

REFINITIV

## DELTA REPORT

### 10-Q

R1 RCM INC. /DE

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 596

█ CHANGES 220

█ DELETIONS 157

█ ADDITIONS 219

---

---

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Form 10-Q**

(Mark One)

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

For the quarterly period ended **June 30, 2023** **September 30, 2023**

OR

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

For the transition period from to

COMMISSION FILE NUMBER: 001-41428

**R1 RCM INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

**87-4340782**

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification Number)

**433 W. Ascension Way**

**Suite 200**

**Murray**

**Utah**

**84123**

(Address of principal executive offices)

(Zip code)

**(312) 324-7820**

(Registrant's telephone number, including area code)

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

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

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
----------------------------	--------------------------	--------------------------------------------------

Common stock, par value \$0.01 per share	RCM	NASDAQ
------------------------------------------	-----	--------

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

As of **July 31, 2023** **November 30, 2023**, the registrant had **418,958,515** **419,308,156** shares of common stock, par value \$0.01 per share, outstanding.

---

## Table of Contents

<b>Part I.</b>	<b>Financial Information</b>	
Item 1.	<a href="#">Financial Statements</a>	3
	<a href="#">Consolidated Balance Sheets</a>	4
	<a href="#">Consolidated Statements of Operations and Comprehensive Income (Loss), (Unaudited)</a>	5
	<a href="#">Consolidated Statements of Stockholders' Equity (Unaudited)</a>	6
	<a href="#">Consolidated Statements of Cash Flows (Unaudited)</a>	8
	<a href="#">Notes to Consolidated Financial Statements (Unaudited)</a>	9
Item 2.	<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	24 30
Item 3.	<a href="#">Qualitative and Quantitative Disclosures About Market Risk</a>	33 40
Item 4.	<a href="#">Controls and Procedures</a>	34 41
<b>Part II.</b>	<b>Other Information</b>	
Item 1.	<a href="#">Legal Proceedings</a>	35 42
Item 1A.	<a href="#">Risk Factors</a>	35 42
Item 2.	<a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	35 42
Item 5.	<a href="#">Other Information</a>	36 43
Item 6.	<a href="#">Exhibits</a>	37 44
<b>SIGNATURES</b>		<b>38 45</b>

---

### PART I — FINANCIAL INFORMATION

#### Item 1. *Financial Statements*

**R1 RCM Inc.**  
**Consolidated Balance Sheets**  
(In millions, except share and per share data)

Assets	Assets			(Unaudited)				(Unaudited)	
				June 30,	December 31,			September 30,	December 31,
				2023	2022			2023	2022
Assets	Assets								
Current assets:	Current assets:								
Cash and cash equivalents	Cash and cash equivalents			\$	123.1	\$	110.1	\$	164.9
Accounts receivable, net of \$31.5 million and \$15.1 million allowance as of June 30, 2023 and December 31, 2022, respectively				245.2		235.2		\$	110.1

Accounts receivable, net of \$0.1 million allowance - related party as of June 30, 2023 and December 31, 2022	18.4	25.0			
Accounts receivable, net of \$38.1 million and \$15.1 million allowance as of September 30, 2023 and December 31, 2022, respectively			Accounts receivable, net of \$38.1 million and \$15.1 million allowance as of September 30, 2023 and December 31, 2022, respectively	248.7	235.2
Accounts receivable - related party, net of \$0.1 million allowance as of September 30, 2023 and December 31, 2022			Accounts receivable - related party, net of \$0.1 million allowance as of September 30, 2023 and December 31, 2022	23.9	25.0
Current portion of contract assets, net	89.9	83.9	Current portion of contract assets, net	89.2	83.9
Prepaid expenses and other current assets	108.3	110.3	Prepaid expenses and other current assets	112.7	110.3
<b>Total current assets</b>	<b>584.9</b>	<b>564.5</b>	<b>Total current assets</b>	<b>639.4</b>	<b>564.5</b>
Property, equipment and software, net	181.8	164.8	Property, equipment and software, net	183.6	164.8
Operating lease right-of-use assets	74.8	80.5	Operating lease right-of-use assets	65.4	80.5
Non-current portion of contract assets, net	37.8	32.0	Non-current portion of contract assets, net	37.8	32.0
Non-current portion of deferred contract costs	30.1	26.7	Non-current portion of deferred contract costs	31.3	26.7
Intangible assets, net	1,413.2	1,514.5	Intangible assets, net	1,362.4	1,514.5
Goodwill	2,647.4	2,658.2	Goodwill	2,629.4	2,640.3
Deferred tax assets	10.5	10.4	Deferred tax assets	10.4	10.4
Other assets	93.7	88.2	Other assets	80.4	88.1
<b>Total assets</b>	<b>\$ 5,074.2</b>	<b>\$ 5,139.8</b>	<b>Total assets</b>	<b>\$ 5,040.1</b>	<b>\$ 5,121.8</b>
<b>Liabilities</b>			<b>Liabilities</b>		
Current liabilities:			Current liabilities:		
Accounts payable	26.1	33.4	Accounts payable	20.1	33.4
Current portion of customer liabilities	41.9	57.5	Current portion of customer liabilities	44.4	57.5
Current portion of customer liabilities - related party	7.8	7.4	Current portion of customer liabilities - related party	5.8	7.4
Accrued compensation and benefits	93.1	109.0	Accrued compensation and benefits	120.7	109.0
Current portion of operating lease liabilities	19.4	18.0	Current portion of operating lease liabilities	19.0	18.0

Current portion of long-term debt	Current portion of long-term debt	62.6	53.9	Current portion of long-term debt	67.0	53.9
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	74.3	70.6	Accrued expenses and other current liabilities	60.7	70.5
Total current liabilities	Total current liabilities	325.2	349.8	Total current liabilities	337.7	349.7
Non-current portion of customer liabilities	Non-current portion of customer liabilities	4.9	5.0	Non-current portion of customer liabilities	2.9	5.0
Non-current portion of customer liabilities - related party	Non-current portion of customer liabilities - related party	12.7	13.7	Non-current portion of customer liabilities - related party	12.2	13.7
Non-current portion of operating lease liabilities	Non-current portion of operating lease liabilities	89.3	94.4	Non-current portion of operating lease liabilities	83.1	94.4
Long-term debt	Long-term debt	1,691.5	1,732.6	Long-term debt	1,646.0	1,732.6
Deferred tax liabilities	Deferred tax liabilities	184.0	200.7	Deferred tax liabilities	190.7	200.8
Other non-current liabilities	Other non-current liabilities	23.6	23.1	Other non-current liabilities	24.1	23.1
Total liabilities	Total liabilities	2,331.2	2,419.3	Total liabilities	2,296.7	2,419.3
<b>Stockholders' equity:</b>	<b>Stockholders' equity:</b>			<b>Stockholders' equity:</b>		
Common stock, \$0.01 par value, 750,000,000 shares authorized, 443,374,297 shares issued and 418,811,379 shares outstanding at June 30, 2023; 750,000,000 shares authorized, 439,950,125 shares issued and 416,597,885 shares outstanding at December 31, 2022		4.4	4.4	Common stock, \$0.01 par value, 750,000,000 shares authorized, 443,699,047 shares issued and 419,057,965 shares outstanding at September 30, 2023; 750,000,000 shares authorized, 439,950,125 shares issued and 416,597,885 shares outstanding at December 31, 2022	4.4	4.4
Common stock, \$0.01 par value, 750,000,000 shares authorized, 443,699,047 shares issued and 419,057,965 shares outstanding at September 30, 2023; 750,000,000 shares authorized, 439,950,125 shares issued and 416,597,885 shares outstanding at December 31, 2022				Common stock, \$0.01 par value, 750,000,000 shares authorized, 443,699,047 shares issued and 419,057,965 shares outstanding at September 30, 2023; 750,000,000 shares authorized, 439,950,125 shares issued and 416,597,885 shares outstanding at December 31, 2022		
Additional paid-in capital	Additional paid-in capital	3,159.3	3,123.2	Additional paid-in capital	3,180.0	3,123.3
Accumulated deficit	Accumulated deficit	(121.3)	(121.9)	Accumulated deficit	(138.1)	(140.0)
Accumulated other comprehensive income (loss)		0.4	(3.4)			
Treasury stock, at cost, 24,562,918 shares as of June 30, 2023; 23,352,240 shares as of December 31, 2022		(299.8)	(281.8)			
Accumulated other comprehensive loss				Accumulated other comprehensive loss	(1.7)	(3.4)

