

CHANGE HEALTHCARE

FOURTH QUARTER FISCAL 2020 EARNINGS CONFERENCE CALL



Legal

FORWARD LOOKING STATEMENT:

This presentation contains "forward-looking statements" within the meaning of federal securities laws. Any statements made in this presentation that are not statements of historical fact, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include information concerning possible or assumed future results of operations, including, but not limited to, our first quarter fiscal 2021 guidance, the supplemental information and assumptions regarding fiscal 2021, the potential length and impact of COVID-19 and descriptions of our business plans and strategies. These statements often include words such as "anticipate," "expect," "suggest," "plan," "believe," "intend," "estimate," "target," "project," "should," "could," "would," "may," "will," "forecast," "outlook," "potential," "continues," "seeks," "predicts," and the negatives of these words and other similar expressions. Forward-looking statements involve known and unknown risks, uncertainties, including, but not limited to, the uncertainty around the length and severity of the COVID-19 pandemic; the ongoing impact of the COVID-19 pandemic on our operations and financial results, on our customers and on national, state and local economies; and new risks that may arise due to responses to the pandemic by the government, our customers and us; and other factors disclosed in the Registration Statement on Form S-4 (No.333-236234) and the Annual Report on Form 10-K for the year ended March 31, 2020 in the section entitled "Risk Factors," as such factors may be updated from time to time in our periodic filings with the SEC, and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Given these uncertainties, you should not place undue reliance on any forward-looking statements in this release. All forward-looking statements are based on information currently available to Change Healthcare and are qualified in their entirety by this cautionary statement. The statements herein speak only as of the date such statements were first made. Except to the extent required by law, Change Healthcare assumes no obligation to update any such forward-looking statements or other statements included in this release..

NON-GAAP MEASURES DISCLOSURE:

In the Company's earnings releases, prepared remarks, conference calls, slide presentations and webcasts, there may be use or discussion of non-GAAP financial measures. The GAAP financial measure most directly comparable to each non-GAAP financial measure used or discussed, and a reconciliation of the differences between the comparable GAAP financial measure and each non-GAAP financial measure are included in this presentation after the consolidated financial statements. These non-GAAP financial measures that are calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles in the United States of America ("GAAP"). These non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP.

ADOPTION OF NEW REVENUE RECOGNITION STANDARD:

Change Healthcare adopted the new revenue recognition accounting standard Accounting Standards Codification ("ASC") 606 effective April 1, 2019 on a modified retrospective basis. Financial results for reporting periods during fiscal year 2020 are presented in compliance with the new revenue recognition standard. Historical financial results for reporting periods prior to fiscal year 2020 are presented in conformity with the prior revenue recognition standard ASC 605. This presentation and the related press release includes additional information to reconcile the impacts of the adoption of the new revenue recognition standard on the Company's financial results for the three and twelve month periods ended March 31, 2020. This includes the presentation of financial results during fiscal year 2019 under ASC 605 for comparison to the prior year.

