UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to .

Commission File Number: 001-40028

Signify Health, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**85-3481223**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

800 Connecticut Avenue, Norwalk, CT 06854

(Address of principal executive offices)

(203) 541-4600

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading symbol	Name of each exchange on which registered
Class A common stock, par value $0.01 per Share	SGFY	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Yes ☐ No ☒

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

As of July 31, 2022, there were 176,809,527 outstanding shares of Class A common stock, $0.01 par value, and 57,631,046 outstanding shares of Class B common stock, $0.01 par value.

Signify Health, Inc.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

Condensed Consolidated Balance Sheets (unaudited, in millions, except shares)

	June 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 439.4	$ 678.5
Accounts receivable, net	217.9	217.2
Contract assets	172.6	84.3
Restricted cash	2.3	5.7
Prepaid expenses and other current assets	18.2	14.9
Total current assets	850.4	1000.6
Property and equipment, net	23.4	23.7
Goodwill	369.7	597.1
Intangible assets, net	436.6	455.3
Operating lease right-of-use assets	24.8	—
Deferred tax assets	52.7	38.8
Other assets	10.4	11.7
Total assets	**$ 1,768.0**	**$ 2,127.2**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 86.0	$ 136.7
Contract liabilities	52.5	32.9
Current maturities of long-term debt	3.5	3.5
Current tax receivable agreement liability	5.0	—
Other current liabilities	15.6	10.0
Total current liabilities	162.6	183.1
Long-term debt	334.0	334.9
Contingent consideration	35.4	—
Customer EAR liability	63.6	48.6
Tax receivable agreement liability	51.4	56.3
Deferred tax liabilities	20.5	—
Noncurrent operating lease liabilities	28.4	—
Other noncurrent liabilities	1.1	11.4
Total liabilities	697.0	634.3
Commitments and Contingencies (Note 19)		
Class A common stock, par value $0.01 (176,606,816 and 170,987,365 issued and outstanding at June 30, 2022 and December 31, 2021, respectively)	1.8	1.7
Class B common stock, par value $0.01 (57,568,959 and 56,838,744 issued and outstanding at June 30, 2022 and December 31, 2021, respectively)	0.6	0.6
Additional paid-in capital	1,165.9	1,101.3
(Accumulated deficit) Retained earnings	(362.1)	19.7
Contingently redeemable noncontrolling interest	264.8	369.6
Total stockholders' equity	1,071.0	1492.9
Total liabilities and stockholders' equity	**$ 1,768.0**	**$ 2,127.2**

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Statements of Operations
(unaudited, in millions, except shares and per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Revenue	$ 246.2	$ 212.8	$ 462.7	$ 392.8
Operating expenses				
Service expense (exclusive of depreciation and amortization shown below)	127.7	104.1	242.2	202.6
Selling, general and administrative expense (exclusive of depreciation and amortization, shown below)	84.4	64.9	154.7	122.2
Transaction-related expenses	1.7	1.0	4.9	6.6
Loss on impairment	519.9	—	519.9	—
Depreciation and amortization	20.1	17.3	38.1	34.0
Total operating expenses	753.8	187.3	959.8	365.4
(Loss) income from operations	(507.6)	25.5	(497.1)	27.4
Interest expense	4.6	6.5	8.6	13.3
Loss on extinguishment of debt	—	5.0	—	5.0
Other (income) expense	(27.4)	14.3	1.4	71.0
Other (income) expense, net	(22.8)	25.8	10.0	89.3
Loss before income taxes	(484.8)	(0.3)	(507.1)	(61.9)
Income tax expense (benefit)	5.2	(0.2)	(0.8)	(10.1)
Net loss	**$ (490.0)**	**$ (0.1)**	**$ (506.3)**	**$ (51.8)**
Net loss attributable to pre-Reorganization period	—	—	—	(17.2)
Net loss attributable to noncontrolling interest	(119.5)	(0.1)	(124.9)	(11.4)
Net loss attributable to Signify Health, Inc.	**$ (370.5)**	**$ —**	**$ (381.4)**	**$ (23.2)**
Loss per share of Class A common stock				
Basic	$ (2.10)	$ —	$ (2.19)	$ (0.14)
Diluted	$ (2.10)	$ —	$ (2.19)	$ (0.14)
Weighted average shares of Class A common stock outstanding				
Basic	176,350,100	168,003,727	174,565,795	167,145,986
Diluted	176,350,100	168,003,727	174,565,795	167,145,986

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Statements of Changes in Stockholders' Equity
(unaudited, in millions, except shares)

	Class A common - Shares	Class A common stock	Class B common - Shares	Class B common stock	Additional paid-in capital	Non-controlling interest	Retained earnings (Accumulated deficit)	Total stockholders' equity
Balance at March 31, 2022	**176,232,513**	**$ 1.8**	**57,313,051**	**$ 0.6**	**$ 1,160.0**	**$ 375.1**	**$ 8.4**	**$ 1,545.9**
Equity-based compensation	—	—	281,668	—	5.8	9.3	—	15.1
Vesting of restricted stock units	26,120	—			(0.1)			(0.1)
Proceeds from exercises of stock options	179,110	—	—	—	0.5	0.2	—	0.7
Issuance of Class A common stock under stock purchase plan	143,313	—			1.3	0.4		1.7
Tax payments on behalf of non-controlling interest	—	—	—	—	—	(0.5)	—	(0.5)
Exchange of LLC units	25,760	—	(25,760)	—	0.2	(0.2)	—	—
Issuance of Class A common stock in connection with Caravan Health acquisition, net of tax	—	—	—	—	(1.8)	—	—	(1.8)
Net loss	—	—	—	—	—	(119.5)	(370.5)	(490.0)
Balance at June 30, 2022	**176,606,816**	**$ 1.8**	**57,568,959**	**$ 0.6**	**$ 1,165.9**	**$ 264.8**	**$ (362.1)**	**$ 1,071.0**

	Class A common - Shares	Class A common stock	Class B common - Shares	Class B common stock	Additional paid-in capital	Non-controlling interest	Retained earnings (Accumulated deficit)	Total stockholders' equity
Balance at March 31, 2021	**167,967,856**	**$ 1.7**	**57,622,302**	**$ 0.6**	**$ 1,082.3**	**$ 369.6**	**$ (23.2)**	**$ 1,431.0**
Equity-based compensation subsequent to Reorganization Transactions	—	—	288,920	—	1.8	1.5	—	3.3
Proceeds from exercises of stock options	55,299	—	—	—	0.1	—	—	0.1
Tax payments on behalf of non-controlling interest	—	—	—	—	—	(10.4)	—	(10.4)
Net loss subsequent to Reorganization Transactions	—	—	—	—	—	(0.1)	—	(0.1)
Balance at June 30, 2021	**168,023,155**	**$ 1.7**	**57,911,222**	**$ 0.6**	**$ 1,084.2**	**$ 360.6**	**$ (23.2)**	**$ 1,423.9**

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Statements of Changes in Stockholders' Equity
(unaudited, in millions, except shares)

	Class A common - Shares	Class A common stock	Class B common - Shares	Class B common stock	Additional paid-in capital	Non-controlling interest	Retained earnings (Accumulated deficit)	Total stockholders' equity
Balance at January 1, 2022	**170,987,365**	**$ 1.7**	**56,838,744**	**$ 0.6**	**$ 1,101.3**	**$ 369.6**	**$ 19.7**	**$ 1,492.9**
Adoption of new accounting standard	—	—	—	—	—	—	(0.4)	(0.4)
Equity-based compensation	—	—	774,051	—	8.7	13.0	—	21.7
Vesting of restricted stock units	83,771	—	—	—	(0.1)	—	—	(0.1)
Proceeds from exercises of stock options	586,397	—	—	—	1.7	0.6	—	2.3
Issuance of Class A common stock under stock purchase plan	143,313	—	—	—	1.3	0.4	—	1.7
Tax payments on behalf of non-controlling interest	—	—	—	—	—	(0.8)	—	(0.8)
Exchange of LLC units	43,836	—	(43,836)	—	0.3	(0.3)	—	—
Issuance of Class A common stock in connection with Caravan Health acquisition, net of tax	4,762,134	0.1	—	—	52.7	7.2	—	60.0
Net loss	—	—	—	—	—	(124.9)	(381.4)	(506.3)
Balance at June 30, 2022	**176,606,816**	**$ 1.8**	**57,568,959**	**$ 0.6**	**$ 1,165.9**	**$ 264.8**	**$ (362.1)**	**$ 1,071.0**

	Cure TopCo, LLC (Prior to Reorganization Transactions)	Signify Health, Inc. Stockholders' Equity							
	Members' Equity	Class A common - Shares	Class A common stock	Class B common - Shares	Class B common stock	Additional paid-in capital	Non-controlling interest	Retained earnings (Accumulated deficit)	Total stockholders' equity
Balance at January 1, 2021	**$ 894.0**	—	**$ —**	—	**$ —**	**$ —**	**$ —**	**$ —**	**$ 894.0**
Net loss prior to Reorganization Transactions	(17.2)	—	—	—	—	—	—	—	(17.2)
Equity-based compensation prior to Reorganization Transactions	0.9	—	—	—	—	—	—	—	0.9
Impact of Reorganization Transactions and IPO									
Initial effect of the Reorganization Transactions and IPO on noncontrolling interests	(877.7)	140,758,464	1.4	57,613,676	0.6	620.8	254.9	—	—
Contribution of New Remedy Corp to Signify Health Inc.	—	—	—	—	—	(26.0)	—	—	(26.0)
Issuance of Class A common stock in IPO, net of issuance costs	—	27,025,000	0.3	—	—	479.3	125.3	—	604.9
Deferred tax adjustment related to Reorganization and tax receivable agreement	—	—	—	—	—	6.3	—	—	6.3
Class B subscription fee receivable	—	—	—	—	—	0.6	—	—	0.6
Post- IPO activity									
Equity-based compensation subsequent to Reorganization Transactions	—	—	—	297,546	—	2.7	2.2	—	4.9
Proceeds from exercises of stock options	—	239,691	—	—	—	0.5	—	—	0.5
Tax payments on behalf of non-controlling interest	—	—	—	—	—	—	(10.4)	—	(10.4)
Net loss subsequent to Reorganization Transactions	—	—	—	—	—	—	(11.4)	(23.2)	(34.6)
Balance at June 30, 2021	**$ —**	**168,023,155**	**$ 1.7**	**57,911,222**	**$ 0.6**	**$ 1,084.2**	**$ 360.6**	**$ (23.2)**	**$ 1,423.9**

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows (unaudited, in millions)

	Six months ended June 30, 2022	Six months ended June 30, 2021
Operating activities		
Net loss	$ (506.3)	$ (51.8)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	38.1	34.0
Asset impairment	519.9	—
Equity-based compensation	21.7	5.8
Customer equity appreciation rights	13.0	9.8
Remeasurement of customer equity appreciation rights	2.0	71.3
Amortization of deferred financing fees	1.1	1.4
Amortization of right-of-use assets	3.5	—
Loss on extinguishment of debt	—	5.0
Remeasurement of contingent consideration	4.9	2.2
Payment of contingent consideration	—	(1.9)
Deferred income taxes	(15.7)	(14.3)
Changes in operating assets and liabilities:		
Accounts receivable	0.9	54.0
Prepaid expenses and other current assets	(1.3)	(2.7)
Contract assets	(79.2)	(30.4)
Other assets	1.3	(0.6)
Accounts payable and accrued expenses	(51.8)	(25.7)
Contract liabilities	19.6	13.3
Other current liabilities	(3.4)	(1.8)
Noncurrent operating lease liabilities	(3.8)	—
Other noncurrent liabilities	—	(1.6)
Net cash (used in) provided by operating activities	(35.5)	66.0
Investing activities		
Capital expenditures - property and equipment	(3.8)	(1.9)
Capital expenditures - internal-use software development	(14.3)	(11.6)
Purchase of long-term investment	(0.3)	—
Business combinations, net of cash acquired	(189.6)	(0.4)
Net cash used in investing activities	(208.0)	(13.9)
Financing activities		
Repayment of long-term debt	(1.8)	(412.5)
Proceeds from issuance of long-term debt	—	350.0
Repayments of borrowings under financing agreement	(0.3)	(0.3)
Payment of contingent consideration	—	(13.1)
Payment of debt issuance costs	—	(9.2)
Distributions to/on behalf of non-controlling interest members	(0.8)	(10.4)
Proceeds from IPO, net	—	604.8
Refunds (payments) of taxes on behalf of New Remedy Corp	—	0.1
Proceeds related to the issuance of common stock under stock plans	3.9	0.5
Net cash provided by financing activities	1.0	509.9
(Decrease) increase in cash, cash equivalents and restricted cash	(242.5)	562.0
Cash, cash equivalents and restricted cash - beginning of period	684.2	77.0
Cash, cash equivalents and restricted cash - end of period	$ 441.7	$ 639.0
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 7.3	$ 12.6
Cash payments, net of refunds, for taxes	15.7	3.7
Noncash transactions		
Capital expenditures not yet paid	2.6	0.8
Assumption of liabilities from New Remedy Corp	—	26.0
Issuance of common stock related to acquisition	60.0	—
Items arising from LLC interest ownership exchanges:		
Establishment of liabilities under tax receivable agreement	(0.1)	—

See accompanying notes to the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements (unaudited)

1. Nature of Operations

Signify Health, Inc. (referred to herein as "we", "our", "us", "Signify Health" or the "Company") was incorporated in the state of Delaware on October 1, 2020 and was formed for the purpose of completing an initial public offering ("IPO") of its common stock and related reorganization transactions as described below. As a result of the reorganization transactions in February 2021, we control, and therefore consolidate the operations, of Cure TopCo, LLC ("Cure TopCo") and its direct and indirect subsidiaries.

Cure TopCo is a Delaware limited liability company formed on November 3, 2017. Cure TopCo has adopted a holding company structure and is the indirect parent company of Signify Health, LLC ("Signify"), a Delaware limited liability company. Signify was formed on November 3, 2017. Operations are performed through our wholly-owned subsidiaries.

We are a healthcare platform that leverages advanced analytics, proprietary technology and datasets, and nationwide healthcare provider networks to create and power value-based payment programs. Our customers include health plans, governments, employers, health systems and physician groups. To date, we have operated in two segments of the value-based healthcare payment industry: in-home health evaluations ("IHE"), or the Home & Community Services segment, and payment models based on individual episodes of care, or the Episodes of Care Services segment. IHEs are health evaluations performed by a clinician in the home to support payors' participation in Medicare Advantage and other government-run managed care plans. Payment models based on individual episodes of care organize or bundle payments for all, or a substantial portion of, services received by a patient in connection with an episode of care, such as a surgical procedure, particular condition or other reason for a hospital stay. Our solutions support value-based payment programs by aligning financial incentives around outcomes, providing tools to health plans and healthcare organizations designed to assess and manage risk and identify actionable opportunities for improved patient outcomes, care coordination and cost-savings. Through our platform, we coordinate what we believe is a holistic suite of clinical, social, and behavioral services to address an individual's healthcare needs and prevent adverse events that drive excess cost, all while shifting services towards the home.

On March 1, 2022, we acquired Caravan Health, Inc. ("Caravan Health"), *see* Note 4 *Business Combinations.* With this combination, we now provide a broader range of value-based and shared savings models from advanced primary care to specialty care bundles to total cost of care programs. Caravan Health has allowed us to expand our total cost of care enablement services. Total cost of care enablement services include multiple services around the management of total cost of care payment models, such as Accountable Care Organizations ("ACOs"), where our clients take responsibility for the cost of a patient's healthcare over the course of a year. These services include, but are not limited to, population health software, analytics, practice improvement, compliance, marketing, governance, surveys and licensing. The overall objective of the services provided is to help the customer receive shared savings.

On July 7, 2022, we announced our plans to exit our Episodes of Care Services business, as described in Note 24 *Subsequent Events.*

Initial Public Offering

On February 16, 2021, we closed an initial public offering ("IPO") of 27,025,000 shares of our Class A common stock at a public offering price of $24 per share, which included 3,525,000 shares issued pursuant to the full exercise of the underwriters' over-allotment option. We received gross proceeds of $648.6 million, which resulted in net cash proceeds of $609.7 million after deducting underwriting discounts and commissions of $38.9 million and before fees and expenses incurred in connection with the IPO and paid for by Cure TopCo. We used the proceeds to purchase newly-issued membership interests from Cure TopCo at a price per interest equal to the IPO price of our Class A common stock, net of the underwriting discount and commissions.

Notes to the Condensed Consolidated Financial Statements (unaudited)

Reorganization Transactions
In connection with the IPO, Signify Health and Cure TopCo completed a series of transactions ("Reorganization Transactions"), the effects of which included, among other things, Signify Health becoming the controlling shareholder of Cure TopCo.

As of June 30, 2022, we owned approximately 75.4% of the economic interest in Cure TopCo. The non-controlling interest, consisting of certain pre-IPO members who retained their equity ownership in Cure TopCo subsequent to the Reorganization Transactions, owned the remaining 24.6% economic interest in Cure TopCo.

2. Significant Accounting Policies

Basis of Presentation
These Condensed Consolidated Financial Statements are unaudited and have been prepared by us in accordance with accounting principles generally accepted in the United States of America ("GAAP") and following the rules and regulations of the Securities and Exchange Commission (the "SEC"). The financial statements included in this report should be read in conjunction with the Company's audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021. In our opinion, they reflect all adjustments, including normal recurring items, that are necessary to present fairly the results of interim periods. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted as permitted by such rules and regulations; however, we believe that the disclosures are adequate to make the information presented not misleading. Operating results for the periods presented herein are not necessarily indicative of the results that may be expected for future interim periods or the entire fiscal year. Our quarterly results of operations, including our revenue, income from operations, net loss and cash flows, have varied and may vary significantly in the future, and period-to-period comparisons of our results of operations may not be meaningful. Accordingly, our interim results should not be relied upon as an indication of future performance.

For the periods subsequent to the Reorganization Transactions effective February 12, 2021, the Condensed Consolidated Financial Statements represent Signify Health and our consolidated subsidiaries, including Cure TopCo. For the periods prior to the Reorganization Transactions, the condensed consolidated financial statements represent Cure TopCo and its consolidated subsidiaries, *see* Note 1 *Nature of Operations*. Signify Health was formed for the purpose of the IPO, which was effective in February 2021 and had no activities of its own prior to such date. We are a holding company and our sole material asset is a controlling ownership interest in Cure TopCo.

The Condensed Consolidated Financial Statements include the accounts and financial statements of our wholly-owned subsidiaries and variable interest entities ("VIE"s) where we are the primary beneficiary. *See* Note 5 *Variable Interest Entities*. Results of operations of VIEs are included from the dates we became the primary beneficiary. All intercompany balances and transactions have been eliminated in consolidation.

We have two operating segments, Home & Community Services and Episodes of Care Services as described in Note 1 *Nature of Operations*. On July 7, 2022, we announced our plans to exit our Episodes of Care business, as described in Note 24. *Subsequent Events*.

Use of Estimates
The accompanying Condensed Consolidated Financial Statements have been prepared in conformity with GAAP, which requires management to make estimates and assumptions affecting the reported amounts in our Condensed Consolidated Financial Statements and accompanying notes. These estimates are based on information available as of the date of the Condensed Consolidated Financial Statements; therefore, actual results could differ from those estimates. The significant estimates underlying our Condensed Consolidated Financial Statements include revenue recognition; allowance for doubtful accounts; recoverability of long-lived assets, intangible assets and goodwill; loss contingencies; accounting for business combinations, including amounts assigned to definite and indefinite lived intangible assets and contingent consideration; customer equity appreciation rights; and equity-based compensation.

As of June 30, 2022, the COVID-19 pandemic continues to evolve and impact our Episodes of Care Services segment due to the passage of time between episode initiation and the performance and subsequent recognition of revenue for our services; s*ee* Note 3 *The COVID-19 Pandemic*. As a result, many of our estimates and assumptions

have required increased judgment and carry a higher degree of variability and volatility. As events continue to evolve and additional information becomes available, our estimates may change materially in the future.

See Note 6 *Revenue Recognition* for changes in estimates related to revenue recognition for the BPCI-A program in the second quarter of 2022.

Comprehensive Income (Loss)
We have not identified any incremental items that would be considered a component of comprehensive income (loss) and accordingly a statement of comprehensive income (loss) is not reflected in the Condensed Consolidated Financial Statements because net loss and comprehensive loss are the same.

Restricted Cash
Under our Master Agreement with the Centers for Medicare and Medicaid Services ("CMS"), we were required to place certain funds in escrow for the benefit of CMS. These amounts, known as a Secondary Repayment Source ("SRS"), were primarily based on the size of our participation in the legacy CMS Bundled Payments for Care Improvement ("BPCI") program, the predecessor program of the Bundled Payments for Care Improvement - Advanced initiative ("BPCI-A"). These funds were available to CMS as a supplemental payment source if we failed to pay amounts owed to CMS. Under the agreement, the funds are returned to us 18 months after the conclusion of the effective period of the CMS Master Agreement, or when all financial obligations to CMS are fulfilled. As of December 31, 2021, there was $0.5 million in the SRS account included in restricted cash on the Condensed Consolidated Balance Sheets related to BPCI-A, all of which was released in the first quarter of 2022.

We also withhold a portion of shared savings to customers in a "holding pool" to cover any potential subsequent negative adjustments through CMS's subsequent reconciliation true-up process. These funds are distributed to customers following the final true-up if there is no negative adjustment. These amounts represent consideration payable to the customer and therefore have reduced revenue in the period earned. The funds have been received by us from CMS and are held in a separate cash account, included as restricted cash on the Condensed Consolidated Balance Sheets. Since the funds are payable to the customer at the point the final CMS true-up is made or a negative adjustment is due to us, the amounts are also included in accounts payable and accrued expenses on the Condensed Consolidated Balance Sheets. As of June 30, 2022 and December 31, 2021, there was $1.8 million and $5.2 million of restricted cash in the holding pool, respectively.

In addition, as of June 30, 2022 we held $0.5 million in a separate cash account, included as restricted cash on the Condensed Consolidated Balance Sheets, in relation to an ACO owned by our subsidiary Caravan Health. This ACO is part of a risk model under the CMS Medicare Shared Savings Program ("MSSP") where it shares in both the savings and losses. The ACO has a master letter of credit with CMS as the recipient where the letter of credit is used as protection against unpaid losses, should the ACO fail to remit payment in the event that losses occur. The letter of credit is collateralized by the ACO members, by either cash remitted or subordinated letters of credit. This restricted cash will only be used if an ACO member fails to remit payment in connection with a subordinated letter of credit.