Treasury stock, at cost, 24,641,082 shares as of September 30, 2023; 23,352,240 shares as of December 31, 2022		Treasury stock, at cost, 24,641,082 shares as of September 30, 2023; 23,352,240 shares as of December 31, 2022	
Total stockholders' equity	2,743.0	2,720.5	Total stockholders' equity
Total liabilities and stockholders' equity	\$ 5,074.2	\$ 5,139.8	Total liabilities and stockholders' equity
			\$ 5,040.1 \$ 5,121.8

See accompanying notes to consolidated financial statements.

**R1 RCM Inc.**  
**Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited)**  
**(In millions, except share and per share data)**

	Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,		Nine Months Ended September 30,	
	2023		2022		2023		2022		2023	2022	2023	2022
	Net services revenue (\$216.3 million and \$433.1 million for the three and six months ended June 30, 2023, respectively, and \$223.0 million and \$439.7 million for the three and six months ended June 30, 2022, respectively, from related party)	\$ 560.7	\$ 391.9	\$ 1,106.3	\$ 777.6							
Net services revenue (\$227.3 million and \$660.4 million for the three and nine months ended September 30, 2023, respectively, and \$218.1 million and \$657.8 million for the three and nine months ended September 30, 2022, respectively, from related party)												
Operating expenses:	Operating expenses:				Operating expenses:				Operating expenses:			
Cost of services	Cost of services	445.9	310.1	880.6	606.6	Cost of services	447.5	403.9	1,328.1	1,011.4		
Selling, general and administrative	Selling, general and administrative	62.6	30.9	109.6	59.8	Selling, general and administrative	54.7	58.3	164.3	118.2		
Other expenses	Other expenses	28.3	88.9	58.5	106.0	Other expenses	29.4	28.5	87.9	142.5		
Total operating expenses	Total operating expenses	536.8	429.9	1,048.7	772.4	Total operating expenses	531.6	490.7	1,580.3	1,272.1		
Income (loss) from operations		23.9	(38.0)	57.6	5.2	Income from operations	41.2	4.8	98.8	1.0		
Net interest expense	Net interest expense	32.5	6.9	63.2	11.6	Net interest expense	32.1	23.7	95.3	35.3		
Income (loss) before income tax benefit		(8.6)	(44.9)	(5.6)	(6.4)							
Income tax benefit		(8.9)	(24.5)	(6.2)	(15.4)							
Income (loss) before income tax provision (benefit)						Income (loss) before income tax provision (benefit)	9.1	(18.9)	3.5	(34.3)		

Income tax provision (benefit)									Income tax provision (benefit)								
Net income (loss)	Net income (loss)	\$ 0.3	\$ (20.4)	\$ 0.6	\$ 9.0	Net income (loss)	\$ 1.3	\$ (28.7)	\$ 1.9	\$ (26.7)							
Net income (loss) per common share:		Net income (loss) per common share:		Net income (loss) per common share:		Net income (loss) per common share:		Net income (loss) per common share:		Net income (loss) per common share:							
Basic	Basic	\$ —	\$ (0.07)	\$ —	\$ 0.03	Basic	\$ —	\$ (0.07)	\$ —	\$ (0.08)							
Diluted	Diluted	\$ —	\$ (0.07)	\$ —	\$ 0.03	Diluted	\$ —	\$ (0.07)	\$ —	\$ (0.08)							
Weighted average shares used in calculating net income (loss) per common share:	Weighted average shares used in calculating net income (loss) per common share:	Weighted average shares used in calculating net income (loss) per common share:	Weighted average shares used in calculating net income (loss) per common share:	Weighted average shares used in calculating net income (loss) per common share:	Weighted average shares used in calculating net income (loss) per common share:	Weighted average shares used in calculating net income (loss) per common share:	Weighted average shares used in calculating net income (loss) per common share:	Weighted average shares used in calculating net income (loss) per common share:	Weighted average shares used in calculating net income (loss) per common share:	Weighted average shares used in calculating net income (loss) per common share:	Weighted average shares used in calculating net income (loss) per common share:	Weighted average shares used in calculating net income (loss) per common share:	Weighted average shares used in calculating net income (loss) per common share:	Weighted average shares used in calculating net income (loss) per common share:	Weighted average shares used in calculating net income (loss) per common share:	Weighted average shares used in calculating net income (loss) per common share:	
Basic	Basic	418,525,625	294,658,635	417,939,489	286,746,902	Basic	419,008,998	417,700,782	418,299,910	330,877,880							
Diluted	Diluted	455,245,607	294,658,635	454,097,654	328,169,238	Diluted	456,364,024	417,700,782	454,837,597	330,877,880							
Consolidated statements of comprehensive income (loss)	Consolidated statements of comprehensive income (loss)	Consolidated statements of comprehensive income (loss)	Consolidated statements of comprehensive income (loss)	Consolidated statements of comprehensive income (loss)	Consolidated statements of comprehensive income (loss)	Consolidated statements of comprehensive income (loss)	Consolidated statements of comprehensive income (loss)	Consolidated statements of comprehensive income (loss)	Consolidated statements of comprehensive income (loss)	Consolidated statements of comprehensive income (loss)	Consolidated statements of comprehensive income (loss)	Consolidated statements of comprehensive income (loss)	Consolidated statements of comprehensive income (loss)	Consolidated statements of comprehensive income (loss)	Consolidated statements of comprehensive income (loss)	Consolidated statements of comprehensive income (loss)	
Net income (loss)	Net income (loss)	\$ 0.3	\$ (20.4)	\$ 0.6	\$ 9.0	Net income (loss)	\$ 1.3	\$ (28.7)	\$ 1.9	\$ (26.7)							
Other comprehensive income (loss):																	
Net change on derivatives designated as cash flow hedges, net of tax	Net change on derivatives designated as cash flow hedges, net of tax	4.9	(1.2)	3.2	(1.1)	Net change on derivatives designated as cash flow hedges, net of tax	(0.8)	9.2	2.4	8.1							
Foreign currency translation adjustments	Foreign currency translation adjustments	0.1	(3.2)	0.6	(4.6)	Foreign currency translation adjustments	(1.3)	(2.2)	(0.7)	(6.8)							
Total other comprehensive income (loss), net of tax	Total other comprehensive income (loss), net of tax	\$ 5.0	\$ (4.4)	\$ 3.8	\$ (5.7)	Total other comprehensive income (loss), net of tax	\$ (2.1)	\$ 7.0	\$ 1.7	\$ 1.3							
Comprehensive income (loss)	Comprehensive income (loss)	\$ 5.3	\$ (24.8)	\$ 4.4	\$ 3.3	Comprehensive income (loss)	\$ (0.8)	\$ (21.7)	\$ 3.6	\$ (25.4)							

See accompanying notes to consolidated financial statements.