06.4.20

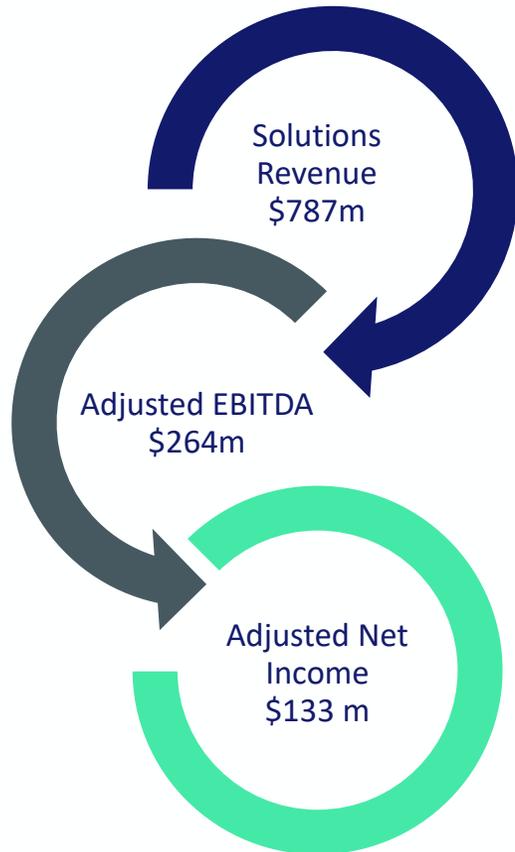
Overview and Business Update

Neil de Crescenzo
President and CEO

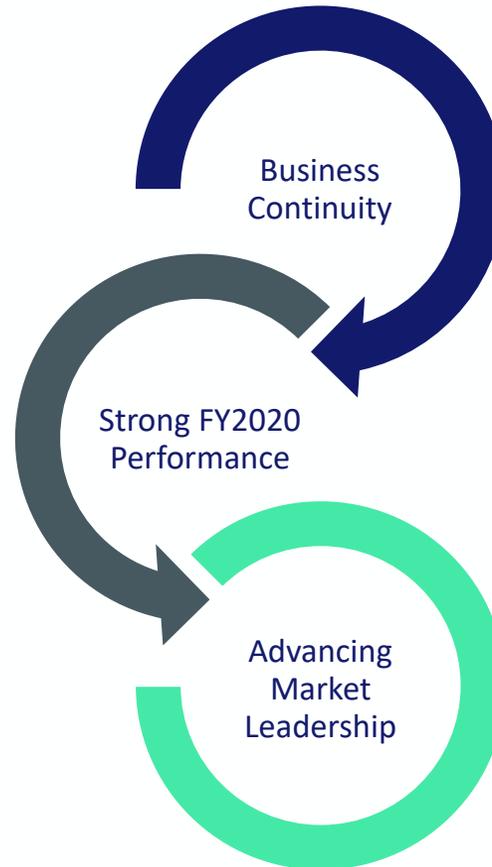


Change Healthcare – Fourth Quarter FY20 CEO Summary

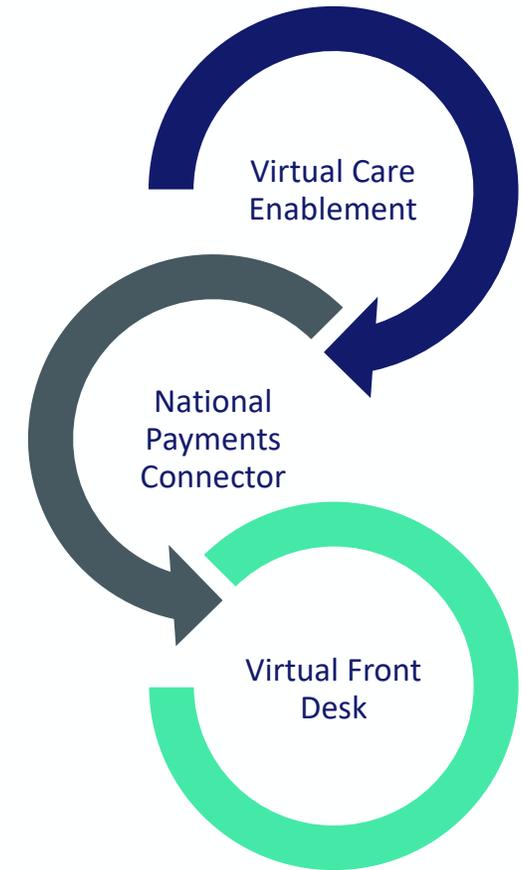
Financial Results Q4 FY2020



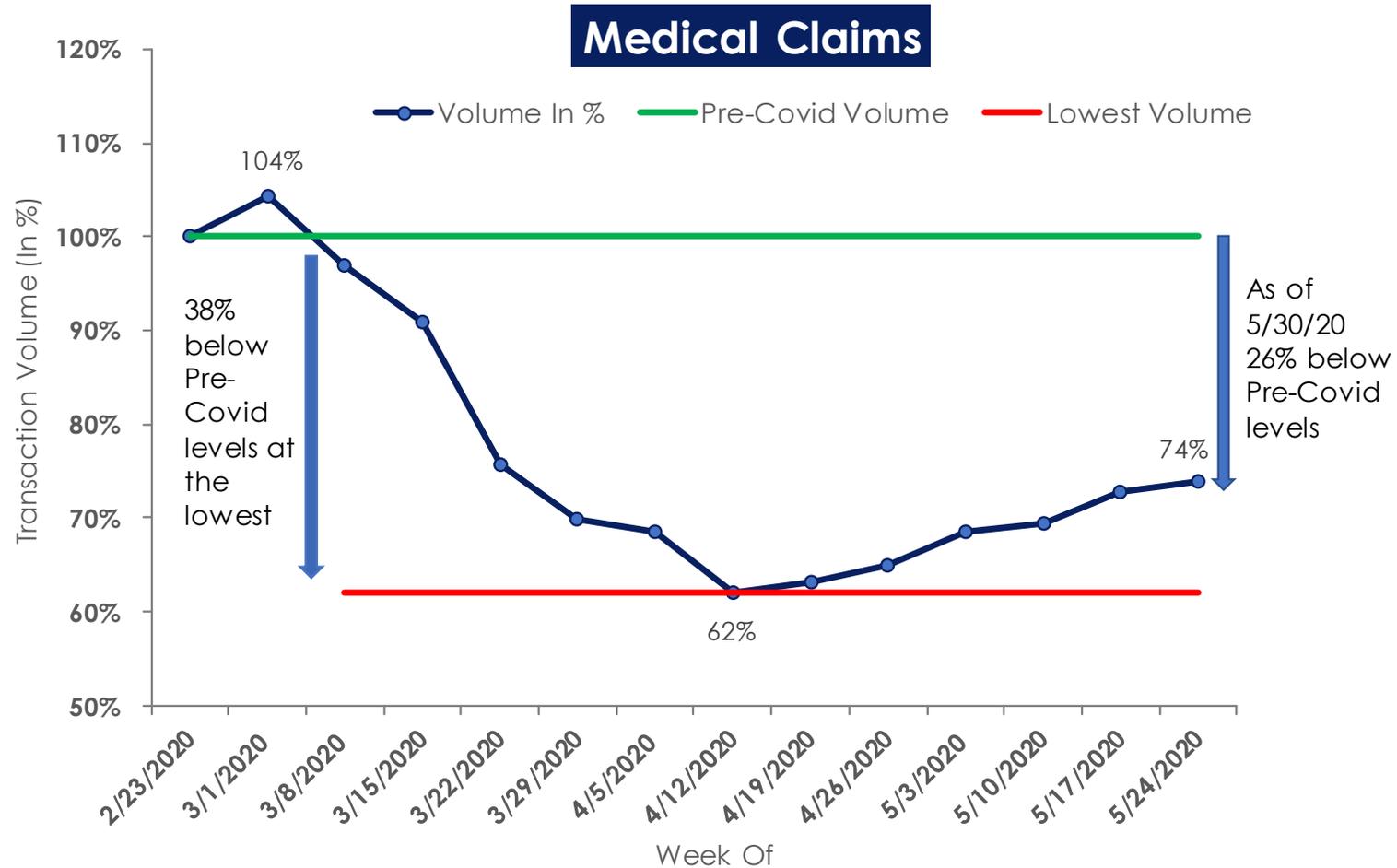
Business Highlights



New Innovation



Significant Decline In Utilization Due To COVID-19



06.04.20

Financial Performance

Fredrik Eliasson
EVP and Chief Financial Officer



ASC 606 Impact on Q4 FY'20 Reported Results

In millions except EPU	Q4 FY'20	Impact	Q4 FY'20
	ASC 606	ASC 606	ASC 605
Consolidated Revenue ⁽¹⁾	\$ 843	\$ (11)	\$ 854
Solutions Revenue ⁽¹⁾	787	(11)	797
EBITDA	50	(5)	55
Net Income	(109)	(1)	(108)
Diluted EPU ⁽²⁾	(0.34)	(0.00)	(0.34)
Adjusted EBITDA	264	(5)	269
Adjusted Net Income	133	(1)	134
Adjusted Diluted EPU ⁽²⁾	0.42	(0.00)	0.42

606 vs. 605 Impact

Revenue Impact:

- ASC 606 revenue negatively impacted by \$10.6 million including a \$12.3 million negative impact from ASC 606 in S&A offset by a \$1.7 million increase in TES
- COVID-19 negative impact of \$6.2 million

Expense Impact:

- Operating expenses decreased by \$5.8 million due to extension of amortization period of deferred commissions and contract set-up costs

Note 1: Segment totals include corporate eliminations.