The following table reconciles cash, cash equivalents, and restricted cash per the Condensed Consolidated Statements of Cash Flows to the Condensed Consolidated Balance Sheets:

	June 30, 2022	December 31, 2021
	(in millions)	
Cash and cash equivalents	$ 439.4	$ 678.5
Restricted cash	2.3	5.7
Total cash, cash equivalents, and restricted cash	$ 441.7	$ 684.2

Accounts Receivable
Accounts receivable primarily consist of amounts due from customers and CMS and are stated at their net realizable value. Management evaluates all accounts periodically and an allowance is established based on the latest information available to management. Management considers historical realization data, accounts receivable aging trends and other operational trends to estimate the collectability of receivables. After all reasonable attempts to collect a receivable have been exhausted, the receivable is written off against the allowance for doubtful accounts.

Notes to the Condensed Consolidated Financial Statements (unaudited)

As of June 30, 2022 and December 31, 2021, we had an allowance for doubtful accounts of $10.1 million and $7.9 million, respectively.

Advertising and Marketing Costs
Advertising and marketing costs are included in selling, general and administrative expenses ("SG&A") and are expensed as incurred. Advertising and marketing costs totaled $0.2 million and $0.2 million for the three months ended June 30, 2022 and 2021, respectively, and $0.4 million and $0.6 million for the six months ended June 30, 2022 and 2021, respectively.

Accounting for Leases
We lease various property and equipment, with the majority of our leases consisting of real estate leases. Effective January 1, 2022, we adopted ASC Topic 842 *Leases* ("ASC 842"). Under ASC 842, a lease is a contract, or part of a contract, that conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. Our contracts determined to be or contain a lease include explicitly or implicitly identified assets where we have the right to substantially all of the economic benefits of the assets and we have the ability to direct how and for what purpose the assets are used during the lease term. Leases are classified as either operating or financing. All of our leases meet the criteria to be classified as operating leases. For operating leases, we recognize a lease liability equal to the present value of the remaining lease payments, and a right of use asset equal to the lease liability, subject to certain adjustments, such as prepaid rents, initial direct costs and lease incentives received from the lessor. We use the incremental borrowing rate to determine the present value of the lease payments. The incremental borrowing rate is the rate of interest that we would have to borrow on a collateralized basis over a similar term for an amount equal to the lease payments in a similar economic environment.

Certain of our leases include variable lease costs to reimburse the lessor for real estate tax and insurance expenses and certain non-lease components that transfer a distinct service to us, such as common area maintenance services. We have elected not to separate the accounting for lease components and non-lease components for all leased assets.

We sublease portions of our office space where we do not use the entire space for our operations. Sublease income is recorded as a reduction of lease expense.

Recent Accounting Pronouncements

Recently Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases ("ASC 842")* which requires lessees to recognize leases on the balance sheet by recording a right-of-use asset and lease liability. This guidance was effective for non-public entities for annual reporting periods beginning after December 15, 2021. We adopted this new guidance as of January 1, 2022 and applied the transition option, whereby prior comparative periods are not retrospectively presented in the consolidated financial statements. We elected the package of practical expedients not to reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs and the lessee practical expedient to combine lease and non-lease components for all asset classes. We made a policy election to not recognize right-of-use assets and lease liabilities for short-term leases for all asset classes. *See* Note 8 *Leases*.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805) Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* ("ASU 2021-08") which requires that an entity (acquirer) recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. ASU 2021-08 is effective for public entities for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, and should be applied prospectively to business combinations occurring on or after the effective date of the amendments. We elected to early adopt this new guidance for interim periods in 2022 beginning with the Caravan Health acquisition on March 1, 2022. We measured the acquired contract assets and liabilities in accordance with Topic 606. *See* Note 4 *Business Combinations*.

In November 2021, the FASB issued ASU 2021-10, *Government Assistance (Topic 832) Disclosures by Business Entities about Government Assistance* ("ASU 2021-10") which requires annual disclosures that increase the

transparency of transactions with a government accounted for by applying a grant or contribution accounting model, including (1) the types of transactions, (2) the accounting for those transactions, and (3) the effect of those transactions on an entity's financial statements. ASU 2021-10 was effective for all entities for fiscal years beginning after December 31, 2021. We adopted this new guidance as of January 1, 2022. There was no material impact on our condensed consolidated financial statements upon adoption.

Pending Adoption

We are an "emerging growth company" under the Jumpstart Our Business Startups Act ("JOBS Act"). Pursuant to the JOBS Act, an emerging growth company has the option to adopt new or revised accounting standards that may be issued by FASB or the SEC either (i) within the same periods as those otherwise applicable to non-emerging growth companies or (ii) within the same time periods as private companies. We intend to take advantage of the exemption for complying with new or revised accounting standards within the same time periods as private companies. The effective dates below are the effective dates we expect to adopt the new accounting pronouncements, which are those permitted for a company that is not an issuer.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326) ("ASU 2016-13")* which introduced the current expected credit losses methodology for estimating allowances for credit losses. ASU 2016-13 applies to all financial instruments carried at amortized cost and off-balance-sheet credit exposures not accounted for as insurance, including loan commitments, standby letters of credit, and financial guarantees. The new accounting standard does not apply to trading assets, loans held for sale, financial assets for which the fair value option has been elected, or loans and receivables between entities under common control. ASU 2016-13 is effective for non-public entities for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. We are evaluating the impact of this new guidance on our condensed consolidated financial statements.

3. The COVID-19 Pandemic

Our operations in our Home & Community Services segment were significantly affected by the COVID-19 pandemic early in 2020. However, as the COVID-19 pandemic has evolved, we have been able to pivot and flex the volume of virtual IHEs ("vIHEs") if needed, in particular when there are spikes in COVID-19 case rates as new variants emerge, and as a result we have not experienced a material impact to our results of operation in our Home & Community Services segment as a result of the ongoing pandemic since the second quarter of 2020.

Our Episodes of Care Services segment has experienced a prolonged negative impact related to the pandemic. At certain times during the pandemic, governmental authorities recommended, and in certain cases required, that elective, specialty and other procedures and appointments, including certain acute and post-acute care services, be suspended or canceled to avoid non-essential patient exposure to medical environments and potential infection with the COVID-19 virus. In the third quarter of 2020, CMS announced that all episodes with a COVID-19 diagnosis, irrespective of the impact on the outcome of the episode, would be excluded from reconciliations, and this exclusion has extended into 2022, resulting in a negative impact to our program size. Further, beginning with the reconciliation results received from CMS during the second quarter of 2021, we saw a negative impact on our savings rate, primarily related to the under-diagnosis of co-morbidities and the use of higher cost next site of care facilities, both of which drove costs higher and, in turn, lowered our savings rates. Due to the nature of the BPCI-A program, there is a significant lag between when the episodes are initiated and when CMS reconciles those services and we recognize revenue over a 13 month period encompassing both of those points in time. The specific impact of the lower volumes and higher costs on our program size and revenues has resulted in a decline in weighted average program size and savings rates since the COVID-19 pandemic began in 2020.

Due to the passage of time between when we perform our services and the confirmation of results and subsequent cash settlement by CMS, COVID-19 and the aforementioned negative impacts have also negatively impacted our semiannual cash flows related to the BPCI-A program.

We continue to monitor trends related to COVID-19, including the ongoing dynamic created by new variants, changes in CDC recommendations and their impact on results of operations and financial condition on both of our operating segments.

Notes to the Condensed Consolidated Financial Statements (unaudited)

4. Business Combinations

Caravan Health Acquisition

On February 9, 2022, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Caravan Health, pursuant to which we acquired Caravan Health on March 1, 2022. Caravan Health is a leader in assisting ACOs to excel in population health management and value-based payment programs. The initial purchase price was approximately $250.0 million, subject to certain customary adjustments, and included approximately $190.0 million in cash and approximately $60.0 million in our Class A common stock, comprised of 4,726,134 shares at $12.5993 per share, which represents the volume-weighted average price per share of our common stock for the five trading days ending three business days prior to March 1, 2022. In connection and concurrently with entry into the Merger Agreement, we entered into support agreements with certain shareholders of Caravan Health, pursuant to which such shareholders agreed that, other than according to the terms of its respective support agreement, it will not, subject to certain limited exceptions, transfer, sell or otherwise dispose of any of the Signify shares acquired for a period of up to five years following closing of the merger.

In addition to the initial purchase price, the transaction included contingent additional payments of up to $50.0 million based on certain future performance criteria of Caravan Health, which if conditions are met, may be paid in the second half of 2023. The preliminary fair value of the contingent consideration as of the acquisition date was estimated to be approximately $30.5 million, which was estimated using a Black-Scholes option pricing model. We will remeasure the fair value of the contingent consideration at each reporting date until it is ultimately forfeited or settled. Changes in the estimated fair value compared to the initial estimated fair value at the acquisition date are included in SG&A expense on our Condensed Consolidated Statement of Operations. *See* Note 13 *Fair Value Measurements.* Therefore, the total purchase consideration of the transaction was determined to be $287.4 million, which consisted of cash consideration, stock consideration, and potential contingent consideration.

We allocated the purchase price to the identifiable net assets acquired, based on the estimated fair values at the date of acquisition. The excess of the purchase price over the amount allocated to the identifiable assets and liabilities was recorded as goodwill. Goodwill represents the value of the acquired assembled workforce and specialized processes and procedures and operating synergies, none of which qualified as separate intangible assets. All of the goodwill was assigned to our Episodes of Care Services segment. None of the goodwill is expected to be deductible for tax purposes.

We estimated the fair value of intangible assets acquired using estimates of future discounted cash flows to be generated by the business over the expected duration of those cash flows. We based the estimated cash flows on projections of future revenue, operating expenses, capital expenditures, working capital needs and tax rates. We estimated the duration of the cash flows based on the projected useful lives of the assets acquired. The discount rate was determined based on specific business risk, cost of capital and other factors.

The purchase price allocation is preliminary, primarily due to final tax information being pending, and subject to change up to one year after the date of acquisition and could result in changes to the amounts recorded below. The

preliminary allocation of the purchase price to the fair values of the assets acquired and liabilities assumed at the date of the acquisition was as follows:

Cash	$	6.8
Restricted cash		0.5
Accounts receivable		1.6
Contract assets		9.1
Prepaid expenses and other current assets		1.7
Property and equipment		0.3
Intangible assets		93.9
Other assets		0.1
Total identifiable assets acquired		114.0
Accounts payable and accrued liabilities		2.9
Other current liabilities		0.6
Deferred tax liabilities		22.4
Total liabilities assumed		25.9
Net identifiable assets acquired		88.1
Goodwill		199.3
Total of assets acquired and liabilities assumed	$	287.4

The $93.9 million of acquired intangible assets consists of customer relationships of $69.8 million (10-year useful life), acquired technology of $23.4 million (5-year useful life) and a tradename of $0.7 million (3-year useful life).

The acquisition was not material to our Condensed Consolidated Statements of Operations. Therefore, pro forma results of operations related to this acquisition have not been presented. The financial results of Caravan Health have been included in our Condensed Consolidated Financial Statements since the date of the acquisition.

5. Variable Interest Entities

We consolidate our affiliates when we are the primary beneficiary. The primary beneficiary of a VIE is the party that has both the decision-making authority to direct the activities that most significantly impact the VIE's economic performance and the right to absorb losses or receive benefits that could potentially be significant to the VIE.

Consolidated VIEs at June 30, 2022 and December 31, 2021 include seven physician practices that require an individual physician to legally own the equity interests as certain state laws and regulations prohibit non-physician owned business entities from practicing medicine or employing licensed healthcare providers. We have determined we are the primary beneficiary of these VIEs as we have the obligation to absorb the losses from and direct activities of these operations. As a result, these VIEs are consolidated and any non-controlling interest is not presented. Recourse of creditors to these VIEs is limited to the assets of the VIE entities, which totaled $31.9 million and $25.2 million at June 30, 2022 and December 31, 2021, respectively.

Notes to the Condensed Consolidated Financial Statements (unaudited)

The carrying amount and classification of the VIEs' assets and liabilities included in the Condensed Consolidated Balance Sheets, net of intercompany amounts, are as follows:

	June 30, 2022	December 31, 2021
	(in millions)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 6.7	$ 10.6
Accounts receivable, net	25.2	14.6
Total current assets	31.9	25.2
Total assets	**$ 31.9**	**$ 25.2**
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ —	$ 3.4
Contract liabilities	0.6	—
Total current liabilities	0.6	3.4
Total liabilities	0.6	3.4
Company capital	40.2	29.3
Accumulated deficit	(8.9)	(7.5)
Total equity	31.3	21.8
Total liabilities and equity	**$ 31.9**	**$ 25.2**

As of June 30, 2022, Caravan Health is the sole member of four ACOs, which we have determined are VIEs. CMS offers an MSSP to ACOs, where the goal of the program is to reward the ACO participants when specific quality metrics are met and expenditures are lowered. The MSSPs have different risk models where the ACOs can either share in both savings and losses or share in only the savings. The governance structure of the VIEs does not provide Caravan Health with the ultimate decision-making authority to direct the activities that most significantly impact the VIEs' economic performance. Based on these ACOs' operating agreements, the power to direct the VIEs' operations is shared among the entities that make up the ACO Board of Directors, which is required to consist of at least 75% ACO participants (hospitals, clinics, etc.). As such, we have determined we are not the primary beneficiary of these VIEs, and therefore we do not consolidate the results of these entities.

Caravan Health is ultimately liable for losses incurred by one out of the four ACOs owned by them. As of June 30, 2022, there was $0.5 million included in restricted cash on our Condensed Consolidated Balance Sheets which relates to this VIE. The ACO has a master letter of credit with CMS as the recipient where the letter of credit is used as protection against unpaid losses, should the ACO fail to remit payment in the event that losses occur. The letter of credit is collateralized by the ACO members, by either cash remitted or subordinated letters of credit. This restricted cash will only be used if an ACO member fails to remit payment in connection with a subordinated letter of credit.

Two of the four VIEs are ACOs that are not part of an MSSP risk model where the losses are shared and the remaining VIE has a guarantor that has taken full responsibility of indebtedness of the ACO, and therefore, Caravan Health is not liable for its losses.

Notes to the Condensed Consolidated Financial Statements (unaudited)

During the three and six months ended June 30, 2022, we did not make any contributions to the unconsolidated VIEs for losses incurred. Our maximum exposure to loss as a result of our involvement in these unconsolidated VIEs cannot be reasonably estimated as of June 30, 2022, as the shared losses are dependent on a number of variable factors, including estimates of patient attribution, expenditure data, benchmark data, inflation factors and CMS quality reporting. Losses incurred, if any, are determined each year once updated CMS reporting is provided, which is expected to be available in the third quarter of each year. Under the provisions of the MSSP program, once a minimum shared loss rate of 2% is exceeded, losses are calculated at a rate of 1 minus the final sharing rate, with a minimum shared loss rate of 40% and a maximum shared loss rate of 75%, not to exceed 15% of the updated benchmark. Our current ACO contracts indicate that we will bear the risk beyond the first 1% of potential losses not to exceed the MSSP maximum of 15%.

6. Revenue Recognition

Disaggregation of Revenue

We earn revenue from our two operating segments, Home & Community Services and Episodes of Care Services, under contracts that contain various fee structures. Through our Home & Community Services segment, we offer health evaluations performed either within the patient's home, virtually or at a healthcare provider facility, primarily to Medicare Advantage health plans (and to some extent, Medicaid). Additionally, we offer certain diagnostic screening and other ancillary services, and through our Signify Community solution, we offer access to services to address healthcare concerns related to social determinants of health. Through our Episodes of Care Services segment, we primarily provide services designed to improve the quality and efficiency of healthcare delivery by developing and managing episodic payment programs in partnership with healthcare providers, primarily under the BPCI-A program with CMS. We also provide ACO services through our Caravan Health subsidiary, acquired in March 2022. Additionally, we provide certain complex care management services. All of our revenue is generated in the United States. In July 2022, we announced our plans to exit our Episodes of Care Services business, *see* Note 24 *Subsequent Events*.

We are dependent on a concentrated number of payors and provider partners with whom we contract to provide our services, *see* Note 22 *Concentrations*.

The following table summarizes disaggregated revenue from contracts with customers by source of revenue, which we believe best presents the nature, amount and timing of revenue.

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	(in millions)			
Evaluations	$ 207.0	$ 173.2	$ 393.2	$ 323.5
Other	0.6	2.2	1.3	4.3
Home & Community Services Total Revenue	**207.6**	**175.4**	**394.5**	**327.8**
Episodes	19.8	35.3	43.9	60.7
Caravan Health	16.6	—	19.8	—
Other	2.2	2.1	4.5	4.3
Episodes of Care Services Total Revenue	**38.6**	**37.4**	**68.2**	**65.0**
Consolidated Revenue Total	**$ 246.2**	**$ 212.8**	**$ 462.7**	**$ 392.8**

Notes to the Condensed Consolidated Financial Statements (unaudited)

Performance Obligations

Episodes of Care Services

There have been no material changes to our revenue recognition and estimates, other than as described below related to the semiannual BPCI-A reconciliation and the acquisition of Caravan Health.

During the second quarter of 2022, we received a semiannual BPCI-A reconciliation from CMS. Within that reconciliation, CMS applied a negative retrospective price adjustment to the benchmark prices against which savings are measured for specific episodes under the BPCI-A program. Several BPCI-A participants, including us, disputed the price adjustment. Our dispute is based on price trend data independently collected that indicates a positive price adjustment should be applied and corresponds with inflation in the medical services industry. CMS subsequently recommended participants provide formal evidence of the pricing errors. We responded to the request in July 2022, and upon receipt of our submission, CMS deemed the reconciliation period to remain open. As a result of the open reconciliation period and our view that the information presented in the reconciliation was not accurate, we did not change our current revenue estimates and do not plan to update them until there is further resolution or clarity of this matter. As of June 30, 2022, we recorded $48.9 million, $24.8 million and $8.9 million in revenue related to performance periods beginning in April 2021, October 2021 and April 2022, respectively, that may be impacted in the event a negative price adjustment prevails. Changes in management's estimates of prior period performance could result in the reversal of revenue and a further loss may be recorded. CMS has indicated it will respond to error notices in the third quarter of 2022.

The determination that the semiannual reconciliation is not deemed final has delayed the recognition of accounts receivable for our Episodes of Care Services segment as of June 30, 2022. Estimated revenue amounts related to this reconciliation period continue to be included in contract assets on our Condensed Consolidated Balance Sheets. Historically, we received a final reconciliation in the second quarter of each year, thereby reducing the associated contract assets and recording accounts receivable for the amounts to be collected. Accordingly, the cash collections from the delayed reconciliation will also deviate from historical cash collection seasonality trends.

Caravan Health enters into contracts with customers to provide multiple services around the management of the ACO model. These include, but are not limited to, population health software, analytics, practice improvement, compliance, marketing, governance, surveys and licensing. The overall objective of the services provided is to help the customer receive shared savings from CMS. Caravan Health enters into arrangements with customers wherein we receive a contracted percentage of each customer's portion of shared savings if earned. We recognize shared savings revenue as performance obligations are satisfied over time, commensurate with the recurring ACO services provided to the customer over a 12-month calendar year period. The shared savings transaction price is variable, and therefore, we estimate an amount we expect to receive for each 12-month calendar year performance obligation period.

In order to estimate this variable consideration, management initially uses estimates of historical performance of the ACOs. We consider inputs such as attributed patients, expenditures, benchmarks and inflation factors. We adjust our estimates at the end of each reporting period to the extent new information indicates a change is needed. We apply a constraint to the variable consideration estimate in circumstances where we believe the data received is incomplete or inconsistent, so as not to have the estimates result in a significant revenue reversal in future periods. Although our estimates are based on the information available to us at each reporting date, new and material information may cause actual revenue earned to differ from the estimates recorded each period. These include, among others, Hierarchical Conditional Category ("HCC") coding information, quarterly reports from CMS, unexpected changes in attributed patients and other limitations of the program beyond our control. We receive final reconciliations from CMS and collect the cash related to shared savings earned annually in the third or fourth quarter of each year for the preceding calendar year.

The remaining sources of Caravan Health revenue in our Episodes of Care Services segment are recognized over time when, or as, the performance obligations are satisfied and are primarily based on a fixed fee or per member per month fee. Therefore, they do not require significant estimates and assumptions by management.

Notes to the Condensed Consolidated Financial Statements (unaudited)

Related Balance Sheet Accounts

The following table provides information about accounts included on the Condensed Consolidated Balance Sheets.

	June 30, 2022			December 31, 2021		
	Episodes of Care Services	Home & Community Services	Total	Episodes of Care Services	Home & Community Services	Total
	(in millions)					
Assets						
Accounts receivable, net (1)	$ 38.5	$ 179.4	$ 217.9	$ 100.1	$ 117.1	$ 217.2
Contract assets (2)	$ 164.9	$ 7.7	$ 172.6	$ 82.8	$ 1.5	$ 84.3
Liabilities						
Shared savings payable (3)	$ 20.5	$ —	$ 20.5	$ 63.4	$ —	$ 63.4
Contract liabilities (4)	$ 48.3	$ 4.2	$ 52.5	$ 27.8	$ 5.1	$ 32.9
Deferred revenue (5)	$ 0.8	$ 0.2	$ 1.0	$ 0.1	$ 3.5	$ 3.6

(1) Accounts receivable, net for Episodes of Care Services included $1.3 million due from CMS as of June 30, 2022 primarily related to amounts not yet collected for the fifth reconciliation period of the BPCI-A program. As of December 31, 2021, accounts receivable, net for Episodes of Care Services included $56.2 million due from CMS primarily related to the fifth reconciliation period of the BPCI-A program. Accounts receivable, net for Home & Community Services included $13.8 million and $3.7 million in amounts not yet billed to customers, as of June 30, 2022 and December 31, 2021, respectively. The remaining amount of accounts receivable for both Episodes of Care Services and Home & Community Services represent amounts to be received from customers. Home & Community Services accounts receivable as of June 30, 2022 reflected strong IHE volume in the second quarter.

(2) Contract assets primarily represent management's estimate of amounts we expect to receive under the BPCI-A program related to the next two reconciliation periods. Due to the dispute of the most recent reconciliation, as of June 30, 2022, contract assets include amounts related to three reconciliation periods. As of June 30, 2022, contract assets covered episodes of care commencing in the period from April 2021 through June 2022. Estimates for program size and savings rate are based on information available as of the date of the financial statements. We record an estimate of revenue related to these performance obligations over the 13-month period starting in the period the related episodes of care commence and through the estimated receipt of the semiannual CMS reconciliation file. Any changes to these estimates based on new information will be recorded in the period such information is received. Total savings generated and revenue earned for the episodes of care in which a component of the contract asset recorded as of June 30, 2022 relates to, will be included in the next semiannual reconciliation received from CMS. Historically, a final reconciliation would have been received during the second quarter of 2022, and shared savings amounts included in the reconciliation would have decreased estimated amounts in contract assets. Due to our dispute with CMS regarding the price adjustment included in the most recent reconciliation, as of June 30, 2022, contract assets include estimated amounts related to three reconciliation periods. Contract assets for Episodes of Care Services segment also included $21.0 million related to estimated shared savings under the Caravan Health ACO services programs. Contract assets in the Home & Community Services segment of $7.7 million as of June 30, 2022 represent management's estimate of amounts to be received from clients as a result of certain variable consideration discounts over extended contract term and service levels being achieved during the contractual period.