**R1 RCM Inc.**  
**Consolidated Statements of Stockholders' Equity (Unaudited)**  
**(In millions, except share and per share data)**

	Accumulated						Additional						Additional							
	Common Stock		Treasury Stock		Paid-In Capital		Accumulated Deficit		Comprehensive Income (Loss)		Total		Common Stock		Treasury Stock		Paid-In Capital		Accumulated Deficit	
	Shares	Amount	Shares	Amount	Capital	Deficit	Income (Loss)	Total	Shares	Amount	Shares	Amount	Capital	Deficit	Income (Loss)	Total	Shares	Amount	Shares	Amount
Balance at December 31, 2022	439,950,125	\$ 4.4	(23,352,240)	\$ (281.8)	\$ 3,123.2	\$ (121.9)	\$ (3.4)	\$ 2,720.5												
Balance at December 31, 2022 (As Restated)	439,950,125	\$ 4.4	(23,352,240)	\$ (281.8)	\$ 3,123.3	\$ (140.0)	\$ (3.4)	\$ 2,720.5												

Share-based compensation expense	Share-based compensation expense	—	—	—	—	10.7	—	—	10.7	Share-based compensation expense	—	—	—	—	10.7	—	
CoyCo 2 share-based compensation expense	CoyCo 2 share-based compensation expense	—	—	—	—	—	—	—	—	CoyCo 2 share-based compensation expense	—	—	—	—	—	—	
Issuance of common stock related to share-based compensation plans	Issuance of common stock related to share-based compensation plans	2,308,591	—	—	—	—	—	—	—	Issuance of common stock related to share-based compensation plans	2,308,591	—	—	—	—	—	
Exercise of vested stock options	Exercise of vested stock options	180,453	—	—	—	0.5	—	—	0.5	Exercise of vested stock options	180,453	—	—	—	0.5	—	
Acquisition of treasury stock related to share-based compensation plans	Acquisition of treasury stock related to share-based compensation plans	—	—	(910,566)	(13.2)	—	—	—	(13.2)	Acquisition of treasury stock related to share-based compensation plans	—	—	(910,566)	(13.2)	—	—	
Net change on derivatives designated as cash flow hedges, net of tax of \$0.5 million	Net change on derivatives designated as cash flow hedges, net of tax of \$0.5 million	—	—	—	—	—	—	—	(1.7)	Net change on derivatives designated as cash flow hedges, net of tax of \$0.5 million	—	—	—	—	—	—	
Foreign currency translation adjustments	Foreign currency translation adjustments	—	—	—	—	—	—	0.5	0.5	Foreign currency translation adjustments	—	—	—	—	—	—	
Net income	Net income	—	—	—	—	0.3	—	0.3	0.3	Net income	—	—	—	—	—	1.6	
Balance at March 31, 2023	442,439,169	\$ 4.4	(24,262,806)	(\$295.0)	\$ 3,136.2	\$ (121.6)	\$ (4.6)	\$ 2,719.4	—	Balance at March 31, 2023 (As Restated)	442,439,169	\$ 4.4	(24,262,806)	(\$295.0)	\$ 3,136.3	\$ (138.4)	\$
Share-based compensation expense	Share-based compensation expense	—	—	—	—	20.7	—	—	20.7	Share-based compensation expense	—	—	—	—	20.7	—	
CoyCo 2 share-based compensation expense	CoyCo 2 share-based compensation expense	—	—	—	—	1.9	—	—	1.9	CoyCo 2 share-based compensation expense	—	—	—	—	1.9	—	
Issuance of common stock related to share-based compensation plans	Issuance of common stock related to share-based compensation plans	812,138	—	—	—	—	—	—	—	Issuance of common stock related to share-based compensation plans	812,138	—	—	—	—	—	
Exercise of vested stock options	Exercise of vested stock options	122,990	—	(4,118)	(0.1)	0.5	—	—	0.4	Exercise of vested stock options	122,990	—	(4,118)	(0.1)	0.5	—	

Acquisition of treasury stock related to share-based compensation plans	Acquisition of treasury stock related to share-based compensation plans	(295,994)	(4.7)	—	—	(4.7)	Acquisition of treasury stock related to share-based compensation plans	(295,994)	(4.7)	—	—
Net change on derivatives designated as cash flow hedges, net of tax of \$1.6 million	Net change on derivatives designated as cash flow hedges, net of tax of \$1.6 million	—	—	—	—	4.9	4.9	—	—	—	—
Foreign currency translation adjustments	Foreign currency translation adjustments	—	—	—	—	0.1	0.1	adjustments	—	—	—
Net income	Net income	—	—	—	0.3	—	0.3	Net loss	—	—	(1.0)
Balance at June 30, 2023 (As Restated)	Balance at June 30, 2023 (As Restated)	443,374,297	\$ 4.4	(24,562,918)	\$(299.8)	\$ 3,159.4	\$ (139.4)	Share-based compensation expense	—	—	18.7
CoyCo 2 share-based compensation expense	CoyCo 2 share-based compensation expense	—	—	—	—	—	—	Issuance of common stock related to share-based compensation plans	—	—	1.7
Issuance of common stock related to share-based compensation plans	Issuance of common stock related to share-based compensation plans	225,616	—	—	—	—	—	Exercise of vested stock options	99,134	—	0.2
Acquisition of treasury stock related to share-based compensation plans	Acquisition of treasury stock related to share-based compensation plans	—	—	(78,164)	(1.4)	—	—	Acquisition of treasury stock related to share-based compensation plans	—	—	—
Balance at June 30, 2023	Balance at June 30, 2023	443,374,297	\$ 4.4	(24,562,918)	\$(299.8)	\$ 3,159.3	\$ (121.3)	\$ 0.4	\$ 2,743.0	—	—
Net change on derivatives designated as cash flow hedges, net of tax of \$0.3 million	Net change on derivatives designated as cash flow hedges, net of tax of \$0.3 million	—	—	—	—	—	—	Net change on derivatives designated as cash flow hedges, net of tax of \$0.3 million	—	—	—
Foreign currency translation adjustments	Foreign currency translation adjustments	—	—	—	—	—	—	Foreign currency translation adjustments	—	—	—
Net income	Net income	—	—	—	—	—	—	Net income	—	—	1.3
Balance at September 30, 2023	Balance at September 30, 2023	443,699,047	\$ 4.4	(24,641,082)	\$(301.2)	\$ 3,180.0	\$ (138.1)	Balance at September 30, 2023	443,699,047	\$ 4.4	\$(301.2)

See accompanying notes to consolidated financial statements.

