

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 001-38961



Change Healthcare Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of Incorporation or Organization)

424 Church Street, Suite 1400
Nashville, TN
(Address of Principal Executive Offices)

82-2152098
(I.R.S. Employer Identification No.)

37219
(Zip Code)

(615) 932-3000
(Registrant's Telephone Number, Including Area Code)

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

Title of each class
Common Stock, par value \$0.001 per share

Trading Symbol(s)
CHNG

Name of each exchange on which registered
The Nasdaq Stock Market LLC

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

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

Indicate by check mark whether the registrant is a Large Accelerated Filer, an Accelerated Filer, a Non-Accelerated Filer, a Smaller Reporting Company, or an Emerging Growth Company. See the definitions of "Large Accelerated Filer," "Accelerated Filer," "Smaller Reporting Company" and "Emerging Growth Company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer
Smaller Reporting company Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Number of shares of common stock outstanding on July 22, 2022: 328,308,520

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Part I. Financial Information

Item 1. Financial Statements

Change Healthcare Inc.
 Consolidated Statements of Operations
 (unaudited and amounts in thousands, except share and per share amounts)

| | Three Months Ended | |
|---|--------------------|-------------------|
| | June 30, | |
| | 2022 | 2021 |
| Revenue | | |
| Solutions revenue | \$ 831,343 | \$ 816,648 |
| Postage revenue | 53,126 | 51,208 |
| Total revenue | 884,469 | 867,856 |
| Operating expenses | | |
| Cost of operations (exclusive of depreciation and amortization below) | 357,096 | 352,063 |
| Research and development | 74,197 | 71,240 |
| Sales, marketing, general and administrative | 197,886 | 177,955 |
| Customer postage | 53,126 | 51,208 |
| Depreciation and amortization | 171,722 | 168,211 |
| Accretion and changes in estimate with related parties, net | 3,189 | 3,037 |
| Total operating expenses | 857,216 | 823,714 |
| Operating income (loss) | 27,253 | 44,142 |
| Non-operating (income) expense | | |
| Interest expense, net | 56,870 | 59,386 |
| Loss on extinguishment of debt | 390 | — |
| Other, net | 2,472 | (3,189) |
| Total non-operating (income) expense | 59,732 | 56,197 |
| Income (loss) before income tax provision (benefit) | (32,479) | (12,055) |
| Income tax provision (benefit) | (9,311) | (8,450) |
| Net income (loss) | \$ (23,168) | \$ (3,605) |
| Net income (loss) per share: | | |
| Basic and diluted | \$ (0.07) | \$ (0.01) |
| Weighted average common shares outstanding: | | |
| Basic and diluted | 326,562,482 | 322,546,171 |

See accompanying notes to consolidated financial statements.

Change Healthcare Inc.
Consolidated Statements of Comprehensive Income (Loss)
(unaudited and amounts in thousands)

| | Three Months Ended June 30, | |
|---|--------------------------------|------------|
| | 2022 | 2021 |
| Net income (loss) | \$ (23,168) | \$ (3,605) |
| Other comprehensive income (loss): | | |
| Foreign currency translation adjustment | (12,098) | 3,571 |
| Changes in fair value of interest rate caps, net of taxes | 6,159 | 119 |
| Other comprehensive income (loss) | (5,939) | 3,690 |
| Total comprehensive income (loss) | \$ (29,107) | \$ 85 |

See accompanying notes to consolidated financial statements.

Change Healthcare Inc.
Consolidated Balance Sheets
(unaudited and amounts in thousands, except share and per share amounts)

| | <u>June 30,</u> <u>2022</u> | <u>March 31,</u> <u>2022</u> |
|--|--------------------------------|---------------------------------|
| Assets | | |
| Current assets: | | |
| Cash & cash equivalents | \$ 94,009 | \$ 252,298 |
| Accounts receivable, net | 717,684 | 720,122 |
| Contract assets, net | 130,351 | 162,828 |
| Prepaid expenses and other current assets | 204,357 | 177,659 |
| Total current assets | <u>1,146,401</u> | <u>1,312,907</u> |
| Property and equipment, net | 126,781 | 141,340 |
| Operating lease right-of-use assets, net | 61,423 | 65,680 |
| Goodwill | 4,101,659 | 4,112,904 |
| Intangible assets, net | 3,587,019 | 3,699,603 |
| Other noncurrent assets, net | 613,698 | 600,061 |
| Total assets | <u>\$ 9,636,981</u> | <u>\$ 9,932,495</u> |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | \$ 85,208 | \$ 104,273 |
| Accrued expenses | 383,368 | 461,506 |
| Deferred revenue | 409,952 | 469,098 |
| Due to related parties, net | 29,560 | 13,057 |
| Current portion of long-term debt | 4,708 | 10,006 |
| Current portion of operating lease liabilities | 20,009 | 21,726 |
| Total current liabilities | <u>932,805</u> | <u>1,079,666</u> |
| Long-term debt, excluding current portion | 4,486,565 | 4,580,087 |
| Long-term operating lease liabilities | 48,580 | 52,286 |
| Deferred income tax liabilities | 555,616 | 563,606 |
| Tax receivable agreement obligations due to related parties | 79,503 | 104,863 |
| Tax receivable agreement obligations | 174,445 | 202,762 |
| Other long-term liabilities | 68,581 | 73,118 |
| Total liabilities | <u>6,346,095</u> | <u>6,656,388</u> |
| Commitments and contingencies | | |
| Stockholders' Equity | | |
| Common Stock (par value, \$0.001), 9,000,000,000 and 9,000,000,000 shares authorized and 326,971,095 and 313,131,714 shares issued and outstanding at June 30, 2022 and March 31, 2022, respectively | 327 | 313 |
| Preferred stock (par value, \$0.001), 900,000,000 shares authorized and no shares issued and outstanding at both June 30, 2022 and March 31, 2022 | — | — |
| Additional paid-in capital | 4,384,631 | 4,340,759 |
| Accumulated other comprehensive income (loss) | 29,177 | 35,116 |
| Accumulated deficit | (1,123,249) | (1,100,081) |
| Total stockholders' equity | <u>3,290,886</u> | <u>3,276,107</u> |
| Total liabilities and stockholders' equity | <u>\$ 9,636,981</u> | <u>\$ 9,932,495</u> |

See accompanying notes to consolidated financial statements.

Change Healthcare Inc.
Consolidated Statements of Stockholders' Equity
(unaudited and amounts in thousands, except share and per share amounts)

| | Common Stock | | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Income (Loss) | Total Stockholders' Equity |
|---|--------------------|---------------|----------------------------------|------------------------|--|----------------------------------|
| | Shares | Amount | | | | |
| Balance at March 31, 2021 | 306,796,076 | \$ 307 | \$ 4,283,391 | \$ (1,042,691) | \$ 11,221 | \$ 3,252,228 |
| Equity compensation expense | — | — | 23,191 | — | — | 23,191 |
| Issuance of common stock under equity compensation plans | 1,948,163 | 2 | 1,443 | — | — | 1,445 |
| Employee tax withholding on vesting of equity compensation awards | (564,116) | (1) | (13,015) | — | — | (13,016) |
| Net income (loss) | — | — | — | (3,605) | — | (3,605) |
| Foreign currency translation adjustment | — | — | — | — | 3,571 | 3,571 |
| Change in fair value of interest rate caps, net of taxes | — | — | — | — | 119 | 119 |
| Conversion of tangible equity units | 2,497,813 | 3 | (3) | — | — | — |
| Other | — | — | (80) | — | — | (80) |
| Balance at June 30, 2021 | <u>310,677,936</u> | <u>\$ 311</u> | <u>\$ 4,294,927</u> | <u>\$ (1,046,296)</u> | <u>\$ 14,911</u> | <u>\$ 3,263,853</u> |
| Balance at March 31, 2022 | 313,131,714 | \$ 313 | \$ 4,340,759 | \$ (1,100,081) | \$ 35,116 | \$ 3,276,107 |
| Equity compensation expense | — | — | 49,064 | — | — | 49,064 |
| Issuance of common stock under equity compensation plans | 1,130,552 | 1 | 1,364 | — | — | 1,365 |
| Employee tax withholding on vesting of equity compensation awards | (285,667) | — | (6,407) | — | — | (6,407) |
| Net income (loss) | — | — | — | (23,168) | — | (23,168) |
| Foreign currency translation adjustment | — | — | — | — | (12,098) | (12,098) |
| Change in fair value of interest rate caps, net of taxes | — | — | — | — | 6,159 | 6,159 |
| Conversion of tangible equity units | 6,660,905 | 7 | (7) | — | — | — |
| Settlement of tangible equity units | 6,333,591 | 6 | (6) | — | — | — |
| Other | — | — | (136) | — | — | (136) |
| Balance at June 30, 2022 | <u>326,971,095</u> | <u>\$ 327</u> | <u>\$ 4,384,631</u> | <u>\$ (1,123,249)</u> | <u>\$ 29,177</u> | <u>\$ 3,290,886</u> |

See accompanying notes to consolidated financial statements.

Change Healthcare Inc.
Consolidated Statements of Cash Flows
(unaudited and amounts in thousands)

| | Three Months Ended | |
|--|--------------------|-------------------|
| | June 30, | |
| | 2022 | 2021 |
| Cash flows from operating activities: | | |
| Net income (loss) | \$ (23,168) | \$ (3,605) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 171,722 | 168,211 |
| Amortization of capitalized software developed for sale | 1,302 | 717 |
| Accretion and changes in estimate, net | 4,800 | 4,732 |
| Equity compensation | 49,961 | 26,166 |
| Deferred income tax expense (benefit) | (10,411) | (8,989) |
| Amortization of debt discount and issuance costs | 7,770 | 7,910 |
| Loss on extinguishment of debt | 390 | — |
| Non-cash lease expense | 5,681 | 7,007 |
| Other, net | 3,916 | 249 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | 1,991 | (11,773) |
| Contract assets, net | 30,028 | (3,090) |
| Prepaid expenses and other assets | (20,811) | (25,029) |
| Accounts payable | (2,481) | 34,722 |
| Accrued expenses and other liabilities | (75,394) | (53,649) |
| Deferred revenue | (61,981) | (33,472) |
| Net cash provided by (used in) operating activities | 83,315 | 110,107 |
| Cash flows from investing activities: | | |
| Capitalized expenditures | (79,535) | (66,006) |
| Other, net | — | (1,000) |
| Net cash provided by (used in) investing activities | (79,535) | (67,006) |
| Cash flows from financing activities: | | |
| Payments on Senior Notes | (100,000) | — |
| Payments under tax receivable agreements | (48,462) | (21,537) |
| Receipts (payments) on derivative instruments | (410) | (7,364) |
| Employee tax withholding on vesting of equity compensation awards | (6,407) | (13,015) |
| Payments on deferred financing obligations | (2,331) | (6,796) |
| Payment of senior amortizing notes | (4,254) | (3,965) |
| Proceeds from exercise of equity awards | 1,274 | 5,225 |
| Other, net | (58) | (116) |
| Net cash provided by (used in) financing activities | (160,648) | (47,568) |
| Effect of exchange rate changes on cash and cash equivalents | (1,421) | 470 |
| Net increase (decrease) in cash and cash equivalents | (158,289) | (3,997) |
| Cash and cash equivalents at beginning of period | 252,298 | 113,101 |
| Cash and cash equivalents at end of period | \$ 94,009 | \$ 109,104 |

See accompanying notes to consolidated financial statements.

1. Nature of Business and Organization

Change Healthcare Inc. (the “Company”, “our” or “we”) is a healthcare technology company, focused on accelerating the transformation of the healthcare system through the power of our healthcare platform. We provide data and analytics-driven solutions to improve clinical, financial and patient engagement outcomes in the U.S. healthcare system. Our platform and comprehensive suite of software, analytics, enterprise imaging solutions, technology-enabled services and network solutions drive improved results in the complex workflows of healthcare system payers and providers by enhancing clinical decision making, simplifying billing, collection and payment processes, and enabling a better patient experience.

We are a Delaware corporation originally formed on June 22, 2016, to initially hold an equity investment in Change Healthcare LLC (the “Joint Venture”), a joint venture between the Company and McKesson Corporation (“McKesson”). Effective July 1, 2019, we completed our initial public offering. The proceeds from the common stock offering were subsequently contributed to the Joint Venture in exchange for additional units of the Joint Venture, which together with the Company’s existing holdings represented an approximate 41% interest in the Joint Venture.

On March 10, 2020, McKesson completed a split-off of its interest in the Joint Venture through an exchange offer of its common stock for shares of PF2 SpinCo, Inc, a Delaware corporation and wholly owned subsidiary of McKesson (“SpinCo”). Immediately following consummation of the exchange offer, SpinCo was merged with and into Change Healthcare Inc. (the “Merger”). Subsequent to the Merger, we own 100% of Change Healthcare LLC, and as a result, consolidate the financial statements of Change Healthcare LLC.

UnitedHealth Group Incorporated

On January 5, 2021, we entered into an Agreement and Plan of Merger (the “UHG Agreement”) with UnitedHealth Group Incorporated (“UnitedHealth Group”) and UnitedHealth Group’s wholly owned subsidiary, Cambridge Merger Sub Inc. Pursuant to the UHG Agreement, UnitedHealth Group has agreed to acquire all of the outstanding shares of the Company’s common stock for \$25.75 per share in cash (the “UHG Transaction”). On April 13, 2021, our stockholders approved a proposal to adopt the UHG Agreement, thereby satisfying one of the closing conditions contained in the UHG Agreement. The consummation of the transaction remains subject to the satisfaction or, to the extent permitted by law, waiver of other customary closing conditions.

The UHG Agreement contains representations, warranties, covenants, closing conditions and termination rights customary for transactions of this type. Until the earlier of the termination of the UHG Agreement and the consummation of the UHG Transaction, we have agreed to operate our business in the ordinary course and have agreed to certain other operating covenants, as set forth in the UHG Agreement. If UnitedHealth Group terminates the UHG Agreement after we materially breach the agreement, and we fail to cure such breach, and then within 12 months of such termination we enter into an alternative transaction to sell the Company, or if our Board recommends to our stockholders that they approve an alternative transaction to sell the Company, and such alternative transaction is subsequently consummated, then we may be required to pay UnitedHealth Group a termination fee of \$300 million at the time such alternative transaction is consummated.

On February 24, 2022, the U.S. Department of Justice (“DOJ”) and certain other parties commenced litigation to block the UHG Transaction, and the Company continues to support UnitedHealth Group in working toward closing the UHG Transaction. Trial for that action commenced on August 1, 2022.

On April 4, 2022, the parties to the UHG Agreement entered into a waiver (the “Waiver”) pursuant to which, among other things, the Company and UnitedHealth Group each waived its right to terminate the UHG Agreement due to a failure of the UHG Transaction to have been consummated by the Outside Date (as defined in the UHG Agreement) until the earlier of (i) 5:00 p.m. (New York time) on the tenth business day following a final order (whether or not appealable) issued by the U.S. District Court for the District of Columbia (the “Trial Court”) with respect to the complaint filed by the DOJ and certain other parties regarding the UHG Transaction that permanently prohibits the consummation of the UHG Transaction and (ii) 11:59 p.m. (New York time) on December 31, 2022 (the “Waiver Period”); provided, that if (A) the Trial Court issues a final order that permits the consummation of the UHG Transaction (whether or not subject to conditions), (B) any plaintiff appeals such order and (C) the ability to consummate the UHG Transaction is enjoined or otherwise prohibited by a governmental entity pending such appeal, then the Waiver Period may be extended by either UnitedHealth Group or the Company (in each case, acting in its sole discretion) to 5:00 p.m. (New York time) on March 31, 2023, by providing written notice to the other party prior to 11:59 p.m. (New York time) on December 31, 2022.

The Waiver provides that, if the Company or UnitedHealth Group terminates the UHG Agreement pursuant to Sections 9.2(a) or 9.2(c) of the UHG Agreement at a time when any of the conditions to the closing set forth in Sections 8.1(b), 8.1(c) (in connection with a legal restraint of a governmental antitrust entity) or 8.2(c) of the UHG Agreement has not been satisfied or, to the extent permitted by applicable law, waived, UnitedHealth Group will pay to the Company an amount equal to \$650 million.

The Waiver also provides that the Company may declare and pay a one-time special dividend of up to \$2.00 in cash per each issued and outstanding share of common stock of the Company, with a record date and payment date to be determined in the sole

discretion of our Board (or a committee thereof). We expect to pay the dividend at or about the time of closing of the UHG Transaction.

On April 22, 2022, UnitedHealth Group, as seller, entered into an equity purchase agreement and related agreements relating to the sale of the Company's claims editing business ("ClaimsXten") to an affiliate of investment funds of TPG Capital for a base purchase price in cash equal to \$2.2 billion (subject to customary adjustments). Consummation of the transaction is contingent on a number of conditions, including the consummation of the UHG Transaction.

COVID-19 Considerations

On March 11, 2020, the World Health Organization declared the coronavirus ("COVID-19") outbreak to be a global pandemic. In response to this declaration and the rapid spread of COVID-19 within the U.S., federal, state and local governments imposed varying degrees of restrictions on social and commercial activity to promote social distancing in an effort to slow the spread of the illness. These measures led to weakened conditions in many sectors of the economy, including a decline in healthcare transaction volumes that are integral to our business.

In calendar 2021 and the first half of 2022, the global economy has with certain setbacks, begun reopening and wider distribution of vaccines will likely continue to encourage greater economic activity. Nevertheless, we are unable to predict how widely the vaccines will be utilized, whether they will be effective in preventing the spread of COVID-19 (including its variant strains), and the extent to which our business, results of operations, financial condition or liquidity will ultimately be impacted by COVID-19. Accordingly, the full extent of the impact of COVID-19 on the global economy generally, and on the Company's business, in particular, remains uncertain. However, we are not presently aware of events or circumstances arising from COVID-19 that would require us to revise the carrying value of our assets or liabilities, nor do we expect the impact of COVID-19 to cause us to be unable to comply with our debt covenants or meet our contractual obligations.

Change in Reportable Segments

Historically, the Company had three reportable segments: Software and Analytics, Network Solutions and Technology-Enabled Services. During the first quarter of fiscal year 2023, the Company reassessed its segment reporting structure due to changes in the way we manage our business and view operating results. As a result, the Company has established its Enterprise Imaging business, which was previously included in its Software and Analytics segment, as a standalone fourth reportable segment. Prior period segment information contained herein has been adjusted to reflect the Company's new operating and reporting structure. For more information, see Note 14, *Segment Reporting*.

2. Significant Accounting Policies

Basis of Presentation

The unaudited consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X of the Securities and Exchange Commission ("SEC") Guidelines, Rules and Regulations and, in the opinion of management, reflect all normal recurring adjustments necessary for a fair presentation of results for the unaudited interim periods presented. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been omitted. The results of operations for the interim period are not necessarily indicative of the results to be obtained for the full fiscal year. All intercompany accounts and transactions have been eliminated upon consolidation in the unaudited consolidated financial statements.