Note 2: Common units of Change Healthcare LLC are equivalent to the number of outstanding common shares of Change Healthcare Inc. and membership interests of Change Healthcare LLC held by subsidiaries of McKesson.

Q4 FY'20 Strong Core Performance (ASC 605)

In millions except EPU	Q4 FY'20 ASC 605	Q4 FY'19 ASC 605	% Change ⁽³⁾
Consolidated Revenue	\$ 854	\$ 836	2.1%
Solutions Revenue	797	778	2.4%
EBITDA	55	189	(70.8%)
Net Income	(108)	38	(386.5%)
Diluted EPU ⁽²⁾	(0.34)	0.15	(327.1%)
Adjusted EBITDA	269	257	4.7%
Adjusted Net Income	134	126	6.1%
Adjusted Diluted EPU ⁽¹⁾	0.42	0.50	(14.8%)
Diluted Number of Units ⁽²⁾	320	253	26.2%

Q4 FY'20 Business Highlights

- **Solutions Revenue and Adjusted EBITDA growth includes:**
 - \$6.2 million revenue impact due to COVID-19
 - \$12.4 million from planned contract elimination in TES
 - Impact from optimization of Connected Analytics
- **Adjusted EBITDA Margins of 33.8% up 80bps**
 - Driven by revenue growth, ongoing productivity improvements and synergy realization
 - Partially offset by additional growth investments in enterprise sales, imaging, and innovation
- **Adjusted Net Income of \$133.7 million or \$ 0.42 per diluted share**
 - Lower interest expense as result of \$1,088 million YTD debt paydown
 - Impacted by increased integration D&A expense

Note 1: Common units of Change Healthcare LLC are equivalent to the number of outstanding common shares of Change Healthcare Inc. and membership interests of Change Healthcare LLC held by subsidiaries of McKesson.