**R1 RCM Inc.**  
**Consolidated Statements of Stockholders' Equity (Unaudited)**  
**(In millions, except share and per share data)**

	Accumulated						Additional							
	Common Stock		Treasury Stock		Paid-In Capital	Accumulated Deficit	Other Loss	Total	Common Stock		Treasury Stock		Paid-In Capital	Accumulated Deficit
	Shares	Amount	Shares	Amount					Shares	Amount	Shares	Amount		
Balance at December 31, 2021	298,320,928	\$ 3.0	(20,094,686)	\$ (215.2)	\$ 628.5	\$ (64.3)	\$ (5.3)	\$ 346.7						
Balance at December 31, 2021 (As Restated)														
Share-based compensation expense	Share-based compensation expense	—	—	—	—	10.2	—	—	10.2	Share-based compensation expense	—	—	—	—
Issuance of common stock related to share-based compensation plans	Issuance of common stock related to share-based compensation plans	1,757,955	—	—	—	—	—	—	1,757,955	Exercise of vested stock options	77,438	—	—	0.4
Exercise of vested stock options	Exercise of vested stock options	77,438	—	—	—	0.4	—	—	77,438	Exercise of vested stock options	77,438	—	—	0.4
Acquisition of treasury stock related to share-based compensation plans	Acquisition of treasury stock related to share-based compensation plans	—	—	(727,768)	(18.7)	—	—	—	(727,768)	Acquisition of treasury stock related to share-based compensation plans	—	—	(18.7)	—
Repurchase of common stock	Repurchase of common stock	—	—	(8,000)	(0.2)	—	—	—	(8,000)	Repurchase of common stock	—	—	(0.2)	—
Net change on derivatives designated as cash flow hedges, net of tax of \$0.0 million	Net change on derivatives designated as cash flow hedges, net of tax of \$0.0 million	—	—	—	—	—	—	0.1	0.1	Net change on derivatives designated as cash flow hedges, net of tax of \$0.0 million	—	—	—	—
Foreign currency translation adjustments	Foreign currency translation adjustments	—	—	—	—	—	—	(1.4)	(1.4)	Foreign currency translation adjustments	—	—	—	—
Net income	Net income	—	—	—	—	29.4	—	29.4	Net income	—	—	—	—	29.7
Balance at March 31, 2022	300,156,321	\$ 3.0	(20,830,454)	\$ (234.1)	\$ 639.1	\$ (34.9)	\$ (6.6)	\$ 366.5						
Balance at March 31, 2022 (As Restated)														
Share-based compensation expense	Share-based compensation expense	—	—	—	—	11.6	—	—	11.6	Share-based compensation expense	—	—	—	11.6



Exercise of vested stock options	Exercise of vested stock options	806,597	—	—	—	2.1	—
Acquisition of treasury stock related to share-based compensation plans	Acquisition of treasury stock related to share-based compensation plans	—	—	(84,547)	(1.9)	—	—
Repurchases of common stock	Repurchases of common stock	—	—	(594,126)	(12.6)	—	—
Net change on derivatives designated as cash flow hedges, net of tax of \$3.1 million	Net change on derivatives designated as cash flow hedges, net of tax of \$3.1 million	—	—	—	—	—	—
Foreign currency translation adjustments	Foreign currency translation adjustments	—	—	—	—	—	—
Net loss	Net loss	—	—	—	—	—	(28.7)
Balance at September 30, 2022 (As Restated)	Balance at September 30, 2022 (As Restated)	439,386,709	\$ 4.4	(21,664,566)	\$ (252.2)	\$ 3,104.4	\$ (103.4)

See accompanying notes to consolidated financial statements.

**R1 RCM Inc.**  
**Consolidated Statements of Cash Flows (Unaudited)**  
**(In millions)**

Operating activities	Operating activities					Nine Months Ended September 30, 2023		
		Six Months Ended June 30,						
		2023	2022					
<b>Operating activities</b>				<b>Operating activities</b>				
<b>Net income</b>								
Net income		\$ 0.6	\$ 9.0					
Adjustments to reconcile net income to net cash provided by (used in) operations:								
Net income (loss)				Net income (loss)	\$ 1.9	\$ (26.7)		
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	Depreciation and amortization			Depreciation and amortization	205.6	107.8		
Amortization of debt issuance costs	Amortization of debt issuance costs	134.8	43.6	Amortization of debt issuance costs	4.3	2.2		
Share-based compensation	Share-based compensation	2.8	0.7	Share-based compensation	48.9	43.9		
		30.5	21.7					

CoyCo 2 share-based compensation	CoyCo 2 share-based compensation			CoyCo 2 share-based compensation	5.4	3.0
Loss on disposal and right-of-use asset write-downs	Loss on disposal and right-of-use asset write-downs	3.7	—	Loss on disposal and right-of-use asset write-downs	10.3	3.9
Provision for credit losses	Provision for credit losses	4.9	2.7	Provision for credit losses	24.1	10.7
Deferred income taxes	Deferred income taxes	(8.4)	(17.5)	Deferred income taxes	(1.5)	(9.1)
Non-cash lease expense	Non-cash lease expense	5.8	6.0	Non-cash lease expense	8.7	10.5
Other	Other	3.0	1.5	Other	3.6	1.5
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:			Changes in operating assets and liabilities:		
Accounts receivable and related party accounts receivable	Accounts receivable and related party accounts receivable	(20.2)	(34.0)	Accounts receivable and related party accounts receivable	(36.7)	(29.2)
Contract assets	Contract assets	(10.8)	(1.6)	Contract assets	(10.0)	(12.8)
Prepaid expenses and other assets	Prepaid expenses and other assets	(5.7)	(20.0)	Prepaid expenses and other assets	(22.0)	(39.2)
Accounts payable	Accounts payable	(11.5)	5.0	Accounts payable	(15.0)	(23.9)
Accrued compensation and benefits	Accrued compensation and benefits	(16.1)	(76.1)	Accrued compensation and benefits	12.0	(71.3)
Lease liabilities	Lease liabilities	(8.9)	(5.1)	Lease liabilities	(13.4)	(11.4)
Other liabilities	Other liabilities	6.9	13.5	Other liabilities	12.9	(3.3)
Customer liabilities and customer liabilities - related party	Customer liabilities and customer liabilities - related party	(15.8)	(15.2)	Customer liabilities and customer liabilities - related party	(17.8)	3.9
Net cash provided by (used in) operating activities	Net cash provided by (used in) operating activities	112.1	(65.5)	Net cash provided by (used in) operating activities	221.3	(39.5)
Investing activities	Investing activities			Investing activities		
Purchases of property, equipment, and software	Purchases of property, equipment, and software	(48.7)	(42.7)	Purchases of property, equipment, and software	(81.1)	(74.6)
Acquisition of Cloudmed, net of cash acquired	Acquisition of Cloudmed, net of cash acquired	—	(847.7)	Acquisition of Cloudmed, net of cash acquired	—	(847.7)
Proceeds from disposal of assets	Proceeds from disposal of assets	—	0.4	Proceeds from disposal of assets	—	0.4
Other	Other	1.5	—	Other	5.5	—
Net cash used in investing activities	Net cash used in investing activities	(47.2)	(890.0)	Net cash used in investing activities	(75.6)	(921.9)

Financing activities		Financing activities		Financing activities	
Issuance of senior secured debt, net of discount and issuance costs	Issuance of senior secured debt, net of discount and issuance costs			Issuance of senior secured debt, net of discount and issuance costs	— 1,016.6
Borrowings on revolver	Borrowings on revolver	30.0	30.0	Borrowings on revolver	30.0 30.0
Payment of debt issuance costs	Payment of debt issuance costs	—	(1.0)	Payment of debt issuance costs	— (1.0)
Repayment of senior secured debt	Repayment of senior secured debt	(24.8)	(8.8)	Repayment of senior secured debt	(37.1) (13.1)
Repayments on revolver	Repayments on revolver	(40.0)	(20.0)	Repayments on revolver	(70.0) (30.0)
Payment of equity issuance costs	Payment of equity issuance costs	—	(2.0)	Payment of equity issuance costs	— (2.0)
Exercise of vested stock options	Exercise of vested stock options	0.9	2.5	Exercise of vested stock options	1.3 4.6
Purchase of treasury stock	Purchase of treasury stock	—	(0.6)	Purchase of treasury stock	— (12.5)
Shares withheld for taxes	Shares withheld for taxes	(18.1)	(25.1)	Shares withheld for taxes	(20.0) (26.9)
Other	Other	(0.1)	(0.1)	Other	5.3 (0.2)
Net cash (used in) provided by financing activities	Net cash (used in) provided by financing activities	(52.1)	991.5	Net cash (used in) provided by financing activities	(90.5) 965.5
Effect of exchange rate changes in cash, cash equivalents and restricted cash	Effect of exchange rate changes in cash, cash equivalents and restricted cash	0.2	(2.6)	Effect of exchange rate changes in cash, cash equivalents and restricted cash	(0.4) (3.1)
Net increase in cash, cash equivalents and restricted cash	Net increase in cash, cash equivalents and restricted cash	13.0	33.4	Net increase in cash, cash equivalents and restricted cash	54.8 1.0
Cash, cash equivalents and restricted cash, at beginning of period	Cash, cash equivalents and restricted cash, at beginning of period	110.1	130.1	Cash, cash equivalents and restricted cash, at beginning of period	110.1 130.1
Cash, cash equivalents and restricted cash, at end of period	Cash, cash equivalents and restricted cash, at end of period	\$ 123.1	\$ 163.5	Cash, cash equivalents and restricted cash, at end of period	\$ 164.9 \$ 131.1
<b>Supplemental disclosures of cash flow information</b>				<b>Supplemental disclosures of cash flow information</b>	
Property, equipment and software purchases not paid	Property, equipment and software purchases not paid	\$ 29.4	\$ 24.6	Property, equipment and software purchases not paid	\$ 20.3 \$ 27.4