Revenue

We recognize revenue at an amount that reflects the consideration we expect to be entitled to in exchange for transferring goods or services to a customer, in accordance with ASC 606, Revenue from Contracts with Customers ("ASC 606"). See Note 3, *Revenue Recognition*, for additional information.

Equity Compensation

We measure stock-based compensation cost based on the estimated fair value of the award on the grant date and recognize the expense over the requisite service period, typically on a straight-line basis. We recognize stock-based compensation expense for awards with performance conditions if and when we conclude that it is probable that the performance conditions will be achieved. The fair value of equity awards is recognized as expense in the same period and in the same manner as if we had paid cash for the goods or services. Forfeitures are recognized as they occur. We issue new shares of common stock upon vesting of equity awards and upon exercise of vested options. We do not intend to repurchase any issued shares of common stock. Incremental expense resulting from any award modifications are recorded over the modified vesting period. See Note 16, *Equity Compensation*, for additional

information.

Allowance for Credit Losses

The allowance for credit losses of \$16,996 and \$22,224 at June 30, 2022 and March 31, 2022, respectively, was primarily based on historical credit loss experience, current conditions, future expected credit losses, and adjustments for certain asset-specific risk characteristics. The following table summarizes activity related to the allowance for credit losses:

| | Three Months Ended June 30, | |
|--------------------------------|-----------------------------|-----------|
| | 2022 | 2021 |
| Balance at beginning of period | \$ 22,224 | \$ 24,126 |
| Provisions | 190 | 1,477 |
| Write-offs | (5,418) | (2,523) |
| Balance at end of period | \$ 16,996 | \$ 23,080 |

Recently Adopted Accounting Pronouncements

London Interbank Offered Rate (LIBOR) Reform

In March 2020, the FASB issued ASU No. 2020-04, as amended by ASU No. 2021-01, which created Topic 848 – Reference Rate Reform. ASU No. 2020-04 contains optional practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts which may be elected over time as activities occur. Among other things, the ASU intends to ease the transition from LIBOR to an alternative reference rate. During the first quarter of fiscal year 2021, we elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. We continue to evaluate the impacts of ASU No. 2020-04 and may apply other elections as reference rate reform activities progress.

Derivatives and Convertible Instruments

On April 1, 2022, we adopted ASU No. 2020-06, which simplifies the accounting for convertible instruments and amends the guidance addressing the derivatives scope exception for contracts in an entity’s own equity. However, given the forward purchase contracts of our previously outstanding Tangible Equity Units (“TEUs”) qualified for the derivatives scope exception and were accounted for under that guidance, there was not a material impact upon adoption.

Accounting Pronouncements Not Yet Adopted

Contract Assets and Liabilities from Contracts with Customers

In October 2021, the FASB issued ASU No. 2021-08, which improves the accounting for revenue contracts with customers acquired in a business combination by addressing diversity in practice and requiring the acquirer to measure contract assets and liabilities acquired in accordance with ASC 606. The standard is scheduled to be effective for us beginning April 1, 2023, with early adoption permitted. Once adopted, the updated guidance could potentially have a material impact on the amount of assets, liabilities, and revenue recognized from acquired businesses, depending on the size and nature of those transactions.

3. Revenue Recognition

We generate most of our solutions revenue using technology solutions (generally Software as a Service (“SaaS”)) to provide services to our customers that automate and simplify business and administrative functions for payers, providers, pharmacies, and channel partners and through the licensing of software, software systems (consisting of software, hardware and maintenance support) and content. We recognize revenue when the customer obtains control of the good or service through satisfying a performance obligation by transferring the promised good or service to the customer.

Contract Balances

As of June 30, 2022, we expect 93% of the deferred revenue balance to be recognized in one year or less. Approximately \$139,431 of the balance at the beginning of fiscal year 2023 was recognized during the three months ended June 30, 2022. Approximately \$159,230 of the balance at the beginning of fiscal year 2022 was recognized during the three months ended June 30, 2021.

Remaining Performance Obligations

The aggregate amount of transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) for executed contracts includes deferred revenue and other revenue yet to be recognized from non-cancellable contracts. As of June 30, 2022, remaining performance obligations totaled \$1,392,784, of which 52% is expected to be recognized over the next 12 months, and the remaining 48% thereafter.

In this balance, we do not include the value of unsatisfied performance obligations related to those contracts for which we recognize revenue at the amount for which we have the right to invoice for services performed. Additionally, this balance does not include revenue related to performance obligations that are part of a contract with an original expected duration of one year or less. Lastly, this balance does not include variable consideration allocated to the individual goods or services in a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. Examples include variable fees associated with transaction processing and contingent fee services.

Disaggregated Revenue

We disaggregate the revenue from contracts with customers by operating segment as we believe doing so best depicts how the nature, amount, timing and uncertainty of revenues are affected by economic factors. See Note 14, *Segment Reporting*, for total revenue disaggregated by operating segment for the three months ended June 30, 2022.

In addition to disaggregating revenue by operating segment, we disaggregate between revenue that is recognized over time and revenue that is recognized at a point in time. For each of the three months ended June 30, 2022 and 2021, 94% of revenue was recognized over time and 6% of revenue was recognized at a point in time.

4. Goodwill

During the first quarter of fiscal year 2023, we made certain changes in the way we manage our business and view operating results. Management now views the Company's operating results based on four reportable segments: Software and Analytics, Network Solutions, Enterprise Imaging and Technology-Enabled Services. The operating results of Enterprise Imaging were previously included in the operating results of Software and Analytics. See Note 14, *Segment Reporting*, for further information.

The following table presents the changes in the carrying amount of goodwill:

| | Software and Analytics | Network Solutions | Enterprise Imaging | Technology-Enabled Services | Total |
|----------------------------------|-----------------------------------|--------------------------|-------------------------------|--|---------------------|
| Balance at March 31, 2022 | \$ 1,479,534 | \$ 2,012,663 | \$ 252,025 | \$ 368,682 | \$ 4,112,904 |
| Effects of foreign currency | — | — | (11,245) | — | (11,245) |
| Balance at June 30, 2022 | <u>\$ 1,479,534</u> | <u>\$ 2,012,663</u> | <u>\$ 240,780</u> | <u>\$ 368,682</u> | <u>\$ 4,101,659</u> |

5. Long-Term Debt

Long-term debt consists of the following:

| | June 30, 2022 | March 31, 2022 |
|--|---------------|----------------|
| <i>Senior Credit Facilities</i> | | |
| \$5,100,000 Term Loan Facility, due March 1, 2024, net of unamortized discount of \$48,754 and \$55,763 at June 30, 2022 and March 31, 2022, respectively (effective interest rate of 4.42% and 4.42%, respectively) | \$ 3,264,496 | \$ 3,257,487 |
| \$785,000 Revolving Facility, expiring July 3, 2024, and bearing interest at a variable interest rate | — | — |
| <i>Senior Notes</i> | | |
| \$1,325,000 5.75% Senior Notes due March 1, 2025, net of unamortized discount of \$4,509 and \$5,303 at June 30, 2022 and March 31, 2022, respectively (effective interest rate of 5.90% and 5.90%, respectively) | 1,220,491 | 1,319,697 |
| <i>Tangible Equity Unit Senior Amortizing Note</i> | | |
| \$47,367 Senior Amortizing Notes due June 30, 2022, net of unamortized discount of \$0 and \$20 at June 30, 2022 and March 31, 2022, respectively (effective interest rate of 7.44% as of March 31, 2022) | — | 4,234 |
| <i>Other</i> | 6,286 | 8,675 |
| Less current portion | (4,708) | (10,006) |
| Long-term debt, excluding current portion | \$ 4,486,565 | \$ 4,580,087 |

Our long-term indebtedness includes a senior secured term loan facility (the “Term Loan Facility”) and a revolving credit facility (the “Revolving Facility”); together with the Term Loan Facility, the “Senior Credit Facilities”). The Senior Credit Facilities provide us with the right at any time to request additional term loan tranches and/or term loan increases, increases in the revolving commitments and/or additional revolving credit facilities. Our long-term indebtedness also includes 5.75% senior notes due March 1, 2025 (the “Senior Notes”) with interest payable semi-annually on March 1 and September 1 of each year.

As of June 30, 2022, we were in compliance with all of the applicable covenants under the Senior Credit Facilities and the Senior Notes.

In the first quarter of fiscal year 2023, we repaid \$100,000 on our Senior Notes and recognized a loss on extinguishment of \$390 in our consolidated statement of operations.

On June 30, 2022, we made our final payment on the Tangible Equity Unit Senior Amortizing Note. See Note 8, *Tangible Equity Units*, for further details.

6. Interest Rate Cap Agreements

Risk Management Objective of Using Derivatives

We are exposed to certain risks arising from both our business operations and economic conditions. We principally manage exposures to a wide variety of business and operational risks through management of core business activities. We manage economic risks, including interest rate, liquidity and credit risk, primarily by managing the amount, sources and duration of debt funding and the use of derivative financial instruments. Specifically, we enter into derivative financial instrument contracts to manage differences in the amount, timing and duration of known or expected cash receipts and known or expected cash payments principally related to existing borrowings.

Cash Flow Hedges of Interest Rate Risk

Our objectives in using interest rate derivatives are to add stability to interest expense and to manage exposure to interest rate movements. To accomplish these objectives, we primarily use interest rate cap agreements as part of our interest rate risk management strategy. Payments and receipts related to interest rate cap agreements are included in cash flows from financing activities in the consolidated statements of cash flows.

During fiscal year 2022, two of our interest rate cap agreements expired on December 31, 2021. These agreements had a combined notional amount of \$1,500,000. At June 30, 2022, each of our outstanding interest rate cap agreements were designated as cash flow hedges of interest rate risk and were determined to be highly effective. Our outstanding instruments expire on March 31, 2024.

Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made on our variable-rate debt. We estimate that \$18,424 will be reclassified as a decrease to interest expense within one year.

The fair value of derivative instruments is as follows:

| | Fair Values of Derivative Financial Instruments | | |
|---|---|-------------------|------------------|
| | Balance Sheet Location | Asset (Liability) | |
| Derivative financial instruments designated as hedging instruments: | | June 30, 2022 | March 31, 2022 |
| Interest rate cap agreements | Prepaid and other current assets | \$ 19,286 | \$ 7,214 |
| Interest rate cap agreements | Other noncurrent assets, net | 14,842 | 18,257 |
| Total | | \$ 34,128 | \$ 25,471 |

Effect of Derivative Instruments on the Statement of Operations

The effect of the derivative instruments on the consolidated statements of operations and other comprehensive income (loss) is as follows:

| | Three Months Ended | |
|--|--------------------|---------------|
| | June 30, 2022 | June 30, 2021 |
| Derivative financial instruments in cash flow hedging relationships: | | |
| Gain (loss) related to derivative financial instruments recognized in other comprehensive income (loss) | \$ 8,265 | \$ (294) |
| (Gain) loss related to portion of derivative financial instruments reclassified from accumulated other comprehensive (income) loss to interest expense | \$ 367 | \$ 413 |

Credit Risk-Related Contingent Features

We have agreements with each of our derivative counterparties providing that if we default on any of our indebtedness, including a default where repayment of the indebtedness has not been accelerated by the lender, then we also could be declared in default on our derivative obligations.

As of June 30, 2022 and March 31, 2022, each of our derivative financial instruments was in a net asset position. We do not offset any derivative financial instruments, and the derivative financial instruments are not subject to collateral posting requirements.

7. Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes our assets and liabilities measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall:

| | Total | Quoted in Identical Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|-----------------------------------|------------------|---------------------------------------|---|---|
| Balance at June 30, 2022: | | | | |
| Interest rate cap agreements | \$ 34,128 | \$ — | \$ 34,128 | \$ — |
| Total | \$ 34,128 | \$ — | \$ 34,128 | \$ — |
| Balance at March 31, 2022: | | | | |
| Interest rate cap agreements | \$ 25,471 | \$ — | \$ 25,471 | \$ — |
| Total | \$ 25,471 | \$ — | \$ 25,471 | \$ — |

Derivative Financial Instruments

The valuation of our derivative financial instruments is determined using widely accepted valuation techniques, including a discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the

derivative, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair value of the interest rate cap agreements is determined using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates rise above the strike rate of the caps. The variable interest rates used in the calculation of projected receipts on the cap are based on an expectation of future interest rates derived from observable market interest rate curves and volatilities.

We incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we consider the impact of netting and any applicable credit enhancements. We measure the credit risk of our derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments utilize Level 3 inputs to evaluate the likelihood of both our own default and counterparty default. As of June 30, 2022, we determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives and therefore, the valuations are classified in Level 2 of the fair value hierarchy.

Assets and Liabilities Measured at Fair Value upon Initial Recognition

The carrying amount and the fair value of financial instruments held as of June 30, 2022 and March 31, 2022 were as follows:

| | June 30, 2022 | | March 31, 2022 | |
|---|------------------------|-------------------|------------------------|-------------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Cash and cash equivalents | \$ 94,009 | \$ 94,009 | \$ 252,298 | \$ 252,298 |
| Senior Credit Facilities (Level 2) | \$ 3,264,496 | \$ 3,230,419 | \$ 3,257,487 | \$ 3,288,401 |
| Senior Notes (Level 2) | \$ 1,220,491 | \$ 1,194,375 | \$ 1,319,697 | \$ 1,316,785 |
| Debt component of tangible equity units (Level 2) | \$ — | \$ — | \$ 4,234 | \$ 4,284 |

8. Tangible Equity Units

In July 2019, we completed our offering of 5,750,000 TEUs. Total proceeds, net of underwriting discounts, were \$278,875. Each TEU, which had a stated amount of \$50, was comprised of a stock purchase contract and a senior amortizing note due June 30, 2022. Each senior amortizing note had an initial principal amount of \$8.2378 and bore interest at 5.5% per year. On each March 30, June 30, September 30 and December 30, we paid equal quarterly cash installments of \$0.7500 per amortizing note (except for the September 30, 2019 installment payment, which was \$0.7417 per amortizing note). Each installment constituted a payment of interest and partial payment of principal.

Holders of the purchase contracts had the ability to elect to early settle prior to the automatic settlement date of June 30, 2022, at the minimum settlement rate of 3.2051 shares of common stock per purchase contract, resulting in the holder receiving the minimum number of shares for that purchase contract. Holders that elected to settle prior to the automatic settlement date are included in "Conversions" in the table below.

On June 30, 2022, we made our final payment on the senior amortizing notes and the remaining outstanding purchase contracts were settled into shares of common stock at a rate of 3.2051 shares per purchase contract. The automatic settlements are included in "Settlements" in the table below.

The following table summarizes TEU activity:

| | Tangible Equity Units |
|--------------------------------------|------------------------------|
| Outstanding at March 31, 2022 | 4,054,320 |
| Conversions | (2,078,222) |
| Settlements | (1,976,098) |
| Outstanding at June 30, 2022 | — |

9. Tax Receivable Agreements

As of June 30, 2022, we estimate the aggregate payments due under our tax receivable agreements in future fiscal years to be as follows:

| | Related Party Tax Receivable Agreements | McKesson Tax Receivable Agreement | Other Tax Receivable Agreements | Total |
|--|---|--------------------------------------|---------------------------------------|-------------------|
| Remainder of 2023 | \$ — | \$ — | \$ — | \$ — |
| 2024 | 29,560 | 15,092 | 15,120 | 59,772 |
| 2025 | 28,998 | 38,184 | 14,513 | 81,695 |
| 2026 | 48,684 | 16,108 | 19,899 | 84,691 |
| 2027 | 8,506 | 32,093 | 9,330 | 49,929 |
| Thereafter | 40,773 | 34,950 | 37,098 | 112,821 |
| Gross expected payments | 156,521 | 136,427 | 95,960 | 388,908 |
| Less: Amounts representing discount | (47,458) | — | (27,730) | (75,188) |
| Total tax receivable agreement obligations | 109,063 | 136,427 | 68,230 | 313,720 |
| Less: Current portion due | (29,560) | (15,092) | (15,120) | (59,772) |
| Tax receivable agreement long-term obligations | <u>\$ 79,503</u> | <u>\$ 121,335</u> | <u>\$ 53,110</u> | <u>\$ 253,948</u> |

The timing and/or amount of aggregate payments due may vary based on a number of factors, including the amount of net operating losses and income tax rates. The amount of aggregate payments shown above do not reflect any potential impacts from the UHG Transaction.

10. Income Taxes

The following table summarizes income tax information:

| | Three Months Ended | |
|--------------------------------|--------------------|------------|
| | June 30, | |
| | 2022 | 2021 |
| Income tax provision (benefit) | \$ (9,311) | \$ (8,450) |
| Effective tax rate | 28.7% | 70.1% |

For the three months ended June 30, 2022, fluctuations in our reported income tax rates from the statutory rate are primarily due to the impacts of equity compensation, transaction costs, and benefits recognized for certain incentive tax credits resulting from research and experimental expenditures.

For the three months ended June 30, 2021, fluctuations in our reported income tax rates from the statutory rate are primarily due to impacts of equity compensation and benefits recognized for certain incentive tax credits resulting from research and experimental expenditures.

11. Net Income (Loss) Per Share

The following table sets forth the computation of net income (loss) per share of common stock:

| | Three Months Ended | |
|--|--------------------|------------------|
| | June 30, | |
| | 2022 | 2021 |
| Basic net income (loss) per share: | | |
| Numerator: | | |
| Net income (loss) | \$ (23,168) | \$ (3,605) |
| Denominator: | | |
| Weighted average common shares outstanding | 318,127,831 | 308,882,895 |
| Minimum shares issuable under purchase contracts | 8,434,651 | 13,663,276 |
| Total weighted average shares outstanding | 326,562,482 | 322,546,171 |
| Basic net income (loss) per share | \$ (0.07) | \$ (0.01) |

Due to their antidilutive effect, the following securities have been excluded from diluted net income (loss) per share:

| | Three Months Ended | |
|-------------------------|--------------------|-----------|
| | June 30, | |
| | 2022 | 2021 |
| Restricted Share Units | 5,332,098 | 5,285,690 |
| Time-Vesting Options | 2,052,162 | 1,916,531 |
| Deferred Stock Units | 184,852 | 108,159 |
| Performance Stock Units | 847,682 | — |

12. Legal Proceedings

We are subject to various claims with customers and vendors, pending and potential legal actions for damages, investigations relating to governmental laws and regulators and other matters arising out of the normal conduct of its business.

UHG Transaction Proceedings

Following the announcement of the UHG Transaction, nine lawsuits challenging the UHG Transaction were filed in various jurisdictions. The first lawsuit, a putative class action alleging breaches of fiduciary duty, was filed in Tennessee Chancery Court, and was voluntarily dismissed without prejudice on March 17, 2021. The remaining eight lawsuits were filed in federal court between March 18, 2021 and April 7, 2021. The operative complaints in those actions named us and our Board of Directors as defendants and alleged, among other things, that the proxy statement filed in conjunction with the UHG Transaction was materially incomplete and misleading in violation of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 and Rule 14a-9 promulgated thereunder (“Section 14(a) Actions”). All of the Section 14(a) Actions were dismissed without prejudice by April 23, 2021.