Note 2: Fully diluted shares outstanding for the three months ended March 31st, 2020 give effect to initial public offering of 49,285,713 shares of its common stock and 5,750,000 tangible equity units ("Units"), on July 1, 2019.

Note 3: Percentage change do not reflect rounding of the numbers.

Q4 FY'20 Segment Performance (ASC 605)

In millions	Q4 FY'20 ASC 605	Q4 FY'19 ASC 605	% Change ⁽²⁾
Segment Revenue			
S&A	\$ 431	\$ 419	2.8%
Network	152	140	8.6%
TES	241	244	(1.3%)
Corp. and Elimination ⁽¹⁾	30	33	(9.1%)
Total Net Revenue	854	836	2.1%
Segment Adjusted EBITDA			
S&A	\$ 181	\$ 177	2.2%
Network	89	83	6.4%
TES	44	43	3.8%
Corp. and Elimination ⁽¹⁾	(45)	(46)	(3.4%)
Total Adjusted EBITDA	269	257	4.7%

Note 1: Includes Postage

Note 2: Percentage change do not reflect rounding of the numbers

Q4 FY'20 Segment Highlights

- **S&A: Strong Performance & Execution Across Segment**
 - Strong growth In Payment Accuracy and Decision Support
 - Transition to cloud-based Enterprise Imaging solution
 - Execution on Connected Analytics optimization
 - COVID-19 impact of \$3.1 million
- **Network: Strength in B2B Payments/Data Solutions**
 - Continued growth in B2B Payments/Data Solution; increased market penetration in Medical network
 - Investments to expand market growth for data services, B2B payments, and expanded capabilities
 - Favorable customer true-up of \$7.3 million for prior periods
 - COVID-19 impact of \$1.5 million
- **TES: Executing on Transformation**
 - Revenue growth of 4.0% net of planned \$12.4 million attrition
 - Customer wins in health system and aggregator segment support long-term growth potential
 - Sequential/YOY margin improvement due to cost initiatives
 - COVID-19 impact of \$1.6 million

FY'20 Cash Generation & Liquidity

- **Free Cash Flow for Q4 FY20 of \$121.0 million; FY 2020 \$334.7 million**
- **Adjusted Free Cash Flow for Q4 FY20 of \$156.6 million; FY 2020 \$481.5 million**
- **Net Debt \$4.6 billion¹; Leverage Ratio 4.6 x¹**
- **Executed on \$1B in fixed-rate swaps thru March 31, 2024; Fixed Rate Debt is 70% and Secured Debt is 80% as of March 31, 2020**
- **Liquidity: \$937.6 million**
 - Cash and Cash equivalents of ~\$407.7 million; \$529.9 million undrawn secured credit facility (maturity July 2024) at quarter end.
 - Excludes issuance of \$325.0 million in unsecured notes; and \$420 million cash used for eRx and PDX transactions
- **No maintenance covenants; earliest debt maturity Term Loan B – March 2024**

Note 1: Based on Adjusted EBITDA as of March 31, 2020 in accordance with the Credit Agreement.

Change Has Reacted Proactively to COVID-19

COVID-19 Impact

- Significant deferral in elective procedure volumes
 - Largest impact anticipated in 1QFY21
 - Utilization already starting to improve; anticipate sequential increase in elective procedures
- Revenue and Adj. EBITDA decline in Q1 FY21 driven primarily by:
 - Deferral in elective procedure volumes – impacting primarily Network Solutions and Technology-enabled Services
 - New implementations and sales cycle delays across segments
- Some portion of delayed procedures expected to be recaptured over the balance of FY2021

Actions and Opportunity

- Actively reducing contractors and employees to match resources with demand levels, primarily in TES
 - About 6 week lag between volume decline and resource adjustment impacting 1Q
- Continued portfolio transformation – eRx acquisition and sale of Connected Analytics
- Enhanced liquidity: \$325 million unsecured debt
- **Positive impact anticipated post COVID-19**
 - All solutions are as relevant, if not more, as we return to normal utilization levels
 - Cost initiatives and on going productivity initiatives drive further margin expansion
 - Accelerated launch of new solutions

Segment Overview



Software & Analytics

75% of business subscription based and recurring in nature



Network Solutions

Business Indexed to Healthcare Utilization/procedure volumes



Technology Enabled Services

Primarily Contingency Based-Dollar Volume

Financial Guidance – 1Q FY2021

Q1 Fiscal 2021 Guidance

(in millions, except per share data¹)

- Solutions Revenue between \$595 million to \$620 million
- Adjusted EBITDA between \$160 million to \$175 million
- Adjusted Net Earnings Per Share 14 cents to 18 cents
- Includes impact of sale of Connected Analytics and acquisition of eRx Network as of May 1, 2020 and acquisition of PDX as of June 1, 2020.