See accompanying notes to consolidated financial statements.

**R1 RCM Inc.**  
**Notes to Consolidated Financial Statements (Unaudited)**  
(Dollars in millions, except per share data)

**1. Business Description and Basis of Presentation**

**Business Description**

R1 RCM Inc. (the "Company") is a leading provider of technology-driven solutions that transform the patient experience and financial performance of healthcare providers. The Company assists healthcare providers in generating sustainable improvements in their operating margins and cash flows while also enhancing patient, physician, and staff satisfaction for its customers.

#### Basis of Presentation

The accompanying unaudited consolidated financial statements reflect the Company's financial position as of **June 30, 2023** **September 30, 2023**, the results of operations of the Company for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, and the cash flows of the Company for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022. These financial statements include the accounts of R1 RCM Inc. and its wholly owned subsidiaries. All material intercompany amounts have been eliminated in consolidation. These financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for interim financial reporting and as required by the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). Accordingly, certain information and footnote disclosures required for complete financial statements are not included herein. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation of the interim financial information, have been included. Operating results for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** are not necessarily indicative of the results that may be expected for any other interim period or for the fiscal year ending December 31, 2023.

When preparing financial statements in conformity with GAAP, the Company makes a number of significant estimates, assumptions, and judgments in the preparation of the financial statements. Actual results could differ from those estimates. For a more complete discussion of the Company's significant accounting policies and other information, the unaudited consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements included in the Company's **Amendment No. 1 on Form 10-K/A**, which amends the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on February 16, 2023 (the "2022 Form 10-K").

#### Recently Issued Accounting Standards and Disclosures

In June 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions ("ASU 2022-03"). ASU 2022-03 clarifies that a contractual sale restriction on an equity security should not be considered in measuring the security's fair value. The Company will adopt ASU 2022-03 prospectively effective January 1, 2024 and is currently evaluating the impact of the standard on its consolidated financial statements.

#### Restatement of Previously Issued Consolidated Financial Statements

The Company has restated its unaudited consolidated financial statements for the three and nine months ended September 30, 2022. See Note 15, Restatement of Previously Issued Consolidated Financial Statements, for more information about the prior period errors.

In addition to Note 15, the following footnotes reflect the impact of the restatements made to the previously issued consolidated financial statements:

- 2. Acquisitions
- 3. Revenue Recognition
- 7. Share-Based Compensation
- 8. Other Expenses
- 9. Income Taxes
- 10. Earnings (Loss) Per Share

#### 2. Acquisitions

Assets acquired and liabilities assumed in a business combination are recorded at their estimated fair value on the date of the acquisition. The difference between the purchase price amount and the net fair value of assets acquired and liabilities assumed is recognized as goodwill on the balance sheet if the purchase price exceeds the estimated net fair value or as a bargain purchase gain on the income statement if the purchase price is less than the estimated net fair value. The allocation of the purchase price may be modified up to one year after the acquisition date as more information is obtained about the fair value of assets acquired and liabilities assumed.

#### Prior Acquisitions

During 2022, the Company acquired all outstanding equity interests in Revint Holdings, LLC ("Cloudmed"), a provider of revenue intelligence solutions, in exchange for shares of the Company's common stock and cash. The shares of common stock received by the Cloudmed sellers are subject to an 18-month lock-up period that expires on December 21, 2023. In addition, the Company replaced certain pre-acquisition awards held by certain Cloudmed sellers with restricted stock units ("RSUs") of the Company.

The **fair** **final** value of assets acquired and liabilities assumed **is** **was**:

Purchase Price Allocation		
Total purchase consideration	\$	3,281.6
Allocation of consideration to assets acquired and liabilities assumed:		
Cash and cash equivalents	\$	32.1
Accounts receivable		61.8
Current portion of contract assets		70.9
Property, equipment and software		5.0
Operating lease right-of-use assets		25.3
Non-current portion of contract assets		22.2
Intangible assets		1,366.5
Goodwill		2,092.8 2,085.0
Other assets		6.7
Accounts payable		(31.9)
Customer liabilities		(2.8)
Accrued compensation and benefits		(93.4) (85.6)
Operating lease liabilities		(25.4)
Deferred income tax liabilities		(236.0)
Other liabilities		(12.2)
Net assets acquired	\$	3,281.6

#### Measurement period adjustments

The Company had performed various measurement period adjustments due to additional information received since December 31, 2022. The significant adjustments included a reduction to deferred income tax liabilities and a corresponding decrease to goodwill of \$9.4 million related to updated tax return information. The measurement period for the Cloudmed acquisition ended during the second quarter of 2023.

#### RevWorks

In 2020, the Company purchased certain assets relating to the RevWorks services business from Cerner Corporation. In accordance with the purchase agreement, the Company paid the first deferred payment of \$12.5 million in the third quarter of 2021 and was required to make a second deferred payment of \$12.5 million, which is included in other accrued expenses on the Consolidated Balance Sheet as of June 30, 2023.

million.

The two deferred payments related to the RevWorks acquisition were contractual obligations of the Company; however, they were refundable, in whole or in part, to the Company if certain RevWorks customer revenue targets defined in the purchase agreement for the first two years following the acquisition were not achieved. Consistent with the contract requirements, the parties engaged in arbitration to finalize the remaining deferred payment and contingently refundable consideration amounts. The parties reached a settlement after June 30, 2023 regarding These amounts were settled during the deferred payment and contingently refundable consideration three months ended September 30, 2023 in amounts that are materially consistent with the amounts recorded by the Company at December 31, 2022.

#### Pro Forma Results

The following table summarizes, on a pro forma basis, the combined results of the Company as though the Cloudmed acquisition had occurred as of January 1, 2021. These pro forma results are not necessarily indicative of the actual consolidated results had the acquisition occurred as of that date or of the future consolidated operating results for any period. Pro forma results are:

		Three Months Ended June 30, 2022		Six Months Ended June 30, 2022		Three Months Ended September 30, 2022		Nine Months Ended September 30, 2022	
		Net services revenue	\$ 494.5	Net services revenue	\$ 980.9	Net services revenue	\$ 496.0	Net services revenue	\$ 1,476.9
Net income		\$ 19.5		\$ 27.0					
Net loss						Net loss	\$ (22.1)	Net loss	\$ (21.8)

Adjustments, net of the income tax effects, that were made to earnings related to (i) depreciation and amortization to reflect the fair value of identified assets acquired, (ii) share-based compensation expense for awards granted in connection with the acquisition, (iii) extinguishing Cloudmed's debt and replacing it with the debt of the Company, and (iv) the timing of acquisition related costs.