We also received written demands from purported stockholders relating to the UHG Transaction. One of the stockholders who made a written demand subsequently filed a complaint against us in the Delaware Court of Chancery on April 13, 2021 pursuant to 8. *Del. C.* § 220, seeking certain books and records relating to the UHG Transaction. That action, which is captioned *Waterford Township Policy & Fire Retirement System v. Change Healthcare, Inc.*, 2021-0317, remains pending, and the parties have agreed to stay our deadline to respond to the operative pleading.

In addition, on February 24, 2022, the U.S. Department of Justice and certain other parties (including the Attorneys General for the States of New York and Minnesota) filed suit in the U.S. District Court for the District of Columbia to block the UHG Transaction. Trial for that action, which is captioned *U.S. et al., v. UnitedHealth Group Inc., et al.*, No. 22-cv-00481 (DDC), commenced on August 1, 2022.

Government Subpoenas and Investigations

From time to time, we may receive subpoenas or requests for information from various government agencies. We generally respond to such subpoenas and requests in a cooperative, thorough and timely manner. These responses sometimes require time and effort and can result in incurring considerable costs. Such subpoenas and requests also can lead to the assertion of claims or the commencement of civil or criminal proceedings against us and other members of the health care industry, as well as to settlements.

Other Matters

In the ordinary course of business, we are involved in various other claims and legal proceedings. While the ultimate resolution of these matters has yet to be determined, we do not believe that it is reasonably possible that their outcomes will have a material adverse effect on our consolidated financial position, results of operations, or liquidity.

13. Related Party Transactions

Term Loans Held by Related Party

Affiliates of Blackstone Inc. (“Blackstone”) were significant stockholders at our inception and continue to hold a material interest in the Company. Certain investment funds managed by GSO Capital Partners LP (the “GSO-managed funds”) held a portion of the term loans under our Senior Credit Facilities. GSO Advisor Holdings LLC (“GSO Advisor”) is the general partner of GSO Capital Partners LP, and Blackstone, indirectly through its subsidiaries, holds all of the issued and outstanding equity interests of GSO Advisor. As of June 30, 2022 and March 31, 2022, the GSO-managed funds held \$191,049 in principal amount of the Senior Credit Facilities (none of which is classified within current portion of long-term debt).

Transactions with Blackstone Portfolio Companies

We provide various services to, and purchase services from, certain Blackstone portfolio companies under contracts that were executed in the normal course of business. The following is a summary of revenue recognized and amounts paid related to services provided to and from Blackstone portfolio companies:

| | Three Months Ended | |
|---|--------------------|----------|
| | June 30, | |
| | 2022 | 2021 |
| Revenue recognized related to services provided | \$ 979 | \$ 1,770 |
| Amount paid related to services received | \$ 4,079 | \$ 4,253 |

Employer Healthcare Program Agreement with Equity Healthcare

Effective January 1, 2021, we entered into an employer health program agreement with Equity Healthcare LLC (“Equity Healthcare”), an affiliate of Blackstone, whereby Equity Healthcare provides certain negotiating, monitoring and other services in connection with certain of our health benefit plans. In consideration for Equity Healthcare’s services, we pay a fee of \$3.25 per participating employee per month.

14. Segment Reporting

During the first quarter of fiscal year 2023, we made certain changes in the way we manage our business and view operating results. Specifically, we made the following changes:

Established the Enterprise Imaging business as a standalone reportable segment under its own general manager, reporting directly to our chief executive officer. This business was previously presented within the Software and Analytics reportable segment.

Shifted responsibility for certain products from one reportable segment to another to better align our portfolio of service offerings, which will impact the Technology-Enabled Services, Network Solutions, and Software and Analytics reportable segments.

Segment information presented below reflects the above changes, including retrospective adjustment to any historical segment information presented. Management now views the Company’s operating results based on four reportable segments: Software and Analytics, Network Solutions, Enterprise Imaging and Technology-Enabled Services.

Software and Analytics

The Software and Analytics segment provides solutions for revenue cycle management, provider network management, payment accuracy, value-based payments, clinical decision support, consumer engagement, and risk adjustment and quality performance.

Network Solutions

The Network Solutions segment provides solutions for financial, administrative, clinical and pharmacy transactions, electronic payments, and aggregation and analytics of clinical and financial data.

Enterprise Imaging

The Enterprise Imaging segment provides locally-hosted and cloud-native technologies for medical imaging, including radiology, cardiology and hemodynamic solutions. The suite of products supports operational, clinical and financial outcomes for imaging providers.

Technology-Enabled Services

The Technology-Enabled Services segment provides solutions for financial and administrative management, value-based care, communication and payment, pharmacy benefits administration and healthcare consulting.

Postage and Eliminations

Postage and eliminations includes pass-through postage costs, as well as eliminations to remove inter-segment revenue and expenses and consolidating adjustments to classify certain rebates paid to channel partners as a reduction of revenue. These administrative costs are excluded from the adjusted EBITDA measure for each respective reportable segment.

Segment Results

Revenue and adjusted EBITDA for each of the reportable segments for the three months ended June 30, 2022 and 2021 are shown below. Information is reflected in the manner utilized by management to make operating decisions, assess performance and allocate resources. Such amounts include allocations of corporate shared services functions that are essential to the core operations of the reportable segments. Segment assets and related depreciation expenses are not presented to management for purposes of operational decision making, and therefore are not included in the accompanying tables.

| | Three Months Ended | |
|--|--------------------|-------------------|
| | June 30, | |
| | 2022 | 2021 |
| Segment Revenue | | |
| Software and Analytics | \$ 344,927 | \$ 337,823 |
| Network Solutions | 223,283 | 218,264 |
| Enterprise Imaging | 83,085 | 82,396 |
| Technology-Enabled Services | 213,169 | 216,776 |
| Postage and Eliminations ⁽¹⁾ | 20,005 | 17,058 |
| Purchase Accounting Adjustment ⁽²⁾ | — | (4,461) |
| Net Revenue | <u>\$ 884,469</u> | <u>\$ 867,856</u> |
| Segment Adjusted EBITDA | | |
| Software and Analytics | \$ 144,973 | \$ 137,028 |
| Network Solutions | 111,433 | 113,617 |
| Enterprise Imaging | 18,648 | 19,960 |
| Technology-Enabled Services | 5,126 | 12,123 |
| Adjusted EBITDA | <u>\$ 280,180</u> | <u>\$ 282,728</u> |
| Reconciliation of income (loss) before tax provision (benefit) to Adjusted EBITDA | | |
| Income (loss) before income tax provision (benefit) | \$ (32,479) | \$ (12,055) |
| Amortization of capitalized software developed for sale | 1,302 | 717 |
| Depreciation and amortization | 171,722 | 168,211 |
| Interest expense | 56,870 | 59,386 |
| Equity compensation | 49,961 | 26,166 |
| Acquisition accounting adjustments | (4,613) | (559) |
| Acquisition and divestiture-related costs | 17,944 | 6,394 |
| Integration and related costs | 1,428 | 11,368 |
| Strategic initiatives, duplicative and transition costs | 5,629 | 9,928 |
| Severance costs | 2,482 | 4,720 |
| Accretion and changes in estimate, net | 4,800 | 4,732 |
| Impairment of long-lived assets and other | 1,161 | 1,612 |
| Loss on extinguishment of debt | 390 | — |
| Other non-routine, net | 3,583 | 2,108 |
| Adjusted EBITDA | <u>\$ 280,180</u> | <u>\$ 282,728</u> |

(1) Revenue for the Postage and Eliminations segment includes postage revenue of \$53,126 and \$51,208 for the three months ended June 30, 2022 and 2021, respectively.

(2) Amount reflects the impact to deferred revenue resulting from the Merger, which reduced revenue recognized during the period.

15. Accumulated Other Comprehensive Income (Loss)

The following is a summary of the accumulated other comprehensive income (loss) activity.

| | Foreign Currency Translation Adjustment | Cash Flow Hedge | Accumulated Other Comprehensive Income (Loss) |
|---|---|--------------------|---|
| Balance at March 31, 2021 | \$ 14,130 | \$ (2,909) | \$ 11,221 |
| Change associated with foreign currency translation | 3,571 | — | 3,571 |
| Change associated with current period hedging | — | (294) | (294) |
| Reclassification into earnings | — | 413 | 413 |
| Balance at June 30, 2021 | <u>\$ 17,701</u> | <u>\$ (2,790)</u> | <u>\$ 14,911</u> |
| Balance at March 31, 2022 | \$ 17,871 | \$ 17,245 | \$ 35,116 |
| Change associated with foreign currency translation | (12,098) | — | (12,098) |
| Change associated with current period hedging | — | 5,792 | 5,792 |
| Reclassification into earnings | — | 367 | 367 |
| Balance at June 30, 2022 | <u>\$ 5,773</u> | <u>\$ 23,404</u> | <u>\$ 29,177</u> |

16. Equity Compensation

During the first quarter of fiscal year 2023, we granted approximately 5.1 million Restricted Stock Units (“RSUs”) to our employees under the Omnibus Incentive Plan. The RSUs are subject to a graded vesting schedule over three years in which the awards vest on a quarterly basis. Upon vesting, the RSUs are settled for shares of common stock.

During the first quarter of fiscal year 2023, the terms of the Company’s outstanding Exit-Vesting Options were modified to permit, in addition to existing vesting provisions, time-based vesting to occur in three equal annual installments on June 30, 2022, 2023 and 2024. Expense is expected to be recognized for these awards over the modified vesting period, subject to other existing vesting conditions (i.e., Blackstone selling its interests).

During the first quarter of fiscal year 2023, the terms of the Performance Share Units (“PSUs”) were modified to update the vesting date to July 2, 2022 (from the original July 2, 2023 vesting date). Additionally, the Compensation Committee exercised its discretion to certify performance at target, resulting in 100% of the PSUs being earned. The remaining unrecognized expense at the time of modification will be recognized over the accelerated vesting period (i.e., from June 1, 2022 through July 2, 2022).

During the three months ended June 30, 2022 and 2021, we recognized \$49,961 and \$26,166 of equity compensation expense, respectively. At June 30, 2022, aggregate unrecognized compensation expense related to outstanding awards was \$261,373.

Upon closing of the UHG Transaction, existing awards will generally convert to equivalent UHG awards with consistent vesting provisions. Certain awards will vest upon closing of the UHG Transaction per the terms of the UHG Agreement.

17. Subsequent Events

In July 2022, we made a voluntary repayment on the Senior Notes of \$50,000 and recorded a loss on extinguishment of debt of approximately \$184.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is intended to help the reader understand our results of operations and financial condition. The MD&A is provided as a supplement to, and should be read in conjunction with, the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2022, as well as the Company’s unaudited financial statements and the accompanying notes presented in Item 1 of this Quarterly Report on Form 10-Q.

In addition to historical data, the discussion contains forward-looking statements about the business, operations and financial performance based on current expectations that involve risks, uncertainties and assumptions. Actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to those discussed in *Cautionary Notice Regarding Forward-Looking Statements* and Part II, Item 1A, *Risk Factors*.

Overview

We are a leading healthcare technology company, focused on accelerating the transformation of the healthcare system through the power of our healthcare platform. We provide data and analytics-driven solutions to improve clinical, financial, administrative, and patient engagement outcomes in the U.S. healthcare system.

Our platform and comprehensive suite of software, analytics, enterprise imaging solutions, technology-enabled services and network solutions drive improved results in the complex workflows of healthcare system payers and providers by enhancing clinical decision making, simplifying billing, collection and payment processes, and enabling a better patient experience.

Our healthcare platform supports one of the largest collections of clinical and financial healthcare networks in the U.S. With insights gained from our experience, applications and analytics portfolio and our services operations, we have designed analytics solutions that include industry-leading and trusted franchises supported by extensive intellectual property and regularly updated content.

We were originally formed to hold an equity investment in Change Healthcare LLC (the “Joint Venture”), a joint venture between the Company and McKesson Corporation (“McKesson”). On March 10, 2020, McKesson completed a split-off of its interest in the Joint Venture (“the Merger”). As a result, we own 100% and consolidate the financial statements of Change Healthcare LLC.

Recent Developments

The UHG Transaction

On January 5, 2021, we entered into an Agreement and Plan of Merger (the “UHG Agreement”) with UnitedHealth Group Incorporated (“UnitedHealth Group”) and UnitedHealth Group’s wholly owned subsidiary, Cambridge Merger Sub Inc. Pursuant to the UHG Agreement, UnitedHealth Group has agreed to acquire all of the outstanding shares of the Company’s common stock for \$25.75 per share in cash (the “UHG Transaction”). The consummation of the transaction remains subject to the satisfaction or, to the extent permitted by law, waiver of other customary closing conditions.

The UHG Agreement contains representations, warranties, covenants, closing conditions and termination rights customary for transactions of this type. Until the earlier of the termination of the UHG Agreement and the consummation of the transaction, we have agreed to operate our business in the ordinary course and have agreed to certain other operating covenants, as set forth in the UHG Agreement. If UnitedHealth Group terminates the UHG Agreement after we materially breach the agreement, and we fail to cure such breach, and then within 12 months of such termination we enter into an alternative transaction to sell the Company, or if our Board recommends to our stockholders that they approve an alternative transaction to sell the Company, and such alternative transaction is subsequently consummated, then we may be required to pay UnitedHealth Group a termination fee of \$300 million at the time such alternative transaction is consummated.

On February 24, 2022, the DOJ and certain other parties commenced litigation to block the UHG Transaction, and the Company continues to support UnitedHealth Group in working toward closing the UHG Transaction. Trial for that action commenced on August 1, 2022.

On April 4, 2022, the parties to the UHG Agreement entered into a waiver (the “Waiver”) pursuant to which, among other things, the Company and UnitedHealth Group each waived its right to terminate the UHG Agreement due to a failure of the UHG Transaction to have been consummated by the Outside Date (as defined in the UHG Agreement) until the earlier of (i) 5:00 p.m. (New York time) on the tenth business day following a final order (whether or not appealable) issued by the U.S. District Court for the District of Columbia (the “Trial Court”) with respect to the complaint filed by the U.S. Department of Justice and certain other parties regarding the UHG Transaction that permanently prohibits the consummation of the UHG Transaction and (ii) 11:59 p.m. (New York time) on December 31, 2022 (the “Waiver Period”); provided, that if (A) the Trial Court issues a final order that permits the consummation of the UHG Transaction (whether or not subject to conditions), (B) any plaintiff appeals such order and (C) the ability to consummate the UHG Transaction is enjoined or otherwise prohibited by a governmental entity pending such appeal, then the Waiver Period may be extended by either UnitedHealth Group or the Company (in each case, acting in its sole discretion) to 5:00 p.m. (New York time) on March 31, 2023, by providing written notice to the other party prior to 11:59 p.m. (New York time) on December 31, 2022.

The Waiver provides that, if the Company or UnitedHealth Group terminates the UHG Agreement pursuant to Sections 9.2(a) or 9.2(c) of the UHG Agreement at a time when any of the conditions to the closing set forth in Sections 8.1(b), 8.1(c) (in connection with a legal restraint of a governmental antitrust entity) or 8.2(c) of the UHG Agreement has not been satisfied or, to the extent permitted by applicable law, waived, UnitedHealth Group will pay to the Company an amount equal to \$650.0 million.

The Waiver also provides that the Company may declare and pay a one-time special dividend of up to \$2.00 in cash per each issued and outstanding share of common stock of the Company, with a record date and payment date to be determined in the sole discretion of our Board (or a committee thereof). We expect to pay the dividend at or about the time of closing of the UHG Transaction.

On April 22, 2022, UnitedHealth Group, as seller, entered into an equity purchase agreement and related agreements relating to the sale of the Company's claims editing business ("ClaimsXten") to an affiliate of investment funds of TPG Capital for a base purchase price in cash equal to \$2.2 billion (subject to customary adjustments). Consummation of the transaction is contingent on a number of conditions, including the consummation of the UHG Transaction.

Senior Notes Repayment

In the first quarter of fiscal year 2023, we repaid \$100.0 million on our Senior Notes and recognized a loss on extinguishment of \$0.4 million in our consolidated statement of operations.

Tangible Equity Units

In the first quarter of fiscal year 2023, 2,078,222 TEUs were converted and the remaining 1,976,098 purchase contracts were automatically settled on June 30, 2022. On June 30, 2022, we made the last payment on the TEU senior amortizing note.

Equity Compensation

During the first quarter of fiscal year 2023, we granted approximately 5.1 million RSUs to our employees under the Omnibus Incentive Plan. The RSUs are subject to a graded vesting schedule over three years in which the awards vest on a quarterly basis. Upon vesting, the RSUs are exchanged for shares of common stock. Total compensation expense related to these awards is approximately \$122.0 million.

During the first quarter of fiscal year 2023, the terms of the exit-vesting options were modified to permit, in addition to existing vesting provisions, time-based vesting to occur in three equal annual installments on June 30, 2022, 2023 and 2024. Upon modification, aggregate unrecognized compensation expense related to these awards was approximately \$51.0 million. Expense is expected to be recognized for these awards over the modified vesting period, subject to other existing vesting conditions (i.e., Blackstone selling its interests).

During the first quarter of fiscal year 2023, the terms of the Performance Share Units ("PSUs") were modified to update the vesting date to July 2, 2022 (from the original July 2, 2023 vesting date). Additionally, the Compensation Committee exercised its discretion to certify performance at target, resulting in 100% of the PSUs being earned. The remaining unrecognized expense at the time of modification will be recognized over the accelerated vesting period (i.e., from June 1, 2022 through July 2, 2022).

Key Components of Our Results of Operations

Segments

During the first quarter of fiscal year 2023, we made certain changes in the way we manage our business and view operating results. Specifically, we made the following changes:

- Established the Enterprise Imaging business as a standalone reportable segment under its own general manager, reporting directly to our chief executive officer. This business was previously presented within the Software and Analytics reportable segment.
- Shifted responsibility for certain products from one reportable segment to another to better align our portfolio of service offerings, which will impact the Technology-Enabled Services, Network Solutions, and Software and Analytics reportable segments.

Segment information presented for this quarter and in future periods will reflect the above changes, including retrospective adjustment to any historical segment information presented. We now report our financial results in four reportable segments: Software and Analytics, Network Solutions, Enterprise Imaging and Technology-Enabled Services.

- The Software and Analytics segment provides solutions for revenue cycle management, provider network management, payment accuracy, value-based payments, clinical decision support, consumer engagement, and risk adjustment and quality performance.
- The Network Solutions segment provides solutions for financial, administrative, clinical and pharmacy transactions, electronic payments, and aggregation and analytics of clinical and financial data.
- The Enterprise Imaging segment provides locally-hosted and cloud-native technologies for medical imaging, including radiology, cardiology and hemodynamic solutions. The suite of products support operational, clinical and financial outcomes for imaging providers.
- The Technology-Enabled Services segment provides solutions for financial and administrative management, value-based care, communication and payment, pharmacy benefits administration and healthcare consulting.