(3) Total shared savings payable is included in accounts payable and accrued expenses on the Condensed Consolidated Balance Sheets. Shared savings payable for Episodes of Care Services included $23.9 million due to CMS as of December 31, 2021, all of which was settled with CMS in the first quarter of 2022. Shared savings payable included $18.7 million as of June 30, 2022 primarily related to the fifth reconciliation received in December 2021, which is expected to be paid to customers related to their portion of savings earned under the BPCI-A program. Additionally, there is $1.8 million included in shared savings payable at June 30, 2022, which represents amounts withheld from customers under the BPCI-A program

based on contractual withholding percentages. This amount has been received by us from CMS and is held as restricted cash. We expect to remit these amounts to customers at the conclusion of the program, at which time both restricted cash and the liability will be reduced.

(4) Contract liabilities in our Episodes of Care Services segment represent management's estimate of savings amounts we expect to share with our customers based on contractual shared savings percentages related to the amounts we expect to be entitled to receive under the BPCI-A program for the next two reconciliation periods. Due to our dispute with CMS regarding the price adjustment included in the most recent reconciliation, as of June 30, 2022, contract liabilities include estimated amounts related to three reconciliation periods. As of June 30, 2022, contract liabilities of $48.3 million cover episodes of care commencing in the period from April 2021 through June 2022. These amounts offset the gross amount we expect to receive for the same period included in contract assets as of June 30, 2022. Contract liabilities in the Home & Community Services segment of $4.2 million as of June 30, 2022 represent management's estimate of potential refund liabilities due to certain clients as a result of certain service levels not being achieved during the contractual periods.

(5) Deferred revenue is included in other current liabilities on the Condensed Consolidated Balance Sheets and primarily relates to advance payments received from certain customers.

The table below summarizes the activity recorded in the contract asset and liability accounts for the periods presented.

Contract Assets	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
	(in millions)		(in millions)	
Balance at beginning of period	$ 132.5	$ 61.3	$ 84.3	$ 27.8
Acquired in Caravan Health Acquisition	—	—	9.1	—
Performance obligation completed, converted to accounts receivable	—	(27.4)	—	(27.4)
Estimated revenue recognized related to performance obligations satisfied at a point-in-time	3.4	—	6.3	—
Estimated revenue recognized related to performance obligations satisfied over time	36.7	24.3	72.9	57.8
Balance at end of period	$ 172.6	$ 58.2	$ 172.6	$ 58.2

Contract Liabilities	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
	(in millions)		(in millions)	
Balance at beginning of period	$ 44.0	$ 20.8	$ 32.9	$ 6.2
Performance obligation completed, converted to shared savings payable	(0.2)	(4.4)	(0.2)	(4.4)
Payments made to customer	(0.5)	—	(0.5)	(0.6)
Estimated amounts due to customer related to performance obligations satisfied at a point-in-time	—	1.1	(0.3)	2.2
Estimated amounts due to customer related to performance obligations satisfied over time	9.2	2.0	20.6	16.1
Balance at end of period	$ 52.5	$ 19.5	$ 52.5	$ 19.5

Notes to the Condensed Consolidated Financial Statements (unaudited)

Deferred Revenue	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
	(in millions)		(in millions)	
Balance at beginning of period	$ 2.6	$ 7.0	$ 3.6	$ 3.8
Acquired in Caravan Health Acquisition	—	—	0.5	—
Payments received from customers	0.1	0.7	0.7	8.2
Revenue recognized upon completion of performance obligation	(1.7)	(3.3)	(3.8)	(7.6)
Balance at end of period	$ 1.0	$ 4.4	$ 1.0	$ 4.4

Shared Savings Payable	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
	(in millions)		(in millions)	
Balance at beginning of period	$ 37.4	$ 74.4	$ 63.4	$ 80.8
Amounts paid to customer and/or CMS	(16.9)	(108.5)	(84.7)	(115.0)
Amounts due to customer upon completion of performance obligation	—	88.3	41.8	88.4
Balance at end of period	$ 20.5	$ 54.2	$ 20.5	$ 54.2

7. Property and Equipment

Property and equipment, net were as follows as of each of the dates presented:

	June 30, 2022	December 31, 2021
	(in millions)	
Computer equipment	$ 25.3	$ 22.0
Leasehold improvements	18.6	18.5
Furniture and fixtures	7.1	6.5
Software	2.4	2.5
Projects in progress	0.7	0.7
Property and equipment, gross	54.1	50.2
Less: Accumulated depreciation and amortization	(30.7)	(26.5)
Property and equipment, net	$ 23.4	$ 23.7

Depreciation and amortization expense for property and equipment, inclusive of amounts subsequently written off or disposed from accumulated depreciation, was $2.2 million and $2.1 million for the three months ended June 30, 2022 and 2021, respectively, and $4.4 million and $4.1 million for the six months ended June 30, 2022 and 2021, respectively. There was no impairment of property and equipment during the three or six months ended June 30, 2022 or 2021.

8. Leases

New Lease Guidance Adoption and Practical Expedients

We adopted ASC 842 as of January 1, 2022 using the optional transition method. Therefore, we did not restate comparative periods. Under this transition provision, we applied the legacy leases guidance, including its disclosure requirements, for the comparative periods presented.

ASC 842 includes practical expedient and policy election choices. We have elected the practical expedient transition package available in ASC Topic 842 and, as a result, did not reassess the lease classification of existing contracts or

Notes to the Condensed Consolidated Financial Statements (unaudited)

leases or the initial direct costs associated with existing leases. We made an accounting policy election not to recognize right of use assets and lease liabilities for leases with a lease term of 12 months or less, including renewal options that are reasonably certain to be exercised, that also do not include an option to purchase the underlying asset that is reasonably certain of exercise. Instead, lease payments for these leases are recognized as lease expense on a straight-line basis over the lease term. We did not elect the hindsight practical expedient, and therefore we did not reassess our historical conclusions with regards to whether renewal option periods should be included in the terms of our leases.

Upon adoption on January 1, 2022, we recognized right-of-use assets and lease liabilities for operating leases of $23.0 million and $35.6 million, respectively. The difference between the right-of-use asset and lease liability primarily represents the net book value of deferred rent and tenant improvement allowances recognized as of December 31, 2021, which was adjusted against the right-of-use asset upon adoption.

In addition, there was $0.4 million recorded as a reduction of retained earnings upon adoption. This primarily related to an asset that we ceased using prior to the adoption of ASC 842 and do not have the intent and ability to sublease since the remaining lease term is less than one year. We recognized a lease liability equal to the present value of the remaining lease payments under the contract; however, we did not recognize a corresponding right-of-use asset. The previously recognized cease-use liability as of December 31, 2021 was recognized as a reduction to the carrying amount of the right-of-use asset. As the cease-use liability balance was less than the carrying amount of the right-of-use asset, the remaining portion of the right-of-use asset not offset by the cease-use liability was written off as an adjustment to retained earnings since the cease-use date of the asset occurred prior to adoption.

The following is a summary of the impact of ASC 842 adoption on our Condensed Consolidated Balance Sheet:

	December 31, 2021	ASC 842 Adjustments	January 1, 2022
		(in millions)	
Assets			
Operating lease right-of-use assets	$ —	$ 23.0	$ 23.0
Liabilities			
Current portion of operating lease liabilities	—	8.5	8.5
Operating lease liability, net of current portion	—	27.1	27.1
Deferred rent and tenant improvement allowances	12.2	(12.2)	—
Retained Earnings	19.7	(0.4)	19.3

Right-of-use Assets and Lease Liabilities

The following table presents our operating lease right-of-use assets and lease liabilities as of June 30, 2022. Current lease liabilities are included in other current liabilities on the Condensed Consolidated Balance Sheets.

	June 30, 2022
	(in millions)
Operating lease right-of-use assets	$ 24.8
Current portion of operating lease liabilities	7.9
Non-current operating lease liabilities	28.4
Total Lease Liabilities	$ 36.3

For the three and six months ended June 30, 2022, cash paid for amounts included in the measurement of operating lease liabilities was $2.6 million and $5.3 million, respectively.

Notes to the Condensed Consolidated Financial Statements (unaudited)

Our operating lease expense is recorded as a component of SG&A in our Condensed Consolidated Statements of Operations. The components of lease expense were as follows as of each of the dates presented:

	Three months ended June 30, 2022	Six months ended June 30, 2022
	(in millions)	
Operating lease cost	$ 2.1	$ 4.2
Variable lease cost	0.7	1.4
Sublease income	(0.6)	(1.3)
Total Lease Cost[1]	**$ 2.2**	**$ 4.3**

[1] Excludes short-term lease expense, which is not material

The following table presents the weighted average remaining lease term and discount rate of our operating leases as of June 30, 2022:

Weighted Average Lease Term (Years)	6.3
Weighted Average Discount Rate	4.7 %

We enter into contracts to lease office space and equipment with terms that expire at various dates through 2032. The lease term at the lease commencement date is determined based on the non-cancellable period for which we have the right to use the underlying asset, together with any periods covered by an option to extend the lease if we are reasonably certain to exercise that option, periods covered by an option to terminate the lease if we are reasonably certain not to exercise that option, and periods covered by an option to extend (or not to terminate) the lease in which the exercise of the option is controlled by the lessor. We considered a number of factors when evaluating whether the options in our lease contracts were reasonably certain of exercise, such as length of time before option exercise, expected value of the leased asset at the end of the initial lease term, importance of the lease to overall operations, costs to negotiate a new lease, and any contractual or economic penalties.

As of June 30, 2022, maturities of our operating lease liabilities are as follows:

Remainder of 2022	$ 4.6
2023	8.8
2024	5.5
2025	4.8
2026	4.1
Thereafter	14.6
Total lease payments	42.4
Less: imputed interest	(6.1)
Present value of operating lease liabilities	$ 36.3

Effective April 1, 2022, we entered into a new lease agreement for a facility in Galway, Ireland. The lease term is 15 years with an option to terminate after 10 years. It is not reasonably certain that we will not exercise the option to terminate after 10 years; therefore, the total lease payments are expected to be approximately $7.0 million over 10 years.

Effective October 1, 2021, we entered into a lease agreement for a facility in Oklahoma City, OK. The lease term is 7.25 years, with two 5-year options to renew, and total lease payments are expected to be approximately $4.1 million. The lessor and its agents have completed building this retail space and the lease commenced July 1,

Notes to the Condensed Consolidated Financial Statements (unaudited)

2022. As the lease had not yet commenced as of June 30, 2022, it is not included in the right-of-use asset or lease liabilities recorded as of June 30, 2022. In addition, we entered into a lease agreement for a facility in New York, NY which is expected to commence February 1, 2024, once our current lease for this facility expires on January 31, 2024. The lease term is 5.75 years, with one 5-year option to renew, and total lease payments are expected to be approximately $22.7 million.

Disclosures Related to Periods Prior to Adoption of ASC 842

As of December 31, 2021, future minimum lease payments under non-cancellable operating leases were as follows:

2022	$	10.2
2023		8.7
2024		6.1
2025		9.3
2026		8.6
Thereafter		21.5
	$	64.4

9. Intangible Assets

Intangible assets were as follows as of each of the dates presented:

		June 30, 2022			December 31, 2021		
	Estimated Useful Life (years)	Gross Carrying Amount	Accumulated amortization	Net Carrying Value	Gross Carrying Amount	Accumulated amortization	Net Carrying Value
		(in millions)					
Customer relationships	3 - 20	$ 482.3	$ (95.9)	$ 386.4	$ 530.5	$ (129.1)	$ 401.4
Acquired and capitalized software	3 - 6	107.4	(57.8)	49.6	134.3	(80.4)	53.9
Tradename	3	0.7	(0.1)	0.6	—	—	—
Total		$ 590.4	$ (153.8)	$ 436.6	$ 664.8	$ (209.5)	$ 455.3

We capitalized $7.5 million and $5.9 million for the three months ended June 30, 2022 and 2021, respectively, and $14.3 million and $11.6 million for the six months ended June 30, 2022 and 2021, respectively, of internally-developed software costs. During the six months ended June 30, 2022, we acquired $93.9 million of intangible assets in connection with the acquisition of Caravan Health (*see* Note 4 *Business Combinations*), which included preliminary values for customer relationships of $69.8 million (10-year useful life), acquired technology of $23.4 million (5-year useful life) and a tradename of $0.7 million (3-year useful life).

We recorded a $66.7 million impairment of customer relationships and $26.5 million impairment of acquired and capitalized software for the three and six months ended June 30, 2022, included in Loss on Impairment on our Condensed Consolidated Statements of Operations. During the three months ended June 30, 2022, we received the semiannual reconciliation from CMS, which included a negative retrospective price adjustment to the benchmark prices against which savings are measured for specific episodes under the BPCI-A program, and which we believe have made the program unsustainable. As a result, we subsequently made the decision to wind down our Episodes of Care Services business. The receipt of this semiannual reconciliation was determined to be a triggering event which indicated that the carrying amount of the relevant asset group may not be recoverable. We assessed the recoverability of the asset group by determining whether the carrying value exceeded the sum of the projected undiscounted cash flows expected to result from the eventual disposition of the assets over the remaining economic lives. This assessment indicated that the carrying value of the asset group is not recoverable; therefore, we estimated the fair value of the asset group using a discounted cash flow methodology and implied market values which were

concluded to be zero as the underlying customer contracts cannot be sold or transferred. The fair value was deemed to be de minimis due to the decision to abandon the asset group, resulting in a full impairment of the related intangible assets.

There was no impairment of intangible assets for the three and six months ended June 30, 2021.

Amortization expense for intangible assets, inclusive of amounts subsequently written off from accumulated amortization, was $17.9 million and $15.2 million for the three months ended June 30, 2022 and 2021, respectively, and $33.7 million and $29.9 million for the six months ended June 30, 2022 and 2021, respectively. Expected amortization expense as of June 30, 2022 related to intangible assets, including internal-use software development costs, was as follows:

	(in millions)
Remainder of 2022	$ 23.8
2023	44.3
2024	39.9
2025	33.6
2026	32.3
Thereafter	262.7
	$ 436.6

10. Goodwill

The change in the carrying amount of goodwill for each reporting unit is as follows:

	Home & Community Services	Episodes of Care Services	Total
		(in millions)	
Balance at December 31, 2021	$ 170.4	$ 426.7	$ 597.1
Business combinations	—	199.3	199.3
Impairment	$ —	$ (426.7)	$ (426.7)
Balance at June 30, 2022	$ 170.4	$ 199.3	$ 369.7

We recorded a $426.7 million goodwill impairment during the three and six months ended June 30, 2022, included in Loss on Impairment in our Condensed Consolidated Statements of Operations. During the three months ended June 30, 2022, we received the semiannual reconciliation from CMS, which included a negative retrospective price adjustment to the benchmark prices against which savings are measured for specific episodes under the BPCI-A program, and which we believe have made the program unsustainable. As a result, we subsequently made the decision to wind down our Episodes of Care Services business. The receipt of this semiannual reconciliation was determined to be a triggering event and we therefore completed an assessment of the goodwill of the Episodes of Care Services reporting unit. We performed a quantitative impairment test by comparing the carrying amount of the Episodes of Care Services reporting unit to its fair value. We estimated the fair value of the reporting unit using a discounted cash flow model and net tangible carrying value, excluding Caravan Health. We determined the fair value of Caravan Health has not changed since the acquisition date was so recent and Caravan Health's earnings to date have slightly exceeded the original forecast. The carrying amount of the Episodes of Care Services reporting unit exceeded its estimated fair value; therefore, we recognized an impairment loss equal to the excess of the reporting unit's carrying amount over its fair value.

There was no impairment related to goodwill during the three and six months ended June 30, 2021.

11. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

	June 30, 2022	December 31, 2021
	(in millions)	
Accrued payroll and payroll-related expenses	$ 31.3	$ 46.5
Other accrued expenses	28.1	19.6
Shared savings payable	20.5	63.4
Accounts payable	5.6	5.6
Accrued income taxes	0.5	1.6
Total accounts payable and accrued liabilities	$ 86.0	$ 136.7

12. Long-Term Debt

Long-term debt was as follows:

	June 30, 2022	December 31, 2021
	(in millions)	
Revolving Facility	$ —	$ —
2021 Term Loan	347.3	349.1
Total debt	347.3	349.1
Unamortized debt issuance costs	(5.5)	(6.0)
Unamortized discount on debt	(4.3)	(4.7)
Total debt, net	337.5	338.4
Less current maturities	(3.5)	(3.5)
Total long-term debt	$ 334.0	$ 334.9

As of June 30, 2022 and December 31, 2021, the effective interest rate on the 2021 Term Loan borrowings was 6.13% and 3.75%, respectively. In July 2022, our corporate credit rating was upgraded by S&P to B+, which per the terms of the 2021 Credit Agreement, will reduce the applicable rate for the 2021 Term Loan by 25 basis points effective July 2022.

The 2021 Credit Agreement is secured by substantially all of the assets of Signify and its subsidiaries. The 2021 Credit Agreement contains customary representations and warranties as well as customary affirmative and negative covenants and events of default. Negative covenants include, among others (and in each case subject to certain exceptions), limitations on incurrence of liens by Signify and its restricted subsidiaries, limitations on incurrence of indebtedness by Signify and its restricted subsidiaries, limitations on making dividends and other distributions, limitations on engaging in asset sales, limitation on making investments, limitations on engaging in transactions with affiliates. As a result of these restrictions, substantially all of the subsidiary net assets are deemed restricted as of December 31, 2021. Additionally, the 2021 Credit Agreement includes a requirement that the consolidated first lien net leverage ratio (as defined in the 2021 Credit Agreement) as of the end of any fiscal quarter is not greater than 4.50 to 1.00 if on the last day of such fiscal quarter the Revolving Facility and letters of credit outstanding exceeds 35% of the total amount of Revolving Facility commitments at such time. As of June 30, 2022, we were in compliance with all financial covenants.

We currently have no borrowings outstanding under the Revolving Facility. As of June 30, 2022, we had $172.8 million available borrowing capacity under the Revolving Facility, as the borrowing capacity is reduced by outstanding letters of credit.

Notes to the Condensed Consolidated Financial Statements (unaudited)

The aggregate principal maturities of long-term debt due subsequent to June 30, 2022 are as follows:

	(in millions)
Remainder of 2022	$ 1.7
2023	3.5
2024	3.5
2025	3.5
2026	3.5
Thereafter	331.6
	$ 347.3

13. Fair Value Measurements

Assets and liabilities measured at fair value on a recurring basis were as follows:

		June 30, 2022			
Balance Sheet Classification	Type of Instrument	Level 1	Level 2	Level 3	Total
		(in millions)			
Cash equivalents	Money market funds	$ 331.3	$ —	$ —	$ 331.3
Customer EAR liability	Customer equity appreciation rights	—	—	61.0	61.0
Customer EAR liability	EAR letter agreement	—	—	2.6	2.6
Contingent consideration	Consideration due to sellers	—	—	35.4	35.4

		December 31, 2021			
Balance Sheet Classification	Type of Instrument	Level 1	Level 2	Level 3	Total
		(in millions)			
Cash equivalents	Money market funds	$ 400.1	$ —	$ —	$ 400.1
Customer EAR liability	Customer equity appreciation rights	—	—	48.6	48.6
Contingent consideration	Consideration due to sellers	—	—	—	—

There were no transfers between Level 1 and Level 2, or into or out of Level 3, during the three or six months ended June 30, 2022 or 2021.

Fair value of assets measured on a non-recurring basis include intangible assets when there is an impairment triggering event. S*ee* Note 9 *Intangible Assets* and Note 10 *Goodwill*.

Notes to the Condensed Consolidated Financial Statements (unaudited)

The changes in Level 3 liabilities measured at fair value on a recurring basis were as follows:

Contingent Consideration

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	(in millions)		(in millions)	
Beginning of period	$ 30.6	$ 15.4	$ —	$ 15.2
Payment of contingent consideration	—	(15.0)	—	(15.0)
Initial measurement of contingent consideration due to sellers	—	—	30.5	—
Remeasurement of contingent consideration included in selling, general and administrative expense	4.8	2.0	4.9	2.2
Balance at end of period	$ 35.4	$ 2.4	$ 35.4	$ 2.4

Customer equity appreciation rights

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	(in millions)		(in millions)	
Beginning of period	$ 84.0	$ 83.3	$ 48.6	$ 21.6
Grant date fair value estimate recorded as reduction to revenue	4.9	4.9	9.8	9.8
Grant date fair value estimate of EAR letter agreement recorded as reduction to revenue	1.6	—	3.2	—
Remeasurement of fair value of customer EAR agreements included in other expense (income), net	(26.6)	14.5	2.6	71.3
Remeasurement of fair value of EAR letter agreement, included in other expense (income), net	(0.3)	—	(0.6)	—
Balance at end of period	$ 63.6	$ 102.7	$ 63.6	$ 102.7

Notes to the Condensed Consolidated Financial Statements (unaudited)

The valuation techniques and significant unobservable inputs used in recurring Level 3 fair value measurements were as follows as of June 30, 2022:

	Fair Value (in millions)	Valuation Technique	Significant Unobservable Inputs	Assumption
Customer equity appreciation rights	$ 61.0	Monte Carlo	Volatility	60.0%
			Dividend yield	0%
			Risk-free rate	2.98%
			Expected term (years)	3
EAR Letter Agreement	$ 2.6	Monte Carlo	Volatility	60.0%
			Dividend yield	0%
			Risk-free rate	2.98%
			Expected term (years)	3
Consideration due to sellers	$ 35.4	Black-Scholes	Volatility	18.5%
			Discount Rate	4.10%
			Risk Free Rate	1.71%
			Credit Spread	5.80%
			Expected term (years)	1.25

Fair value of the contingent consideration related to the Caravan Health acquisition (s*ee* Note 4 *Business Combinations)* is measured using the Black-Scholes option pricing model, which uses certain assumptions to estimate the fair value, including long-term financial forecasts, expected term until payout, volatility, discount rate, credit spread, and risk-free rate. The expected volatility and discount rate are calculated using comparable peer companies, adjusted for Caravan Health's operational leverage. The risk-free interest rate is based on the U.S. Treasury rates that are commensurate with the term of the contingent consideration. Changes in the estimated fair value compared to the initial estimated fair value at the acquisition date are included in SG&A expense on our Condensed Consolidated Statement of Operations, and are impacted by the passage of time and Caravan Health's progress in meeting the future performance criteria.