Note 1: Includes TEUs

Note 2: Depreciation and amortization expense for the first quarter of fiscal 2021 includes an increase of approximately \$77 million in amortization for intangible assets, offset by approximately \$25 million for the fair value adjustment of capitalized software, as well as an increase of approximately \$2 million of depreciation for fixed assets.

Q1 Fiscal 2021 Assumptions – Segments

- Assuming largest impact from COVID-19 will occur in first quarter
- **Software & Analytics**
 - 75% of revenue subscription or maintenance with minimal impact
 - 25% - contingency/renewal based revenue – negative impact ~ 35-40%
- **Network Solutions**
 - Approximately 35% decline in network volumes, 20%-25% decline in B2B payment, and high teens growth in data solutions
 - Includes eRx Network as of May 1, 2020 and PDX as of June 1, 2020
- **Technology Enabled Solutions**
 - Approximately 40% decline in contingency based RCM revenue; CPS decline of 25% impacted by volumes; remaining business combined stable
 - AEBITDA negatively impacted by lag between revenue decline and cost takeout
- Fair value adjustments impact related to MCK exit:
 - Revenue impact of \$55 million with no impact on adjusted EBITDA
 - Additional non cash pre-tax interest expense of ~\$4 million
 - Additional depreciation and amortization expense of ~\$54 million⁽²⁾
- Up to \$10 million of increase bad debt expense provision, in line with DSO increase

FY2021 SUPPLEMENTAL INFORMATION AND ASSUMPTIONS

- Planning for gradual improvement of healthcare utilization throughout the remainder of the fiscal year
- Expect Full year fiscal 2021 Free Cash Flow to be Positive; amount dependent on speed of recovery
 - First quarter Free Cash Flow expected to be negative; improving sequentially throughout the year
- CapEx: ~7% of Solutions Revenue for the fiscal year excluding impact of fair value adjustments and integration CapEx
- Integration related expense for the year: ~\$80 million; Integration related CapEx for the year ~\$20 million
- Assuming a revenue impact due to adjusting deferred revenue as part of fair value adjustments related to MCK exit, which reduces revenue recognized in future periods by \$137 million, including \$129 million reduction for the fiscal year, with no impact on adjusted EBITDA
- Interest expense in the range of \$280 - \$290 million; assumes no additional debt paydown during the year. Includes ~\$14 million in non-cash, pre-tax interest expense for fair value adjustments related to the McKesson exit
- Includes approximately \$215 million⁽²⁾ in additional depreciation and amortization expense for fair value adjustments related to the McKesson exit
- Adjusted Effective Tax Rate: ~25% as corporate structure simplified post McKesson exit
- Basic Shares Outstanding: 320.0 million¹

Note 1: Includes TEUs

Note 2: Additional amortization expense for fiscal 2021 is comprised of an increase of approximately \$308 million for intangible assets, offset by approximately \$100 million for the fair value adjustment of capitalized software as well as an additional \$7 million of depreciation for fixed assets.

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Appendix

Q4 FY'20 Financial Statements

Q4 FY'20 and FY'19 Non-GAAP Reconciliations

Change Healthcare LLC

Consolidated Balance Sheets (unaudited and amounts in thousands)

	March 31, 2020	March 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 407,687	\$ 47,718
Restricted cash	—	1,176
Accounts receivable, net of allowance for doubtful accounts	740,105	759,502
Contract assets	132,704	—
Prepaid expenses and other current assets	144,051	172,067
Total current assets	1,424,547	980,463
Property and equipment, net	150,000	197,263
Goodwill	3,288,765	3,284,266
Intangible assets, net	1,192,776	1,320,161
Other noncurrent assets, net	574,078	421,985
Total assets	\$ 6,630,166	\$ 6,204,138
Liabilities and members' equity		
Current liabilities:		
Drafts and accounts payable	\$ 68,169	\$ 98,550
Accrued expenses	379,700	316,179
Deferred revenues	439,364	437,636
Due to related parties, net	20,779	34,629
Current portion of long-term debt	278,779	2,789
Total current liabilities	1,186,791	889,783
Long-term debt, excluding current portion	4,762,832	5,787,150
Deferred income tax liabilities	109,144	106,099
Tax receivable agreement obligations to related parties	207,395	212,698
Other long-term liabilities	267,584	113,194
Commitments and contingencies (see Note 13)		
Members' equity (deficit)	96,420	(904,786)
Total liabilities and members' equity	\$ 6,630,166	\$ 6,204,138