### 3. Revenue Recognition

Revenue is measured based on consideration specified in a contract with a customer, and presented net of any sales incentives and amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a service to a customer, which is typically over the contract term. Estimates of variable consideration are included in revenue to the extent that it is probable that a significant reversal of cumulative revenue will not occur once the uncertainty is resolved.

#### Disaggregation of Revenue

In the following table, revenue is disaggregated by source of revenue:

		Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,		Nine Months Ended September 30,	
		2023		2022		2023		2022		2023	2022	2023	2022
		Net operating fees	Net operating fees	\$ 357.8	\$ 318.3	\$ 718.8	\$ 641.1	Net operating fees	\$ 368.0	\$ 323.7	\$ 1,086.8	\$ 964.8	
Incentive fees	Incentive fees	30.8	29.9	54.4	60.1	Incentive fees	30.1	20.8	84.5	80.9			
Modular and other (1)	Modular and other (1)	172.1	43.7	333.1	76.4	Modular and other (1)	174.7	151.0	507.8	227.4			
Net services revenue	Net services revenue	\$ 560.7	\$ 391.9	\$ 1,106.3	\$ 777.6	Net services revenue	\$ 572.8	\$ 495.5	\$ 1,679.1	\$ 1,273.1			

(1) Modular and other revenue primarily consists is comprised of \$138.6 million and \$264.4 million in service fees related to Cloudmed service lines, for the three and six months ended June 30, 2023, respectively. Fees related to revenue integrity solutions, practice management ("PM") services, physician advisory services ("PAS"), and software subscription revenue are also included in modular and other revenue.

#### Contract Balances

The following table provides information about contract assets, net and contract liabilities from contracts with customers:

		June 30, 2023		December 31, 2022		Contract assets, net	September 30, 2023		December 31, 2022	
		Current	Non-current	Current	Non-current		Current	Non-current	Total contract assets, net	
Contract assets, net	Contract assets, net					Contract assets, net				
Current	Current	\$ 89.9	37.8	\$ 83.9	32.0	Current	\$ 89.2	37.8	\$ 83.9	32.0
Non-current	Non-current					Non-current				
Total contract assets, net	Total contract assets, net	\$ 127.7		\$ 115.9		Total contract assets, net	\$ 127.0		\$ 115.9	
Contract liabilities	Contract liabilities					Contract liabilities				
Current (1)	Current (1)	\$ 10.9		\$ 9.7		Current (1)	\$ 11.2		\$ 9.7	
Non-current (2)	Non-current (2)	17.6		18.7		Non-current (2)	15.1		18.7	
Total contract liabilities	Total contract liabilities	\$ 28.5		\$ 28.4		Total contract liabilities	\$ 26.3		\$ 28.4	

(1) Current contract liabilities include \$8.9 \$9.2 million and \$7.6 million classified in the current portion of customer liabilities and \$2.0 million and \$2.1 million classified in the current portion of customer liabilities - related party as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

(2) Non-current contract liabilities include \$4.9 \$2.9 million and \$5.0 million classified in the non-current portion of customer liabilities and \$12.7 \$12.2 million and \$13.7 million classified in the non-current portion of customer liabilities - related party as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

The contract assets, net balance will increase or decrease based on the timing of invoices and recognition of revenue. Significant changes in the carrying amount of contract assets, net for the six nine months ended June 30, 2023 September 30, 2023 were as follows:

<b>Contract Assets, net</b>	
Balance as of December 31, 2022	\$ 115.9
Revenue recognized	182.6
Amounts billed	(275.6)
Other (1)	(169.8)
	(263.5)
Balance as of <b>June 30, 2023</b>	<b>\$ 127.7</b>
September 30, 2023	127.0

(1) Other primarily includes purchase price allocation adjustments and changes to the allowance for credit losses.

<b>Contract Liabilities</b>	
Balance as of December 31, 2022	\$ (28.4)
Advanced billings <b>as of</b> January 1, 2023 (1)	(85.0)
Advanced billings recognized	85.0
Additions	(8.9)
Revenue recognized	(11.4)
	8.8
Balance as of <b>June 30, 2023</b>	<b>\$ (28.5)</b>
September 30, 2023	(26.3)

(1) The Company records advanced billings to contract liabilities and accounts receivable on the first day of the respective service period, which are earned during the year.

#### Transaction Price Allocated to the Remaining Performance Obligation

The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period. The estimated revenue does not include amounts of which are currently excluded from the estimated transaction price because they relate to variable consideration that are constrained fees.

Remainder of	Remainder of	<b>Net operating fees</b>		<b>Incentive fees</b>		Remainder of	<b>Net operating fees</b>		<b>Incentive fees</b>	
		2023	2024	2023	2024		2023	2024	2023	2024
2023	2023	\$ 47.5	\$ 57.6	\$ 20.2	2.1	2023	\$ 29.7	\$ 71.2	\$ 18.3	20.9
2024	2024	34.2	9.6	—	—	2024	49.4	9.5	—	—
2025	2025	3.5	1.9	—	—	2025	4.2	2.1	—	—
2026	2026	4.3	—	—	—	2026	4.3	—	—	—
2027	2027	—	—	—	—	2027	—	—	—	—
2028	2028	—	—	—	—	2028	—	—	—	—
Thereafter	Thereafter	—	—	—	—	Thereafter	—	—	—	—
Total	Total	\$ 158.6	\$ 22.3			Total	\$ 170.4	\$ 39.2		

The amounts presented in the table above include variable fee estimates of the Company's physician group revenue cycle management ("RCM") services contracts, fixed fees, and forecasted incentive fees. Fixed fees are typically recognized ratably as the performance obligation is satisfied and forecasted incentive fees are measured cumulatively over the contractually defined performance period.

Estimates of revenue expected to be recognized in future periods exclude unexercised customer options to purchase services within the Company's PAS contracts that do not represent material rights to the customer.

The Company does not disclose information about remaining performance obligations with an original expected duration of one year or less and has elected an exemption to the disclosure requirements related to estimate variable consideration and an exemption where the Company has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date.

#### 4. Accounts Receivable and Allowance for Credit Losses

Accounts receivable is comprised of invoiced and unbilled balances due from modular services and end-to-end RCM customers, which are presented net after considering cost reimbursements owed to end-to-end RCM customers.

The Company evaluates its accounts receivable for expected credit losses monthly. The Company maintains an estimated allowance for credit losses to reduce its accounts receivable to the amount that it believes will be collected. This allowance is based on the Company's historical experience, the length of time a balance has been outstanding, and the Company's assessment of each customer's ability to pay, which is based on input from key Company personnel assigned to the customer, the status of ongoing operations with the customer, and business and industry factors, such as significant shifts in the healthcare environment that could impact the customer's financial health.

The Company has presented the rollforward below on a consolidated basis as the **currently** expected credit losses **as of the end of the period** for its large integrated healthcare system customers are not anticipated to be material.