Notes to the Condensed Consolidated Financial Statements (unaudited)

The valuation techniques and significant unobservable inputs used in recurring Level 3 fair value measurements were as follows as of December 31, 2021:

	Fair Value (in millions)	Valuation Technique	Significant Unobservable Inputs	Assumption
Customer equity appreciation rights	$ 48.6	Monte Carlo	Volatility	50.0%
			Dividend yield	0%
			Risk-free rate	1.05%
			Expected term (years)	3.5

	Fair Value (in millions)	Valuation Technique	Significant Unobservable Inputs	Discount Rate
Consideration due to sellers	$ —	Discounted approach	Discount Rate	5.0%

The fair value of our debt is measured at Level 3 and is determined based on fluctuations in current interest rates, the trends in market yields of debt instruments with similar credit ratings, general economic conditions and other quantitative and qualitative factors. The carrying value of our debt approximates its fair value as it is variable-rate debt.

The carrying amounts of accounts receivable and accounts payable approximate their fair value because of the relatively short-term maturity of these instruments.

14. Shareholders' Equity

See Note 1 *Nature of Operations* for details of the Reorganization Transactions effective in February 2021 in connection with our IPO.

Initial Public Offering
On February 16, 2021, we completed our IPO of 27,025,000 shares of our Class A common stock at a public offering price of $24 per share, which included 3,525,000 shares issued pursuant to the full exercise of the underwriters' over-allotment option. Signify Health received gross proceeds of $648.6 million, which resulted in net cash proceeds of $609.7 million after deducting underwriting discounts and commissions of $38.9 million and before fees and expenses incurred in connection with the IPO incurred and paid for by Cure TopCo. We used the proceeds to purchase newly-issued membership interests from Cure TopCo at a price per interest equal to the IPO price of our Class A common stock, net of the underwriting discounts and commissions.

Amendment and Restatement of Certificate of Incorporation
In connection with the Reorganization Transactions and IPO, our certificate of incorporation was amended and restated to, among other things, authorize the issuance of two classes of common stock: Class A common stock and Class B common stock. The Amended and Restated Certificate of Incorporation authorizes 1,000,000,000 shares of Class A common stock, par value $0.01 per share and 75,000,000 shares of Class B common stock, par value $0.01 per share. The Amended and Restated Certificate of Incorporation also authorizes up to 50,000,000 shares of preferred stock, par value of $0.01 per shares, none of which have been issued.

Class A Common Stock
Holders of shares of Class A common stock are entitled to one vote for each share held of record on all matters on which stockholders are entitled to vote generally, including the election or removal of directors. The holders of Class A common stock do not have cumulative voting rights in the election of directors.

Holders of shares of Class A common stock are entitled to receive dividends when and if declared by the board of directors out of funds legally available, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Upon liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of Class A common stock will be entitled to receive pro rata our remaining assets available for distribution.

All shares of Class A common stock outstanding are fully paid and non-assessable. The Class A common stock are not subject to further calls or assessments. The rights, powers and privileges of Class A common stock are subject to those of the holders of any shares of preferred stock.

Class B Common Stock
Each share of Class B common stock entitles its holder to one vote per share on all matters submitted to a vote of the stockholders. If at any time the ratio at which LLC Units are redeemable or exchangeable for shares of Class A common stock changes from one-for-one, the number of votes to which Class B common stockholders are entitled will be adjusted accordingly. The holders of Class B common stock do not have cumulative voting rights in the election of directors.

Except for transfers to Signify Health pursuant to the Cure TopCo Amended LLC Agreement or to certain permitted transferees, the LLC Units and corresponding shares of Class B common stock may not be sold, transferred or otherwise disposed of. Holders of shares of Class B common stock will vote together with holders of Class A common stock as a single class on all matters on which stockholders are entitled to vote, except as otherwise required by law.

The Class B common stock is not entitled to economic interests in Signify Health. Holders of Class B common stock do not have any right to receive dividends or to receive a distribution upon a liquidation or winding up of Signify Health. However, if Cure TopCo makes distributions to Signify Health, the other holders of LLC Units, including the Continuing Pre-IPO LLC Members, will be entitled to receive distributions pro rata in accordance with the percentages of their respective LLC Units. The Class B common stock is not subject to further calls or assessment.

Cure TopCo, LLC Recapitalization
As noted above, in connection with our IPO, the limited liability company agreement of Cure TopCo was amended and restated (the “Cure TopCo LLCA”) to, among other things, convert all outstanding equity interests into LLC Units and appoint us as the sole managing member of Cure TopCo.

Under the Cure TopCo LLCA, holders of LLC Units have the right to require Cure TopCo to redeem all or a portion of their LLC Units for newly issued shares of our Class A common stock on a one-for-one basis or a cash payment equal to the volume-weighted average market price of one share of our Class A common stock for each LLC Unit redeemed. This will result in the recognition of a contingently redeemable noncontrolling interest in Cure TopCo held by the Continuing Pre-IPO LLC Members, which will be redeemable, at the election of Signify Health, for shares of Class A common stock on a one-for-one basis or a cash payment in accordance with the terms of the Cure TopCo LLCA and which, if the redeeming member is an affiliate, the decision to redeem in cash or shares will be approved by the disinterested members of the Audit Committee.

Cure TopCo Membership Units
The LLC Units of Cure TopCo do not have voting interests in Cure TopCo. The LLC Units do have rights with respect to the profits and losses and distributions of Cure TopCo as set forth in the Cure TopCo LLCA.

15. Noncontrolling Interest

We are the sole manager of Cure TopCo and, as a result of this control, and because we have a substantial financial interest in Cure TopCo, we consolidate the financial results of Cure TopCo into our Condensed Consolidated Financial Statements. The contingently redeemable noncontrolling interest represents the economic interests of Cure TopCo held by the holders of LLC Units other than the membership units held by us. Income or loss is attributed to

the noncontrolling interests based on the relative percentages of LLC Units held by us and the other holders of LLC Units during the period. As such, future redemptions or direct exchanges of LLC Units will result in a change in ownership and reduce or increase the amount recorded as noncontrolling interests and increase or decrease additional paid-in capital in the Condensed Consolidated Balance Sheets.

The following table summarizes the ownership interests in Cure TopCo as of June 30, 2022:

	LLC Units	Ownership Percentage
Number of LLC Units held by Signify Health, Inc.	176,606,816	75.4%
Number of LLC Units held by noncontrolling interests	57,568,959	24.6%
Total LLC Units outstanding	234,175,775	100.0%

LLC Units held by the Continuing Pre-IPO LLC Members are redeemable or exchangeable for, at our election and with appropriate approvals, newly issued shares of Class A common stock on a one-for-one basis or a cash payment in accordance with the terms of the Cure TopCo LLCA.

During the three and six months ended June 30, 2022, 25,760 and 43,836 LLC units, respectively, were exchanged by Continuing Pre-IPO LLC Members, and shares of Class A common stock were issued on a one-for-one basis.

16. Equity-Based Compensation

On March 1, 2022, our Board of Directors approved amendments to certain outstanding equity award agreements subject to performance-based vesting criteria. The equity awards were amended with an effective date of March 7, 2022, and include 3,572,469 outstanding LLC Incentive Units and 817,081 outstanding stock options. The amendments added an alternative two-year service-vesting condition to the performance-vesting criteria, which, through the effective date of the amendment, were considered not probable of occurring and therefore we had not previously recorded any expense related to these awards. The amended equity awards will now vest based on the satisfaction of the earlier to occur of 1) a two year service condition, with 50% vesting in each of March 2023 and March 2024 or 2) the achievement of the original performance vesting criteria. As a result of this amendment, which results in vesting that is considered probable of occurring, we began to record equity-based compensation expense for these amended equity awards in March 2022. The equity-based compensation expense related to these amended awards is based on the fair value as of the effective date of the amended equity awards and will be recorded over the two year service period.

2021 Long-Term Incentive Plan

In January 2021, our Board of Directors adopted the 2021 Long-Term Incentive Plan (the “2021 LTIP”) which became effective in connection with the IPO and provides for the grant of equity-based awards to employees, consultants, service providers and non-employee directors. At inception, there were 16,556,298 shares of Class A common stock available for issuance under the 2021 LTIP. The share pool will be increased on the first day of each year by the least of (i) 14,191,113 shares of Class A common stock, (ii) 3% of the aggregate number of shares of Class A common stock and shares of Class B common stock outstanding (on a fully diluted basis) on the last day of the immediately preceding fiscal year and (iii) an amount determined by the Board of Directors. Any shares underlying substitute awards, shares remaining available for grant under a plan of an acquired company and awards (including pre-IPO awards (as defined in the 2021 LTIP)) that are forfeited, cancelled, expired, terminated or are otherwise lapsed, in whole or in part, or are settled in cash or withheld in respect of taxes, will become available for future grants under the 2021 LTIP. As of December 31, 2021 the total number of shares available for future issuance under the 2021 LTIP was 15,246,831. On January 1, 2022, the share pool was increased by 3% of the aggregate number of Class A common stock and Class B common stock outstanding, or 7,255,410 shares of Class A common stock pursuant to the automatic increase provision described herein.

Notes to the Condensed Consolidated Financial Statements (unaudited)

Stock Options

The total fair value on March 7, 2022, the amendment effective date, based on a Black-Scholes value of $8.49, for the March 2022 amended stock options as described above, was $6.9 million, of which we recorded $0.9 million and $1.1 million during the three and six months ended June 30, 2022, respectively. Subsequent to these amendments, there are no longer any stock options outstanding that are subject only to performance-based vesting conditions that are not probable of occurring.

The following is a summary of stock option activity for awards subject to time-based vesting for the six months ended June 30, 2022:

	Outstanding Options	Weighted average exercise price per share
Outstanding at December 31, 2021	4,926,357	$ 9.98
Granted	4,753,215	$ 14.66
Converted to time-based vesting	817,081	$ 8.46
Forfeited	(529,642)	$ 16.38
Exercised	(586,397)	$ 3.88
Expired	(4,117)	$ 14.41
Outstanding at June 30, 2022	9,376,497	$ 12.24

Restricted Stock Units ("RSUs")

A summary of restricted stock unit activity for the period presented is as follows:

	Restricted Stock Units	Weighted Avg. Grant Date FMV
Outstanding at December 31, 2021	602,745	$ 18.37
Granted	3,426,967	$ 14.09
Vested	(87,724)	$ 24.10
Forfeited	(326,454)	$ 15.20
Outstanding at June 30, 2022	3,615,534	$ 14.46

Stock-based compensation expense

During the three months ended June 30, 2022, we recognized $6.0 million and $0.5 million, of equity-based compensation expense included in SG&A expense and Service expense, respectively, on the Condensed Consolidated Statements of Operations related to stock options and RSUs. During the three months ended June 30, 2021, we recognized $1.9 million of equity-based compensation expense included in SG&A expense on the Condensed Consolidated Statements of Operations related to stock options and RSUs.

During the six months ended June 30, 2022, we recognized $9.1 million and $0.7 million, of equity-based compensation expense included in SG&A expense and Service expense, respectively, on the Condensed Consolidated Statements of Operations related to stock options and RSUs. During the six months ended June 30,

Notes to the Condensed Consolidated Financial Statements (unaudited)

2021, we recognized $2.9 million of equity-based compensation expense included in SG&A expense on the Condensed Consolidated Statements of Operations related to stock options and RSUs.

As of June 30, 2022, we had total unrecognized compensation expense of $92.7 million related to 10,301,937 unvested time-based stock options and RSUs which we expect to recognize over a weighted average period of 1.7 years.

Employee Stock Purchase Plan

A summary of ESPP share reserve activity for the six months ended June 30, 2022 is as follows:

	Shares	Weighted average price
Available for future purchases, beginning of year	4,567,246	
Shares issued [(a)]	2,418,470	
Common stock purchased	(143,313)	$ 11.73
Available for future purchases, end of period	6,842,403	

[(a)] On January 1, 2022, the number of shares reserved for issuance was increased by 2,418,470.

During the three and six months ended June 30, 2022, we recognized $0.2 million and $0.3 million, respectively, of equity-based compensation expense included in SG&A expense on the Condensed Consolidated Statements of Operations related to the ESPP.

LLC Incentive Units

The total fair value on the amendment date for the March 2022 amended LLC Incentive Units as described above was based on the closing stock price on the amendment date of $14.19, resulting in total fair value of $50.7 million, of which we recorded $6.1 million and $0.2 million in equity-based compensation expense included in SG&A expense and service expense, respectively, on the Condensed Consolidated Statements of Operations during the three months ended June 30, 2022. During the six months ended June 30, 2022, we recorded $7.8 million and $0.2 million in equity-based compensation expense included in SG&A expense and service expense, respectively, on the Condensed Consolidated Statements of Operations.

As of June 30, 2022, 6,072,405 of the outstanding LLC units are unvested. This includes 1,700,259 that were not amended and remain subject to performance-based vesting criteria which were not probable of occurring as of June 30, 2022.

In addition to the expense noted above related to those awards amended in March 2022, during the three months ended June 30, 2022 and 2021, we recognized $1.2 million and $1.5 million, respectively, of equity-based compensation expense related to LLC Units included in SG&A expense on the Condensed Consolidated Statements of Operations, respectively. During the six months ended June 30, 2022 and 2021, we recognized $2.5 million and $2.9 million, respectively, of equity-based compensation expense related to LLC Units included in SG&A expense on the Condensed Consolidated Statements of Operations, respectively.

As of June 30, 2022, there was $45.4 million of total unrecognized compensation expense related to unvested time-based Incentive Units expected to be recognized over a weighted average period of 0.9 years. Additionally, there was approximately $2.9 million of unrecognized compensation expense related to Incentive Units with performance-based vesting, in which the vesting conditions were not probable of occurring as of June 30, 2022.

Notes to the Condensed Consolidated Financial Statements (unaudited)

17. Loss Per Share

Basic loss per share of Class A common stock is computed by dividing net loss attributable to Signify Health by the weighted-average number of shares of Class A common stock outstanding during the period. Diluted loss per share of Class A common stock is computed by dividing net loss attributable to Signify Health by the weighted-average number of shares of Class A common stock outstanding adjusted to give effect to potentially dilutive securities.

The following table sets forth reconciliations of the numerators and denominators used to compute basic and diluted loss per share of Class A common stock for the three and six months ended June 30, 2022 and 2021. The basic and diluted loss per share for the six months ended June 30, 2021 only includes the period from February 12, 2021 to June 30, 2021, which represents the period wherein we had outstanding Class A common stock.

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	(in millions)			
Net loss	$ (490.0)	$ (0.1)	$ (506.3)	$ (51.8)
Less: Net loss attributable to pre-Reorganization Transactions	—	—	—	(17.2)
Less: Net loss attributable to the noncontrolling interest	(119.5)	(0.1)	(124.9)	(11.4)
Net loss attributable to Signify Health, Inc.	$ (370.5)	$ —	$ (381.4)	$ (23.2)
Weighted average shares of Class A common stock outstanding - Basic	176,350,100	168,003,727	174,565,795	167,145,986
Earnings (loss) per share of Class A common stock - Basic	$ (2.10)	$ —	$ (2.19)	$ (0.14)
Earnings (loss) per share of Class A common stock - Diluted	$ (2.10)	$ —	$ (2.19)	$ (0.14)

Shares of Class B common stock do not participate in our earnings or losses and are therefore not participating securities. As such, separate presentation of basic and diluted loss per share of Class B common stock under the two-class method has not been presented. Shares of our Class B common stock and the corresponding LLC Units are, however, considered potentially dilutive shares of Class A common stock. LLC Units of Cure TopCo participate in the earnings of Cure TopCo and therefore, our portion of Cure TopCo's earnings (loss) per share has been included in the net loss attributable to Signify Health in the calculation above. LLC Units held by the Continuing Pre-IPO LLC Members are redeemable in accordance with the Cure TopCo LLCA, at the election of Signify Health, for shares of Class A common stock on a one-for-one basis or a cash payment.

The potential dilutive effect of LLC Units are evaluated under the if-converted method. The potential dilutive effect of stock options and RSUs are evaluated under the treasury stock method.

The following table summarizes the stock options, RSUs and LLC Units that were anti-dilutive for the periods indicated. The effects of each would have been anti-dilutive as we recorded a net loss in each of the periods. As a

result, these shares, which were outstanding, were excluded from the computation of diluted loss per share for the periods indicated.

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Antidilutive Shares:				
Stock Options	9,376,497	5,951,435	9,376,497	6,832,885
RSUs	3,615,534	85,552	3,615,534	151,880
LLC Units	57,568,959	67,049,882	57,568,959	67,049,882

18. Transaction-related Expenses

During the three and six months ended June 30, 2022, we incurred $1.7 million and $4.9 million, respectively, of transaction-related expenses primarily in connection with the acquisition of Caravan Health as well as other corporate development activities, such as potential mergers and acquisitions, strategic investments and other similar activities. These transaction-related expenses primarily related to consulting and other professional services expenses, as well as certain integration-related expenses following the acquisition of Caravan Health including employee compensation costs and professional services fees.

For the three and six months ended June 30, 2021, we incurred $1.0 million and $1.9 million, respectively, of transaction-related expenses related to expenses incurred in connection with corporate development activities, such as potential mergers and acquisitions, strategic investments and other similar activities. These transaction-related expenses related to consulting, compensation, and integration-type expenses. Additionally, for the six months ended June 30, 2021, we incurred $4.7 million of costs in connection with our IPO.

19. Commitments and Contingencies

Letters of Credit

As of June 30, 2022, we had outstanding letters of credit totaling $12.2 million, including $3.0 million related to leased properties and $9.2 million in favor of CMS, which are required in the event of a negative outcome on certain episodes of care within the BPCI-A program and we do not settle the related amounts owed to CMS. This amount reduces the borrowing amount available to us under our Revolving Facility as of June 30, 2022. *See* Note 12 *Long-Term Debt* for the total value of letters of credit under this facility. However, the terms of BPCI-A also require that certain partners provide a related reciprocal letter of credit for the majority of this amount. In February 2022, the entire $8.8 million of the reciprocal letters of credit were released as a result of collateral being available under the new credit agreement.

Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources are recorded when it is probable a liability has been incurred and the amount of the liability can be reasonably estimated. We are involved in various lawsuits, claims and administrative proceedings arising in the normal course of business. In management's opinion, the ultimate resolution of these matters will not materially adversely affect our financial position, results of operations or cash flows.

Sales Tax Reserve

During the year ended December 31, 2019, it was determined that certain Episodes of Care Services may be subject to sales tax in certain jurisdictions. Historically, we had not collected sales tax from our Episodes of Care Services customers as we believed the services were not taxable. As of June 30, 2022 and December 31, 2021, we had a liability of $1.9 million and $1.6 million, respectively, for potential sales tax exposure related to services performed in 2016 through the second quarter of 2020, included in other current liabilities on the Condensed Consolidated

Notes to the Condensed Consolidated Financial Statements (unaudited)

Balance Sheets. During the three and six months ended June 30, 2022, we received final audit settlement with certain states that resulted in $0.1 million and $0.3 million, respectively, in SG&A expense on the Condensed Consolidated Statement of Operations. We are in the process of settling the remaining potential exposure with the various states and we began collecting sales tax from customers in the second quarter of 2021 for 2020 services.

Customer Equity Appreciation Rights

As of June 30, 2022, there was approximately $9.9 million of original grant date fair value unrecognized related to the original customer EAR agreements, which we expect to record as a reduction of revenue through the end of 2022. We remeasure the fair value of the outstanding EAR agreements at the end of each reporting period and record any changes in fair value to other expense (income), net in our Condensed Consolidated Statement of Operations. *See* Note 13 *Fair Value Measurements* for changes in estimated fair value and valuation techniques used to estimate the EAR.

In December 2021, we and our customer agreed to extend our existing commercial arrangements through the middle of 2026 and established targets for the minimum number of IHEs to be performed on behalf of the customer each year (the "Volume Targets"). We also entered into a letter agreement (the "EAR Letter Agreement") with the customer that provides that, in the event of a change in control of the Company or certain other corporate transactions, and subject to achievement of the Volume Targets, if the aggregate amount paid under the EARs prior to and in connection with such event (the "Aggregate EAR Value") is less than $118.5 million, then the customer will be paid the difference between $118.5 million and the Aggregate EAR Value. The EAR Letter Agreement is a separate equity value-linked instrument, independent from the original EARs. The grant date fair value is determined based on an option pricing model. Similar to the original EARs, we will record the initial grant date fair value as a reduction to revenue over the performance period, beginning in 2022. Estimated changes in fair market value will be recorded each accounting period based on management's current assumptions related to the underlying valuation approaches as other (income) expense, net on the Condensed Consolidated Statement of Operations. The grant date fair value of the EAR Letter Agreement was estimated to be $76.2 million and will be recorded as a reduction of revenue through June 30, 2026, coinciding with the service period. As of June 30, 2022, there was approximately $73.1 million of original grant date fair value unrecognized related to the EAR Letter Agreement, which we expect to record as a reduction of revenue as follows:

Remainder of 2022	$	3.1
2023		20.0
2024		20.0
2025		20.0
2026		10.0
Total	$	73.1

We remeasure the fair value of the outstanding EAR Letter Agreement at the end of each reporting period and record any changes in fair value to other expense (income), net in our Condensed Consolidated Statement of Operations. *See* Note 13 *Fair Value Measurements* for changes in estimated fair value and valuation techniques used to estimate the fair value of the EAR Letter Agreement.

Synthetic Equity Plan

In connection with our IPO in February 2021, the Synthetic Equity Plan ("SEP") was amended to, among other things, remove the change in control payment condition and provide for cash settlement upon each vesting event based on a 30 trading day volume weighted average price of our Class A common shares. Prior to this amendment, the vesting criteria were not probable of occurring and we had not recognized any compensation expense related to these awards. Concurrent with the February 2021 amendment, we began to record compensation expense and a current liability beginning in the first quarter of 2021 related to outstanding synthetic equity awards ("SEUs") subject to time-based vesting. The liability and expense are adjusted each reporting period based upon actual cash settlements and the underlying value of our Class A common stock. The SEU liability is included in accounts

payable and accrued expenses on our Condensed Consolidated Balance Sheet. We have not recorded any expense related to the outstanding SEUs subject to performance-based vesting as the vesting criteria were not probable of occurring as of June 30, 2022. Most of the outstanding SEUs subject to performance-based vesting were amended in March 2022, to add a time-based vesting component and therefore, we began recognizing compensation expense related to these outstanding SEUs over the amended service period.

