution of securities), with respect to or in exchange for equity or other securities or instruments of the Partnership or its direct or indirect controlled Affiliates, at the Closing Date and through such date (on a cumulative basis).

“Apax Investor” has the same meaning as under the LP Agreement.

“Apax Returns” means, as of any date, without duplication, the aggregate of all cash received by the Apax Investors after the Closing Date and through such date with respect to the Apax Investments, including proceeds from the sale of securities of the Partnership, whether by way of merger, stock sale or otherwise, and from cash dividends and other cash distributions made by the Partnership with respect to securities of the Partnership or its direct or indirect controlled Affiliates, but excluding directors fees and expense reimbursements and net of any unreimbursed expenses incurred by the Apax Investors in connection with any transaction giving rise to Apax Returns.

“Award” means an award of Class B Units granted under the Plan or, as the context requires, a portion of such an award.

“Award Agreement” means a written agreement between the Partnership and a Participant evidencing an Award.

“Board” has the same meaning as under the LP Agreement.

“Cause” has the same meaning as under the LP Agreement.

“Change of Control” has the same meaning as under the LP Agreement.

“Class B Unit” has the same meaning as under the LP Agreement.

“Code” means the U.S. Internal Revenue Code of 1986 as from time to time amended and in effect, or any successor statute as from time to time amended and in effect. For the avoidance of doubt, any reference to any section of the Code includes reference to any

regulations (including proposed or temporary regulations) promulgated under that section and any Internal Revenue Service guidance thereunder.

“Closing Date” means July 27, 2020.

“Covered Transaction” means any transaction (i) in which one or more classes of securities issued by the Partnership are converted into, or exchanged for, securities in another form issued by the Partnership, any of its direct or indirect Affiliates, a newly-formed parent or affiliated Persons; (ii) in which the Partnership merges or otherwise combines with one or more Affiliates of the Partnership with the Partnership surviving any such combination; (iii) that results in the dissolution or liquidation of the Partnership; (iv) a Change of Control, (v) an Initial Public Offering or (vi) that the Administrator otherwise determines to be a Covered Transaction.

“Fair Market Value” means the fair market value as determined by the Administrator, provided that in connection with any Initial Public Offering that is treated as a Wind-Up Event, the Fair Market Value shall be based on the per share price listed on the cover page to the prospectus for such Initial Public Offering.

“Hurdle Amount” means, with respect to any Class B Unit, the amount determined by the Board, which amount shall not be less than the aggregate amount of distributions which would be made on the date of grant if there were a hypothetical sale of the assets of the Partnership for a price negotiated at arms’ length between a willing buyer and a willing seller (without discount for lack of control or lack of liquidity) and as if such distributions were made in liquidation of the Partnership pursuant to Section 4.1**Error! Reference source not found.** of the LP Agreement; provided, that any such Hurdle Amount may be subsequently adjusted, in a manner reasonably determined by the Board, to ensure that the Class B Units qualify as a “profits interest” within the meaning of Revenue Procedures 93-27 and 2001-43 upon issuance.

“Initial Public Offering” has the meaning set forth in the LP Agreement.

“IRR” means, as of any particular date, the internal rate of return for the Apax Investor, as determined by the Administrator in good faith, calculated based on (a) the Apax Returns as of such date, and (b) the Apax Investments as of such date. For purposes of the net present value calculation, (i) Apax Returns shall be positive numbers; (ii) Apax Investments shall be negative numbers; and (iii) the Apax Returns and the Apax Investments shall be deemed to have been received or made on the first day of the month nearest to the actual date of such receipt or payment. The IRR shall be calculated on the basis of the actual number of days from the investment of the Apax Investments to the realization of the Apax Returns on a continuously compounded basis.

“LP Agreement” means the Amended and Restated Limited Partnership Agreement of the Partnership dated July 27, 2020, as from time to time amended and in effect.

“MOIC” means, as of any particular date, the quotient of (a) the Apax Returns divided by (b) the Apax Investments.

“Partnership” means TCO Group Holdings, L.P., a Delaware limited company.

“Partnership Representative” has the same meaning as under the LP Agreement.

“Partnership Sale” has the same meaning as under the LP Agreement.

“Participant” means an eligible employee, consultant, advisor or service provider (as provided in Section 5) who is granted an Award under the Plan.

“Person” has the same meaning as under the LP Agreement.

“Plan” means this TCO Group Holdings, L.P. Equity Incentive Plan, as from time to time amended and in effect.

“Residual Interest” means, without duplication, as of any particular date, the Fair Market Value of the Apax Investor’s residual Apax Investments (including any illiquid proceeds received by the Apax Investor in respect of the Apax Investments).

“Section 409A” means Section 409A of the Code.

“Service” means a Participant’s employment or other service relationship with the Partnership and/or any of its Affiliates. Unless the Administrator provides otherwise, a Participant who receives an Award in his or her capacity as an employee will be deemed to cease Service when the employment relationship with the Partnership and/or its Affiliate(s), as applicable, ceases and a Participant who receives an Award in any other capacity will be deemed to continue Services so long as the Participant is providing substantial services in a capacity and to the Partnership or one of its Affiliates. If a Participant’s relationship is with an Affiliate and that entity ceases to be an Affiliate, the Participant will be deemed to cease Service when the entity ceases to be an Affiliate unless the Participant transfers Service to the Partnership or any of its remaining Affiliates.

“Sponsor Investors” has the same meaning as under the LP Agreement.

“WCAS Investor” has the same meaning as under the LP Agreement.

“Wind-Up Date” means the first date on which all Sponsor Investors no longer, directly or indirectly, hold any equity securities of the Partnership and no longer hold any equity interest received by the Sponsor Investors in respect of any such equity securities held or previously held by the Sponsor Investors; provided, that, the Administrator in its sole discretion may elect to treat an Initial Public Offering as a Wind-Up Date, in which case the Residual Interest shall be treated as an Apax Return.

InnovAge Holding Corp.
List of Subsidiaries
As of June 30, 2023

<u>Name</u>	<u>State</u>
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

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 12, 2023, relating to the financial statements of InnovAge Holding Corp. appearing in this Annual Report on Form 10-K for the year ended June 30, 2023.

/s/ DELOITTE & TOUCHE LLP

Denver, Colorado
September 12, 2023

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 12, 2023

/s/ Patrick Blair

Patrick Blair

President and Chief Executive Officer

Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Benjamin C. Adams, 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 12, 2023

/s/ Benjamin C. Adams

Benjamin C. Adams

Chief Financial Officer

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, 2023, 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 12, 2023

/s/ Patrick Blair

Patrick Blair

President and Chief Executive Officer

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, 2023, 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 12, 2023

/s/ Benjamin C. Adams

Benjamin C. Adams

Chief Financial Officer