#### Movements

Changes in the allowance for credit losses related to accounts receivable are as follows:

		Three Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,				
		2023		2022		2023		2022		2023		2022		
		Beginning balance	Cumulative effect of Cloudmed ASC 326 adoption	Beginning balance	16.1	2.4	\$ 15.2	2.5	Beginning balance	Cumulative effect of Cloudmed ASC 326 adoption	Beginning balance	31.6	4.4	\$ 15.2
Cumulative effect of Cloudmed ASC 326 adoption	Provision (recoveries)	—	1.8	—	—	1.8	—	—	—	—	—	—	—	1.8
Provision (recoveries)	Write-offs	15.5	0.3	16.6	0.3	16.6	0.3	10.4	7.5	24.1	10.4	24.1	10.7	10.7
Write-offs	Ending balance (1)	—	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.9)	(1.1)	(1.1)	(1.1)	(0.4)	(0.4)
Ending balance (1)	Ending balance (1)	\$ 31.6	\$ 4.4	\$ 31.6	\$ 4.4	\$ 31.6	\$ 4.4	\$ 14.6	\$ 38.2	\$ 38.2	\$ 38.2	\$ 38.2	\$ 14.6	\$ 14.6

(1) The 2023 balance includes an allowance for credit losses related to a physician customer of \$21.7 million, which was increased by \$11.6 million in the current quarter to fully reserve the outstanding accounts receivable exposure due to the announcement that the customer plans to cease operations.

#### 5. Debt

The carrying amounts of debt consist of the following:

		June 30, 2023		December 31, 2022		September 30, 2023		December 31, 2022	
		Senior Revolver (1)	Term A Loans	Term B Loan	Unamortized discount and issuance costs	Total debt	Less: Current maturities	Total long-term debt	
Senior Revolver (1)	Senior Revolver (1)	\$ 90.0	1,189.1	496.3	(21.3)	1,754.1	(62.6)	\$ 1,691.5	\$ 60.0
Term A Loans	Term A Loans		1,211.4			1,786.5	(53.9)	\$ 1,732.6	1,178.0
Term B Loan	Term B Loan			498.7					495.0
Unamortized discount and issuance costs	Unamortized discount and issuance costs				(23.6)				(23.6)
Total debt	Total debt					1,713.0			1,786.5
Less: Current maturities	Less: Current maturities						(67.0)		(53.9)
Total long-term debt	Total long-term debt	\$ 1,646.0							\$ 1,732.6

(1) As of **June 30, 2023** **September 30, 2023**, the Company had **\$90.0** **\$60.0** million in borrowings, \$1.2 million letters of credit outstanding, and **\$508.8** **\$538.8** million of availability under the \$600.0 million senior secured revolving credit facility ("Senior Revolver").

#### Second Amended and Restated Senior Secured Credit Facilities

On June 21, 2022, the Company, R1 RCM Holdco Inc. (f/k/a R1 RCM Inc.), a wholly owned subsidiary of the Company, and certain other of the Company's subsidiaries entered into a second amended and restated senior credit agreement (the "Second A&R Credit Agreement") with Bank of America, N.A., as administrative agent, and the lenders named therein, governing the Company's second amended and restated senior secured credit facilities (the "Senior Secured Credit Facilities"), consisting of the \$691.3 million existing senior secured term A facility (the "Existing Term A Loan"), a \$540.0 million senior secured incremental term loan A facility (the "Incremental Term A Loan," and together with the Existing Term A Loan, the "Term A Loans"), a \$500.0 million senior secured term loan B facility (the "Term B Loan," and together with the Term A Loans, the "Senior Term Loans"), and the \$600.0 million Senior Revolver. In conjunction with entering into the Second A&R Credit Agreement, the Company incurred \$7.2 million and capitalized \$6.4 million of debt issuance costs.

The interest rate as of **June 30, 2023** **September 30, 2023** was **7.35%** **7.57%** for the Term A Loans and Senior Revolver and **8.10%** **8.32%** for the Term B Loan.

The Second A&R Credit Agreement contains a number of financial and non-financial covenants. The Company was in compliance with all of the covenants in the Second A&R Credit Agreement as of **June 30, 2023** **September 30, 2023**. The obligations under the Second A&R Credit Agreement are secured by a pledge of 100% of the capital stock of certain domestic subsidiaries owned by the Company and a security interest in substantially all of the Company's tangible and intangible assets and the tangible and intangible assets of certain domestic subsidiaries. As a result of the delayed filing of this Quarterly Report on Form 10-Q, on November 17, 2023, the Company received a waiver and extension from the lenders under the Second A&R Credit Agreement with respect to the delivery of financial information and related certifications.

#### Debt Maturities

Scheduled maturities of the Company's long-term debt are summarized as follows:

Scheduled Maturity			Scheduled Maturity		
Remainder of 2023	Remainder of 2023	\$ 29.1	Remainder of 2023	\$ 16.8	
2024	2024	67.0	2024	67.0	
2025	2025	67.0	2025	67.0	
2026	2026	708.3	2026	678.2	
2027	2027	430.2	2027	430.2	
2028	2028	5.0	2028	5.0	
Thereafter	Thereafter	468.8	Thereafter	468.8	
Total	Total	\$ 1,775.4	Total	\$ 1,733.0	

For further details on the Second A&R Credit Agreement, refer to Note 10 of the audited consolidated financial statements included in the Company's 2022 Form 10-K.

#### 6. Derivative Financial Instruments

The Company utilizes cash flow hedges to manage its currency risk arising from its global business services centers. As of **June 30, 2023** **September 30, 2023**, the Company had recorded **\$1.1** **\$0.4** million of unrealized gains losses in accumulated other comprehensive income loss related to foreign currency hedges. The Company estimates that **\$1.1** **\$0.2** million of gains losses reported in accumulated other comprehensive income loss are expected to be reclassified into earnings within the next **six** **twelve** months.

The net gains (losses) reclassified into cost of services were as follows:

Three Months Ended June 30,			Six Months Ended June 30,			Three Months Ended September 30,			Nine Months Ended September 30,		
Three Months Ended September 30,											
2023	2023	2022	2023	2022	2023	2023	2022	2022	2023	2022	
\$ 0.5	\$ (0.1)	\$ 0.8	\$ 0.1	\$ 0.5	\$ (0.7)	\$ 1.3	\$ (0.6)				

As of **June 30, 2023** **September 30, 2023**, the Company's foreign currency forward contracts had maturities extending no later than **December 31, 2023** **December 31, 2024**, and had a total notional value of **\$61.2** **\$166.8** million.

The Company also utilizes cash flow hedges to reduce variability in interest cash flows from its outstanding debt. As of **June 30, 2023** **September 30, 2023**, the Company had recorded **\$16.5** **\$16.8** million of unrealized gains in accumulated other comprehensive income loss related to interest rate swaps. The Company estimates that \$11.1 million of gains reported in accumulated other comprehensive income loss are expected to be reclassified into earnings within the next twelve months.

The net gains (losses) reclassified into interest expense were as follows:

Three Months Ended June 30,			Six Months Ended June 30,			Three Months Ended September 30,			Nine Months Ended September 30,		
Three Months Ended September 30,											
2023	2023	2022	2023	2022	2023	2023	2022	2022	2023	2022	
\$ 2.5	\$ (0.2)	\$ 4.4	\$ (0.5)	\$ 2.8	\$ (0.4)	\$ 7.2	\$ (0.9)				

As of **June 30, 2023** **September 30, 2023**, the Company's interest rate swaps extended no later than June 30, 2025, and had a total notional value of \$500.0 million.