As of June 30, 2022, 118,072 SEUs were subject to time-based vesting.

The following table summarizes the change in the SEU liability:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	(in millions)			
Balance at beginning of period	$ 0.3	$ 0.7	$ 0.2	$ —
SEU expense included in service expense	—	—	0.1	0.6
SEU expense included in SG&A expense	0.1	0.3	0.2	1.2
Cash payments	(0.1)	(0.3)	(0.2)	(1.1)
Balance at end of period	$ 0.3	$ 0.7	$ 0.3	$ 0.7

Contingent Consideration

As of June 30, 2022, we recorded $35.4 million in long-term contingent consideration on our Condensed Consolidated Balance Sheets related to potential payments due upon the completion of certain performance targets in connection with our acquisition of Caravan Health in March 2022. *See* Note 4 *Business Combinations*. If contingent milestones are achieved under the terms of the Merger Agreement, we expect to make any payments due during the second half of 2023.

20. Income Taxes

Income tax (benefit) expense for the three months ended June 30, 2022 and 2021, was $5.2 million and $(0.2) million, respectively, and for the six months ended June 30, 2022 and 2021, was $(0.8) million and $(10.1) million, respectively. Our effective tax rate for the three and six months ended June 30, 2022 was (1.1)% and 0.2%, respectively, compared to 52.7% and 16.3% for the three and six months ended June 30, 2021. Our effective tax rates for the three and six months ended June 30, 2022 are lower than the U.S. Federal statutory rate of 21% primarily due to nondeductible goodwill impairment, impact of non-controlling interest, and changes in valuation allowance. Our effective tax rate for the three months ended June 30, 2021 was higher than the U.S. Federal statutory rate of 21% primarily due to stock option exercises. Our effective tax rate for the six months ended June 30, 2021 was lower than the U.S. Federal statutory rate of 21% due to not being subject to income taxes on the portion of earnings that are attributable to the non-controlling interest and loss in the pre-reorganization period partially offset by state taxes.

Uncertain Tax Provisions

We evaluate and account for uncertain tax positions taken or expected to be taken on an income tax return using a two-step approach. Step one, recognition, occurs when we conclude that a tax position, based solely on its technical merits, is more-likely-than-not to be sustainable upon examination. Step two, measurement, determines the amount of benefit that is greater than 50% likely to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. Derecognition of a tax position that was previously recognized would occur when we subsequently determine that a tax position no longer meets the more likely-than-not threshold of being sustained. We record interest (and penalties where applicable), net of any applicable related income tax benefit, on potential income tax contingencies as a component of the income tax provision.

We have evaluated our tax positions and have identified uncertain tax positions for which a reserve should be recorded. Accordingly, a provision for uncertainties in income taxes of $0.3 million has been recorded and is included in other noncurrent liabilities on our Condensed Consolidated Balance Sheet as of June 30, 2022. As of December 31, 2021, there was no provision for uncertainties in income taxes.

Tax Receivable Agreement

In February 2021, in connection with the Reorganization Transactions and IPO, we entered into the Tax Receivable Agreement (the "TRA"), which obligates us to make payments to the Continuing Pre-IPO LLC Members, the Reorganization Parties, Optionholders (as defined in the TRA) of the Blocker Companies at the time of the Mergers, holders of synthetic equity units and any future party to the TRA (collectively, the "TRA Parties") in the aggregate generally equal to 85% of the applicable cash savings that we actually realize as a result of (i) certain favorable tax attributes acquired from the Blocker Companies in the Mergers (including net operating losses, the Blocker Companies' allocable share of existing tax basis and refunds of Blocker Company taxes attributable to pre-Merger tax periods), (ii) increases in our allocable share of existing tax basis and tax basis adjustments that may result from (x) future redemptions or exchanges of LLC Units by Continuing Pre-IPO LLC Members for cash or Class A common stock, (y) the IPO Contribution and (z) certain payments made under the TRA and (iii) deductions in respect of interest and certain compensatory payments made under the TRA. We will retain the benefit of the remaining 15% of these tax savings.

As of June 30, 2022, we had a liability of $56.4 million related to the projected obligations under the TRA. TRA related liabilities are classified as current or noncurrent based on the expected date of payment. During the six months ended June 30, 2022, we recorded an immaterial increase in the TRA liability. As of June 30, 2022, there was $5.0 million due within 12 months and is included within current liabilities on our Condensed Consolidated Balance Sheet.

21. Segment Reporting

Operating segments are components of an enterprise for which separate financial information is available and evaluated regularly by our Chief Operating Decision Maker in deciding how to allocate resources and in assessing financial performance. Management views our operating performance in two reportable segments: Home & Community Services and Episodes of Care Services. On July 7, 2022, we announced our plans to exit our Episodes of Care Services business, as described in Note 24. *Subsequent Events.*

We evaluate the performance of each segment based on segment revenue and adjusted EBITDA. The operating results of the reportable segment are based on segment adjusted EBITDA, which includes revenue and expenses incurred by the segment, as well as an allocation of shared expenses. Shared expenses are generally allocated to each segment based on the segments' proportionate employee headcount. Certain costs are not allocated to the segments, as described below, as these items are not considered in evaluating the segment's overall performance.

See Note 6 *Revenue Recognition* for a summary of segment revenue by product type for the three and six months ended June 30, 2022 and 2021. Our operating segment results for the periods presented were as follows:

Notes to the Condensed Consolidated Financial Statements (unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	(in millions)		(in millions)	
Revenue				
Home & Community Services	$ 207.6	$ 175.4	$ 394.5	$ 327.8
Episodes of Care Services	38.6	37.4	68.2	65.0
Segment Adjusted EBITDA				
Home & Community Services	65.2	55.8	121.1	96.9
Episodes of Care Services	(2.6)	(1.2)	(13.5)	(7.9)
Less: reconciling items to loss before income taxes:				
Unallocated costs [1]	2.8	31.1	48.1	103.6
Depreciation and amortization	20.1	17.3	38.1	34.0
Asset impairment	519.9	—	519.9	—
Interest expense	4.6	6.5	8.6	13.3
Loss before income taxes	$ (484.8)	$ (0.3)	$ (507.1)	$ (61.9)
[1] Unallocated costs as follows:				
Other (income) expense, net [2]	(27.4)	14.3	1.4	71.0
Loss on Debt Extinguishment	—	5.0	—	5.0
Equity-based compensation	14.9	3.3	21.4	5.8
SEU Expense	0.2	0.3	0.3	1.8
Customer equity appreciation rights	6.5	4.9	13.0	9.8
Transaction-related expenses	1.7	1.0	4.9	6.6
Non-allocated costs [3]	6.9	2.3	7.1	3.6
Total unallocated costs	$ 2.8	$ 31.1	$ 48.1	$ 103.6

[2] Other (income) expense, net includes the remeasurement of the fair value of the outstanding customer EARs and EAR Letter Agreement as well as interest and dividends earned on cash and cash equivalents.

[3] Non-allocated costs included remeasurement of contingent consideration and certain non-recurring expenses, including those associated with the closure of certain facilities, the sale of certain assets, one-time expenses related to the COVID-19 pandemic and the early termination of certain contracts. These costs are not considered by our Chief Operating Decision Maker in making resource allocation decisions.

Our Chief Operating Decision Maker does not receive or utilize asset information to evaluate performance of operating segments. Accordingly, asset-related information has not been presented.

22. Concentrations

During the normal course of operations, we maintain cash in bank accounts which exceed federally insured amounts. We have not experienced any losses in such accounts and do not believe we are exposed to any significant credit risk related to cash.

Accounts receivable potentially subject us to concentrations of credit risk. Management believes that its contract acceptance, billing and collection policies are adequate to minimize potential credit risk. We continuously evaluate the credit worthiness of our customers' financial condition and generally do not require collateral.

Notes to the Condensed Consolidated Financial Statements (unaudited)

We are dependent on a concentrated number of payors and provider partners with whom we contract to provide IHEs and other services. A significant portion of our revenues are generated from a small number of customers. Our largest customers accounted for the following percentages of total net revenue:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Customer A	30 %	22 %	33 %	24 %
Customer B	23 %	26 %	26 %	28 %
Customer C	*	14 %	*	12 %

*Revenue from this customer was less than 10% of total net revenue during the period noted.

In addition, the revenue from our top ten customers accounted for approximately 81% of our total revenue for both the three and six months ended June 30, 2022.

As of June 30, 2022, we had four customers which accounted for approximately 21%, 14%, 11%, and 10% respectively, of accounts receivable.

While CMS is not our customer, a majority of the revenue generated by Episodes of Care Services is under the CMS administered BPCI-A program and payments are received under this program in certain cases from CMS rather than directly from the customer. During the three and six months ended June 30, 2022, approximately 7% and 8%, respectively, of total consolidated revenue was generated from the BPCI-A program.

23. Related Party Transactions

In connection with the Reorganization Transactions, we entered into several agreements with various parties including Cure TopCo, New Mountain Capital and its affiliates, certain members of management and other shareholders. These include the Reorganization Agreement, the Cure TopCo, LLC Agreement, the TRA, the Registration Rights Agreement and the Stockholders' Agreement, all of which are fully described in our 2021 Annual Report on Form 10-K. *See* Note 1 *Nature of Operations* for further details on the Reorganization Transactions. *See* Note 14 *Shareholders' Equity* for additional information on the Cure TopCo, LLC Recapitalization. *See* Note 20 *Income Taxes* for additional information on the TRA.

24. Subsequent Events

On July 7, 2022, the Board of Directors approved a restructuring plan to wind down our Episodes of Care Services segment. The Caravan Health business will not be impacted. This decision was made in light of recent retrospective trend calculations released by the Center for Medicare & Medicaid Innovation that lowered target prices for episodes in the BPCI-A program, and which we believe have made the program unsustainable. We currently expect to incur restructuring charges comprising severance and related employee costs. We may also incur additional restructuring costs comprising contract termination and facility closure costs. We expect the majority of the restructuring plan and the cash expenditures associated with these actions to be completed in 2022.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Note Regarding Forward-Looking Statements

We have made statements in this Quarterly Report on Form 10-Q, including matters discussed under Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, Part II, Item 1. Legal Proceedings, Part II, Item 1A. Risk Factors, and in other sections of this Quarterly Report on Form 10-Q, that are forward-looking statements. All statements other than statements of historical fact included in this Quarterly Report on Form 10-Q are forward-looking statements. These statements may be preceded by, followed by or include the words "may," "might," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue," the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include statements regarding the Company's business operations, assets, valuations, financial conditions, results of operations, future plans, strategies, and expectations, including statements regarding our future financial performance, our Episodes of Care Services segment restructuring, our anticipated growth strategies and anticipated trends in our business, our ability to realize synergies in our businesses and our plans to expand our investment in value-based payment programs and in our product portfolio. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements, including those factors discussed under Part II, Item 1A. Risk Factors and Part I, Item 1A. Risk Factors of our 2021 Annual Report on Form 10-K.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. Some of the factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include:

- our ability to implement our plan to wind down our Episodes of Care Services segment and realize the anticipated cost savings and positive impact on 2023 earnings;
- the estimated costs associated with the plan;
- the impact the plan will have on our operations;
- the risk that our current revenue estimates under the BPCI-A program will be significantly reduced due to the semiannual BPCI-A reconciliation from CMS;
- the COVID-19 pandemic and whether the pandemic will continue to subside in 2022;
- our dependence upon a limited number of key customers;
- our dependence on certain key government programs;
- our failure to maintain and grow our network of high-quality providers;
- our failure to continue to innovate and provide services that are useful to customers and achieve and maintain market acceptance;
- our limited operating history with certain of our solutions;
- our failure to compete effectively;
- the length and unpredictability of our sales cycle;
- failure of our existing customers to continue or renew their contracts with us;
- failure of service providers to meet their obligations to us;
- seasonality that may cause fluctuations in our sales, cash flows and results of operations;
- our failure to achieve or maintain profitability;

- our revenue not growing at the rates they historically have, or at all;
- our failure to successfully execute on our growth initiatives, business strategies, or operating plans;
- our failure to successfully launch new products;
- our failure to diversify sources of revenues and earnings;
- inaccurate estimates and assumptions used to determine the size of our total addressable market;
- changes in accounting principles applicable to us;
- incorrect estimates or judgments relating to our critical accounting policies;
- our failure to effectively adapt to changes in the healthcare industry, including changes in the rules governing Medicare or other federal healthcare programs, or a potential shift toward total cost of care payment models;
- our failure to adhere to complex and evolving governmental laws and regulations;
- our failure to comply with current and future federal and state privacy, security and data protection laws, regulations or standards;
- our employment of and contractual relationships with our providers subjecting us to licensing or other regulatory risks, including recharacterization of our contracted providers as employees;
- adverse findings from inspections, reviews, audits and investigations from health plans or government agencies;
- inadequate investment in or maintenance of our operating platform and other information technology and business systems;
- our ability to develop and/or enhance information technology systems and platforms to meet our changing customer needs;
- higher than expected investments in our business, including, but not limited to, investments in our technology and operating platform, which could reduce our profitability;
- security breaches or incidents, loss or misuse of data, a failure in or breach of our operational or security systems or other disruptions;
- disruptions in our disaster recovery systems or management continuity planning;
- our ability to comply with, and changes to, laws, regulations and standards relating to privacy or data protection;
- our ability to obtain, maintain, protect and enforce our intellectual property;
- our dependence on distributions from Cure TopCo, LLC, our operating subsidiary, to fund dividend payments, if any, and to pay our taxes and expenses, including payments under the Tax Receivable Agreement (“TRA”);
- the control certain equityholders have over us and our status as a controlled company;
- our ability to realize any benefit from our organizational structure;
- risk associated with acquiring other businesses including our ability to effectively integrate the operations and technologies of the acquired businesses, including Caravan Health;
- risks associated with an increase in our indebtedness or interest rates; and
- the other risk factors described under Part II, Item 1A. Risk Factors and in Part I, Item 1A. Risk Factors of our 2021 Annual Report on Form 10-K.

All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. In addition, all forward-looking statements speak only as of the

date of this Quarterly Report on Form 10-Q. We undertake no obligations to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise other than as required under the federal securities laws.

Overview

The following discussion of our financial condition and results of operations should be read in conjunction with the Condensed Consolidated Financial Statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs and that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021 and Note Regarding Forward-Looking Statements included in this Quarterly Report on Form 10-Q.

The following discussion contains references to periods prior to the Reorganization Transactions that Signify Health, Inc. (referred to herein as "we", "our", "us", "Signify Health" or the "Company") and Cure TopCo, LLC ("Cure TopCo") entered into in connection with its initial public offering (the "Reorganization Transactions"), which were effective February 12, 2021. Any information related to periods prior to the Reorganization Transactions refer to Cure TopCo and its consolidated subsidiaries and any information related to periods subsequent to the Reorganization Transactions refer to Signify Health and its consolidated subsidiaries, including Cure TopCo.

Signify Health is a leading healthcare platform that leverages advanced analytics, proprietary technology and datasets, and nationwide healthcare provider networks to create and power value-based payment programs. Our mission is to build trusted relationships to make people healthier. Our customers include health plans, governments, employers, health systems and physician groups. We believe that we are a market leader in two fast-growing segments of the value-based healthcare payment industry: (1) in-home health evaluations ("IHEs") and (2) total cost of care enablement services. IHEs are health evaluations performed by a clinician in the home to support payors' participation in Medicare Advantage and other government-run managed care plans. Our mobile network of providers completed evaluations for over 1.9 million individuals participating in Medicare Advantage and other managed care plans in 2021. Total cost of care enablement services include multiple services around the management of total cost of care payment models, such as Accountable Care Organizations ("ACOs"), where our clients take responsibility for the cost of a patient's healthcare over the course of a year. These services include, but are not limited to, population health software, analytics, practice improvement, compliance, marketing, governance, surveys and licensing. The overall objective of the services provided is to help the customer receive shared savings. We believe that these core businesses have enabled us to become integral to how health plans and healthcare providers successfully participate in value-based payment programs, and that our platform lessens the dependence on facility-centric care for acute and post-acute services and shifts more services towards alternate sites and, most importantly, the home.

On March 1, 2022, we acquired Caravan Health, Inc. ("Caravan Health"). The combination creates one of the largest national networks of providers engaged in value-based payment models providing a broader range of value-based and shared savings models from advanced primary care to specialty care bundles to total cost of care programs. We believe the acquisition of Caravan Health will also position us to better to serve community hospitals, physician practices and clinics.

On July 7, 2022, we announced our plans to exit our Episodes of Care Services business. Our Caravan Health business will not be impacted. See —"Recent Developments in 2022 and Factors Affecting Our Results of Operations" below.

Our solutions support value-based payment programs by aligning financial incentives around outcomes, providing tools to health plans and healthcare organizations designed to assess and manage risk and identify actionable opportunities for improved patient outcomes, coordination and cost-savings. Through our platform, we coordinate what we believe is a holistic suite of clinical, social, and behavioral services to address an individual's healthcare needs and prevent adverse events that drive excess cost. Our business model is aligned with our customers, as we generate revenue only when we successfully engage members for our health plan customers and generate savings for our provider customers.

Recent Developments in 2022 and Factors Affecting Our Results of Operations

Below is a summary of recent developments and factors that impact results of operations, including comparability to historical results of operations. As a result of a number of factors, our historical results of operations may not be comparable to our results of operations in future periods, and our results of operations may not be directly comparable from period to period. For a complete list of factors affecting our results of operations, refer to our 2021 Annual Report on Form 10-K.

Episodes of Care Services Restructuring

On July 7, 2022, the Board of Directors approved a restructuring plan to wind down our Episodes of Care Services segment. The Caravan Health business will not be impacted. This decision was made in light of recent retrospective trend calculations released by the Center for Medicare & Medicaid Innovation that lowered target prices for episodes in the BPCI-A program, and which we believe have made the program unsustainable. We currently expect to incur restructuring charges in the range of $25-$35 million primarily comprising severance and related employee costs to be recorded primarily in the second half of 2022. We may also incur additional restructuring costs comprising contract termination and facility closure costs, the amount and timing of which cannot be estimated at this time. We expect the majority of the restructuring plan and the cash expenditures associated with these actions to be completed in 2022.

There are approximately $85 million of annualized direct Episodes of Care Services costs which will be eliminated. In addition, there are approximately $60 million of annualized shared costs currently allocated to the Episodes of Care Services segment, of which we expect to eliminate approximately $30-$35 million in annualized costs by the end of 2022 as we wind down the episodes business.

BPCI-A Reconciliation

During the second quarter of 2022, we received a semiannual BPCI-A reconciliation from CMS. Within that reconciliation, CMS applied a negative retrospective price adjustment to the benchmark prices against which savings are measured for specific episodes under the BPCI-A program. Several BPCI-A participants, including us, disputed the price adjustment. Our dispute is based on price trend data independently collected that indicates a positive price adjustment should be applied and corresponds with inflation in the medical services industry. CMS subsequently recommended participants provide formal evidence of the pricing errors. We responded to the request in July 2022, and upon receipt of our submission, CMS deemed the relevant reconciliation period to remain open. As a result of the open reconciliation period and our view that the information presented in the reconciliation was not accurate, we did not change our current revenue estimates and do not plan to update them until there is further resolution or clarity of this matter. As of June 30, 2022, we recorded $48.9 million, $24.8 million and $8.9 million in revenue related to performance periods beginning in April 2021, October 2021 and April 2022, respectively, that may be impacted in the event a negative price adjustment prevails. Changes in management's estimates of prior period performance could result in the reversal of revenue and a further loss may be recorded. CMS has indicated it will respond to error notices prior to the fourth quarter of 2022.

The determination that the semiannual reconciliation is not deemed final has delayed the recognition of accounts receivable for our Episodes of Care Services segment as of June 30, 2022. Estimated revenue amounts related to this reconciliation period continue to be included in contract assets on our Condensed Consolidated Balance Sheets. Historically, we received a final reconciliation in the second quarter of each year, thereby reducing the associated contract assets and recording accounts receivable for the amounts to be collected. Accordingly, the cash collections from the delayed reconciliation will also deviate from historical cash collection seasonality trends. We expect the related cash receipts, which we historically have received in the quarter following receipt of the semiannual BPCI-A reconciliations, will be delayed until CMS responds to our dispute.

The results of this initial reconciliation received in the second quarter of 2022 and the subsequent decision to exit the episodes of care business were determined to be an impairment triggering event for both long-lived intangible assets, including capitalized software, and goodwill. As such, we performed an asset recoverability test on the associated long-lived intangible assets and concluded the recoverability test failed and the estimated fair value was de minimis, resulting in a $66.7 million impairment of customer relationships and $26.5 million impairment of acquired and capitalized software for the three and six months ended June 30, 2022. Additionally, we completed an assessment of the goodwill of the Episodes of Care Services reporting unit and determined the carrying value exceeded the estimated fair value, resulting in a $426.7 million goodwill impairment during the three and six months ended June 30, 2022.

Caravan Health Acquisition

On March 1, 2022, we completed the acquisition of Caravan Health for an initial purchase price of approximately $250.0 million, subject to certain customary adjustments, and included $190.0 million in cash and $60.0 million in our Class A common stock, comprised of 4,726,134 shares at $12.5993 per share, which represented the volume-weighted average price per share of our common stock for the five trading days ending three business days prior to March 1, 2022. In connection and concurrently with entry into the Merger Agreement, we entered into support agreements with certain shareholders of Caravan Health, pursuant to which such shareholders agreed that, other than according to the terms of their respective support agreement, they will not, subject to certain limited exceptions, transfer, sell or otherwise dispose of any Signify shares for a period of up to five years following closing of the merger. In addition to the initial purchase price, the transaction included contingent additional payments of up to $50.0 million based on certain future performance criteria of Caravan Health, which if conditions

are met, may be paid in the second half of 2023. The fair value of the contingent consideration as of the acquisition date was estimated to be approximately $30.5 million, and was approximately $35.4 million as of June 30, 2022.

As part of the Caravan Health acquisition, we assigned preliminary values to the assets acquired and the liabilities assumed based upon their fair values at the acquisition date. We acquired $93.9 million of intangible assets, consisting primarily of customer relationships of $69.8 million (10-year useful life), acquired technology of $23.4 million (5-year useful life) and a tradename of $0.7 million (3-year useful life), which we also expect will increase our amortization expense in future periods. As a result of the Caravan Health acquisition, we also recorded $199.3 million in goodwill, which represented the amount by which the purchase price exceeded the fair value of the net assets acquired.