Factors Affecting Results of Operations

The following are certain key factors that affect, will affect, or have recently affected, our results of operations:

Macroeconomic and Industry Trends

While conditions have improved since the onset of the COVID-19 pandemic, the spread of COVID-19 has driven a reduction in, or in some cases temporary elimination of, elective medical procedures and healthcare visits. A portion of our business is tied to overall volume of activity in the healthcare system, and therefore, we have been adversely impacted by this industry trend.

In response to COVID-19, we initiated a number of actions with our employees' health being our first priority. We also focused on serving our customers and introducing new products and services to address their previously unexpected needs related to COVID-19. While the availability of approved COVID-19 vaccines and their impact on the economy has been encouraging, we cannot predict the extent to which our business, results of operations, financial condition or liquidity will ultimately be impacted by COVID-19. However, we continue to assess its impact on our business and are actively managing our response as the pandemic evolves. We believe the solutions we provide our customers will be as important, if not more, post-COVID-19.

Additionally, the current labor market combined with heightened inflation across the globe has increased our cost of labor, primarily impacting our Technology-Enabled Services segment. We are optimizing our cost structure and investing in technology to help us offset these costs.

Acquisitions and Divestitures

Prior to entering into the UHG Agreement, we actively evaluated opportunities to improve and expand our business through targeted acquisitions that are consistent with our strategy. As the UHG Agreement places certain restrictions on the types of acquisitions we can engage in without UnitedHealth Group's consent, we anticipate such activity to be more limited prior to the expected closing of the UHG Transaction. On occasion, and subject to the restrictions set forth in the UHG Agreement, we may also dispose of certain components of our business that no longer fit within our overall strategy. Because of the acquisition and divestiture activity as well as the shifting revenue mix of our business due to this activity, our results of operations may not be directly comparable among periods.

Results of Operations

Three Months Ended June 30, 2022 Compared to Three Months Ended June 30, 2021

| (amounts in millions) ⁽¹⁾ | Three Months Ended June 30, | | \$ Change | % Change |
|---|-----------------------------|-----------------|------------------|----------------|
| | 2022 | 2021 | | |
| Revenue | | | | |
| Solutions revenue | \$ 831.3 | \$ 816.6 | \$ 14.7 | 1.8 % |
| Postage revenue | 53.1 | 51.2 | 1.9 | 3.8 % |
| Total revenue | 884.5 | 867.9 | 16.6 | 1.9 % |
| Operating expenses | | | | |
| Cost of operations (exclusive of depreciation and amortization below) | \$ 357.1 | \$ 352.1 | \$ 5.0 | 1.4 % |
| Research and development | 74.2 | 71.2 | 3.0 | 4.2 % |
| Sales, marketing, general and administrative | 197.9 | 178.0 | 19.9 | 11.2 % |
| Customer postage | 53.1 | 51.2 | 1.9 | 3.8 % |
| Depreciation and amortization | 171.7 | 168.2 | 3.5 | 2.1 % |
| Accretion and changes in estimate with related parties, net | 3.2 | 3.0 | 0.2 | 6.3 % |
| Total operating expenses | \$ 857.2 | \$ 823.7 | \$ 33.5 | 4.1 % |
| Operating income (loss) | \$ 27.3 | \$ 44.1 | \$ (16.8) | (38.2)% |
| Non-operating (income) expense | | | | |
| Interest expense, net | 56.9 | 59.4 | (2.5) | (4.3)% |
| Loss on extinguishment of debt | 0.4 | — | 0.4 | 100.0 % |
| Other, net | 2.5 | (3.2) | 5.7 | NMF |
| Total non-operating (income) expense | \$ 59.7 | \$ 56.2 | \$ 3.5 | 6.3 % |
| Income (loss) before income tax provision (benefit) | (32.5) | (12.1) | (20.4) | NMF |
| Income tax provision (benefit) | (9.3) | (8.5) | (0.8) | 9.5 % |
| Net income (loss) | \$ (23.2) | \$ (3.6) | \$ (19.6) | NMF |

⁽¹⁾ As a result of displaying amounts in millions, rounding differences may exist in the table above.

Revenue

Solutions revenue

Solutions revenue increased \$14.7 million for the three months ended June 30, 2022, compared with the same period in the prior year. Factors affecting solutions revenue are described in the various segment discussions below.

Postage revenue

Postage revenue increased \$1.9 million for the three months ended June 30, 2022, compared with the same period in the prior year. See “Customer postage” below for additional information.

Operating Expenses

Cost of operations (exclusive of depreciation and amortization)

Cost of operations increased \$5.0 million for the three months ended June 30, 2022, compared with the same period in the prior year. The increase is primarily attributable to revenue-related expenses.

Research and development

Research and development expense increased \$3.0 million for the three months ended June 30, 2022, compared with the same period in the prior year. The increase is primarily attributable to investments in product development.

Sales, marketing, general and administrative

Sales, marketing, general and administrative expense increased \$19.9 million for the three months ended June 30, 2022, compared with the same period in the prior year, which is attributable to equity-based compensation, primarily driven by the modification of certain awards granted in a prior period.

Customer postage

Customer postage increased \$1.9 million for the three months ended June 30, 2022, compared with the same period in the prior year. Customer postage is affected by increases in postage rates within communication and payment solutions. Because customer postage is a pass-through cost to our customers, changes in volume of customer postage generally have no effect on operating income.

Depreciation and amortization

Depreciation and amortization expense increased \$3.5 million for the three months ended June 30, 2022, compared with the same period in the prior year. Depreciation and amortization were generally affected by routine amortization of tangible and intangible assets existing at March 31, 2022, as well as the routine amortization and depreciation of additions to property, equipment, software and intangible assets since that date.

Non-Operating Income and Expense

Interest expense, net

Interest expense, net decreased \$2.5 million for the three months ended June 30, 2022, compared with the same period in the prior year. This decrease is primarily attributable to reductions in our average long-term debt outstanding. While we have interest rate cap agreements in place to limit our exposure to rising interest rates, such agreements, together with our fixed rate notes, effectively fixed interest rates for approximately 50% of our total indebtedness at June 30, 2022.

Other, net

Other, net primarily reflects mark to market adjustments on our investments.

Income Taxes

Our effective tax rate for the three months ended June 30, 2022 was 28.7% compared to 70.1% for the three months ended June 30, 2021. Fluctuations in our reported income tax rates from the statutory rate are primarily due to the impacts of equity compensation, transaction costs, and benefits recognized for certain incentive tax credits resulting from research and experimental expenditures in the three months ended June 30, 2022, and the impacts of equity compensation and benefits recognized for certain incentive tax credits resulting from research and experimental expenditures in the three months ended June 30, 2021.

Solutions Revenue and Adjusted EBITDA

| (amounts in millions) ⁽¹⁾ | Three Months Ended June 30, ⁽²⁾ | | \$ Change | % Change |
|---|--|----------|--------------|-------------|
| | 2022 | 2021 | | |
| Solutions revenue ⁽³⁾ | | | | |
| Software and Analytics | \$ 344.9 | \$ 337.8 | \$ 7.1 | 2.1 % |
| Network Solutions | \$ 223.3 | \$ 218.3 | \$ 5.0 | 2.3 % |
| Enterprise Imaging | \$ 83.1 | \$ 82.4 | \$ 0.7 | 0.8 % |
| Technology-Enabled Services | \$ 213.2 | \$ 216.8 | \$ (3.6) | (1.7) % |
| Adjusted EBITDA | | | | |
| Software and Analytics | \$ 145.0 | \$ 137.0 | \$ 7.9 | 5.8 % |
| Network Solutions | \$ 111.4 | \$ 113.6 | \$ (2.2) | (1.9) % |
| Enterprise Imaging | \$ 18.6 | \$ 20.0 | \$ (1.3) | (6.6) % |
| Technology-Enabled Services | \$ 5.1 | \$ 12.1 | \$ (7.0) | (57.7) % |

(1) As a result of displaying amounts in millions, rounding differences may exist in the table above.

(2) Segment information presented in the table reflects the changes described in —Key Components of Our Results of Operations—Segments, including retrospective adjustment to any historical segment information presented above.

(3) Includes inter-segment revenue and excludes deferred revenue purchase accounting adjustments resulting from the Merger.

Software and Analytics

Software and Analytics revenue increased \$7.1 million for the three months ended June 30, 2022, compared with the same period in the prior year. Software and Analytics revenue was positively impacted by new customers, volume growth with existing customers and new product introduction, partially offset by attrition related to the pending UHG Transaction.

Software and Analytics adjusted EBITDA increased \$7.9 million for the three months ended June 30, 2022, compared with the same period in the prior year. This increase in adjusted EBITDA reflects the aforementioned revenue growth.

Network Solutions

Network Solutions revenue increased \$5.0 million for the three months ended June 30, 2022, compared with the same period in the prior year. Network Solutions revenue was positively impacted by volume growth from existing customers and incremental revenue from new sales, partially offset by a decrease in COVID-related volume compared to the prior year.

Network Solutions adjusted EBITDA decreased \$2.2 million for the three months ended June 30, 2022, compared with the same period in the prior year. Network Solutions adjusted EBITDA was impacted by negative mix, investments to support new product launches and market expansion opportunities in the core network platform and business to business payments offerings, partially offset by the aforementioned revenue growth. The negative mix was driven by the loss of prior year high margin COVID-related volume.

Enterprise Imaging

Enterprise Imaging revenue increased \$0.7 million for the three months ended June 30, 2022, compared with the same period in the prior year. Enterprise Imaging revenue growth was driven by new sales, partially offset by timing impact of implementation revenue.

Enterprise Imaging adjusted EBITDA decreased \$1.3 million for the three months ended June 30, 2022, compared with the same period in the prior year. The decrease in adjusted EBITDA primarily reflects higher costs driven by hiring to support business growth and research and development expenses, partially offset by the aforementioned revenue growth.

Technology-Enabled Services

Technology-Enabled Services revenue decreased \$3.6 million for the three months ended June 30, 2022, as compared with the same period in the prior year. Technology-Enabled Services revenue was impacted by one-time projects during the three months ended June 30, 2021 that did not recur in the current quarter combined with lower production and decrease in covid testing revenue.

Technology-Enabled Services adjusted EBITDA decreased \$7.0 million for the three months ended June 30, 2022 as compared with the same period in the prior year. Technology-Enabled Services adjusted EBITDA was impacted by the same factors that impacted revenue as well as increased wage inflation.

Significant Changes in Assets and Liabilities

During the quarter, we repaid \$100.0 million on our Senior Notes and made the final payment on our TEU senior amortizing note. Additionally, we regularly receive funds within our Network Solutions segment from certain pharmaceutical industry participants in advance of our obligation to remit these funds to participating retail pharmacies. Such funds are not restricted; however, these funds are generally paid out in satisfaction of the processing obligations within three business days of their receipt. At the time of receipt, we record a corresponding liability within accrued expenses on our consolidated balance sheets. At June 30, 2022, we reported \$22.0 million of such pass-through payment obligations, which were subsequently paid in the first week of July 2022. At March 31, 2022, we reported \$29.1 million of such pass-through payment obligations.

Liquidity and Capital Resources

Overview

Our principal sources of liquidity are cash flows provided by operating activities, cash and cash equivalents on hand, and our Revolving Facility. Our principal uses of liquidity are working capital, capital expenditures, debt service, business acquisitions and other general corporate purposes. Pursuant to the UHG Agreement, however, there are limitations on how we conduct our business during the period from the signing of the UHG Agreement through the close of the transaction, including limitations on our ability to, among other things, engage in certain acquisitions or incur indebtedness. We anticipate our cash on hand, cash generated from operations, and funds available under the Revolving Facility will be sufficient to fund our planned capital expenditures, debt service obligations, permitted business acquisitions and operating needs. Further, we may be required to make additional principal payments on the Term Loan Facility based on excess cash flows of the prior year, as defined in the credit agreement governing the Term Loan Facility.

Cash and cash equivalents totaled \$94.0 million and \$252.3 million at June 30, 2022 and March 31, 2022, respectively, of which \$21.9 million and \$27.7 million was held outside the U.S., respectively. As of June 30, 2022, no amounts had been drawn under the Revolving Facility and \$5.5 million had been issued in letters of credit against the Revolving Facility, leaving \$779.5 million available for borrowing. We also have the ability to borrow up to an additional \$2,008.6 million, or such amount that the senior secured net leverage ratio does not exceed 4.9 to 1.0, whichever is greater, under the Term Loan Facility, subject to certain additional conditions including the UHG Agreement and commitments by existing or new lenders to fund any additional borrowings.

Cash Flows

The following table summarizes the net cash flow from operating, investing and financing activities:

| <i>(amounts in millions)</i> ⁽¹⁾ | Three Months Ended | | \$ | % |
|---|--------------------|-----------------|-------------------|------------|
| | June 30, 2022 | June 30, 2021 | | |
| Cash provided by (used in) operating activities | \$ 83.3 | \$ 110.1 | \$ (26.8) | (24.3)% |
| Cash provided by (used in) investing activities | (79.5) | (67.0) | (12.5) | NMF |
| Cash provided by (used in) financing activities | (160.6) | (47.6) | (113.0) | NMF |
| Effects of exchange rate changes on cash and cash equivalents | (1.4) | 0.5 | (1.9) | (380.0)% |
| Net change in cash and cash equivalents | \$ (158.2) | \$ (4.0) | \$ (154.2) | NMF |

⁽¹⁾ As a result of displaying amounts in millions, rounding differences may exist in the table above.

Operating Activities

Cash provided by operating activities is primarily affected by operating income, including the impact of debt service payments, integration-related costs and the timing of collections and disbursements. Cash provided by operating activities includes a \$7.1 million use of cash related to pass-through funds for the three months ended June 30, 2022, and includes \$7.3 million related to pass-through funds for the three months ended June 30, 2021.

Investing Activities

Cash used in investing activities reflects routine capital expenditures related to purchases of property and equipment and the development of software.

Financing Activities

Cash used in financing activities reflects payments on tax receivable agreements, interest rate cap agreements, deferred financing obligations, employee tax withholdings on vesting of equity awards, and tangible equity unit agreements partially offset by

proceeds from the exercise of equity awards. During the three months ended June 30, 2022, cash used in financing activities also reflects payments under the Senior Notes.

Capital Expenditures

We incur capital expenditures to grow our business by developing new and enhanced capabilities, to increase the effectiveness and efficiency of the organization and to reduce risks. Additionally, we incur capital expenditures for product development, disaster recovery, security enhancements, regulatory compliance and the replacement and upgrade of existing equipment at the end of its useful life.

Debt

Senior Credit Facilities and Senior Notes

In March 2017, the Joint Venture entered into a \$5,100.0 million Term Loan Facility and a \$500.0 million Revolving Facility. Additionally, the Joint Venture issued Senior Notes totaling \$1,000.0 million. In July 2019, the Joint Venture amended the Revolving Facility, the primary effects of which were to increase the maximum amount that can be borrowed from \$500.0 million to \$785.0 million and to extend the maturity date until July 2024.

On April 21, 2020, we issued \$325.0 million aggregate principal amount of 5.75% Senior Notes due 2025 (the "Notes"). The Senior Notes were issued as part of the same series as the Senior Notes issued in February 2017.

In first quarter of fiscal year 2023, we repaid \$100.0 million on our Senior Notes and recognized a loss on extinguishment of \$0.4 million.

Tangible Equity Units

On June 30, 2022, we made the last payment of \$4.3 million on the TEU senior amortizing note.

Hedges

From time to time, we execute interest rate cap agreements with various counterparties that effectively cap our LIBOR exposure on a portion of our existing Term Loan Facility or similar replacement debt. The following table summarizes the terms of our interest rate cap agreements at June 30, 2022.

| Effective Date | Expiration Date | Notional Amount | Receive LIBOR | Pay |
|----------------|-----------------|-----------------|--------------------------|------------|
| | | | Exceeding ⁽¹⁾ | Fixed Rate |
| March 31, 2020 | March 31, 2024 | \$ 250,000,000 | 1.00 % | 0.18 % |
| March 31, 2020 | March 31, 2024 | \$ 250,000,000 | 1.00 % | 0.18 % |
| March 31, 2020 | March 31, 2024 | \$ 250,000,000 | 1.00 % | 0.18 % |
| March 31, 2020 | March 31, 2024 | \$ 250,000,000 | 1.00 % | 0.19 % |

⁽¹⁾ All based on 1-month LIBOR.

The interest rate cap agreements are recorded on the balance sheet at fair value and changes in the fair value are recorded in other comprehensive income (loss). Amounts are reclassified from other comprehensive income (loss) to interest expense in the same period the interest expense on the underlying hedged debt impacts earnings. Any payments we receive to the extent LIBOR exceeds the specified cap rate are also reclassified from other comprehensive income (loss) to interest expense in the period received.

LIBOR Transition

LIBOR is a commonly used indicative measure of the average interest rate at which major global banks could borrow from one another. On March 5, 2021, the Financial Conduct Authority ("FCA") (the authority that governs LIBOR) announced that all LIBOR settings will either cease to be provided by any administrator or no longer be representative: (a) immediately after December 31, 2021, in the case of the one week and two-month U.S. dollar settings and (b) immediately after June 30, 2023, in the case of the remaining U.S. dollar settings. The United States Federal Reserve has also advised banks to cease entering into new contracts that use USD LIBOR as a reference rate. The Federal Reserve, in conjunction with the Alternative Reference Rate Committee, a committee convened by the Federal Reserve that includes major market participants, has identified the Secured Overnight Financing Rate, or SOFR, a new index calculated by short-term repurchase agreements, backed by Treasury securities, as its preferred alternative rate for LIBOR. At this time, it is not possible to predict how markets will respond to SOFR or other alternative reference rates as the transition away from the LIBOR benchmarks is anticipated in coming years. Accordingly, the outcome of these reforms is uncertain and any changes in the methods by which LIBOR is determined or regulatory activity related to LIBOR's phaseout could cause LIBOR to perform differently than in the past or cease to exist. We have material contracts that are indexed to USD-LIBOR and are monitoring this activity and evaluating the related risks.

Effect of Certain Debt Covenants

A breach of any of the covenants under the agreements governing existing debt could limit our ability to borrow funds under the Term Loan Facility and could result in a default under the Term Loan Facility. Upon the occurrence of an event of default under the Term Loan Facility, the lenders could elect to declare all amounts then outstanding to be immediately due and payable, and the lenders could terminate all commitments to extend further credit. If we were unable to repay the amounts declared due, the lenders could proceed against any collateral granted to them to secure that indebtedness.