Change Healthcare LLC

Consolidated Statements of Operations (unaudited and amounts in thousands, except unit and per unit amounts)

	Three Months Ended		Year Ended	
	March 31,		March 31,	
	2020	2019	2020	2019
Revenue:				
Solutions revenue	\$ 786,589	\$ 778,427	\$ 3,074,894	\$ 3,043,111
Postage revenue	56,791	57,912	228,079	238,618
Total revenue	843,380	836,339	3,302,973	3,281,729
Operating expenses:				
Cost of operations (exclusive of depreciation and amortization below)	346,977	347,327	1,345,920	1,354,655
Research and development	53,257	42,637	205,035	202,241
Sales, marketing, general and administrative	175,221	200,470	742,807	821,082
Customer postage	56,791	57,912	228,079	238,618
Depreciation and amortization	89,852	69,917	315,946	278,020
Accretion and changes in estimate with related parties, net	4,627	6,039	14,966	19,329
Tax receivable agreement charge	164,633	—	164,633	—
Gain on sale of business	—	—	—	(111,435)
Impairment of long-lived assets and related costs	504	675	504	675
Total operating expenses	891,862	724,977	3,017,890	2,803,185
Operating income (loss)	(48,482)	111,362	285,083	478,544
Non-operating (income) and expense				
Interest expense, net	64,084	83,591	283,745	325,431
Loss on extinguishment of debt	561	—	19,975	—
Contingent consideration	(1,900)	91	(91)	(809)
Other, net	(3,749)	(4,505)	(14,630)	(18,267)
Total non-operating (income) and expense	58,996	79,177	288,999	306,355
Income (loss) before income tax provision (benefit)	(107,478)	32,185	(3,916)	172,189
Income tax provision (benefit)	1,112	(5,530)	1,701	(4,481)
Net income (loss)	\$ (108,590)	\$ 37,715	\$ (5,617)	\$ 176,670
Net income (loss) per common unit:				
Basic	\$ (0.34)	\$ 0.15	\$ (0.02)	\$ 0.70
Diluted	\$ (0.34)	\$ 0.15	\$ (0.02)	\$ 0.70
Weighted average common units outstanding:				
Basic	319,789,840	251,469,867	302,412,870	251,508,322
Diluted	319,789,840	253,409,601	302,412,870	253,377,778

Change Healthcare LLC

Consolidated Statements of Cash Flows (unaudited and amounts in thousands)

	Year Ended	
	March 31,	
	2020	2019
Cash flows from operating activities:		
Net income (loss)	\$ (5,617)	\$ 176,670
Adjustments to reconcile net income (loss) to net cash provided by (used in):		
Depreciation and amortization	315,946	278,020
Amortization of capitalized software developed for sale	14,415	14,673
Accretion and changes in estimate, net	14,966	19,329
Tax receivable agreement charge	164,653	—
Equity compensation	31,808	20,135
Deferred income tax expense (benefit)	(2,613)	(3,774)
Amortization of debt discount and issuance costs	18,807	21,823
Contingent consideration	(91)	(809)
Gain on sale of the Extended Care Business	—	(111,435)
Loss on extinguishment of debt	19,975	—
Impairment of long-lived assets and related costs	504	675
Other	6,392	(2,340)
Changes in operating assets and liabilities:		
Accounts receivable	(1,267)	(61,556)
Contract assets	21,390	—
Prepaid expenses and other	(29,375)	(33,286)
Accounts payable	(16,609)	(2,111)
Accrued expenses and other liabilities	10,929	12,048
Deferred Revenue	32,648	(40,196)
Due to related party, net	(3,532)	(185)
Net cash provided by (used in) operating activities	593,309	287,681
Cash flows from investing activities:		
Capitalized expenditures	(258,576)	(246,986)
Proceeds from Sale of the Extended Care Business	—	189,871
Payments for acquisitions, net of cash acquired	(18,994)	—
Proceeds from sale of real estate	29,837	—
Investments in businesses	—	(15,500)
Other	(2)	(3,068)
Net cash provided by (used in) investing activities	(247,735)	(105,683)
Cash flows from financing activities:		
Proceeds from Change Healthcare Inc. initial public offering	608,679	—
Proceeds from forward purchase contract with Change Healthcare Inc.	232,929	—
Proceeds from debt issued to Change Healthcare Inc.	47,367	—
Proceeds from Revolving Facility	250,000	—
Capital contribution from Members from exercise of equity awards	6,256	205
(Advances to) and refunds from Members	5,551	2,636
Receipts (payments) on derivative instruments	935	5,776
Payments on Term Loan Facility	(1,087,750)	(153,000)
Payments under tax receivable agreements with related parties	(27,227)	(25,096)
Payments of third party initial public offering and loan costs	(6,555)	—
Payment of debt issued to Change Healthcare Inc.	(7,332)	—
Payments of deferred financing obligations	(6,593)	(3,432)
Repurchase of equity awards	—	(7,425)
Payment of working capital settlement to related party	—	—
Payment of data sublicense obligation	—	—
Settlement of Legacy CHC equity awards	—	—
Other	—	(1,758)
Net cash provided by (used in) financing activities	14,240	(182,094)
Effect of exchange rate changes on cash and cash equivalents	(1,021)	(1,021)
Net increase (decrease) in cash, cash equivalents and restricted cash	358,793	(1,117)
Cash, cash equivalents and restricted cash at beginning of period	48,894	50,011
Cash, cash equivalents and restricted cash at end of period	\$ 407,687	\$ 48,894