Pro forma results of operations related to this acquisition have not been presented as the acquisition did not meet the prescribed significance tests set forth in Regulation S-X requiring such disclosure. The financial results of Caravan Health have been included in our Condensed Consolidated Financial Statements since the date of the acquisition. Due to the above factors, and in particular the increase in amortization expense, our results of operations for periods subsequent to the acquisition are not directly comparable to our results of operations for the periods prior to the acquisition date.

IHE volume

During the three and six months ended June 30 2022, we completed and sent to customers approximately 0.62 million and 1.19 million IHEs, including vIHEs, respectively, compared to 0.49 million and 0.96 million IHEs in the three and six months ended June 30, 2021, respectively.

COVID-19 Update

Our operations in our Home & Community Services segment were significantly affected by the COVID-19 pandemic early in 2020. However, as the COVID-19 pandemic has evolved, we have been able to pivot and flex the volume of virtual IHEs ("vIHEs") when necessary, in particular when there are spikes in COVID-19 case rates as new variants emerge. For example, in the second quarter of 2022, the proportion of IHEs conducted as vIHEs increased as compared to the second quarter of 2021, primarily as a result of spikes in COVID-19 cases due to the emergence of new variants. Because we are able to pivot to vIHEs as needed, we have not experienced a material impact to our results of operation due to the ongoing pandemic since the second quarter of 2020.

Our Episodes of Care Services segment has experienced a more prolonged and significant negative impact related to the pandemic. At certain times during the pandemic, governmental authorities recommended, and in certain cases required, that elective, specialty and other procedures and appointments, including certain acute and post-acute care services, be suspended or canceled to avoid non-essential patient exposure to medical environments and potential infection with the COVID-19 virus. In the third quarter of 2020, CMS announced that all episodes with a COVID-19 diagnosis irrespective of the impact on the outcome of the episode, would be excluded from reconciliation, and this exclusion was extended into 2022, resulting in a negative impact to our program size. Further, beginning with the reconciliation results received from CMS during the second quarter of 2021, we saw a negative impact on our savings rate, primarily related to the under-diagnosis of co-morbidities and the use of higher cost next site of care facilities, both of which drove costs higher and, in turn, lowered our savings rates. Due to the nature of the BPCI-A program, there is a significant lag between when the episodes are initiated and when CMS reconciles those services and we recognize revenue over a 13-month period encompassing both of those points in time. The specific impact of the lower volumes on our program size and revenues has resulted in a decline in weighted average program size and savings rates since the COVID-19 pandemic began. Because our administrative fee is calculated as a percentage of program size and we receive a portion of the savings achieved in management of

an episode, the decrease in episodes and related reduction in overall program size have had, and we expect will continue to have, a negative effect on our revenue.

Due to the passage of time between when we perform our services and the confirmation of results and subsequent cash settlement by CMS, COVID-19 and the aforementioned negative impacts have also negatively impacted our semiannual cash flows related to the BPCI-A program.

We continue to monitor trends related to COVID-19, including the ongoing dynamic created by new variants, changes in CDC recommendations and their impact on results of operations and financial condition on both of our operating segments.

Equity-based compensation expense

On March 1, 2022, our Board of Directors approved amendments to certain outstanding equity award agreements, subject to performance-based vesting criteria. The equity awards were amended with an effective date of March 7, 2022, and included 3,572,469 outstanding LLC Incentive Units and 817,081 outstanding stock options. The amendments added an alternative two-year service-vesting condition to the performance-vesting criteria, which, through the effective date of the amendment, were considered not probable of occurring and, therefore, we had not previously recorded any expense related to these awards. The amended equity awards will now vest based on the satisfaction of the earlier to occur of 1) a two year service condition, with 50% vesting in each of March 2023 and March 2024 or 2) the achievement of the original performance vesting criteria. As a result of this amendment, which results in vesting that is considered probable of occurring, we began to record equity-based compensation expense for these amended equity awards in March 2022. The equity-based compensation expense related to these amended awards is based on the fair value as of the effective date of the amended equity awards and will be recorded over the two year service period.

The total fair value on March 7, 2022, the amendment effective date, based on a Black-Scholes value of $8.49, was $6.9 million for the March 2022 amended stock options as described above, of which we recorded $1.1 million during the six months ended June 30, 2022. As a result of these amendments, there are no longer any stock options outstanding that are subject only to performance-based vesting conditions that are not probable of occurring.

The total fair value on the amendment date for the March 2022 amended LLC Incentive Units was based on the closing stock price on the amendment date of $14.19, resulting in total fair value of $50.7 million, of which we recorded $8.0 million in equity-based compensation expense during the six months ended June 30, 2022. Subsequent to these amendments, as of June 30, 2022, there are 1,700,259 LLC Incentive Units that remain outstanding that are subject only to performance-based vesting conditions that are not probable of occurring.

Additionally, in March 2022, our Board of Directors and the Compensation Committee approved an annual long-term incentive plan equity grant (the “2022 Annual LTIP Equity Grant”) to certain employees. A total of 2,677,979 restricted stock units and 4,059,520 stock options with an exercise price of $14.19 were granted as part of this 2022 Annual LTIP Equity Grant. All awards granted as part of the 2022 Annual LTIP Equity Grant vest equally over four years. Total grant date fair value related to the 2022 Annual LTIP Equity Grant was $68.8 million and will be recorded as equity-based compensation expense over the four year service period beginning in March 2022.

As a result of the March 2022 amendments to equity awards with performance-based vesting criteria and the 2022 Annual LTIP Equity Grant, our total equity-based compensation expense is expected to be significantly higher in 2022 and beyond as compared to historical periods.

Adoption of new accounting pronouncement - Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (ASC 842)* which requires lessees to recognize leases on the balance sheet by recording a right-of-use asset and lease liability. We adopted this new guidance as of January 1, 2022 and applied the transition option, whereby prior comparative periods will not be retrospectively presented in the consolidated financial statements. We elected the package of practical expedients not to reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs and the lessee practical expedient to combine lease and non-lease components for all asset classes. We made a policy election to not recognize right-of-use assets and lease liabilities for short-term leases for all asset classes. *See* Note 8 *Leases* to our Condensed Consolidated Financial Statements covered under Part I, Item 1 of this Quarterly Report on Form 10-Q for further details.

Upon adoption on January 1, 2022, we recognized right-of-use assets and lease liabilities for operating leases of $23.0 million and $35.6 million, respectively. The difference between the right-of-use asset and lease liability primarily represents the net book value of deferred rent and tenant improvement allowances recognized as of December 31, 2021, which was adjusted against the right-of-use asset upon adoption.

Non-controlling interest

The non-controlling interest ownership percentage changes as new shares of Class A common stock are issued and LLC units are exchanged for our Class A common stock. During the six months ended June 30, 2022, the change in the non-controlling interest percentage was primarily driven by the shares issued in connection with the Caravan Health acquisition. As of June 30, 2022, we held approximately 75.4% of Cure TopCo's outstanding LLC Units and the remaining LLC Units of Cure TopCo are held by the Continuing Pre-IPO LLC Members.

Components of our results of operations

Components of results of operations including revenue, operating expenses and other expense, net are described in our 2021 Annual Report on Form 10-K. Below is an update to the components of results of operations.

Revenue

We have entered into EAR agreements and a separate letter agreement (the "EAR Letter Agreement") with one of our customers in our Home & Community Services segment. Revenue generated under the underlying customer contracts includes an estimated reduction in the transaction price for IHEs associated with the initial grant date fair value of the outstanding customer EAR agreements and EAR Letter Agreement. The total grant date fair value of the outstanding EAR agreements was $51.8 million and is being recorded against revenue over their respective performance periods, both of which end in December 2022. The grant date fair value of the EAR Letter Agreement was estimated to be $76.2 million and will be recorded as a reduction of revenue through June 30, 2026, coinciding with the service period as follows: $6.3 million in 2022, $20.0 million in 2023, $20.0 million in 2024, $19.9 million in 2025 and $10.0 million in 2026. See "—Liquidity and capital resources—Customer Equity Appreciation Rights Agreements."

Caravan Health enters into contracts with customers to provide multiple services around the management of the ACO model. These include, among others, population health software, analytics, practice improvement, compliance, marketing, governance, surveys and licensing. The overall objective of the services provided is to help the customer receive shared savings from CMS. Caravan Health enters into arrangements with customers wherein we receive a contracted percentage of each customer's portion of shared savings if earned. We recognize shared savings revenue as performance obligations are satisfied over time, commensurate with the recurring ACO services provided to the customer over a 12-month calendar year period. The shared savings transaction price is variable, and therefore, we estimate an amount we expect to receive for each 12-month calendar year performance obligation period.

In order to estimate this variable consideration, management initially uses estimates of historical performance of the ACOs. We consider inputs such as attributed patients, expenditures, benchmarks and inflation factors. We adjust our estimates at the end of each reporting period to the extent new information indicates a change is warranted. We apply a constraint to the variable consideration estimate in circumstances where we believe the data received is incomplete or inconsistent, so as not to have the estimates result in a significant revenue reversal in future periods. Although our estimates are based on the information available to us at each reporting date, new and material information may cause actual revenue earned to differ from the estimates recorded each period. These include, among others, Hierarchical Conditional Category ("HCC") coding information, quarterly reports from CMS, unexpected changes in attributed patients and other limitations of the program beyond our control. We receive final reconciliations from CMS and collect the cash related to shared savings earned annually in the third or fourth quarter of each year for the preceding calendar year.

The remaining sources of Caravan Health revenue in our Episodes of Care Services segment are recognized over time when, or as, the performance obligations are satisfied and are primarily based on a fixed fee or per member per month fee. Therefore, they do not require significant estimates and assumptions by management.
See "—Critical accounting policies—Revenue recognition."

Results of operations for the three months ended June 30, 2022 and 2021

The following is a discussion of our consolidated results of operations for the three months ended June 30, 2022 and 2021. A discussion of the results by each of our two operating segments, Home & Community Services and Episodes of Care Services, follows the discussion of our consolidated results.

The following table summarizes our results of operations for the periods presented:

	Three months ended June 30,		% Change
	2022	2021	2022 v 2021
	(in millions)		
Revenue	$ 246.2	$ 212.8	15.7 %
Operating expenses:			
Service expense	127.7	104.1	22.6 %
Selling, general and administrative expense	84.4	64.9	30.0 %
Transaction-related expense	1.7	1.0	61.1 %
Asset impairment	519.9	—	NM
Depreciation and amortization	20.1	17.3	16.8 %
Total operating expenses	753.8	187.3	302.5 %
(Loss) income from operations	(507.6)	25.5	NM
Interest expense	4.6	6.5	(30.8)%
Loss on extinguishment of debt	—	5.0	NM
Other expense (income)	(27.4)	14.3	(291.3)%
Other expense, net	(22.8)	25.8	(188.3)%
Loss before income taxes	(484.8)	(0.3)	NM
Income tax expense (benefit)	5.2	(0.2)	NM
Net loss	(490.0)	(0.1)	NM
Net loss attributable to non-controlling interest	(119.5)	(0.1)	NM
Net loss attributable to Signify Health, Inc.	**$ (370.5)**	**$ —**	NM

Revenue

Our total revenue was $246.2 million for the three months ended June 30, 2022, representing an increase of $33.4 million, or 15.7%, from $212.8 million for the three months ended June 30, 2021. This increase was primarily driven by a $32.2 million increase in revenue from our Home & Community Services segment as well as a $1.2 million increase in revenue from our Episodes of Care Services segment. See "—Segment results" below.

Operating expenses

Our total operating expenses were $753.8 million for the three months ended June 30, 2022, representing an increase of $566.5 million, or 302.5%, from $187.3 million for the three months ended June 30, 2021. This increase was driven by the following:

- *Service expense* - Our total service expense was $127.7 million for the three months ended June 30, 2022, representing an increase of $23.6 million, or 22.6%, from $104.1 million for the three months ended June 30, 2021. This increase was primarily driven by expenses related to our network of providers, which increased by $10.3 million, driven by the overall higher IHE volume, partially offset by a higher mix of vIHEs compared to in-person IHEs, which have a higher cost per evaluation. Compensation-related expenses increased by $8.0 million primarily driven by additional headcount including the incremental employees retained as part of the Caravan Health acquisition and higher benefits expense. Equity-based compensation expense increased by $0.7 million primarily due to additional equity grants and the

amendment of awards with performance-based vesting to time-based vesting. Additionally, the following variable expenses increased during the three months ended June 30, 2022, primarily driven by overall higher IHE volume: $1.7 million in member outreach and other related expenses; $1.7 million in other variable costs; $0.8 million in the costs of providing other diagnostic and preventive services, including certain laboratory and testing fees; and $0.6 million in travel and entertainment. The impact of COVID-19 was less in 2022, resulting in a decrease of approximately $0.2 million in pandemic-related expenses during the first quarter of 2022 as compared to the first quarter of 2021, including lower costs related to COVID-19 tests for our providers and lower costs for personal protective equipment used by our providers while conducting IHEs.

- *Selling, general and administrative ("SG&A") expense* - Our total SG&A expense was $84.4 million for the three months ended June 30, 2022, representing an increase of $19.5 million, or 30.0%, from $64.9 million for the three months ended June 30, 2021. This increase was primarily driven by equity-based compensation expense, which was higher by $10.9 million primarily due to additional equity grants and the amendment of awards with performance-based vesting to time-based vesting. Compensation-related expenses increased by $5.0 million due to additional headcount to support the overall growth in our business including the incremental employees retained as part of the Caravan Health acquisition and higher benefits costs. The remeasurement of contingent consideration increased $2.8 million in 2022 related to the potential earn out for Caravan Health, Other costs also increased, comprising $1.1 million in information technology-related expenses, including infrastructure and software costs, an increase of $1.1 million in employee travel and entertainment expenses as COVID-19 imposed travel restrictions eased, and $0.4 million in facilities-related expense. These increases were partially offset by a decrease of $1.2 million in other variable costs and $0.6 million in professional fees.

- *Transaction-related expenses* - Our total transaction-related expenses were $1.7 million for the three months ended June 30, 2022, representing a decrease of $0.7 million, or 61.1%, from $1.0 million for the three months ended June 30, 2021. In 2022, the transaction-related expenses primarily included certain integration-related expenses, including compensation expenses and consulting and other professional services expenses, following the Caravan Health acquisition. In 2021, the transaction-related expenses consisted primarily of consulting and other professional services expenses, incurred in connection with our IPO and general corporate development activities, including potential acquisitions that did not proceed.

- *Asset impairment* - Our total asset impairment was $519.9 million for the three months ended June 30, 2022. We did not record an asset impairment for the three months ended June 30, 2021. The asset impairment loss in 2022 was related to our decision to wind down our Episodes of Care Services segment as the carrying value of assets exceeded the estimated fair value as of June 30, 2022. The asset impairment loss includes a goodwill impairment of $426.7 million, a $66.7 million impairment of customer relationships and $26.5 million impairment of acquired and capitalized software.

- *Depreciation and amortization* - Our total depreciation and amortization expense was $20.1 million for the three months ended June 30, 2022, representing an increase of $2.8 million, or 16.8%, from $17.3 million for the three months ended June 30, 2021. This increase in depreciation and amortization expense was primarily driven by a net increase in amortization expense of $2.7 million, primarily due to additional capital expenditures related to internally-developed software over the past year and the $93.9 million in intangible assets acquired in connection with the Caravan Health acquisition in March 2022, partially offset by certain intangible assets becoming fully amortized in 2021. Additionally, there was an increase in depreciation expense of $0.2 million, primarily driven by additional capital expenditures over the past year.

Other expense, net

Other expense, net was $22.8 million expense for the three months ended June 30, 2022, representing a decrease of $48.6 million from $25.8 million in income for the three months ended June 30, 2021. This decrease was primarily driven by the remeasurement of the fair value of the outstanding customer EAR liabilities, which resulted in an unrealized gain of $26.9 million for the three months ended June 30, 2022, representing a decrease of $41.4 million from expense of $14.5 million for the three months ended June 30, 2021. In 2021, we recorded a loss on extinguishment of debt of $5.0 million in connection with the June 2021 refinancing of our credit agreement. Interest expense also decreased by $1.9 million primarily driven by the lower outstanding principal balance following our June 2021 refinancing of the 2021 Credit Agreement partially offset by higher interest rates.

Income tax expense (benefit)

Income tax expense was $5.2 million for the three months ended June 30, 2022, representing an increase of $5.4 million from $0.2 million income tax benefit for the three months ended June 30, 2021. The effective tax rate for the three months ended June 30, 2022 was (1.1)% compared to 52.7% for the three months ended June 30, 2021. The effective tax rate in 2022 is lower than the statutory federal and state income tax rate of approximately 25% primarily due to nondeductible goodwill impairment, impact of non-controlling interest, and change in valuation allowance.

Segment results

We evaluate the performance of each of our two operating segments based on segment revenue and segment adjusted EBITDA. Service expense for each segment is based on direct expenses associated with the revenue generating activities of each segment. We allocate SG&A expenses to each segment primarily based on the relative proportion of direct employees.

The following table summarizes our segment revenue, segment adjusted EBITDA and the percentage of total consolidated revenue and consolidated adjusted EBITDA, respectively, for the periods presented:

	Three months ended June 30,				% Change
	2022	% of Total	2021	% of Total	2022 v 2021
	(in millions)				
Revenue					
Home & Community Services					
Evaluations	$ 207.0	84.1 %	$ 173.2	81.4 %	19.5 %
Other	0.6	0.2 %	2.2	1.0 %	(73.7)%
Total Home & Community Services revenue	207.6	84.3 %	175.4	82.4 %	18.3 %
Episodes of Care Services					
Episodes	19.8	8.0 %	35.3	16.6 %	(43.9)%
Caravan Health	16.6	6.7 %	—	— %	100.0 %
Other	2.2	1.0 %	2.1	1.0 %	5.8 %
Total Episodes of Care Services revenue	38.6	15.7 %	37.4	17.6 %	3.2 %
Segment Adjusted EBITDA					
Home & Community Services	65.2	104.2 %	55.8	102.1 %	17.1 %
Episodes of Care Services	(2.6)	(4.2)%	(1.2)	(2.1)%	129.6 %

Home & Community Services revenue was $207.6 million for the three months ended June 30, 2022, representing an increase of $32.2 million, or 18.3%, from $175.4 million for the three months ended June 30, 2021. This increase was primarily driven by Evaluations revenue, which increased by $33.8 million. The higher Evaluations revenue was driven by increased IHE volume partially offset by a higher proportion of IHEs conducted as vIHEs, which are performed at a lower price per evaluation compared to in-person IHEs. There were more vIHEs performed in the early part of the second quarter of 2022 as a result of regional spikes in COVID-19 cases due to the emergence of new variants. Evaluations revenue included a reduction associated with the grant date fair value of the outstanding customer EARs and EAR Letter Agreement of $6.5 million and $4.9 million during the three months ended June 30, 2022 and 2021, respectively. Other revenue decreased by $1.6 million, primarily due to a decrease in revenue from our biopharmaceutical services which we exited and standalone sales of our social determinants of health product.

Episodes of Care Services revenue was $38.6 million for the three months ended June 30, 2022, representing an increase of $1.2 million, or 3.2%, from $37.4 million for the three months ended June 30, 2021. This increase was primarily driven by the Caravan Health acquisition, which contributed $16.6 million in revenue for the three months ended June 30, 2022. This increase was partially offset by a decrease of $15.5 million in Episodes revenue due to the adverse effects of COVID-19 on program size and savings rate, including lower healthcare utilization, the exclusion of episodes of care with a COVID-19 diagnosis and the impact of the patient case mix adjustment and inpatient rehabilitation center utilization on savings rate. Other revenue increased $0.1 million in 2022 primarily driven by higher membership in our complex care management services product offering.

Home & Community Services Adjusted EBITDA was $65.2 million for the three months ended June 30, 2022, representing an increase of $9.4 million, or 17.1%, from $55.8 million for the three months ended June 30, 2021. This increase was primarily driven by the increase in revenue described above partially offset by higher

operating expenses as a result of the variable costs associated with increased volume and the investments to support our growth and technology.

Episodes of Care Services Adjusted EBITDA was a loss of $2.6 million for the three months ended June 30, 2022, representing a decrease of $1.4 million, or 129.6%, from a loss of $1.2 million for the three months ended June 30, 2021. This increase in the loss was primarily driven by the lower Episodes revenue described above partially offset by the contribution from the Caravan Health acquisition.

Results of operations for the six months ended June 30, 2022 and 2021

The following is a discussion of our consolidated results of operations for the six months ended June 30, 2022 and 2021. A discussion of the results by each of our two operating segments, Home & Community Services and Episodes of Care Services, follows the discussion of our consolidated results.

The following table summarizes our results of operations for the periods presented:

	Six months ended June 30,		% Change
	2022	2021	2022 v 2021
	(in millions)		
Revenue	462.7	392.8	17.8 %
Operating expenses:			
Service expense	242.2	202.6	19.5 %
Selling, general and administrative expense	154.7	122.2	26.7 %
Transaction-related expense	4.9	6.6	(26.8)%
Asset impairment	519.9	—	NM
Depreciation and amortization	38.1	34.0	12.2 %
Total operating expenses	959.8	365.4	162.7 %
(Loss) income from operations	(497.1)	27.4	NM
Interest expense	8.6	13.3	(35.9)%
Loss on extinguishment of debt	—	5.0	NM
Other expense (income)	1.4	71.0	(98.0)%
Other expense, net	10.0	89.3	(88.8)%
Loss before income taxes	(507.1)	(61.9)	NM
Income tax benefit	(0.8)	(10.1)	(91.6)%
Net loss	**$ (506.3)**	**$ (51.8)**	NM
Net loss attributable to pre-Reorganization period	—	(17.2)	NM
Net loss attributable to non-controlling interest	(124.9)	(11.4)	NM
Net loss attributable to Signify Health, Inc.	**$ (381.4)**	**$ (23.2)**	NM

Revenue

Our total revenue was $462.7 million for the six months ended June 30, 2022, representing an increase of $69.9 million, or 17.8%, from $392.8 million for the six months ended June 30, 2021. This increase was primarily driven by a $66.7 million increase in revenue from our Home & Community Services segment as well as a $3.2 million increase in revenue from our Episodes of Care Services segment. See "—Segment results" below.