With certain exceptions, the Term Loan Facility obligations are secured by a first-priority security interest in substantially all of our assets. The Term Loan Facility contains various restrictions and nonfinancial covenants, along with a senior secured net leverage ratio test. The nonfinancial covenants include restrictions on dividends, investments, dispositions, future borrowings and other specified payments, as well as additional reporting and disclosure requirements. The senior secured net leverage test must be met as a condition to incur additional indebtedness, but otherwise is applicable only to the extent that amounts drawn exceed 35% of the Revolving Facility at the end of any fiscal quarter. As of June 30, 2022, we were in compliance with all debt covenants.

Our ability to meet liquidity needs depends on our subsidiaries' earnings and cash flows, the terms of our indebtedness along with our subsidiaries' indebtedness, and other contractual restrictions.

Cautionary Notice Regarding Forward-Looking Statements

This Quarterly Report contains "forward-looking statements" within the meaning of federal securities laws. Any statements made in this Quarterly Report 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 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. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that factors affecting our actual financial results could cause actual results to differ materially from those expressed in the forward-looking statements, including those described below.

Summary of Material Risks

Our actual results may differ significantly from any results expressed or implied by any forward-looking statements. A summary of the principal risk factors that make investing in us risky and might cause our actual results to differ is set forth below. The following is only a summary of the principal risks that may materially adversely affect our business, financial condition and results of operations. Factors that could materially affect our financial results or such forward-looking statements include, among others, the following factors:

- the inability to complete the transactions contemplated by the UHG Transaction due to the failure to satisfy the conditions to the completion of the UHG Transaction, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the UHG Transaction. See Note 12;
- risks related to disruption of management's attention from business operations due to the UHG Transaction;
- the effect of the announcement of the UHG Transaction on our operations, results and business generally;
- the risk that the UHG Transaction will not be consummated in a timely manner, exceeding the expected costs of the UHG Transaction;
- the occurrence of any event, change or other circumstances that could give rise to the termination of the UHG Agreement;
- macroeconomic and industry trends and adverse developments in the debt, consumer credit and financial services markets;
- uncertainty and risks related to the impact of the COVID-19 pandemic (including the rise of COVID-19 variant strains such as the Delta and Omicron variants) on the national and global economy, our business, suppliers, customers, and employees;
- our ability to retain and recruit key management personnel and other talent (including while the UHG Transaction is pending);
- our ability to retain or renew existing customers and attract new customers;
- our ability to connect a large number of payers and providers;
- our ability to provide competitive services and prices while maintaining our margins;
- further consolidation in our end-customer markets;
- our ability to effectively manage our costs;
- our ability to effectively develop and maintain relationships with our channel partners;
- our ability to timely develop new services and improve existing solutions;
- our ability to deliver services timely without interruption;
- a decline in transaction volume in the United States (U.S.) healthcare industry;
- our ability to maintain our access to data sources;
- our ability to maintain the security and integrity of our data;

- our reliance on key management personnel;
- our ability to manage and expand our operations and keep up with rapidly changing technologies;
- the ability of our outside service providers and key vendors to fulfill their obligations to us;
- risks related to our international operations;
- our ability to protect and enforce our intellectual property, trade secrets and other forms of unpatented intellectual property;
- our ability to defend our intellectual property from infringement claims by third parties;
- government regulation and changes in the regulatory environment;
- changes in local, state, federal and international laws and regulations, including related to taxation;
- economic and political instability in the U.S. and international markets where we operate;
- the economic impact of escalating global tensions, including the conflict between Russia and Ukraine, and the adoption or expansion of economic sanctions or trade restrictions;
- litigation or regulatory proceedings;
- losses against which we do not insure;
- our ability to make acquisitions and integrate the operations of acquired businesses;
- our ability to make timely payments of principal and interest on our indebtedness;
- our ability to satisfy covenants in the agreements governing our indebtedness;
- our ability to maintain our liquidity;
- the potential dilutive effect of future issuance of shares of our common stock, par value \$0.001 per share; and
- the impact of anti-takeover provisions in our organizational documents and under Delaware law, which may discourage or delay acquisition attempts.

There may be other factors, many of which are beyond our control, that may cause our actual results to differ materially from the forward-looking statements, including factors disclosed in our Annual Report on Form 10-K for the fiscal year ended March 31, 2022 in the section entitled “Risk Factors” and in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this report. You should evaluate all forward-looking statements made in this report and the other public statements we may make from time to time in the context of these risks and uncertainties.

Our forward-looking statements made herein speak only as of the date on which made. We expressly disclaim any intent, obligation or undertaking to update or revise any forward-looking statements made herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk in the normal course of business.

Interest Rate Risk

We have interest rate risk primarily related to borrowings under our Senior Credit Facilities. Borrowings under the Senior Credit Facilities bear interest at a rate equal to either (i) LIBOR for the relevant interest period, adjusted for statutory reserve requirements (the Term Loan Facility is subject to a floor of 1.00% per year and the Revolving Facility is subject to a floor of 0.00% per year), plus an applicable margin or (ii) a base rate equal to the highest of (a) the rate of interest in effect as publicly announced by the administrative agent as its prime rate, (b) the federal funds effective rate plus 0.50% and (c) adjusted LIBOR for an interest period of one month plus 1.00% (the Term Loan Facility may be subject to a floor of 2.00% per year), in each case, plus an applicable margin.

As of June 30, 2022, we had Term Loan Facility borrowings of \$3,313.3 million (before unamortized debt discount) and no Revolving Facility borrowings. As of June 30, 2022, the LIBOR-based interest rate on the Term Loan Facility was LIBOR plus 2.5%.

We manage economic risks, including interest rate, liquidity and credit risk, primarily by managing the amount, sources and duration of our debt funding and the use of derivative financial instruments. Specifically, we enter into interest rate cap agreements to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. Our interest rate cap agreements are used to manage differences in the amount, timing and duration of our known or expected cash receipts and our known or expected cash payments principally related to our borrowings. As of June 30, 2022, our outstanding interest rate cap agreements were designated as cash flow hedges of interest rate risk and were determined to be highly effective.

Recently, interest rates have remained at relatively low levels on a historical basis and the Federal Reserve maintained the federal funds target range at 0.0% to 0.25% for much of 2021. However, in March 2022, the Federal Reserve approved a 0.25% rate increase and in June 2022 approved a further 0.75% rate increase. The Federal Reserve and has indicated that, in light of increasing signs of inflation, it foresees further increases in interest rates throughout the year and into 2023 and 2024. A change in interest rates

on variable rate debt may impact our pretax earnings and cash flows. Based on the outstanding debt as of June 30, 2022, and assuming that our mix of debt instruments, derivative financial instruments and other variables remain the same, the annualized effect of a one percentage point change in variable interest rates would have an annualized pretax impact on earnings and cash flows of approximately \$23.1 million.

In the future, in order to manage our interest rate risk, we may refinance existing debt, enter into additional interest rate cap agreements, modify our existing interest rate cap agreements or make changes that may impact our ability to treat our interest rate cap agreements as a cash flow hedge. However, we do not intend or expect to enter into derivative or interest rate cap agreement transactions for speculative purposes.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2022. The term “disclosure controls and procedures” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (“the Exchange Act”) means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits 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 Officer, as appropriate, to allow timely discussions regarding required disclosures.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving their desired control objectives. Based on the evaluation of disclosure controls and procedures as of June 30, 2022, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

During the quarter ended June 30, 2022, there have been no changes in the Company’s internal controls over financial reporting that have materially affected or are reasonably likely to materially affect the Company’s internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in legal proceedings related to the potential UHG Transaction and various other legal proceedings in the ordinary course of business. See Note 12, *Legal Proceedings*, to our consolidated financial statements for the information required with respect to this Item 1.

ITEM 1A. RISK FACTORS

In addition to the other information included in this report, you should carefully consider the factors discussed in the section entitled “Risk Factors” included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2022 (“the Annual Report”), as well as the factors identified under “Cautionary Notice Regarding Forward-Looking Statements” at the end of Part I, Item 2 of this Quarterly Report, which could have a material adverse impact on our business, financial condition or operating results. There have been no material changes to the risk factors described in the Annual Report. The risks described in the Annual Report and this Quarterly Report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The exhibits listed on the accompanying Exhibit Index are filed, furnished or incorporated by references (as stated therein) as part of this Quarterly Report.

Exhibit Index

| Exhibit No. | Description |
|-------------|--|
| 2.1 | Agreement and Plan of Merger, dated as of January 5, 2021, by and among Change Healthcare Inc., UnitedHealth Group Incorporated and Cambridge Merger Sub Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on January 6, 2021). |
| 2.2 | Waiver, dated as of April 4, 2022, between UnitedHealth Group Incorporated, Cambridge Merger Sub Inc. and Change Healthcare Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 5, 2022). |
| 3.1 | Amended and Restated Certificate of Incorporation of Change Healthcare Inc., dated as of June 26, 2019 (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-4 on February 4, 2020). |
| 3.2 | Amended and Restated Bylaws of Change Healthcare Inc., dated as of June 26, 2019 (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-4 filed on February 4, 2020). |
| 10.1*† | Modification Letter, dated as of April 24, 2022, with respect to Outstanding Exit-Vesting Options (with Price Hurdles) |
| 10.2*† | Modification Letter, dated as of April 24, 2022, with respect to Outstanding Exit-Vesting Options (without Price Hurdles) |
| 10.3*† | Modification Letter, dated as of June 24, 2022, with respect to 2019 Performance Stock Units |
| 10.4*† | Termination Letter Agreement, dated as of April 11, 2022, between Change Healthcare Inc. and Roderick O'Reilly |
| 10.5*†# | Consulting Agreement, dated as of April 11, 2022, between Change Healthcare Inc. and Roderick O'Reilly |
| 10.6*† | Form of Restricted Stock Unit Grant Notice and Agreement under the Change Healthcare 2019 Omnibus Incentive Plan (fiscal 2023 awards) |
| 31.1* | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended |
| 31.2* | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended |
| 32.1* | Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2* | Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101.INS* | iXBRL Instance Document |
| 101.SCH* | iXBRL Taxonomy Extension Schema Document |
| 101.DEF* | iXBRL Taxonomy Extension Definition Linkbase Document |
| 101.CAL* | iXBRL Taxonomy Extension Calculation Linkbase Document |
| 101.LAB* | iXBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE* | iXBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibits 101) |

* Filed herewith.

† Indicates management contract or compensatory plan.

Certain information contained in this agreement has been omitted because it is not material and is the type that the registrant treats as private or confidential.

Certain agreements and other documents filed as exhibits to this Form 10-Q contain representations and warranties that the parties thereto made to each other. These representations and warranties have been made solely for the benefit of the other parties to such agreements and may have been qualified by certain information that has been disclosed to the other parties to such agreements and other documents and that may not be reflected in such agreements and other documents. In addition, these representations and warranties may be intended as a way of allocating risks among parties if the statements contained therein prove to be incorrect, rather than as actual statements of fact. Accordingly, there can be no reliance on any such representations and warranties as characterizations of the actual state of facts. Moreover, information concerning the subject matter of any such representations and warranties may have changed since the date of such agreements and other documents.

SIGNATURES

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

CHANGE HEALTHCARE INC.

Date: August 4, 2022

By: /s/ Neil E. de Crescenzo
Neil E. de Crescenzo
Chief Executive Officer and Director
(Principal Executive Officer)

Date: August 4, 2022

By: /s/ Fredrik Eliasson
Fredrik Eliasson
Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

April 24, 2022

Dear Stock Option Participant:

The Compensation Committee of the Board of Directors (the “Compensation Committee”) of Change Healthcare Inc. (the “Company”) has decided to modify the vesting terms applicable to the performance-vesting Options (the “Performance Options”) granted to you in 2017 and/or 2018 under the HCIT Holdings Amended and Restated 2009 Equity Incentive Plan. The changes are intended to make it more likely that you will become vested in your Performance Options by providing an additional, service-based opportunity to become vested in your Performance Options. Capitalized terms used but not defined in this letter shall have the meanings ascribed such terms in your Nonqualified Performance-Vesting Stock Option Agreement (the “Option Agreement”).

As you know, these Performance Options currently vest and become exercisable, subject to your continued Employment through the applicable vesting date, as set forth below:

- (i) If (A) affiliates of Blackstone sell more than 25% of the JV Shares held by them at a weighted average price in excess of \$33.23 per Company share and (B) McKesson distributes more than 50% of its JV Shares, the Performance Options become vested and exercisable on the date of such sale/ distribution.
- (ii) If McKesson and affiliates of Blackstone collectively sell more than 25% of their JV Shares at a weighted average price in excess of \$33.23 per Company share, the Performance Options become vested and exercisable on the date of such sale ((i) or (ii), a “Qualifying Sale”).
- (iii) Upon the earlier to occur of either (A) the date (x) affiliates of Blackstone sell more than 25% the JV Shares held by them and (y) McKesson distributes more than 50% of its JV Shares, or (B) the date McKesson and affiliates of Blackstone, collectively, sell more than 25% of their JV Shares, in either case, when the weighted average price is less than \$33.23 per Company share (each, an “Exit Event”):
 1. One-third of the Performance Options shall vest and become exercisable on the date of an Exit Event.
 2. One-third of the Performance Options shall vest and become exercisable on the first anniversary of the Exit Event.
 3. One-third of the Performance Options shall vest and become exercisable on the second anniversary of the Exit Event.

In order to make it more likely that your Performance Options will vest, the Compensation Committee has determined to add a service-based vesting condition to the Performance Options. Specifically, your Performance Options will also be eligible to vest and become exercisable, subject to your continued Employment through the applicable vesting date, as follows:

- (i) One-third of the Performance Options shall vest and become exercisable on June 30, 2022.
- (ii) One-third of the Performance Options shall vest and become exercisable on June 30, 2023.
- (iii) The remaining one-third of the Performance Options shall vest and become exercisable on June 30, 2024.

The Compensation Committee believes that this will ensure that you have an opportunity to realize the value of your Performance Options even if a Qualifying Sale or an Exit Event does not occur.

Except as provided in this letter, the Option Agreement shall remain unchanged and continue in full force and effect. If you have any questions, please reach out to the Equity team at Long-termincentive@changehealthcare.com.

Sincerely,

Change Healthcare Inc.

/s/ Neil de Crescenzo
Neil de Crescenzo
President and Chief Executive Officer

April 24, 2022

Dear Stock Option Participant:

The Compensation Committee of the Board of Directors (the “Compensation Committee”) of Change Healthcare Inc. (the “Company”) has decided to modify the vesting terms applicable to the performance-vesting Options (the “Performance Options”) granted to you in 2017 and/or 2018 under the HCIT Holdings Amended and Restated 2009 Equity Incentive Plan. The changes are intended to make it more likely that you will become vested in your Performance Options by providing an additional, service-based, opportunity to become vested in your Performance Options. Capitalized terms used but not defined in this letter shall have the meanings ascribed such terms in your Nonqualified Performance-Vesting Stock Option Agreement (the “Option Agreement”).

As you know, these Performance Options currently vest and become exercisable, subject to your continued Employment through the applicable vesting date, such that:

- (i) One-third of the Performance Options shall vest and become exercisable on the earlier to occur of either (each, an “Exit Event”):
 - (A) the date (x) affiliates of Blackstone sell more than 25% the JV Shares held by them and (y) McKesson distributes more than 50% of its JV Shares, or
 - (B) McKesson and affiliates of Blackstone, collectively, sell more than 25% of their JV Shares.
- (ii) One-third of the Performance Options shall vest and become exercisable on the first anniversary of the Exit Event.
- (iii) One-third of the Performance Options shall vest and become exercisable on the second anniversary of the Exit Event.

In order to make it more likely that your Performance Options will vest, the Compensation Committee has determined to add a service-based vesting condition to the Performance Options. Specifically, your Performance Options will also be eligible to vest and become exercisable, subject to your continued Employment through the applicable vesting date, as follows:

- (i) One-third of the Performance Options shall vest and become exercisable on June 30, 2022.
 - (ii) One-third of the Performance Options shall vest and become exercisable on June 30, 2023.
 - (iii) The remaining one-third of the Performance Options shall vest and become exercisable on June 30, 2024.
-

The Compensation Committee believes that this will ensure that you have an opportunity to realize the value of your Performance Options even if an Exit Event does not occur.

Except as provided in this letter, the Option Agreement shall remain unchanged and continue in full force and effect. If you have any questions, please reach out to the Equity team at Long-termincentive@changehealthcare.com.

Sincerely,

Change Healthcare Inc.

/s/ Neil de Crescenzo
Neil de Crescenzo
President and Chief Executive Officer

June 24, 2022

Change Healthcare Performance Stock Unit Participant,

The Compensation Committee of the Board of Directors (the “Compensation Committee”) of Change Healthcare Inc. (the “Company”) made a decision to modify the vesting terms of the Performance Stock Units (PSUs) you were granted in 2019 under the 2019 Omnibus Incentive Plan. The Performance Stock Units granted in 2019 become earned based on achievement of company performance conditions for FY2020 through FY2022.

The following information summarizes the changes made by the Compensation Committee to the PSUs granted in 2019:

Performance Stock Units (PSUs)

As you know, the PSUs granted in 2019 are subject to the Performance Conditions set forth in the PSU Grant Notice for the award. The complete Performance Conditions are available for your review in your E*TRADE Stock Plan Account.

The Performance Conditions for the PSUs include the two PSU performance conditions, below:

- 60% of Total PSUs granted (Tranche I) were based on CAGR (Revenue)
- 40% of Total PSUs granted (Tranche II) were based on CAGR (Adjusted EBITDA)

The original vesting schedule for the PSUs provides that they will become earned (“Earned PSUs”) based on achievement of the Performance Conditions with respect to the Performance Period, in each case, as set forth below:

Performance Period: April 1, 2019 to March 31, 2022

Performance Condition:

The Number of PSUs in each of the performance conditions that become Earned PSUs shall be based on the achievement of the Performance Conditions set forth in the PSU Grant Notice.

On June 1, 2022, the Compensation Committee certified both Performance Conditions at target performance, resulting in 100% of the Total PSUs granted being Earned PSUs.

In addition, the Compensation Committee determined that the Earned PSUs will become vested on the third anniversary of the Vesting Commencement Date (the “Vesting Date”), rather than the fourth anniversary of the Vesting Commencement

Date. This means that the Earned PSUs will vest on July 2, 2022, subject to your continued employment or service through such date (except as otherwise provided in the PSU Grant Notice with respect to a termination of employment or service prior to the Vesting Date).

If you have any questions, please reach out to the Equity team at Long-termincentive @changehealthcare.com.

Sincerely,
Change Healthcare, Inc.

/s/ Neil de Crescenzo
Neil de Crescenzo
President and Chief Executive Officer

April 9, 2022

BY EMAIL

Mr. Roderick O'Reilly
4078 West 12 Vancouver BC
V6R 2P3

Dear Rod:

As we discussed on April 8, 2022, your employment with Change Healthcare Canada Company (the "Company") will be terminated without cause, effective April 10, 2022 ("**Termination Date**").

The purpose of this letter is to outline the manner in which your employment will come to an end and to offer to you a severance package (which is described below in Section 6).