Change Healthcare LLC

Reconciliation of Net Income (Loss) to Adjusted EBITDA – Three months ended March 31st

	Three Months Ended March 31,			
	2020		2019	
	As Reported	Impacts from Adoption	Without Adoption (ASC 605)	As Reported (ASC 605)
Net income (loss)	\$ (108,590)	\$ 554	\$ (108,036)	\$ 37,715
Net interest expense	64,084	—	64,084	83,591
Income tax provision (benefit)	1,112	4,342	5,454	(5,530)
Depreciation and amortization	89,852	—	89,852	69,917
Amortization of capitalized software developed for sale	3,959	—	3,959	3,793
EBITDA	50,417	4,896	55,313	189,486
Adjustments to EBITDA:				
Equity compensation	6,893	—	6,893	3,757
Acquisition accounting adjustments	522	—	522	341
Acquisition and divestiture-related costs	1,664	—	1,664	1,559
Integration and related costs	15,132	—	15,132	34,728
Strategic initiatives, duplicative and transition costs	8,991	—	8,991	8,325
Severance costs	7,824	—	7,824	3,339
Costs related to recently issued accounting standards	—	—	—	1,022
Accretion and changes in estimate with related parties, net	4,627	—	4,627	6,039
Tax receivable agreement	164,633	—	164,633	—
Management fees and related costs	2,647	—	2,647	2,607
Impairment of long-lived assets and other	1,347	—	1,347	463
Gain on sale of business	—	—	—	—
Contingent consideration	(1,900)	—	(1,900)	91
Loss on Extinguishment of Debt	560	—	560	—
Other non-routine, net	1,002	—	1,002	5,423
EBITDA Adjustments	213,942	—	213,942	67,694
Adjusted EBITDA	\$ 264,359	\$ 4,896	\$ 269,255	\$ 257,180

Change Healthcare LLC

Reconciliation of Net Income (Loss) to Adjusted EBITDA – Full Year

	Year Ended March 31,			
	2020			2019
	As Reported	Impacts from Adoption	Without Adoption (ASC 605)	As Reported (ASC 605)
Net income (loss)	\$ (5,617)	\$ (22,633)	\$ (28,250)	\$ 176,670
Net interest expense	283,745	—	283,745	325,431
Income tax provision (benefit)	1,701	1,989	3,690	(4,481)
Depreciation and amortization	315,946	—	315,946	278,020
Amortization of capitalized software developed for sale	14,415	—	14,415	14,673
EBITDA	610,190	(20,644)	589,546	790,313
Adjustments to EBITDA:				
Equity compensation	31,808	—	31,808	20,135
Acquisition accounting adjustments	1,889	—	1,889	3,532
Acquisition and divestiture-related costs	4,217	—	4,217	13,076
Integration and related costs	82,108	—	82,108	114,533
Strategic initiatives, duplicative and transition costs	23,325	—	23,325	27,339
Severance costs	22,113	—	22,113	17,666
Costs related to recently issued accounting standards	—	—	—	8,265
Accretion and changes in estimate with related parties, net	14,966	—	14,966	19,329
Tax receivable agreement	164,633	—	164,633	—
Management fees and related costs	10,355	—	10,355	10,490
Impairment of long-lived assets and other	72	—	72	4,205
Gain on sale of business	—	—	—	(111,435)
Contingent consideration	(91)	—	(91)	(809)
Loss on Extinguishment of Debt	19,975	—	19,975	—
Other non-routine, net	10,172	—	10,172	18,359
EBITDA Adjustments	385,542	—	385,542	144,685
Adjusted EBITDA	<u>\$ 995,732</u>	<u>\$ (20,644)</u>	<u>\$ 975,088</u>	<u>\$ 934,998</u>

Change Healthcare LLC

Reconciliation of Net Income (Loss) to Adjusted Net Income (Loss)