Operating expenses

Our total operating expenses were $959.8 million for the six months ended June 30, 2022, representing an increase of $594.4 million, or 162.7%, from $365.4 million for the six months ended June 30, 2021. This increase was driven by the following:

- *Service expense* - Our total service expense was $242.2 million for the six months ended June 30, 2022, representing an increase of $39.6 million, or 19.5%, from $202.6 million for the six months ended June 30, 2021. This increase was primarily driven by expenses related to our network of providers, which increased by $19.7 million as compared to the six months ended June 30, 2021, driven by the overall higher IHE volume as well as a higher mix of in-person IHEs compared to vIHEs, which have a lower cost per evaluation. Compensation-related expenses increased by $14.7 million primarily driven by additional headcount including the incremental employees retained as part of the Caravan Health acquisition and higher benefits expense. Equity-based compensation increased $0.4 million primarily due to additional equity grants and the amendment of awards with performance-based vesting to time-based vesting. Additionally, the following expenses increased during the six months ended June 30, 2022, primarily driven by the overall higher IHE volume: $2.3 million in other variable costs; $1.6 million in the costs of providing other diagnostic and preventive services, including certain laboratory and testing fees; $1.2 million in member outreach services and other related expenses, and $1.0 million in travel related costs. The impact of COVID-19 was less in 2022, resulting in a decrease of approximately $1.3 million in pandemic-related expenses during 2022 as compared to 2021, including lower costs related to COVID-19 tests for our providers and lower costs for personal protective equipment used by our providers while conducting IHEs.

- *Selling, general and administrative ("SG&A") expense* - Our total SG&A expense was $154.7 million for the six months ended June 30, 2022, representing an increase of $32.5 million, or 26.7%, from $122.2 million for the six months ended June 30, 2021. This increase was primarily driven by equity-based compensation which increased $13.9 million primarily due to additional equity grants and the amendment of awards with performance-based vesting to time-based vesting. Compensation-related expenses increased by $9.2 million due to additional headcount to support the overall growth in our business including the incremental employees retained as part of the Caravan Health acquisition and higher benefits costs. Other costs also increased, including an increase of $2.8 million in information technology-related expenses, including infrastructure and software costs, an increase of $2.2 million in employee travel and entertainment expenses as COVID-19 imposed travel restrictions eased, an increase of $2.0 million in other variable costs and an increase of $0.4 million in facilities related expenses. The remeasurement of contingent consideration increased $2.8 million in 2022 related to the potential earnout for Caravan Health. These increases were partially offset by a decrease of $0.8 million in professional services fees.

- *Transaction-related expenses* - Our total transaction-related expenses were $4.9 million for the six months ended June 30, 2022, representing a decrease of $1.7 million, or 26.8%, from $6.6 million for the six months ended June 30, 2021. In 2022, the transaction-related expenses consisted primarily of consulting and other professional services incurred in connection with general corporate development activities, including the Caravan Health acquisition. In addition, transaction-related expenses in 2022 included certain

integration-related expenses, including compensation expenses and consulting and other professional services expenses, following the Caravan Health acquisition. In 2021, the transaction-related expenses consisted primarily of consulting and other professional services, as well as compensation expenses, incurred in connection with our IPO and general corporate development activities, including potential acquisitions that did not proceed.

- *Asset impairment* - Our total asset impairment was $519.9 million for the six months ended June 30, 2022. We did not record an asset impairment for the six months ended June 30, 2021. The asset impairment loss in 2022 was related to our Episodes of Care Services segment as the carrying value of the assets exceeded the estimated fair value as of June 30, 2022. The asset impairment loss included a goodwill impairment of $426.7 million, a $66.7 million impairment of customer relationships and $26.5 million impairment of acquired and capitalized software.

- *Depreciation and amortization* - Our total depreciation and amortization expense was $38.1 million for the six months ended June 30, 2022, representing an increase of $4.1 million, or 12.2%, from $34.0 million for the six months ended June 30, 2021. This increase in depreciation and amortization expense was primarily driven by a net increase in amortization expense of $3.8 million, primarily due to additional capital expenditures related to internally-developed software over the past year and the $93.9 million in intangible assets acquired in connection with the Caravan Health acquisition in March 2022, partially offset by certain intangible assets becoming fully amortized in 2021. Additionally, there was an increase in depreciation expense of $0.3 million, primarily driven by additional capital expenditures over the past year.

Other expense, net

Other expense, net was $10.0 million for the six months ended June 30, 2022, representing a decrease of $79.3 million from $89.3 million for the six months ended June 30, 2021. This decrease was primarily driven by the remeasurement of the fair value of the outstanding customer EAR liabilities, which resulted in expense of $2.0 million for six months ended June 30, 2022, representing a decrease of $69.3 million from expense of $71.3 million for the six months ended June 30, 2021. In 2021, we recorded a loss on extinguishment of debt of $5.0 million in connection with the June 2021 refinancing of the 2021 Credit Agreement. Interest expense also decreased by $4.7 million primarily driven by the lower outstanding principal balance following our June 2021 refinancing of the 2021 Credit Agreement partially offset by higher interest rates. These decreases were partially offset by $0.3 million increase in interest income earned on higher excess cash balances and rising interest rates during the three months ended June 30, 2022 .

Income tax expense (benefit)

Income tax benefit was $(0.8) million for the six months ended June 30, 2022, representing a decrease of $9.2 million from an income tax benefit of $(10.1) million for the six months ended June 30, 2021. The effective tax rate for the six months ended June 30, 2022 was 0.2% compared to 16.3% for the six months ended June 30, 2021. The effective tax rate in 2022 is lower than the statutory federal and state income tax rate of approximately 25% primarily due to nondeductible goodwill impairment, impact of non-controlling interest, and change in valuation allowance.

Segment results

We evaluate the performance of each of our two operating segments based on segment revenue and segment adjusted EBITDA. Service expense for each segment is based on direct expenses associated with the revenue generating activities of each segment. We allocate SG&A expenses to each segment primarily based on the relative proportion of direct employees.

The following table summarizes our segment revenue, segment adjusted EBITDA and the percentage of total consolidated revenue and consolidated adjusted EBITDA, respectively, for the periods presented:

	Six months ended June 30,				% Change
	2022	% of Total	2021	% of Total	2022 v 2021
	(in millions)				
Revenue					
Home & Community Services					
Evaluations	$ 393.2	85.0 %	$ 323.5	82.4 %	21.5 %
Other	1.3	0.3 %	4.3	1.1 %	(70.3)%
Total Home & Community Services revenue	394.5	85.3 %	327.8	83.5 %	20.3 %
Episodes of Care Services					
Episodes	43.9	9.5 %	60.7	15.4 %	(27.7)%
Caravan Health	19.8	4.3 %	—	— %	100.0 %
Other	4.5	1.0 %	4.3	1.1 %	3.9 %
Total Episodes of Care Services revenue	68.2	14.7 %	65.0	16.5 %	4.9 %
Segment Adjusted EBITDA					
Home & Community Services	121.1	112.6 %	96.9	108.8 %	25.0 %
Episodes of Care Services	(13.5)	(12.6)%	(7.9)	(8.8)%	NM

Home & Community Services revenue was $394.5 million for the six months ended June 30, 2022, representing an increase of $66.7 million, or 20.3%, from $327.8 million for the six months ended June 30, 2021. This increase was primarily driven by Evaluations revenue, which increased by $69.7 million. The higher Evaluations revenue was driven by increased IHE volume and a reduction in the proportion of IHEs conducted as vIHEs, which are performed at a lower price per evaluation compared to in-person IHEs. Evaluations revenue included a reduction associated with the grant date fair value of the outstanding customer EARs and EAR Letter Agreement of $13.0 million and $9.8 million during the six months ended June 30, 2022 and 2021, respectively. Other revenue decreased by $3.0 million, primarily due to a decrease in revenue from our biopharmaceutical services which we exited and standalone sales of our social determinants of health product.

Episodes of Care Services revenue was $68.2 million for the six months ended June 30, 2022, representing an increase of $3.2 million, or 4.9%, from $65.0 million for the six months ended June 30, 2021. This increase was primarily driven by the Caravan Health acquisition, which contributed $19.8 million in revenue for the six months ended June 30, 2022. This increase was partially offset by a decrease of $16.8 million in Episodes revenue due to the adverse effects of COVID-19 on program size and savings rate, including lower healthcare utilization, the exclusion of episodes of care with a COVID-19 diagnosis and the impact of the patient case mix adjustment and inpatient rehabilitation center utilization on savings rate. Other revenue increased $0.2 million in 2022 primarily driven by higher membership in our complex care management services product offering.

Home & Community Services Adjusted EBITDA was $121.1 million for the six months ended June 30, 2022, representing an increase of $24.2 million, or 25.0%, from $96.9 million for the six months ended June 30, 2021. This increase was primarily driven by the increase in revenue described above partially offset by higher operating expenses as a result of the variable costs associated with increased volume and the investments to support our growth and technology.

Episodes of Care Services Adjusted EBITDA was a loss of $13.5 million for the six months ended June 30, 2022, representing an increase in loss of $5.6 million, from a loss of $7.9 million for the six months ended June 30, 2021. This increase in the loss was primarily driven by the lower Episodes revenue described above partially offset by the contribution from the Caravan Health acquisition.

Liquidity and capital resources

Liquidity describes our ability to generate sufficient cash flows to meet the cash requirements of our business operations, including working capital needs to meet operating expenses, debt service, acquisitions when pursued and other commitments and contractual obligations. We consider liquidity in terms of cash flows from operations and their sufficiency to fund our operating and investing activities.

Our primary sources of liquidity are our existing cash and cash equivalents, cash provided by operating activities and borrowings under our 2021 Credit Agreement, including borrowing capacity under our Revolving Facility (as defined below). As of June 30, 2022, we had unrestricted cash and cash equivalents of $439.4 million. Our total indebtedness was $347.3 million as of June 30, 2022.

In June 2021, we entered into a credit agreement with a secured lender syndicate (the “2021 Credit Agreement”). The 2021 Credit Agreement includes a term loan of $350.0 million (the “2021 Term Loan”) and a revolving credit facility (the “Revolving Facility”) with a $185.0 million borrowing capacity. See Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operation —Liquidity and capital resources —Indebtedness” in our 2021 Annual Report on Form 10-K. As of June 30, 2022, we had available borrowing capacity under the Revolving Facility of $172.8 million, as the borrowing capacity is reduced by outstanding letters of credit of $12.2 million. In July 2022, S&P upgraded our corporate credit rating, which in accordance with the terms of the 2021 Credit Agreement, will reduce our applicable interest rate by 25 basis points, effective July 2022.

Our principal liquidity needs are working capital and general corporate expenses, debt service, capital expenditures, obligations under the Tax Receivable Agreement, income taxes, acquisitions and other investments to help achieve our growth strategy. In March 2022, we acquired Caravan Health, using approximately $189.6 million in cash, net of the cash acquired from Caravan Health. In addition, we issued approximately $60.0 million of our Class A common stock, comprised of 4,726,134 shares at $12.5993 per share, which represented the volume-weighted average price per share of our common stock for the five trading days ending three business days prior to March 1, 2022. Under the terms of the merger agreement, there could be a contingent payment made to the sellers of Caravan Health in 2023 of up to $50 million if certain milestones are achieved.

Our capital expenditures for property and equipment to support growth in the business were $3.8 million and $1.9 million for the six months ended June 30, 2022 and 2021, respectively.

On July 7, 2022, our Board of Directors approved a restructuring plan to wind down our Episodes of Care Services segment. See “Recent Developments in 2022 and Factors Affecting Our Results of Operations —Episodes of Care Services Restructuring.” We currently expect to incur restructuring charges in the range of $25 million to $35 million primarily comprising severance and related employee costs to be recorded primarily in the second half of 2022. We may also incur additional restructuring costs comprising contract termination and facility closure costs, the amount and timing of which cannot be estimated at this time. We expect the majority of the restructuring plan and the cash expenditures associated with these actions to be completed in 2022.

Our liquidity has historically fluctuated on a quarterly basis due to our agreements with CMS under the BPCI-A program and will be further impacted due to our planned exit of the BPCI-A program and wind down of our Episodes of Care Services business. See "—Recent Developments in 2022 and Factors Affecting Our Results of Operations —Episodes of Care Services Restructuring." Cash receipts generated under these contracts, which represents the majority of revenue in our Episodes of Care Services segment, are subject to a semiannual reconciliation cycle, which historically occurred in the second and fourth quarters of each year. Cash receipts under these contracts were typically received in the quarter subsequent to the receipt of the reconciliation, or during the first and third quarters of each year, which has and will continue to cause our liquidity position to fluctuate from quarter to quarter until our exit is complete when these will no longer be sources of cash. Due to our dispute of the pricing adjustment in the semiannual reconciliation received from CMS during the second quarter 2022, the cash we typically would have received in the third quarter 2022 will be delayed until CMS issues a resolution and final reconciliation. Further, if we are not successful in our dispute of the reconciliation results initially received in June 2022 from CMS, we expect our cash receipts for the remaining semi-annual reconciliation periods could be negatively impacted, which would negatively impact our liquidity. See "—Recent Developments in 2022 and Factors Affecting Our Results of Operations —BPCI-A Reconciliation".

In addition, Caravan Health's participation in the CMS MSSP ACO program will also result in fluctuations in liquidity from period to period, as this is a calendar year program, with annual shared savings reconciled and distributed approximately nine months after the calendar year program ends. For example, we would expect shared savings receipts in the third or fourth quarter of 2022 related to the 2021 ACO plan year.

Our Home & Community Services segment generally experiences seasonality patterns in IHE volume as described in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations —Factors affecting our results of operations" in our 2021 Annual Report on Form 10-K. We did experience a higher IHE volume during the second quarter of 2022 compared to the first quarter 2022 and expect a historical seasonality trend to continue to occur during 2022 with higher second half IHE volume, thus creating a seasonality effect on liquidity. Additionally, liquidity in our Home & Community Services segment was temporarily impacted by delayed collections during the first quarter of 2022 from certain clients where we are experiencing significant expansion. We experienced improved collections during the second quarter of 2022 compared to the first quarter of 2022 as we and our clients resolved some of the temporary delays, although we are still experiencing collection delays compared to the end of 2021.

In our Episodes of Care Services segment, the ongoing negative effects of the COVID-19 pandemic and CMS' response to the pandemic, have impacted the semiannual reconciliations we receive and the subsequent cash receipts since late 2020. We expect to receive lower cash payments from CMS for reconciliations received in 2022 as compared to the reconciliations received prior to the pandemic. See "—Recent Developments in 2022 and Factors Affecting our Results of Operations —COVID-19 Update." Additionally, in 2021, CMS announced a change to the period in which they will pay funds related to expirations. This change resulted in a delayed payment for one period, which had a temporary adverse impact on the cash received in the first quarter of 2022 following the receipt of our semiannual reconciliation during the fourth quarter of 2021. Further, as discussed in "—Recent Developments in 2022 and Factors Affecting our Results of Operations—BPCI-A Reconciliation" above, the semiannual reconciliation initially received in the second quarter of 2022 was not deemed final as we have disputed the pricing calculation. Accordingly, the cash receipts, which we historically would have received in the third quarter, will be delayed until CMS responds to our dispute and issues a final reconciliation.

In the first quarter of 2022, we announced we are developing a technology center in Galway, Ireland where we intend to employ software engineers and other employees to support our operations in the United States. This will be our first international expansion, which will require capital funding and expose us to currency risk.

We believe that our cash flow from operations, capacity under our Revolving Facility and available cash and cash equivalents on hand will be sufficient to meet our liquidity needs for at least the next 12 months. We anticipate that to the extent that we require additional liquidity, it will be funded through the incurrence of additional indebtedness, the issuance of additional equity, or a combination thereof. We cannot assure you that we will be able to obtain this additional liquidity on reasonable terms, or at all. Additionally, our liquidity and our ability to meet our obligations and fund our capital requirements are also dependent on our future financial performance, which is subject to general economic, financial and other factors that are beyond our control. See "—Item 1A. Risk factors." Accordingly, we cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available from additional indebtedness or otherwise to meet our liquidity needs. If we decide to pursue one or more significant acquisitions, we may incur additional debt or sell or issue additional equity to finance such acquisitions, which could possibly result in additional expenses or dilution.

Comparative cash flows

The following table sets forth our cash flows for the periods indicated:

	Six months ended June 30,	
	2022	**2021**
	(in millions)	
Net cash (used in) / provided by operating activities/	$ (35.5)	$ 66.0
Net cash used in investing activities	(208.0)	(13.9)
Net cash provided by financing activities	1.0	509.9
Net (decrease) / increase in cash, cash equivalents and restricted cash	**(242.5)**	**562.0**
Cash, cash equivalents and restricted cash - beginning of year	684.2	77.0
Cash, cash equivalents and restricted cash - end of period	**$ 441.7**	**$ 639.0**

Operating activities

Net cash used in operating activities was $35.5 million in 2022, a decrease of $101.5 million, compared to net cash provided by operating activities of $66.0 million in 2021.

Net loss was $506.3 million in 2022, as compared to a net loss of $51.8 million in 2021. The increase in net loss was primarily due to the impairment of goodwill and certain intangible assets related to our decision to wind down our Episodes of Care Services segment restructuring partially offset by revenue growth in our Home & Community Services segment. Non-cash items were $588.5 million in 2022 as compared to $115.2 million in 2021. The increase in non-cash net expense items included in net income was primarily driven by the impairment of goodwill and certain intangible assets related to our Episodes of Care Services segment restructuring offset by the remeasurement of customer equity appreciation rights driven by changes in relative value of our stock price in 2022 compared to 2021.

Changes in operating assets and liabilities resulted in a cash decrease of $117.7 million in 2022, as compared to a cash increase of $4.5 million in 2021. The change in operating assets and liabilities was primarily driven by a net decrease in accounts receivable of $0.9 million in 2022 compared to a net decrease in accounts receivable of $54.0 million in 2021. Accounts receivable for our Home & Community Services segment increased $62.3 million in 2022 compared to a $40.9 million increase in 2021. The increase in accounts receivable in 2022 was primarily driven by higher IHE volume in 2022 and the impact of temporarily delayed collections for certain Home &

Community Services customers during 2022. Collections improved in the second quarter of 2022 compared to the first quarter of 2022, yet are still experiencing collection delays compared to the end of 2021. Accounts receivable for our Episodes of Care Services segment decreased $61.6 million in 2022 compared to a $94.9 million decrease in 2021. The lower accounts receivable in the Episodes of Care Services segment in 2022 as compared to 2021 was primarily driven by the impact of disputing the semiannual BPCI-A reconciliation, As discussed in "—Recent Developments in 2022 and Factors Affecting our Results of Operations —BPCI-A Reconciliation" above, the semiannual reconciliation initially received in the second quarter of 2022 was not deemed final as we have disputed the pricing calculation. Accordingly, no amounts related to this reconciliation period were included in accounts receivable at June 30, 2022 and the cash receipts, which we historically would have received in the third quarter of 2022, will be delayed until CMS responds to our dispute and issues a final reconciliation. This decrease was partially offset by accounts receivable related to our Caravan Health business, which was acquired on March 1, 2022.

The net impact of changes in net contract assets and liabilities during 2022 was a $59.6 million reduction in cash flows as compared to an $17.1 million decrease in cash flows in 2021. The increase in net contract assets in 2022 was primarily driven by the delayed reconciliation for the BPCI-A program at the end of the second quarter of 2022, changes in the estimate of variable consideration generated by Caravan Health, and a contract asset related to variable consideration for a customer in our Home & Community Services segment with a discount over the contract term. An increase in operating expenses as a result of the investments to support our growth and technology has further negatively impacted our operating cash flows.

Accounts receivable, contract assets and contract liabilities fluctuate from period to period as a result of periodically slower client collections, particularly in our Home & Community Services segment as we and our clients reconcile claims and resolve any temporary claims processing delays and the results of the semiannual reconciliations in our Episodes of Care Services segment.

Investing activities

Net cash used in investing activities was $208.0 million in 2022, an increase of $194.1 million, compared to net cash used in investing activities of $13.9 million in 2021. The primary use of cash from investing activities in 2022 was the initial cash consideration, net of cash acquired, for the Caravan Health acquisition of $189.6 million. Capital expenditures for property and equipment were $3.8 million in 2022 compared to $1.9 million in 2021. The $1.9 million increase in capital expenditures for property and equipment was primarily driven by computer equipment purchases. Capital expenditures for internal-use software development were $14.3 million in 2022 compared to $11.6 million in 2021. The $2.7 million increase in capital expenditures for internal-use software development was primarily driven by additional investments in our technology platforms to support future growth. Investing activities also included a $0.3 million equity investment in AloeCare Health in 2022.

Financing activities

Net cash provided by financing activities was $1.0 million in 2022, a decrease of $508.9 million, compared to net cash provided by financing activities of $509.9 million in 2021. The primary source of cash from financing activities in 2022 was proceeds of $3.9 million related to the issuance of common stock in connection with the exercise of stock options, partially offset by scheduled principal payments under our 2021 Credit Agreement of $1.8 million and $0.8 million in tax distributions on behalf of the non-controlling interest. The primary source of cash from financing activities in 2021 was $604.8 million in net proceeds from our IPO after deducting underwriting discounts and commissions and other issuance costs. This source of cash in 2021 was partially offset by scheduled principal payments on long-term debt of $1.0 million and the net reduction in long-term debt of $61.5 million in connection with the June 2021 refinancing of our credit agreement. Additionally, we paid approximately $9.2

million in debt issuance costs in connection with the June 2021 refinancing, $13.1 million related to the completion of the first milestone associated with the 2020 PatientBlox acquisition and $10.4 million in tax distributions on behalf of the non-controlling interest.

Customer Equity Appreciation Rights ("EAR") Agreements

In each of December 2019 and September 2020, we entered into EAR agreements with one of our customers. Pursuant to the agreements, certain revenue targets were established for the customer to meet in the next three years. If they meet those targets, they retain the EAR. If they do not meet such targets, they forfeit all or a portion of the EAR. Each EAR agreement allows the customer to participate in the future growth in the fair market value of our equity and can only be settled in cash (or, under certain circumstances, in whole or in part with a replacement agreement containing substantially similar economic terms as the original EAR agreement) upon a change-in-control of us, other liquidity event, or upon approval of our Board of Directors with the consent of New Mountain Capital subject to certain terms and conditions. Each EAR will expire 20 years from the date of grant, if not previously settled.

Pursuant to the terms of the EAR agreements, the value of the EARs will be calculated as an amount equal to the non-forfeited portion of a defined percentage (3.5% in the case of the December 2019 EAR and 4.5% in the case of the September 2020 EAR) of the excess of (i) the aggregate fair market value of the Reference Equity (as defined below) as of the applicable date of determination over (ii) a base threshold equity value defined in each agreement. Pursuant to the terms of each agreement, the "Reference Equity" is the Class A common stock of the Company and the aggregate fair market value of the Reference Equity will be determined by reference to the volume-weighted average trading price of the Company's Class A common stock (assuming all of the holders of LLC Units redeemed or exchanged their LLC Units for a corresponding number of newly issued shares of Class A common stock) over a period of 30 calendar days. In addition, following the IPO, the base threshold equity value set forth in each agreement was increased by the aggregate offering price of the IPO.