Notwithstanding the offer, and obligations set out and detailed below, any exercise or settlement of stock options that occurred before March 16, 2020 will be subject to Canadian tax. For any exercise of stock options that were vested before March 16, 2020, but exercised after March 16, 2020, U.S. tax will apply at time of exercise/settlement. Where tax equalization applies, the Company will cover any difference between the US and Canadian tax amounts, plus gross up on the difference at time of exercise/settlement. Tax equalization does not apply to equity that is unvested as of March 16, 2020.

In the event of a net overpayment to you, you agree to return the amount of any such overpayment to the Company.

1. Statutory Entitlements

Under the *Employment Standards Act*, ("ESA"), and pursuant to your Employment Agreement dated December 22, 2020 ("Employment Agreement"), you are entitled to eight (8) weeks of pay in lieu of notice of termination (or statutory termination pay in lieu of such notice).

2. Termination Documentation/Outstanding Wages

Your Record of Employment will be electronically forwarded to Service Canada within five (5) days of your last payroll cycle and will be available through your "My Service Canada Account"

No later than the next regular pay date following the Termination Date, you will receive any outstanding monies then still owing to you, including any accrued vacation pay.

3. Return of Property

No later than five (5) days following your Termination Date, you must return any of the Company's property as directed by Linda Whitley Taylor.

4. Post-Employment Obligations

Even though your employment with the Company will be ending, we wish to remind you that you will remain legally obligated to hold in confidence and to never use or disclose to anyone, including but not limited to any new employer, any and all non-public, sensitive and/or proprietary information relating to the business or affairs of the Company and its affiliates, including but not limited to: recipes and formulas; legal and/or litigation information; products in development; marketing plans and strategies; profit margins; customer data and pricing; customer discounts; customer buying habits; new business opportunities; and, employee compensation.

We also wish to remind you of your ongoing obligations, **including your non-competition and non-solicitation obligations** that are described in your Employment Agreement.

5. Severance Offer Conditions

In order to be eligible to receive the Enhanced Severance Package (detailed in Section 6 below), the following conditions must be fulfilled:

- (a) you must confirm in writing that you have returned all property belonging to the Company as per your obligations described above in Section 3;
 - (b) you must honour your ongoing obligations as set out in the Employment Agreement; and
 - (c) you must honour the obligations as described above in Section 4, and you must maintain the confidentiality of this severance package offer and not disclose it to any third party (including any current or former employees of the Company), although you may discuss this severance package offer with your spouse or legal or financial advisors as long as they agree to maintain confidentiality;
 - (d) you must refrain from making any oral or written remarks about the Company and/or its affiliates, including about their personnel, that are untrue, defamatory, disparaging, or otherwise derogatory, or from engaging in conduct that is intended, or likely, to harm their reputations or relationships with employees or customers;
 - (e) you must sign and return this letter and the attached Full and Final Release of All Claims to me before 5:00 p.m. by April 10, 2022 to indicate your acceptance of its terms and conditions;
-

- (f) you must not be terminated from Change Healthcare for just cause, as described in the Employment Agreement, before the Termination Date.

Failure to fulfill any of these conditions will cause you to immediately forfeit the Enhanced Severance package described below in Section 6. In that case, you agree that the Company's only obligation to you by reason of the ending of your employment will be to provide you with only the minimum working notice to which you are entitled under the ESA.

6. Enhanced Severance Package Offer

As outlined in the Employment Agreement, you are eligible for a severance package in accordance with the U.S. Executive Severance Guidelines ("Guidelines") which was adjusted to comply with the minimum requirements under the ESA. Assuming that you satisfy all of the conditions described above in Section 5, then, the Company will provide you with the following:

- a. Lump sum payment of **\$706,383.00 CAD** (less applicable withholdings and deductions), representing twelve (12) months of your base salary;
- b. Medical, dental, and prescription drug group benefits continuation for in-country coverage, under the Company's Canada group insurance plans, for you and your spouse until April 30, 2023.
- c. Executive physical benefit until April 30, 2023.

(the "**Enhanced Severance Payment**"). The Enhanced Severance Payment is inclusive of your statutory entitlements pursuant to the ESA. The Enhanced Severance Payment will be paid to you on the Company's first regular pay date after you sign and return the enclosed Full and Final Release of All Claims. The Enhanced Severance Payment will be considered to fully satisfy any amounts to which you could be entitled by reason of the termination of your employment, including pursuant to any contract of employment, the "common law," the ESA, any incentive plan, or otherwise.

- d. **Annual Incentive Program (AIP) Award.** You are eligible to be considered for the remainder of the discretionary AIP Award for FY 2022 (ending March 31, 2022) in accordance with the terms and conditions of the Plan, other than the requirement to be an employee at the time of payment. Payment of the AIP Award, if any, will be made at such time as payments are made to actively employed AIP participants. You will not be eligible for an AIP Award for FY 2023.
 - e. **Equity Awards.** Any outstanding stock options and other grants, under the Change Healthcare Inc. 2019 Omnibus Incentive Plan and the Amended and Restated HCIT Holdings, Inc. 2009 Equity Incentive Plan (the "Stock Plans"), (such grants, the "Equity Awards"), will be treated in accordance with the terms and conditions of the Stock Plans and Executive's award agreements thereunder and/or any related documents, including with respect to treatment of Equity Awards in connection with any dividend on the common stock of Change Healthcare, Inc. Notwithstanding the foregoing to the extent that Executive provides continued services to the Company and its affiliates as a consultant
-

following the Termination Date, such service shall be deemed continued “employment” for all purposes under the Stock Plans. For additional information about any such awards, you may contact []

- f. **Group RRSP.** The Company will not continue the Group RRSP as part of any separation package.
- g. **U.S. Supplemental 401(k).** Balance will be automatically paid to you within 90 days of your separation date. Payment will be processed by payroll and paid via direct deposit to your bank account on record.
- h. **U.S. 401(k).** Balance will remain in your account until you request a distribution.

7. Conclusion

We want you to know that the Company has put considerable thought into its severance package offer for you, and we believe that it is a fair one. Whether or not you accept the severance package offer detailed above at Section 6, you agree to treat this severance package offer as confidential and, specifically acknowledge that you may not, without prior written consent of the Company, discuss it with any current or former employees of the Company. You are, however free to disclose this severance package offer and its specific terms with your immediate family, spouse, and professional advisers, as required.

We are happy to discuss with you the means by which you would like us to announce this decision and to discuss messaging, including presenting your departure from the Company as a mutually agreed-upon parting of ways (which, if you accept the terms of the Enhanced Severance Payment outlined in this letter, it would indeed be), or a continuing consulting or advisory role with the Company.

Please consult your Employment Agreement as certain parts of that agreement will continue to apply to you even after you have ceased working for the Company, including your obligations concerning confidentiality of information, non-competition, and non-solicitation.

If you require any more information about the severance package offer, please direct your questions to me. If you would like to accept the severance package offer described above in Section 7, please make sure to return a signed copy of this letter and the attached Full and Final Release of all Claims to me before 5:00 p.m. on **April 10, 2022**.

On behalf of the Company, I would like to express its appreciation for your service. Yours truly,
CHANGE HEALTHCARE CANADA COMPANY

Linda K. Whitley-Taylor
EVP-CHC

Enclosed: Full and Final Release of All Claims

I have had ample opportunity to review and obtain independent legal advice regarding this letter and how its terms and conditions will affect my legal rights and the conclusion of my employment relationship with the Company, as well as the Full and Final Release of All Claims that was enclosed with it. If I did not do so, that is because I understood their terms and conditions and did not feel that I needed legal advice. Having carefully considered the matter, I am hereby voluntarily accepting the terms and conditions described in this letter. I understand and agree that I must sign and return the enclosed Full and Final Release of All Claims following my Termination Date (and before the applicable deadline) in order to receive the severance package described above in Section 6.

Roderick O'Reilly

Date

FULL AND FINAL RELEASE OF ALL CLAIMS

1. RELEASE

IN CONSIDERATION of the Severance Package Offer described in the letter from **CHANGE HEALTHCARE CANADA COMPANY** to me dated **April 9, 2022** (the “**Severance Package Offer**”) that exceeds my statutory entitlements, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, I, **RODERICK O’REILLY** do for myself and my heirs, executors, administrators and assigns (hereinafter collectively referred to as “**I**”), forever release, remise and discharge **CHANGE HEALTHCARE CANADA COMPANY**, its past, present and future parents, predecessors, subsidiaries and affiliates, and all of their principals, partners, officers, directors, employees, agents, counsel, insurers, successors and assigns (hereinafter collectively referred to as the “**Company**”) from any and all actions, causes of action, claims, debts, expenses, damages, or demands that I have ever had, now have, or could ever have, whether known or unknown, whether at common law or under any legislation, that in any way relate to:

- a) my employment with the Company;
- b) the termination of my employment and benefits, including but not limited to constructive termination, loss of position, loss of status, loss of future job opportunity, loss of bonuses; and
- c) any and all injuries, losses, or claims of any kind, including but not limited to general damages, special damages, punitive damages, aggravated damages, *Wallace* damages, damages for mental distress, and damages in relation to defamation, misrepresentation, salary, wages, reasonable notice, pay in lieu of reasonable notice, termination pay, severance pay, overtime pay, vacation pay, bonuses, incentive payments, equity, options or stock of any kind, expenses of any kind, allowances, short and long-term disability benefits, pension plan contributions and service accrual, savings plan contributions, life insurance, or any other benefits arising out of or in relation to my employment with the Company.

2. NO ADMISSION OF LIABILITY

I acknowledge that the Severance Package Offer does not constitute any admission of liability or wrongdoing by or on behalf of the Company.

3. HUMAN RIGHTS

I agree that I have had an opportunity to discuss or otherwise canvass with the Company and with legal counsel any and all human rights complaints, concerns, or issues, arising out of or with respect to my employment and/or the termination of it. I agree that my acceptance of the Severance Package Offer constitutes a full and final settlement of any existing, planned, or possible complaint(s) against the Company under the *Human Rights Code* up to and including the date on

which I signed this Full and Final Release of All Claims. Accordingly, I have no complaints against the Company under the *Human Rights Code* and undertake to file no such complaints.

4. EMPLOYMENT STANDARDS

I acknowledge receipt of all wages, bonuses, vacation pay, general holiday pay, and any pay in respect of termination of employment that I am entitled to by virtue of the British Columbia *Employment Standards Act* (“ESA”). I acknowledge and understand that I have already received, or the Severance Package Offer will provide me with, everything to which I may be entitled under the ESA. I further acknowledge that signing this Full and Final Release of All Claims was not a condition of me receiving money to which I would otherwise be entitled under the ESA. I have no complaints against the Company under the ESA and agree to make no such complaints.

5. DISABILITY AND OTHER INSURANCE BENEFITS

I acknowledge that the Severance Package Offer includes full compensation and consideration for any loss of employment benefits, including any short- and/or long-term disability benefits. I agree that in the event that I become disabled after **April 11, 2022**, I shall not sue the Company or its insurers for disability or other insurance benefits, or for the loss of such benefits. I hereby release the Company from any obligations or liabilities relating to my employment benefits (other than the Company’s obligation to provide me with benefits coverage until the date(s) described in the Severance Offer, if applicable).

6. INDEMNITY FOR TAXES, ETC.

I agree and understand that the Company will withhold income tax and other statutory deductions from the Severance Package Offer. I agree that I will indemnify and hold harmless the Company for any payments or penalties that the Company is required or ordered to pay as a result of the Company withholding insufficient income taxes or payroll deductions on my behalf in connection with the Severance Package Offer.

7. COMPANY PROPERTY

I hereby acknowledge that I must return any Company property requested by Linda Whitley Taylor, no later than **five (5)** days following the Termination Date, as set out in Subsection 3 the letter dated April 9, 2022.

8. NO PROCEEDINGS OR CLAIMS

I understand that by making the Severance Package Offer, the Company is attempting to resolve any and all outstanding issues or concerns that I may have had regarding my employment. Accordingly, I agree not to make any claims or commence any legal proceedings against the Company, or against any other individual or corporation which might claim contribution or indemnification from the Company, regarding the matters addressed in this Full and Final Release of All Claims. I also agree to refrain from encouraging any other individuals, especially any current or former employees of the Company, to make any claims or commence any legal

proceedings against the Company. I agree and understand that this Full and Final Release of All Claims may be pleaded or relied upon by the Company, as a full and complete defense and may be used as a basis for an injunction against any claim or proceeding or other act or omission that may be made, commenced or continued in breach of the terms of this Full and Final Release of All Claims.

9. NON-DISCLOSURE

I agree that I will not divulge or disclose, directly or indirectly, the Severance Package Offer, or the contents of this Full and Final Release of All Claims to any person, including but not limited to current or former employees of the Company, but I may make such disclosure to my immediate family and legal and financial advisors on the condition that they maintain confidentiality.

10. NO DISPARAGING OR DEFAMATORY REMARKS

I understand that by making the Severance Package Offer, the Company is attempting to resolve any and all outstanding matters amicably. Accordingly, I agree to refrain from making any oral or written remarks about the Company, including about its personnel, that are untrue, defamatory, disparaging, or otherwise derogatory, or from engaging in conduct that is intended, or likely, to harm their reputations or relationships with employees or customers. I understand that this means that I must also refrain from making any negative remarks about my employment, or the termination of my employment, to any current or former employees of the Company.

11. COOPERATION

I agree and understand that I shall now and in the future, fully and completely cooperate with the Company by providing whatever information is requested by the Company concerning my work projects and responsibilities while employed by it. I shall provide accurate written statements, affidavits, answers to written questions, deposition testimony, or testimony at trial or hearing, or any such other appearances and information as may be requested by the Company, in support of any claims or defenses in any court, tribunal or agency case now pending or anticipated. I understand that I will be reimbursed for reasonable expenses associated with such activity as approved by the Company.

12. BREACH

I agree that if I breach any of my obligations to the Company under the Severance Package Offer, or this Full and Final Release of All Claims, that I will forfeit and/or be required to repay the Enhanced Severance Payment made to me pursuant to the Severance Package Offer, and will be responsible for any additional damages incurred by the Company. (However, I will not have to repay any monies that the Company was required to pay to me pursuant to the ESA).

13. GOVERNING LAW

I agree and understand that this Full and Final Release of All Claims shall be governed by the laws of British Columbia, Canada and the courts of British Columbia, Canada shall have exclusive

jurisdiction to determine any disputes concerning this Full and Final Release of All Claims.

14. UNDERSTANDING

I hereby declare that I have had the opportunity to obtain independent legal advice regarding the matters addressed in this Full and Final Release of All Claims and fully understand my obligations under it. I agree and acknowledge that if the facts in respect to which this Full and Final Release of All Claims is made prove to be other than or different than the facts known to me, or believed by me to be true, I expressly accept and assume the risk of the facts being different and agree that all the terms of this Full and Final Release of All Claims are not subject to termination, recession or variation by any discovery of any difference in facts. I hereby voluntarily accept the terms and conditions set out in this Full and Final Release of All Claims in order to fully and finally resolve, compromise, adjust and settle all claims or potential claims, as described above, that I have or might have against the Company.

DATED at _____, British Columbia, this ____ day of April, 2022.

Witness (signature)

Roderick O'Reilly

Witness name (please print)

Address

Occupation

CERTAIN INFORMATION, IDENTIFIED BY, AND REPLACED WITH, A MARK OF “[]” HAS BEEN EXCLUDED FROM THIS DOCUMENT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.**

CONSULTING AGREEMENT

This Consulting Agreement is made effective as of April 11, 2022 by and between Change Healthcare Canada Company (the “Company”) and Roderick O’Reilly (the “Consultant”) (collectively the “Parties” and individually a “Party”).

BACKGROUND:

- A. The Company carries on the business of designing, developing and marketing products for the acquisition, management, and electronic storage of digital images for diagnostic medical applications (the “Business”).
- B. The Consultant was previously employed, pursuant to a contract of employment dated December 22, 2020 by the Company as EVP and President, Software and Analytics (the “Employment Agreement”) and, as a consequence, has significant experience and expertise in aspects of the Business.
- C. The Company desires to retain Consultant as an independent contractor to perform such services, on the terms set forth more fully below.
- D. The Consultant has agreed to provide services, on an independent contractor basis, on the terms and conditions set out in this Consulting Agreement.
- E. The Parties agree that nothing in the Agreement is intended to, or does, expand the scope of the Consultant’s post-employment obligations to the Company as set out in the Employment Agreement save and except extending the temporal scope of those obligations as set out herein.

In consideration of the **GOOD AND VALUABLE CONSIDERATION** of the mutual promises contained herein, the Parties agree as follows:

1.

SERVICE REQUIREMENTS

- a. **Term:** Subject to Section 8, the Company agrees to engage the Consultant to provide the “Services” (as defined in Section 4 (a) below) beginning on April 11, 2022 and ending April 11, 2023 (“End Date”).

2.

INDEPENDENT CONTRACTOR

- a. **Independent Contractor Status:** Notwithstanding any previous relationship between the Consultant and the Company,
 - i. The Consultant acknowledges that it/he is acting as an independent contractor and is not considered or deemed to be an agent, employee, joint-venturer or partner of the Company. Nothing in this Agreement shall in any way be
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interpreted or construed as creating or establishing the relationship of employer and employee between the Company and the Consultant.

- ii. The Consultant shall not have any status as an employee or any right to the compensation, benefits or perquisites that the Company provides to its employees.

b. **No Authority to Bind Company**

- i. Except as authorized by the Company in writing, the Consultant has no authority to contract for or bind the Company or incur any liability on behalf of the Company in any manner and shall not represent himself as an agent, partner, owner or employee of the Company.

3.

REMUNERATION/TAXES, REGISTRATIONS AND RECORDS

a. **Base Remuneration**: As remuneration for the Services provided by the Consultant during the Term, the Consultant will be compensated a flat fee of **\$2,716.00 CAD per week**, payable in arrears upon receipt of written invoices submitted by the Consultant as contemplated by Subsection 3(g). For greater certainty, such fee shall be in full compensation for all Services provided regardless of the number of hours or days of time spent to provide such Services, nor shall the Consultant be entitled to additional compensation when hours providing Services exceed eight (8) hours per week.

b. [**]

c. **Equity Awards**: Any outstanding stock option and other grants, under the Change Healthcare Inc. 2019 Omnibus Incentive Plan and the Amended and Restated HCIT Holdings, Inc. 2009 Equity Incentive Plan (the "Stock Plans") (such grants, the "Equity Awards") will be treated in accordance with the terms and conditions of the Stock Plans, Consultant's award agreements thereunder and/or any related documents (the "Equity Documents"), including with respect to treatment of Equity Awards in connection with any dividend on the common stock of Change Healthcare, Inc. ("Change Healthcare").