	Three Months Ended March 31,			
	2020		2019	
	As Reported	Impacts from Adoption	Without Adoption (ASC 605)	As Reported (ASC 605)
Net income (loss)	\$ (108,590)	\$ 554	\$ (108,036)	\$ 37,715
Amortization expense resulting from acquisition method adjustments	35,251	—	35,251	36,273
EBITDA Adjustments	213,942	—	213,942	67,694
Tax effect of EBITDA Adjustments and amortization expense	(7,417)	—	(7,417)	(15,878)
Adjusted Net Income	<u>\$ 133,186</u>	<u>\$ 554</u>	<u>\$ 133,740</u>	<u>\$ 125,804</u>
Adjusted net income (loss) per diluted unit	<u>\$ 0.42</u>		<u>\$ 0.42</u>	<u>\$ 0.50</u>

	Year Ended March 31,			
	2020		2019	
	As Reported	Impacts from Adoption	Without Adoption (ASC 605)	As Reported (ASC 605)
Net income (loss)	\$ (5,617)	\$ (22,633)	\$ (28,250)	\$ 176,670
Amortization expense resulting from acquisition method adjustments	139,875	—	139,875	146,549
EBITDA Adjustments	385,542	—	385,542	144,685
Tax effect of EBITDA Adjustments and amortization expense	(52,168)	—	(52,168)	(57,953)
Adjusted Net Income	<u>\$ 467,632</u>	<u>\$ (22,633)</u>	<u>\$ 444,999</u>	<u>\$ 409,951</u>
Adjusted net income (loss) per diluted unit ⁽¹⁾	<u>\$ 1.55</u>		<u>\$ 1.47</u>	<u>\$ 1.62</u>

Change Healthcare LLC

Segment Results

	Three Months Ended March 31,				Year Ended March 31,			
	2020		2019		2020		2019	
	As Reported	Impacts from Adoption	Without Adoption (ASC 605)	As Reported (ASC 605)	As Reported	Impacts from Adoption	Without Adoption (ASC 605)	As Reported (ASC 605)
Segment revenue								
Software and Analytics	\$ 418,658	\$ 12,341	\$ 430,999	\$ 419,125	\$ 1,612,799	\$ 2,401	\$ 1,615,200	\$ 1,579,023
Network Solutions	152,163	—	152,163	140,093	588,749	—	588,749	556,525
Technology-Enabled Services	242,444	(1,692)	240,752	243,995	978,684	665	979,349	1,005,377
Corporate and Eliminations	30,115	—	30,115	33,126	122,741	—	122,741	140,804
Net revenue	<u>\$ 843,380</u>	<u>\$ 10,649</u>	<u>\$ 854,029</u>	<u>\$ 836,339</u>	<u>\$ 3,302,973</u>	<u>\$ 3,066</u>	<u>\$ 3,306,039</u>	<u>\$ 3,281,729</u>
Segment Adjusted EBITDA								
Software and Analytics	\$ 172,717	\$ 8,574	\$ 181,291	\$ 177,454	\$ 663,016	\$ (14,287)	\$ 648,729	\$ 610,313
Network Solutions	89,323	(496)	88,827	83,439	353,486	(1,899)	351,587	337,360
Technology-Enabled Services	47,141	(2,770)	44,371	42,695	175,116	(2,998)	172,118	175,953
Corporate and Eliminations	(44,821)	(441)	(45,262)	(46,408)	(195,886)	(1,460)	(197,346)	(188,628)
Total Adjusted EBITDA	<u>\$ 264,360</u>	<u>\$ 4,867</u>	<u>\$ 269,227</u>	<u>\$ 257,180</u>	<u>\$ 995,732</u>	<u>\$ (20,644)</u>	<u>\$ 975,088</u>	<u>\$ 934,998</u>

Change Healthcare LLC

Reconciliation of Cash Provided by (Used in) Operating Activities to Free Cash Flow and Adjusted Free Cash Flow

	Year Ended	
	March 31,	
	2020	2019
Cash provided by (used in) operating activities ⁽¹⁾	\$ 593,309	\$ 287,681
Capital expenditures	(258,576)	(246,986)
Free Cash Flow	334,733	40,695
Adjustments to Free Cash Flow ⁽²⁾:		
Integration and related costs	82,108	114,533
Strategic initiatives, duplicative and transition costs	23,325	27,339
Severance costs	22,113	17,666
Costs related to recently issued accounting standards	—	8,265
Integration capital expenditures	19,254	83,752
Adjusted Free Cash Flow	<u>\$ 481,533</u>	<u>\$ 292,250</u>

⁽¹⁾ Includes cash provided by pass-thru funds of \$21.7 million and \$3.0 million for the years ended March 31, 2020 and 2019, respectively.

⁽²⁾ All operating costs and integrational capital expenditures are presented on an as-incurred basis.

CHANGE HEALTHCARE