On December 31, 2021, we entered into an amendment of the December 2019 EAR and the September 2020 EAR (collectively, the "EAR Amendments"). The EAR Amendments provide, among other things, that the customer may exercise any unexercised, vested and non-forfeited portion of each EAR upon the sale of our Class A common stock by New Mountain Capital, our sponsor, subject to certain terms and conditions. These terms and conditions include, among others, that the customer has met its revenue targets under each EAR for 2022 and that New Mountain Capital has sold our Class A common stock above a certain threshold as set forth in each amendment. We have the option to settle any portion of the EARs so exercised in cash or in Class A common stock, provided that the aggregate amount of any cash payments do not exceed $25.0 million in any calendar quarter (with any amounts exceeding $25.0 million to be paid in the following quarter or quarters).

We and our customer also agreed to extend our existing commercial arrangements through the middle of 2026 and established targets for the minimum number of IHEs to be performed on behalf of the customer each year (the "Volume Targets"). The EAR Amendments did not result in any incremental expense as the fair value at the time of modification did not exceed the fair value of the original December 2019 EAR and September 2020 EAR immediately prior to the modification. Accordingly, we will continue to recognize the original grant date fair value of the 2019 EAR and 2020 EAR awards as a reduction to revenue.

We also entered into the EAR Letter Agreement with the customer that provides that, in the event of a change in control of the Company or certain other corporate transactions, and subject to achievement of the Volume Targets, if the aggregate amount paid under the EARs prior to and in connection with such event (the "Aggregate EAR Value") is less than $118.5 million, then the customer will be paid the difference between $118.5 million and the Aggregate EAR Value. The EAR Letter Agreement was determined to be a separate equity-linked instrument,

independent from the original EARs, as amended. The grant date fair value is determined based on an option pricing model. Similar to the original EARs, we will record the initial grant date fair value as a reduction to revenue over the performance period. Estimated changes in fair market value will be recorded each accounting period based on management's current assumptions related to the underlying valuation approaches as other (income) expense, net on the Condensed Consolidated Statement of Operations. The grant date fair value of the EAR Letter Agreement was estimated to be $76.2 million and will be recorded as a reduction of revenue through June 30, 2026, coinciding with the service period. The EAR Letter Agreement was executed on December 31, 2021 and, therefore, there was no material impact on our results of operations in 2021.

As of June 30, 2022, cash settlement of the EARs was expected to be a minimum of $118.5 million, assuming all performance conditions are achieved through 2026, but was not considered probable, due to the change in control and liquidity provisions of each EAR. The grant date fair value of the December 2019 EAR was estimated to be $15.2 million and is being recorded as a reduction of revenue through December 31, 2022, coinciding with the three-year performance period. The grant date fair value of the September 2020 EAR was estimated to be $36.6 million and is being recorded as a reduction of revenue through December 31, 2022, coinciding with the 2.5-year performance period. As of June 30, 2022, the total combined estimated fair market value of the EARs, as amended, and EAR Letter Agreement was approximately $136.8 million.

Non-GAAP financial measures

Adjusted EBITDA and Adjusted EBITDA Margin are not measures of financial performance under GAAP and should not be considered substitutes for GAAP measures, including net income or loss, which we consider to be the most directly comparable GAAP measure. Adjusted EBITDA and Adjusted EBITDA Margin have limitations as analytical tools, and when assessing our operating performance, you should not consider these non-GAAP financial measures in isolation or as substitutes for net income or loss or other consolidated income statement data prepared in accordance with GAAP. Other companies may calculate Adjusted EBITDA and Adjusted EBITDA Margin differently than we do, limiting its usefulness as a comparative measure.

We define Adjusted EBITDA as net income (loss) before interest expense, loss on extinguishment of debt, income tax expense, depreciation and amortization and certain items of income and expense, including asset impairment, other (income) expense, net, transaction-related expenses, equity-based compensation, remeasurement of contingent consideration, SEU expense and non-recurring expenses. We believe that Adjusted EBITDA provides a useful measure to investors to assess our operating performance because it eliminates the impact of expenses that do not relate to ongoing business performance, and that the presentation of this measure enhances an investor's understanding of the performance of our business.

Adjusted EBITDA is a key metric used by management and our Board of Directors to assess the performance of our business. We believe that Adjusted EBITDA provides a useful measure to investors to assess our operating performance because it eliminates the impact of expenses that do not relate to ongoing business performance, and that the presentation of this measure enhances an investor's understanding of the performance of our business. We believe that Adjusted EBITDA Margin is helpful to investors in measuring the profitability of our operations on a consolidated level.

Our use of the terms Adjusted EBITDA and Adjusted EBITDA Margin may vary from the use of similar terms by other companies in our industry and accordingly may not be comparable to similarly titled measures used by other companies. Adjusted EBITDA and Adjusted EBITDA Margin have important limitations as analytical tools. For example, Adjusted EBITDA and Adjusted EBITDA Margin:

- do not reflect any cash capital expenditure requirements for the assets being depreciated and amortized that may have to be replaced in the future;
- do not reflect changes in, or cash requirements for, our working capital needs;
- do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our core operations;
- do not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt; and
- do not reflect equity-based compensation expense and other non-cash charges; and exclude certain tax payments that may represent a reduction in cash available to us.

Adjusted EBITDA increased by $8.0 million, or 14.7%, to $62.6 million for the three months ended June 30, 2022 from $54.6 million for the three months ended June 30, 2021. Adjusted EBITDA increased by $18.6 million, or 20.8%, to $107.6 million for the six months ended June 30, 2022 from $89.0 million for the six months ended June 30, 2021.

We define Adjusted EBITDA Margin as Adjusted EBITDA divided by revenue. We believe that Adjusted EBITDA Margin is helpful to investors in measuring the profitability of our operations on a consolidated basis. Adjusted EBITDA Margin decreased by approximately 20 basis points to 25.4% for the three months ended June 30, 2022 from 25.6% for the three months ended June 30, 2021. Adjusted EBITDA Margin increased by approximately 50 basis points to 23.2% for the six months ended June 30, 2022 from 22.7% for the six months ended June 30, 2021.

The following table shows a reconciliation of net income (loss) to Adjusted EBITDA for the periods presented:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	(in millions)			
Net loss	$ (490.0)	$ (0.1)	$ (506.3)	$ (51.8)
Interest expense	4.6	6.5	8.6	13.3
Loss on extinguishment of debt	—	5.0	—	5.0
Income tax expense (benefit)	5.2	(0.2)	(0.8)	(10.1)
Depreciation and amortization	20.1	17.3	38.1	34.0
Asset impairment[(a)]	519.9	—	519.9	—
Other expense (income), net[(b)]	(27.4)	14.3	1.4	71.0
Transaction-related expenses[(c)]	1.7	1.0	4.9	6.6
Equity-based compensation[(d)]	14.9	3.3	21.4	5.8
Customer equity appreciation rights[(e)]	6.5	4.9	13.0	9.8
Remeasurement of contingent consideration[(f)]	4.8	2.0	4.9	2.2
SEU Expense[(g)]	0.2	0.3	0.3	1.8
Non-recurring expenses[(h)]	2.1	0.3	2.2	1.4
Adjusted EBITDA	$ 62.6	$ 54.6	$ 107.6	$ 89.0

(a) Asset impairment is related to customer relationships, acquired and capitalized software and goodwill which was impaired due to our decision to wind down our Episodes of Care business which was triggered by the receipt of the reconciliation from CMS in June 2022. See "—Recent Developments in 2022 and Factors Affecting our Results of Operations—Episodes of Care Services Restructuring."

(b) Represents other non-operating (income) expense that consists primarily of the quarterly remeasurement of fair value of the outstanding customer EARs and EAR Letter Agreement as well as interest and dividends earned on cash and cash equivalents.

(c) Represents transaction-related expenses that consist primarily of expenses incurred in connection with acquisitions and other corporate development activities, including the Caravan Health acquisition and related integration expenses as well as potential acquisitions that did not proceed, strategic investments and similar activities. Expenses incurred in connection with our IPO, which cannot be netted against proceeds, are also included in transaction-related expenses in 2021.

(d) Represents expense related to equity incentive awards, including incentive units, stock options and RSUs, granted to certain employees, officers and non-employee directors as long-term incentive compensation. We recognize the related expense for these awards ratably over the vesting period or as achievement of performance criteria become probable.

(e) Represents the reduction of revenue related to the grant date fair value of the customer EARs granted pursuant to the customer EAR agreements we entered into in December 2019 and September 2020, as amended and the EAR Letter Agreement we entered into in December 2021.

(f) Represents remeasurement of contingent consideration in 2022 related to potential payments due upon completion of certain performance targets in connection with the Caravan Health acquisition. In 2021, relates to potential payments due upon completion of certain milestone events in connection with our acquisition of PatientBlox.

(g) Represents compensation expense related to awards of SEUs subject to time-based vesting. A limited number of SEUs were granted in 2020 and 2021 at the time of the IPO; no future grants of SEUs will be made. Compensation expense related to these awards is tied to the 30-trading day average price of our Class A common stock, and therefore is subject to volatility and may fluctuate from period to period until settlement occurs.

(h) Represents certain gains and expenses incurred that are not expected to recur, including those associated with one-time employee termination benefits, the closure of certain facilities and the early termination of certain contracts as well as one-time expenses associated with the COVID-19 pandemic.

Contractual Obligations and Commitments

Our material cash requirements include non-cancelable purchase commitments, lease obligations, debt and debt service, payments under the TRA and settlement of the outstanding customer EARs, among others. As of June 30, 2022, there have been no material changes from the contractual obligations and commitments previously disclosed in our 2021 Annual Report on Form 10-K other than as described below.

Effective April 1, 2022, we entered into a new lease agreement for a facility in Galway, Ireland. The lease term is 15 years with an option to terminate after 10 years. It is not reasonably certain that we will not exercise the option to terminate after 10 years; therefore, the total lease payments are expected to be approximately $7.0 million over 10 years.

Off-balance sheet arrangements

Except for certain letters of credit entered into in the normal course of business and the unconsolidated VIEs related to Caravan Health as described in the Condensed Consolidated Financial Statements, we do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Critical accounting policies

The discussion and analysis of our financial condition and results of operations is based upon our Condensed Consolidated Financial Statements, which have been prepared in accordance with GAAP. The preparation of our financial statements requires us to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and related disclosures of contingent assets and liabilities. We base these estimates on our historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results experienced may vary materially and adversely from our estimates. Revisions to estimates are recognized prospectively. There have been no material changes, other than as described below, to our critical accounting policies and estimates as compared to the critical accounting policies and estimates described under Part II, Item 7. “Management's Discussion and Analysis of Financial Condition and Results of Operations” of our 2021 Annual Report on Form 10-K.

Revenue recognition

There have been no material changes to our revenue recognition critical accounting policies and estimates, other than as described below related to our Episodes of Care Services segment. We recognize revenue as the control of promised services is transferred to our customers and we generate all of our revenue from contracts with customers. The amount of revenue recognized reflects the consideration to which we expect to be entitled in exchange for these services. The measurement and recognition of revenue requires us to make certain judgments and estimates.

We apply the five-step model to recognize revenue from customer contracts. The five-step model requires us to (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, including variable consideration to the extent that it is probable that a significant future reversal will not occur, (iv) allocate the transaction price to the respective performance obligations in the contract, and (v) recognize revenue when, or as, we satisfy the performance obligation.

The unit of measure for revenue recognition is a performance obligation, which is a promise in a contract to transfer a distinct or series of distinct goods or services to the customer. A contract’s transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

Our customer contracts have either (1) a single performance obligation as the promise to transfer services is not separately identifiable from other promises in the contracts and is, therefore, not distinct; (2) a series of distinct performance obligations; or (3) multiple performance obligations, most commonly due to the contract covering multiple service offerings. For contracts with multiple performance obligations, the contract’s transaction price is allocated to each performance obligation on the basis of the relative standalone selling price of each distinct service in the contract.

Episodes of Care Services

The episodes solutions we provide in our Episodes of Care Services segment are an integrated set of services which represent a single performance obligation in the form of a series of distinct services. This performance obligation is satisfied over time as the various services are delivered. We primarily offer these services to customers under the BPCI-A program.

Under the BPCI-A program, we recognize the revenue attributable to episodes reconciled during each six-month episode performance measurement period over a 13-month performance obligation period that commences in the second or fourth quarter of each year, depending on the relevant contract with our provider partners. The 13-month performance obligation period begins at the start of the relevant episodes of care and extends through the receipt or generation of the semiannual reconciliation for the relevant performance measurement period, as well as the provision and explanation of statements of performance to each of our customers. The transaction price is 100% variable and therefore we estimate an amount in which we expect to be entitled to receive for each six-month episode performance measurement period over a 13-month performance obligation period. Due to the recent announcement related to our planned exit from the Episodes of Care Services business, we may need to reevaluate the 13-month performance obligation period as our services wind down in the second half of 2022.

For each partner agreement, the fees are generally twofold, an administrative fee, which is based on a stated percentage of program size and is paid out of savings, and a defined share of program savings or losses, if any. In order to estimate this variable consideration, management estimates the expected program size as well as the expected savings rate for each six-month period of episodes of care. The estimate is performed both at the onset of each performance measurement period based on information available at the time and at the end of each reporting period. In making the estimate, we consider inputs such as the overall program size which is defined by the historic cost multiplied by the frequency of occurrence of defined episodes of care. Additionally, we estimate savings rates by using data sources such as historical trend analysis together with indicative data of the current volume of episodes.

We adjust our estimates at the end of each six-month performance measurement period, generally in the second and fourth quarter each year, and may further adjust at the end of each reporting period to the extent new information indicates a change is needed. We apply a constraint to the variable consideration estimate in circumstances where we believe the claims data received is incomplete or inconsistent, so as not to have the estimates result in a significant revenue reversal in future periods. Although our estimates are based on the information available to us at each reporting date, several factors may cause actual revenue earned to differ from the estimates recorded each period. These include, among others, CMS-imposed restrictions on the definition of episodes and benchmark prices, healthcare provider participation, the impacts of the COVID-19 pandemic and other limitations of the program beyond our control.

During the second quarter of 2022, we received a semiannual BPCI-A reconciliation from CMS. Within that reconciliation, CMS applied a negative retrospective price adjustment to the benchmark prices against which savings are measured for specific episodes under the BPCI-A program. Several BPCI-A participants, including us, disputed the price adjustment. Our dispute is based on price trend data independently collected that indicates a positive price adjustment should be applied and corresponds with inflation in the medical services industry. CMS subsequently recommended participants provide formal evidence of the pricing errors. We responded to the request in July 2022, and upon receipt of our submission, CMS deemed the reconciliation period to remain open. As a result of the open reconciliation period and our view that the information presented in the reconciliation was not accurate, we did not change our current revenue estimates and do not plan to update them until there is further resolution or clarity of this matter. As of June 30, 2022, we recorded $48.9 million, $24.8 million and $8.9 million in revenue related to performance periods beginning in April 2021, October 2021 and April 2022, respectively, that may be impacted in the event a negative price adjustment prevails. Changes in management's estimates of prior period performance could result in the reversal of revenue and a further loss may be recorded. CMS has indicated it will respond to error notices in the third quarter of 2022.

The determination that the semiannual reconciliation is not deemed final has delayed the recognition of accounts receivable for our Episodes of Care Services segment as of June 30, 2022. Estimated revenue amounts related to this reconciliation period continue to be included in contract assets on our Condensed Consolidated Balance Sheets. Historically, we received a final reconciliation in the second quarter of each year, thereby reducing the associated contract assets and recording accounts receivable for the amounts to be collected. Accordingly, the cash collections from the delayed reconciliation will also deviate from historical cash collection seasonality trends.

Within our Episodes of Care Services segment, we also generate revenue through our non-BPCI-A Episodes of Care program. Similar to the BCPI-A program, revenues under our non-BPCI-A Episodes of Care program are also driven by estimates of program size and savings rate, subject to similar constraints as described above. Completed episodes are retrospectively reconciled following semi-annual performance periods.

In our Episodes of Care Services segment, we also generate revenue through Caravan Health. Caravan Health enters into contracts with customers to provide multiple services around the management of the ACO model. These include, but are not limited to, population health software, analytics, practice improvement, compliance, marketing, governance, surveys and licensing. The overall objective of the services provided is to help the customer receive shared savings from CMS. Caravan Health enters into arrangements with customers wherein we receive a contracted percentage of each customer's portion of shared savings if earned. We recognize shared savings revenue as performance obligations are satisfied over time, commensurate with the recurring ACO services provided to the customer over a 12-month calendar year period. The shared savings transaction price is variable, and therefore, we estimate an amount in which we expect to be entitled to receive for each 12-month calendar year performance obligation period.

In order to estimate this variable consideration, management initially uses estimates of historical performance of the ACOs. We consider inputs such as attributed patients, expenditures, benchmarks and inflation factors. We adjust our estimates at the end of each reporting period to the extent new information indicates a change is needed. We apply a constraint to the variable consideration estimate in circumstances where we believe the data received is incomplete or inconsistent, so as not to have the estimates result in a significant revenue reversal in future periods. Although our estimates are based on the information available to us at each reporting date, new and material information may cause actual revenue earned to differ from the estimates recorded each period. These include, among others, HCC coding information, quarterly reports from CMS, unexpected changes in attributed patients and other limitations of the program beyond our control. We receive final reconciliations from CMS and collect the cash related to shared savings earned annually in the third or fourth quarter of each year for the preceding calendar year.

The remaining sources of revenue in our Episodes of Care Services segment are recognized over time when, or as, the performance obligations are satisfied and are primarily based on a fixed fee or per member per month fee. Therefore, they do not require significant estimates and assumptions by management. *See* Note 6 *Revenue Recognition*.

Recent accounting pronouncements

For more information on recently issued accounting pronouncements, see Note 2 to our Condensed Consolidated Financial Statements covered under Part I, Item 1 of this Quarterly Report on Form 10-Q.

Emerging growth company status

We are an “emerging growth company” as defined in the JOBS Act of 2012. We will remain an emerging growth company until the earlier of (1) the last day of our fiscal year (a) following the fifth anniversary of the completion of our IPO, (b) in which we have total annual gross revenue of at least $1.07 billion, or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds $700.0 million as of the last business day of our most recently completed second fiscal quarter, and (2) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period.

Pursuant to the JOBS Act, an emerging growth company is provided the option to adopt new or revised accounting standards that may be issued by FASB or the SEC either (i) within the same periods as those otherwise applicable to non-emerging growth companies or (ii) within the same time periods as private companies. We take advantage of the exemption for complying with new or revised accounting standards within the same time periods as private companies. Accordingly, the information contained herein may be different than the information you receive from other public companies.

We also take advantage of some of the reduced regulatory and reporting requirements of emerging growth companies pursuant to the JOBS Act so long as we qualify as an emerging growth company, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our proxy statement and exemptions from the requirements of holding non-binding advisory votes on executive compensation and golden parachute payments.

Based on the market value of our common stock that is held by non-affiliates as of June 30, 2022, the last business day of our most recently completed second fiscal quarter, we expect we will become a large accelerated filer as of December 31, 2022 and lose our emerging growth company status as of year end.

Item 3. Quantitative and qualitative disclosures about market risks.

In the ordinary course of our business activities, we are exposed to market risks that are beyond our control and which may have an adverse effect on the value of our financial assets and liabilities, future cash flows and earnings. The market risks that we are exposed to primarily relate to changes in interest rates associated with our long-term debt obligations and cash and cash equivalents.

At June 30, 2022, we had total variable rate debt outstanding under our Credit Agreement of $347.3 million. If the effective interest rate of our variable rate debt outstanding as of June 30, 2022 were to increase by 100 basis points, or 1%, our annual interest expense would increase by approximately $3.5 million.

At June 30, 2022, our total unrestricted cash and cash equivalents were $439.4 million. Throughout the year, we invest any excess cash in short-term investments, primarily money market accounts, where returns effectively reflect current interest rates. As a result, market interest rate changes may impact our interest income. The impact will depend on variables such as the magnitude of rate changes and the level of excess cash balances. We do not consider this risk to be material. We manage such risk by continuing to evaluate the best investment rates available for short-term, high-quality investments.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial and Administrative Officer, to allow timely decisions regarding required disclosure.

In accordance with Rule 13a-15(b) of the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q, an evaluation was carried out under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial and Administrative Officer of the effectiveness of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial and Administrative Officer concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by the Company in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial and Administrative Officer, as appropriate to allow timely decisions regarding required disclosure.

We do not expect that our disclosure controls and procedures will prevent all errors and all instances of fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. Due to the inherent limitations in all disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that we have detected all our control deficiencies and instances of fraud, if any. The design of disclosure controls and procedures is also based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting during the three months ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. 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. Although the results of litigation and claims are inherently unpredictable and uncertain, we are not currently a party to any legal proceedings the outcome of which, if determined adversely to us, are believed to, either individually or taken together, have a material adverse effect on our business, financial condition or results of operations. Regardless of the outcome, litigation has the potential to have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

Item 1A. Risk Factors.

There have been no material changes with respect to the risk factors disclosed in our 2021 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Securities and Use of Proceeds.

None.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

The exhibits listed in the index below are filed or incorporated by reference as a part of this Quarterly Report on Form 10-Q.

31.1*	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Chief Financial Officer pursuant to Rule 13(a)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of the 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 the 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*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101*	The following financial information from the Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, formatted in Inline XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Changes in Members' Equity, (iv) the Condensed Consolidated Statements of Cash Flows and (v) the Notes to the Condensed Consolidated Financial Statements
104*	Cover Page Interactive Data File – The cover page from this Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 is formatted in iXBRL (included as Exhibit 101)

* Filed or furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SIGNIFY HEALTH, INC.

Date: August 4, 2022

By: /s/ Kyle Armbrester
Kyle Armbrester
Chief Executive Officer

Date: August 4, 2022

By: /s/ Steven Senneff
Steven Senneff
President, Chief Financial and Administrative Officer

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kyle Armbrester, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Signify Health, Inc;
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: August 4, 2022

/s/ Kyle Armbrester
Kyle Armbrester
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven Senneff, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Signify Health, Inc;
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: August 4, 2022

/s/ Steve Senneff
Steven Senneff
President, Chief Financial and Administrative Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Signify Health, Inc. (the "Company"), for the quarterly period ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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: August 4, 2022

/s/ Kyle Armbrester
Kyle Armbrester
Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Signify Health, Inc. (the "Company"), for the quarterly period ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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: August 4, 2022

/s/ Steve Senneff
Steven Senneff
President, Chief Financial and Administrative Officer