Notwithstanding the foregoing, (i) Consultant's continued service to the Company and its affiliates during the Term (or if earlier, until termination of the Consulting Agreement pursuant to its terms) shall be deemed continued "employment" for all purposes under the Stock Plans and (ii) upon termination of the Consulting Agreement pursuant to Section 8(a) or 8(c) (either, a "Qualifying Termination") prior to the Closing (as defined below), Consultant's Equity Awards shall remain outstanding and eligible to vest pursuant to the terms of the Equity Documents through the End Date (and, for the avoidance of doubt, any such Equity Awards that do not vest on or prior to the End Date shall be forfeited for no consideration as of the End Date); (iii) without limiting the foregoing and for the avoidance of doubt, if, prior to the Closing, either (x) Consultant provides services under this Consulting Agreement through March 31, 2023 or (y) a Qualifying Termination occurs, in either case, with respect to performance stock units ("PSUs") granted in October 2020 in respect of the performance period ending March 31, 2023,

such PSUs shall remain outstanding and eligible to become Earned PSUs on the Determination Date (as such terms are defined in the Equity Documents), and any such Earned PSUs will vest and be settled within 30 days following the Determination Date, in accordance with the Equity Documents; and (iv) upon (x) termination of the Consulting Agreement pursuant to Section 8(e) or, if earlier, (y) a Qualifying Termination, in either case, that occurs on or following the closing of the transactions contemplated by that certain Agreement and Plan of Merger by and among Change Healthcare, UnitedHealth Group Incorporated and Cambridge Merger Sub Inc., dated as of January 5, 2021 (the "Closing"), Consultant will be deemed to have undergone a termination of employment without "Cause" (as defined in the Stock Plans) for purposes of the Equity Awards.

For additional information about any such awards, you may contact [____].

Exercise of Stock Options: In accordance with the Equity Awards, following the end of this Consulting Agreement, Consultant will have 12 months from the last day of the Consulting Agreement period to exercise Consultant's vested stock options, provided that the termination of the Consulting Agreement is by mutual consent, without cause, or upon completion in accordance with Section 8(a), 8(c), or 8(e) of the Consulting Agreement.

d. **Remittance of Taxes:** The Consultant is solely responsible for submitting payments to the appropriate government offices and to satisfy all other government obligations owing by the Consultant in respect of any remuneration received for the services and in respect of the principal or any employee(s) employed by Consultant. In particular, the Company will not: (1) withhold any government mandated withholding from Consultant's payments; (2) make government unemployment insurance contributions on Consultant's behalf; (3) withhold government income tax from payment to Consultant; or (4) obtain workers' compensation insurance on behalf of Consultant.

e. **Workers' Compensation:** For the duration of the Consulting Agreement, Company will register Consultant on Company's WorkSafe BC Workers' Compensation coverage, in his capacity as a contractor. Consultant agrees and understands his responsibility to immediately inform Company, if he believes he has experienced an injury related to the work he performs under this Consulting Agreement, which will allow Company to report the incident to WorkSafe BC.

f. **Insurance:** For the Term of this Agreement, Consultant agrees to maintain for himself policies of insurance in customary and reasonable amounts within the industry to cover: (a) claims for damages for bodily injury, sickness, disease or death which arise out of any negligent act or omission of Consultant; and (b) claims for damages because of injury to or destruction of tangible or intangible property, including loss of use resulting therefrom, which arise out of any negligent act or omission of Consultant.

g. **Invoices:** The Consultant agrees to provide itemized invoices for Services rendered during each month by the fifteenth day of the following month, which will include a description of hours worked and the nature of the services provided.

h. **Maintenance of Records:** The Consultant shall maintain records, as required, and specified by the Company. All such records, including invoices, shall remain the property of the Company.

SERVICES AND RESPONSIBILITIES

a. **Duties and Responsibilities:** The Consultant shall act as a Senior Advisor to the Chief Executive Officer. The Consultant represents and warrants that the Consultant shall provide advisory services in a manner consistent with his significant experience and expertise, and in accordance with the requirements and standards reasonably required by the Company, and specifically:

- i. Provide guidance and assistance on any deals or transactions as requested by the President and Chief Executive Officer;
- ii. Assist with new business development with existing or prospective customers;
- iii. Transition industry consultant relationships (e.g., KLAS) and those at other similar organizations, as deemed necessary by the President and Chief Executive Officer;
- iv. Provide support to the President and Chief Executive Officer in developing business relationships across the industry; and
- v. Any other tasks, as reasonably requested by the President and Chief Executive Officer (collectively, the “**Services**”).

Consultant is expected to provide Services to complete the tasks assigned to him by the Company, to the extent mutually agreed to between the Company and the Consultant. For the avoidance of any doubt, the term Company in this Section shall include the Company, and any current or future, parent company, successor, or affiliated entity.

b. **Unavailability:** In order to ensure the Consultant is available to perform Services as required, the Consultant shall advise the Company in advance, as much as is reasonably practicable, when he will be unavailable for any reason (e.g. personal absence, vacation, etc.).

c. **Services Provider:** Unless the Company agrees otherwise, Services will be performed only by the Consultant.

d. **Reporting:** The Consultant shall periodically report to the President and Chief Executive Officer regarding the Services already provided and yet to be provided.

e. **Tools and Instrumentalities:** Consultant will supply all tools and instrumentalities required to perform the Services; provided, however, to the extent necessary to facilitate performance of the Services and for no other purpose, the Company may, in its discretion, make its equipment or facilities available to the Consultant at Consultant’s request.

f. **Methods of Performing Services:** Consultant will determine the method, details and means of performing the Services. Company shall have no right to, and shall not, control the manner or determine the method of accomplishing the Services. Consultant agrees the Services shall be performed in a professional manner, including use of its reasonable skill and knowledge

consistent with generally accepted industry standards to complete the Services.

g. **Responsibilities**: In addition to providing the Services described in Subsection 4(a), the Consultant also agrees to:

- i. comply with any of the Company's rules and policies applicable to the provision of the Services;
- ii. co-operate with the Company's staff and accept the direction of the President and Chief Executive Officer or their designee, and comply with all reasonable and lawful instructions within the scope of this engagement; and,
- iii. refrain from acting in any manner that is detrimental to the relations between the Company and purchasers, trades, suppliers, business partners, or employees.

h. **Participation in a Government Health Care Program**: Consultant certifies that Consultant has not been convicted of a criminal offense related to health care or been listed as debarred, excluded or otherwise ineligible for participation in a federal, provincial, or state government health care program. Consultant agrees to immediately notify the Company should he become aware that he has been excluded or is otherwise ineligible for participation in a federal, provincial, or state government health care program.

i. **Conflicting Obligations**: Consultant certifies that he has no outstanding agreement or obligation that is in conflict with any of the provisions of this Agreement, or that would preclude Consultant from complying with the provisions hereof, and further certifies that Consultant will not enter into any such conflicting agreement during the term of this Agreement without the prior written approval of the President and Chief Executive Officer, such approval not to be unreasonably delayed or denied.

j. The Parties specifically acknowledge and agree that the Consultant's continued service on the Board of Directors of Prescriptive Health, Inc. does not conflict with the Consultant's obligations under this Consulting Agreement.

5. EXPENSES

a. **Expenses**: The Company will reimburse the Consultant for travel and other legitimate and authorized expenses incurred by the Consultant in the course of providing the Services (including but not limited to air travel to be booked in business class), subject to the Company's policies for expense reimbursement as are in place from time to time. Consultant must obtain pre-approval from the Chief Financial Officer for all travel and other legitimate expenses prior to being incurred. Consultant shall provide an original receipt for any such expenses. Consultant shall be responsible for all costs and expenses incident to the performance of Services for the Company that are not pre-approved.

CONFIDENTIALITY & RESTRICTIVE COVENANTSa. **Access to Confidential Information:**

- i. The Consultant acknowledges that, in the course of this Consulting Agreement, the Consultant will have access to, and be entrusted with, non-public and proprietary information concerning the Company and its affiliates, subsidiaries and/or parent companies including, without limitation, business plans, business strategies and methods, costs, prices, sales margins, and compensation paid to employees (collectively, the “**Confidential Information**”). Without limiting the generality of the foregoing, Confidential Information, includes information of the Company’s pertaining to:
 - a) research and development plans or projects, data and reports; computer materials such as programs, instructions, source and object code, and printouts; formulas, inventions, developments and discoveries; product information, including testing information; business improvements and processes; marketing and selling plans; business opportunities, plans (whether pursued or not) and budgets; unpublished financial statements; licenses; pricing, pricing strategy and cost data; information regarding the skills and compensation of employees; the identities of clients and potential clients, customers and potential customers (collectively, “Customers”); the identities of contact persons at Customers; the preferences and needs of Customers; customer contact persons; information regarding sales calls, timing, sales terms, service plans, methods, practices, strategies, forecasts, know-how, and other marketing techniques; the identities of key accounts, potential key accounts; the identities of suppliers and contractors, and all information about those supplier and contractor relationships such as contact person(s), pricing and other terms;
 - b) any information relating to the relationship of the Company with any personnel, suppliers, principals, investors, contacts or prospects of the Company and any information relating to the requirements, specifications, proposals, orders, contracts or transactions of or with any such persons;
 - c) financial information, including the Company’s costs, financing or debt arrangements, income, profits, salaries or wages; and
 - d) personal information related to third parties including, but not limited to, personal health information.

- b. **Protection of Confidential Information:** The Consultant acknowledges and agrees that the Confidential Information is a valuable and unique asset of the Company’s and that the Confidential Information is and will remain the exclusive property of the Company. The Parties hereby agree that, as between them, any item of Confidential Information is of critical importance
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and materially affects the successful conduct of the Business of the Company (and any successor or assignee of the Company). The Consultant accordingly agrees that the Consultant shall never, either during the Term of this Consulting Agreement or at any time after its termination, however occasioned, make use of Confidential Information, other than in the course of providing the Services, or disclose any Confidential Information to any third party, except with the prior, written authorization of the Company's President and Chief Executive Officer. The Consultant further agrees to take all reasonable precautions to prevent any unauthorized use or disclosure of Confidential Information.

c. **Non-Solicitation of Customers/Clients:** During the Term and for a period of twelve (12) months thereafter, Consultant shall not, without the Company's prior written authorization, solicit any person, partnership, co-operative, government, or corporation whom Consultant serviced or had contact with as a customer or client of the Company during the Term of this Agreement to encourage such customer to purchase any products or services of the kind provided by the Company, or any substitute for those products or services, from anyone other than the Company.

d. **Non-Solicitation of Personnel:** During the Term and for a period of twelve (12) months thereafter, Consultant shall not, without the Company's prior written authorization, solicit or attempt to solicit any of the Company's employees or consultants, or otherwise encourage them to end their relationship with the Company.

e. **Non-Competition During Consultancy:** During the Term, Consultant shall not provide services to, or be engaged in any capacity with any other person, partnership, co-operative, government or corporation that competes with the Company and/or is in the business of designing, developing and marketing products for the acquisition, management, and electronic storage of digital images for diagnostic medical applications for work within Canada and the United States. Consultant is permitted to provide services to other entities provided that such relationship does not breach the terms of this Section or of this Agreement, or with permission from the Company.

f. **Non-Competition After Consultancy:** For a period of twelve months (12) months from the end of the Term, Consultant shall not provide services to or be engaged in any capacity with any other person, partnership, co-operative, government or corporation which competes with the Company and/or is in the business of designing, developing and marketing products for the acquisition, management, and electronic storage of digital images for diagnostic medical applications within Canada and the United States.

g. **Consideration for Non-Solicitation and Non-Competition:** As consideration for the obligations outlined under Subsection 6(c), (d), (e) and (f), the Consultant has been selected for this consulting agreement and in further consideration for the obligations outlined under Subsection 6(c), (d), (e) and (f), the Consultant will be eligible to receive Termination Pay in accordance with section 8(f) or 8(i). The Consultant acknowledges and agrees that this constitutes valuable and sufficient consideration for the Consultant's obligations under Subsection 6(c), (d), (e) and (f).

h. **Irreparable Harm:** The Consultant acknowledges and agrees that a breach of any of the covenants contained in this Section would cause irreparable harm to the Company, and that, in addition to any other appropriate legal remedies, the Company should be granted an injunction and any other available remedies to prevent any such breach by the Consultant.

OWNERSHIP OF WORK PRODUCT

- a. **Assignment of Rights**: The Consultant agrees that all work product produced for and on behalf of the Company has been paid for and will become the property of the Company. The Consultant hereby assigns and transfers to the Company all of the Consultant's rights, title and interest in any documents, products, services or technology created, made, developed, discovered or conceived solely by the Consultant or jointly with others that were developed in the course of providing the Services.
- b. **Return of Business Records, Software and Equipment**: Upon any termination of this Consulting Agreement, the Consultant shall immediately return:
- i. all data, documents, records, procedures, books, notebooks, and any other documentation then in the Consultant's possession or control relating to the Company or an affiliate, subsidiary or parent of the Company, irrespective of whether such documentation was prepared or compiled by the Consultant;
 - ii. all copies, whether in printed, electronic or other form, of any software and related materials belonging to the Company or an affiliate, subsidiary or parent of the Company; and
 - iii. all equipment or tangible personal property entrusted to the Consultant by the Company or an affiliate, subsidiary or parent of the Company.

8.**TERMINATION**

- a. **Termination on Consent**: Subject to Subsections 8(f) and 8(i), the Parties may agree to terminate this Consulting Agreement at any time by mutual consent. The Consultant's right to remuneration (other than the pro-rata Termination Pay) shall cease on the mutually agreed termination date.
- b. **Termination By Company For Cause**: This Consulting Agreement may be terminated by the Company for just cause (including but not limited to a breach of the terms of this Agreement) upon written notice to the Consultant. The Consultant's right to remuneration shall cease on the day that such written notice is effective.
- c. **Termination By Company Without Cause**: Subject to Subsections 8(f) and 8(i), this Consulting Agreement may be terminated by the Company without cause upon written notice to the Consultant. The Consultant's right to remuneration (other than the pro-rata Termination Pay) shall cease on the day that such written notice is effective.
- d. **Termination by Consultant**: This Consulting Agreement may be terminated by the Consultant on the delivery of 30-days' written notice. The Consultant's right to remuneration shall cease the day that such written notice is effective.
- e. **Termination Upon Completion**: Subject to Subsection 8(f), this Consulting Agreement shall automatically terminate at the end of the Term without further notice or action. The
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Consultant's right to remuneration shall cease on the end date of the Term.

f. **Termination of Agreement - Pay at Term Completion:** Upon the termination of this Consulting Agreement in accordance with Subsection 8(e), the Company will provide Consultant with **\$125,000.00 CAD** ("**Termination Pay**"). The Termination Pay represents an amount which you were **not** ordinarily entitled in accordance with your Employment Agreement signed on December 22, 2020, the Termination of Employment agreement presented to you on April 9, 2022, or any other agreement or Company benefit or compensation plan. The Termination Pay will be provided in exchange for the Consultant's execution of a Full and Final Release of All Claims in the form attached.

g. **Saving:** If any longer notice period, greater amount of payment and/or other entitlement is required by any applicable statute (including but not limited to the *Employment Standards Act*) in order to terminate this Consulting Agreement, such minimum statutory entitlements shall replace and supersede the notice requirements in this Section and the obligation to provide Termination Pay in Subsection 8(f), but nothing further shall be required to be provided by the Company to terminate the Agreement.

h. **Provisions Surviving Termination:** It is expressly agreed that notwithstanding any termination of this Consulting Agreement by either Party, for any reason in any circumstance whatsoever, such termination shall be without prejudice to the rights of the Company in relation to the provisions of Sections 6 (confidentiality & restrictive covenants), 7 (ownership of work product) and 9 (indemnification), which shall remain and continue in full force and effect unless and until the Company, in its absolute discretion, resolves otherwise and so notifies the Consultant in writing.

i. **Pro-Rata Payment Upon Termination Before Term Completion:** In the event that this Agreement is terminated for any reason under sections 8(a) or 8(c) before the conclusion of the Term and during a given quarter, subject to executing a Full and Final Release of All Claims in the form attached, the Consultant shall be entitled to receive:

- i. the pro-rata amount of compensation calculated in accordance with Subsection 3(a) of this Agreement, reflecting the portion of time the Consultant provided services during the final, incomplete quarter; and
- ii. the pro-rata amount of Termination Pay reflecting the portion of the Term during which the Consultant provided services, calculated by dividing the amount in Subsection 8(f) by the number of weeks on which the Consultant provided services during the Term.

9.

INDEMNIFICATION

a. **Indemnity:** The Consultant agrees to indemnify and save the Company and its directors harmless from and against:

- i. any and all amounts, costs, damages, claims, losses or other liability that the Company may become liable for or arising from or in respect of the failure of the Consultant to remit payment for Employment Insurance, Canada Pension, Provincial and Federal income taxes, HST, Employer Health Tax, Workers' Compensation, or any other amounts required to be remitted by the Consultant for its business in connection with the Consultant providing the Services hereunder.
- ii. any action by a third party that is based on any negligent act or omission or willful conduct of Consultant or agents of Consultant, which results in: (i) any bodily injury, sickness, disease or death; (ii) any injury or destruction to tangible or intangible property (including computer programs and data) of the Company or any loss of use resulting therefrom; or (iii) any violation of any statute, ordinance, or regulation.

10. NOTICE

a. **Notice:** Any notice, consent, direction or other instruction required or permitted to be given under the provisions of this Consulting Agreement must be in writing and delivered or sent by e-mail:

- i. if to the Consultant at
Attn: **Roderick O'Reilly**
[] with a copy to []
- ii. if to the Company, at
Attn: **Loretta Cecil**
General Counsel
Change Healthcare Technologies
LLC []

or such other address as may be designated by notice by either Party to the other.

11. GENERAL

a. **Applicable Law:** This Consulting Agreement shall be governed by the laws of Canada and the Province of British Columbia.

b. **Severability:** If any provision of this Consulting Agreement is determined to be void or unenforceable in whole or in part it will not be deemed to affect or impair the validity of any other provision.

c. **Entire Agreement:** This Consulting Agreement, and any documents specifically referred to herein, constitute the entire agreement between the Consultant and the Company regarding the matters described herein and therein. Any and all previous agreements or representations, written

or oral, express or implied, relating to such matters are terminated, cancelled or withdrawn.

d. **Assignment**: This Consulting Agreement may not be assigned by the Consultant without the prior written consent of the Company. Any attempted assignment or delegation of this Agreement by Contractor without express written consent of the Company will be void. However, the Company may assign any or all of its rights under this Consulting Agreement to any affiliated or successor company or any subsequent owner of the Company's business, who will have the right to enforce this Consulting Agreement to the same extent as the Company.

e. **Amendment**: Any modification to this Consulting Agreement must be in writing and signed by a duly authorized Officer of the Company or it will have no effect and be void.

f. **Interpretation**: It is agreed that any ambiguities contained in this Consulting Agreement and any amendments thereto should not be presumptively construed against either party, and that no rule of *contra proferentem* or similar principle should be applied to the interpretation of this Agreement.

g. **Counterparts**: This Consulting Agreement may be executed and delivered by the Parties in one or more counterparts, each of which when so executed and delivered will be an original, and those counterparts will together constitute one and the same instrument.

h. **Time**: Time is of the essence hereof.

i. **Legal Advice**: The Consultant acknowledges having been given the opportunity to obtain independent legal advice and that such advice has either been obtained or waived, and that the Consultant will not rely upon the failure to get independent legal advice as a defence to this Consulting Agreement.

IN WITNESS WHEREOF the Parties have executed this Consulting Agreement with effect from the date first written above.

/s/ Roderick O'Reilly
Roderick O'Reilly
Consultant

April 10, 2022
Date

/s/ Neil de Crescenzo
Neil de Crescenzo
President and Chief Executive Officer
Change Healthcare Technologies
LLC

April 10, 2022
Date

Enclosure: Form Full and Final Release of All Claims

FULL AND FINAL RELEASE OF ALL CLAIMS

1. RELEASE

IN RETURN for the Termination Pay described in my Consulting Agreement with **CHANGE HEALTHCARE CANADA COMPANY** dated April __, 2022 (the “**Consulting Agreement**”), and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, I, **RODERICK O’REILLY**, do for myself and my heirs, executors, administrators and assigns (hereinafter collectively referred to as “**I**”), hereby forever release, remise and discharge **CHANGE HEALTHCARE CANADA COMPANY** and its past, present and future parents, predecessors, subsidiaries and affiliates, and all of their principals, partners, officers, directors, employees, agents, counsel, insurers, successors and assigns (hereinafter collectively referred to as the “**Company**”) from any and all actions, causes of action, claims, debts, expenses, damages, or demands that I have ever had, now have, or could ever have, whether known or unknown, whether at common law or under any legislation, that in any way relate to my engagement with the Company and the termination of that engagement, including but not limited to any injuries, losses, consulting fees, salary, wages, notice, pay in lieu of notice, reasonable notice, pay in lieu of reasonable notice, termination pay, severance pay, overtime pay, vacation pay, or any other compensation or amounts in relation to my engagement with the Company or the termination of such engagement.

2. NO ADMISSION OF LIABILITY/WRONGDOING

I acknowledge that the Termination Pay does not constitute any admission of liability or wrongdoing by or on behalf of the Company.

3. INDEPENDENT CONTRACTOR AGREEMENTS

I acknowledge and agree that the Company has fully complied with and satisfied all obligations to me under any of independent contractor agreements, past or current.

4. NOT AN “EMPLOYEE”

I acknowledge and agree that I was not an “employee” of the Company, including but not limited to for the purposes of the *Employment Standards Act*, except as regards my Equity Awards under the Stock Plans as described in Section 3(c) of this Consulting Agreement and shall not assert that I was an “employee” in any court or tribunal of law in relation to any of the matters described in this Full and Final Release of All Claims. In any event, I admit and agree that the Termination Pay will exceed what I would have been entitled to receive if I had been an “employee” under the *Employment Standards Act*.

5. HUMAN RIGHTS

I agree that I have had an opportunity to discuss or otherwise canvass with legal counsel any and all human rights complaints, concerns, or issues, arising out of or in respect to my engagement by and/or the termination of it. I agree that my acceptance of the Termination Pay constitutes a full and final settlement of any existing, planned, or possible complaint(s) against the Company under the *Human Rights Code* up to and including the date on which I signed this Full and Final

Release of All Claims. Accordingly, I have no complaints against the Company under the *Human Rights Code* and undertake to file no such complaints.

6. INDEMNITY FOR TAXES, ETC.

I agree that I will indemnify the Company for any payments or penalties that the Company is required or ordered to pay as a result of the Company failing to withhold sufficient taxes or payroll deductions on my behalf, or in relation to any failure by me to remit GST/HST.

7. NO PROCEEDINGS OR CLAIMS

I agree not to make any claims or commence any legal proceedings against the Company, or any other individual or corporation that might claim contribution or indemnification from the Company regarding the matters addressed in this Full and Final Release of All Claims. I also agree to refrain from encouraging any other individuals, especially any current or former employees, agents, or independent contractors of the Company, to make any claims or commence any legal proceedings against the Company. I agree and understand that this Full and Final Release of All Claims may be pleaded or relied upon by the Company, as a full and complete defense and may be used as a basis for an injunction against any claim or proceeding or other act or omission that may be made, commenced or continued in breach of the terms of this Full and Final Release of All Claims.

8. NON-DISCLOSURE

I agree that I will not divulge or disclose, directly or indirectly, the Termination Pay, or the contents of this Full and Final Release of All Claims to any person, including but not limited to current or former employees, agents, and independent contractors of the Company, but I may make such disclosure to my spouse and legal and financial advisors on the condition that they maintain confidentiality. If disclosure of such information is ever required by law, I will advise the Company promptly, in writing, of such compelled disclosure.

9. NO DISPARAGING OR DEFAMATORY REMARKS

I agree to refrain from making any oral or written remarks about the Company that are untrue, defamatory, disparaging, or otherwise derogatory, or acting in any manner that is likely to damage its reputation, in the eyes of the Company's employees, agents, independent contractors, and customers (unless that is required by law, in which case I will advise the Company promptly, in writing, of being compelled to do so).

10. COOPERATION

I agree and understand that I shall now and in the future, fully and completely cooperate with the Company by providing whatever information is requested by the Company concerning my work projects and responsibilities while employed by it. I shall provide accurate written statements, affidavits, answers to written questions, deposition testimony, or testimony at trial or hearing, or any such other appearances and information as may be requested by the Company, in support of any claims or defenses in any court, tribunal or agency case now pending or anticipated. I understand that I will be reimbursed for reasonable expenses associated with such activity as

approved by the Company

11.

BREACH

I agree that if I breach any of my obligations to the Company under this Full and Final Release of All Claims, especially those set out in sections 7, 8 and 9 above, that I will be required to repay the Termination Pay as liquidated (pre-determined) damages and will be responsible for any additional damages incurred by the Company.

12.

GOVERNING LAW

I agree and understand that this Full and Final Release of All Claims shall be governed by the laws of British Columbia, Canada and the courts of British Columbia, Canada shall have exclusive jurisdiction to determine any disputes concerning this Full and Final Release of All Claims.

13.

UNDERSTANDING

I hereby declare that I have had an opportunity to obtain independent legal advice regarding the matters addressed in this Full and Final Release of All Claims and fully understand my obligations under it. I agree and acknowledge that if the facts in respect to which this Full and Final Release of All Claims is made prove to be other than or different than the facts known to me, or believed by me to be true, I expressly accept and assume the risk of the facts being different and agree that all the terms of this Full and Final Release of All Claims are not subject to termination, recession or variation by any discovery of any difference in facts. I hereby voluntarily accept the terms and conditions set out in this Full and Final Release of All Claims in order to fully and finally resolve, compromise, adjust and settle all claims or potential claims, as described above, that I have or might have against the Company.

DATED at _____, British Columbia, this ____ day of _____, _____.

Witness (signature)

RODERICK O'REILLY

Witness name (please print)

Address

Occupation

**RESTRICTED STOCK UNIT GRANT NOTICE
UNDER THE
CHANGE HEALTHCARE INC.
2019 OMNIBUS INCENTIVE PLAN**

Change Healthcare Inc., a Delaware corporation (the “Company”), pursuant to its 2019 Omnibus Incentive Plan (the “Plan”), hereby grants to the Participant set forth below the number of Restricted Stock Units set forth below. The Restricted Stock Units are subject to all of the terms and conditions as set forth herein, in the Restricted Stock Unit Agreement (attached hereto or previously provided to the Participant in connection with a prior grant), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

Participant: [Insert Participant Name]

Date of Grant: [Insert Date]

Vesting Commencement Date: [Insert Date]

Number of Restricted Stock Units: [Insert No. of RSUs Granted]

Vesting Schedule: Provided the Participant has not undergone a Termination at the time of each applicable vesting date (or event), the Restricted Stock Units will vest in twelve equal quarterly installments over three years from the Vesting Commencement Date, such as to be 100% vested on the date that is third anniversary of the Vesting Commencement Date (each such quarterly vesting date, a “Vesting Date”).

Notwithstanding the foregoing, in the event that the Participant undergoes a Termination (i) as a result of the Participant’s death prior to any Vesting Date, the Participant shall fully vest in the Participant’s then-unvested Restricted Stock Units; (ii) as a result of the Participant’s Disability or Retirement, in either case, prior to a Vesting Date, the Participant shall vest as to a prorated portion of the then-unvested Restricted Stock Units granted, with such proration based on the number of days the Participant provided services from the Vesting Commencement Date to the date of Termination (or, if applicable, from the immediately prior Vesting Date to the date of Termination); or (iii) (A) by the Service Recipient without Cause or (B) by the Participant for Good Reason, in each case, on or within 12 months following a Change in Control, the Participant shall fully vest in the Participant’s then-unvested Restricted Stock Units; *provided, however*, that any such Restricted Stock Units shall be settled in accordance with Section 3 of the Restricted Stock Unit Agreement within 30 days following the termination date.

Definition: “Good Reason” means (i) a material diminution in the Participant’s authority, title, duties or responsibilities, or the assignment to the Participant of any duties inconsistent with the

Participant's position; (ii) a material reduction in the Participant's base salary or target bonus opportunity; (iii) a relocation by more than 50 miles of the Participant's principal place of employment; or (iv) a material reduction in the level of employee benefits provided to the Participant.

* * *

THE UNDERSIGNED PARTICIPANT ACKNOWLEDGES RECEIPT OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE RESTRICTED STOCK UNIT AGREEMENT AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF RESTRICTED STOCK UNITS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE RESTRICTED STOCK UNIT AGREEMENT AND THE PLAN.

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CHANGE HEALTHCARE INC.

PARTICIPANT

By:
Title:

- _____
1. To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept this award electronically, such acceptance shall constitute the Participant's signature hereof.
- _____

**RESTRICTED STOCK UNIT AGREEMENT
UNDER THE
CHANGE HEALTHCARE INC.
2019 OMNIBUS INCENTIVE PLAN**

Pursuant to the Restricted Stock Units Grant Notice (the “Grant Notice”) delivered to the Participant (as defined in the Grant Notice), and subject to the terms of this Restricted Stock Unit Agreement (this “Restricted Stock Unit Agreement”) and the Change Healthcare Inc. 2019 Omnibus Incentive Plan (the “Plan”), Change Healthcare Inc., a Delaware corporation (the “Company”), and the Participant agree as follows. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan.

1. **Grant of Restricted Stock Units.** Subject to the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Participant the number of Restricted Stock Units provided in the Grant Notice (with each Restricted Stock Unit representing the right to receive one share of Common Stock upon the vesting of such Restricted Stock Unit). The Company may make one or more additional grants of Restricted Stock Units to the Participant under this Restricted Stock Unit Agreement by providing the Participant with a new Grant Notice, which may also include any terms and conditions differing from this Restricted Stock Unit Agreement to the extent provided therein. The Company reserves all rights with respect to the granting of additional Restricted Stock Units hereunder and makes no implied promise to grant additional Restricted Stock Units.
 2. **Vesting.** Subject to the conditions contained herein and in the Plan, the Restricted Stock Units shall vest and the restrictions on such Restricted Stock Units shall lapse as provided in the Grant Notice. With respect to any Restricted Stock Unit, the period of time that such Restricted Stock Unit remains subject to vesting shall be its Restricted Period.
 3. **Settlement of Restricted Stock Units.** Subject to the proviso to Section 9(d)(ii) of the Plan, as soon as reasonably practicable (and in any event, within 30 days) following the Vesting Date (as defined in the Grant Notice) originally applicable to such Restricted Stock Units, the Company shall issue to the Participant or the Participant’s beneficiary, without charge, one share of Common Stock (or other securities or other property, as applicable) for each such outstanding Restricted Stock Unit.
 4. **Treatment of Restricted Stock Units Upon Termination.** Unless otherwise determined by the Committee, in the event of the Participant’s Termination for any reason:
 - a. all vesting with respect to the Restricted Stock Units shall cease (after taking into account vesting of Restricted Stock Units as set forth in the Grant Notice); and
 - b. the unvested Restricted Stock Units shall be forfeited to the Company by the Participant for no consideration as of the date of such Termination.
 5. **Company; Participant.**
 - a. The term “Company” as used in this Restricted Stock Unit Agreement with reference to employment shall include the Board, the Company and its Subsidiaries.
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- b. Whenever the word “Participant” is used in any provision of this Restricted Stock Unit Agreement under circumstances where the provision should logically be construed to apply to the executors, the administrators, or the person or persons to whom the Restricted Stock Units may be transferred by will or by the laws of descent and distribution, the word “Participant” shall be deemed to include such person or persons.
6. **Non-Transferability.** The Restricted Stock Units are not transferable by the Participant except to Permitted Transferees in accordance with Section 13(b) of the Plan. Except as otherwise provided herein, no assignment or transfer of the Restricted Stock Units, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the Restricted Stock Units shall terminate and become of no further effect.
7. **Rights as Stockholder.** The Participant or a Permitted Transferee of the Restricted Stock Units shall have no rights as a stockholder with respect to any share of Common Stock underlying a Restricted Stock Unit unless and until the Participant shall have become the holder of record or the beneficial owner of such Common Stock, and no adjustment shall be made for dividends or distributions or other rights in respect of such share of Common Stock for which the record date is prior to the date upon which the Participant shall become the holder of record or the beneficial owner thereof.
8. **Dividend Equivalents.** The Restricted Stock Units shall be entitled to be credited with dividend equivalent payments (upon the payment by the Company of dividends on shares of Common Stock), which shall accrue in cash without interest and shall be delivered in cash. Accumulated dividend equivalents shall be payable at such time as the underlying Restricted Stock Units to which such dividend equivalents relate are settled in accordance with Section 3 above. For the avoidance of doubt, dividend equivalents accrued in respect of Restricted Stock Units shall only be paid to the extent the underlying Restricted Stock Unit vests and is settled, and to the extent that any Restricted Stock Units are forfeited and not vested, the Participant shall have no right to such dividend equivalent payments.
9. **Tax Withholding.** The provisions of Section 13(d) of the Plan are incorporated herein by reference and made a part hereof. In addition, the Committee, subject to its having considered the applicable accounting impact of any such determination, has full discretion to allow the Participant to satisfy, in whole or in part, any additional income, employment and/or other applicable taxes payable by the Participant with respect to an Award by electing to have the Company withhold from the shares of Common Stock otherwise issuable or deliverable to, or that would otherwise be retained by, the Participant upon the grant, vesting or settlement of the Award, as applicable, shares of Common Stock having an aggregate Fair Market Value that is greater than the applicable minimum required statutory withholding liability (but such withholding may in no event be in excess of the maximum statutory withholding amount(s) in the Participant’s relevant tax jurisdictions).
10. **Notice.** Every notice or other communication relating to this Restricted Stock Unit Agreement between the Company and the Participant shall be in writing, and shall be
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mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; provided that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the Corporate Secretary, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the Participant's last known address, as reflected in the Company's records. Notwithstanding the above, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.

11. **No Right to Continued Service.** This Restricted Stock Unit Agreement does not confer upon the Participant any right to continue as an employee or service provider to the Company.
 12. **Binding Effect.** This Restricted Stock Unit Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.
 13. **Waiver and Amendments.** Except as otherwise set forth in Section 12 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this Restricted Stock Unit Agreement shall be valid only if made in writing and signed by the parties hereto; provided, however, that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.
 14. **Governing Law.** This Restricted Stock Unit Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Notwithstanding anything contained in this Restricted Stock Unit Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this Restricted Stock Unit Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of Delaware.
 15. **Section 409A of the Code.** This Restricted Stock Unit Agreement is intended to comply with the provisions of Section 409A of the Code and the regulations promulgated thereunder, and shall be interpreted consistent with such intent. Without limiting the foregoing, the Committee will have the right to amend the terms and conditions of this Agreement in any respect as may be necessary or appropriate to comply with Section 409A of the Code or any regulations promulgated thereunder, including without limitation by delaying the issuance of the shares of Common Stock contemplated hereunder. Notwithstanding any other provision of this Agreement to the contrary, if the Participant is a "specified employee" within the meaning of Section 409A of the Code, and is subject to U.S. federal income tax, no payments in respect of any Restricted Stock
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Unit that is “deferred compensation” subject to Section 409A of the Code and which would otherwise be payable upon the Participant’s “separation from service” (as defined in Section 409A of the Code) will be made to the Participant prior to the date that is six months after the date of the Participant’s “separation from service” or, if earlier, the Participant’s date of death. Following any applicable six-month delay, all such delayed payments will be paid in a single lump sum on the earliest date permitted under Section 409A of the Code that is also a business day. The Participant is solely responsible and liable for the satisfaction of all taxes and penalties under Section 409A of the Code that may be imposed on or in respect of the Participant in connection with this Restricted Stock Unit Agreement, and the Company will not be liable to any Participant for any payment made under the Plan or this Restricted Stock Unit Agreement that is determined to result in an additional tax, penalty or interest under Section 409A of the Code, nor for reporting in good faith any payment made under this Restricted Stock Unit Agreement as an amount includible in gross income under Section 409A of the Code.

16. **Exhibit for Non U.S. Participants.** If the Participant is residing and/or working outside of the United States, the Restricted Stock Units shall be subject to any special provisions set forth in Exhibit A to this Restricted Stock Unit Agreement. If the Participant becomes based outside the United States while holding any Restricted Stock Units, the special provisions set forth in Exhibit A shall apply to the Participant to the extent that the Company determines that the application of such provisions is necessary or advisable for legal or administrative reasons. Moreover, if the Participant relocates between any of the countries included on Exhibit A, the special provisions set forth in Exhibit A for such country shall apply to the Participant to the extent that the Company determines that the application of such provisions is necessary or advisable for legal or administrative reasons. Exhibit A constitutes part of this Restricted Stock Unit Agreement.
 17. **Plan.** The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Restricted Stock Unit Agreement, the Plan shall govern and control.
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SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, Neil E. de Crescenzo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Change Healthcare Inc. (the “registrant”);
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(s) 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)) for the registrant and have:
 - a. Designed such disclosure control 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(s) 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

By: /s/ Neil E. de Crescenzo

Name: Neil E. de Crescenzo
Title: President and Chief Executive Officer of Change
Healthcare Inc.

SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, Fredrik Eliasson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Change Healthcare Inc. (the “registrant”);
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(s) 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)) for the registrant and have:
 - a. Designed such disclosure control 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(s) 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

By: /s/ Fredrik Eliasson

Name: Fredrik Eliasson

Title: Executive Vice President and Chief Financial Officer
of Change Healthcare Inc.

**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 of Change Healthcare Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Neil E. de Crescenzo, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, in my capacity as an officer of the Company, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2022

By: /s/ Neil E. de Crescenzo

Name: Neil E. de Crescenzo
Title: President and Chief Executive Officer of Change
Healthcare Inc.

**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 of Change Healthcare Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Fredrik Eliasson, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, in my capacity as an officer of the Company, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2022

By: /s/ Fredrik Eliasson
Name: Fredrik Eliasson
Title: Executive Vice President and Chief Financial Officer
of Change Healthcare Inc.