The location and fair value of derivative instruments designated as hedges in the Consolidated Balance Sheets as of **June 30, 2023** **September 30, 2023** and December 31, 2022 were as follows:

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
--	---------------	-------------------	--------------------	-------------------

Foreign currency forward contracts	Foreign currency forward contracts				Foreign currency forward contracts			
Prepaid expenses and other current assets	Prepaid expenses and other current assets	\$ 1.1	\$ 0.1		Prepaid expenses and other current assets	\$ —	\$ 0.1	
Other accrued expenses	Other accrued expenses	—	0.5		Other accrued expenses	0.2	0.5	
Total foreign current forward contracts		\$ 1.1	\$ 0.6					
Other non-current liabilities					Other non-current liabilities	0.2	—	
Total foreign currency forward contracts					Total foreign currency forward contracts	\$ 0.4	\$ 0.6	
Interest rate swaps	Interest rate swaps				Interest rate swaps			
Prepaid expenses and other current assets	Prepaid expenses and other current assets	\$ 11.1	\$ 8.7		Prepaid expenses and other current assets	\$ 11.1	\$ 8.7	
Other assets	Other assets	5.4	5.0		Other assets	5.7	5.0	
Other accrued expenses	Other accrued expenses	—	—		Other accrued expenses	—	—	
Total interest rate swaps	Total interest rate swaps	\$ 16.5	\$ 13.7		Total interest rate swaps	\$ 16.8	\$ 13.7	

As of **June 30, 2023** **September 30, 2023** and December 31, 2022, the accumulated gain, net of tax, recognized in accumulated other comprehensive income (loss) loss was **\$13.1** **\$12.3** million and \$9.9 million, respectively.

The Company classifies cash flows from its derivative programs as cash flows from operating activities in the Consolidated Statements of Cash Flows. Fair values for derivative financial instruments are based on prices computed using third-party valuation models and are classified as Level 2 in accordance with the three-level hierarchy of fair value measurements.

On July 5, 2022, the Company and Sutter Health ("Sutter") entered into a put right agreement regarding the potential purchase of a business that would expand the Company's service capabilities. This agreement is effective through approximately the end of 2023 **January 5, 2024** and allows Sutter to sell the business to the Company for \$150.0 million, subject to the negotiation of a definitive agreement and the satisfaction of agreed upon closing conditions, including the requirement that the purchase price be deemed to be fair value at the time of the potential transaction. Assuming an agreement is reached for the Company to acquire the business, the Company and Sutter would also need to reach an agreement as to whether the purchase price would be paid in cash or shares of the Company's common stock.

## 7. Share-Based Compensation

The total share-based compensation expense relating to the Company's stock options, RSUs, and performance-based restricted stock units ("PBRSUs") that has been included in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) **were** **was** as follows:

Share-Based Compensation Expense Allocation Details:	Share-Based Compensation Expense Allocation Details:	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,		
		2023		2022		2023		2022		
		Cost of services	Selling, general and administrative	Cost of services	Selling, general and administrative	Cost of services	Selling, general and administrative	Cost of services	Selling, general and administrative	
Cost of services	Cost of services	\$ 12.8	\$ 5.1	\$ 19.7	\$ 9.4	Cost of services	\$ 12.4	\$ 12.3	\$ 32.1	\$ 21.7
Selling, general and administrative	Selling, general and administrative	9.1	6.5	14.5	12.3	Selling, general and administrative	7.7	12.8	22.2	25.2

Total share-based compensation expense (1)	Total share-based compensation expense (1)	\$ 21.9	\$ 11.6	\$ 34.2	\$ 21.7	Total share-based compensation expense (1)	\$ 20.1	\$ 25.1	\$ 54.3	\$ 46.9
Related tax benefits	Related tax benefits	\$ 4.7	\$ 2.1	\$ 7.3	\$ 3.9	Related tax benefits	\$ 4.2	\$ 4.6	\$ 11.5	\$ 8.5

(1) Included in the total share-based compensation expense above is (i) \$1.7 million and \$3.7 \$5.4 million of share-based compensation expense for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, of CoyCo 2, L.P., a shareholder of the Company ("CoyCo 2"), and (ii) \$3.0 million of share-based compensation expense of CoyCo 2 for the three and nine months ended September 30, 2022. This expense relates to equity awards held by certain Cloudmed employees that were modified as part of the Cloudmed acquisition into awards of CoyCo 2 and were granted for services that benefit the Company's operations.

The Company accounts for forfeitures as they occur. Excess tax benefits and shortfalls for share-based payments are recognized in income tax expense and included in operating activities. The Company recognized the following income tax benefits from windfalls associated with vesting and exercises of equity awards:

Three Months Ended June 30,			Six Months Ended June 30,						Three Months Ended September 30,			Nine Months Ended September 30,		
Three Months Ended September 30,			Three Months Ended September 30,						Nine Months Ended September 30,			Nine Months Ended September 30,		
2023	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	0.7	\$ 2.4	\$ 1.2	\$ 4.9	0.1	\$ 4.3	\$ 1.3	\$ 9.2						

The Company uses the Black-Scholes option pricing model to estimate the fair value of its service-based options as of their grant dates. The volatility for the options was calculated based on an analysis of historical volatility. The Company assesses current performance on performance-based PBRSSUs by reviewing historical performance to date, along with any adjustments which have been approved by the Human Capital Committee of the Company's Board of Directors to the reported performance, and changes to the projections to determine the probable outcome of the awards. The current estimates are then compared to the scoring metrics and any necessary adjustments are reflected in the current period to update share-based compensation expense to the current performance expectations. A Monte Carlo simulation was used to estimate the fair value of the Unvested Units (as defined below), which are being amortized over a period of 4 years on a straight-line basis. The volatility for the Unvested Units was calculated based on an analysis of historical and implied volatility.

#### Stock options

A summary of the options activity during the six nine months ended June 30, 2023 September 30, 2023 is shown below:

	Outstanding at December 31, 2022	Outstanding at December 31, 2022	Weighted-Average Exercise Price		Outstanding at December 31, 2022	Options	Weighted-Average Exercise Price
			Options	Price			
Outstanding at December 31, 2022	Granted	3,104,413	\$ 3.38		Outstanding at December 31, 2022	3,104,413	\$ 3.38
Granted	Granted	—	—		Granted	—	—
Exercised	Exercised	(303,443)	3.46		Exercised	(402,577)	3.26
Canceled/forfeited	Canceled/forfeited	(45,865)	2.59		Canceled/forfeited	(45,865)	2.59
Expired	Expired	—	—		Expired	—	—
Outstanding at June 30, 2023		2,755,105	\$ 3.38				
Outstanding, vested and exercisable at June 30, 2023		2,755,105	\$ 3.38				
Outstanding at September 30, 2023					Outstanding at September 30, 2023	2,655,971	\$ 3.41
Outstanding, vested and exercisable at September 30, 2023					Outstanding, vested and exercisable at September 30, 2023	2,655,971	\$ 3.41
Outstanding, vested and exercisable at December 31, 2022	Outstanding, vested and exercisable at December 31, 2022	3,080,069	\$ 3.23		Outstanding, vested and exercisable at December 31, 2022	3,080,069	\$ 3.23

#### Restricted stock units and performance-based restricted stock units

A summary of the RSU and PBRSSU activity during the six nine months ended June 30, 2023 September 30, 2023 is shown below:

		Weighted-Average Grant Date Fair Value				Weighted-Average Grant Date Fair Value				
		RSUs	PBRUS	RSU	PBRSU	RSUs	PBRUS	RSU	PBRSU	
Outstanding and unvested at December 31, 2022	Outstanding and unvested at December 31, 2022	3,232,002	6,876,797	\$ 19.07	\$ 19.48	Outstanding and unvested at December 31, 2022	3,232,002	6,876,797	\$ 19.07	\$ 19.48
Granted	Granted	3,111,313	1,486,574	15.08	15.59	Granted	3,151,956	1,490,843	15.13	15.60
Performance factor adjustment	Performance factor adjustment	—	792,189	—	15.95	Performance factor adjustment	—	792,189	—	15.95
Vested	Vested	(833,843)	(2,286,886)	15.56	15.95	Vested	(1,059,459)	(2,286,886)	16.76	15.95
Forfeited	Forfeited	(232,708)	(647,019)	18.81	19.75	Forfeited	(303,926)	(711,016)	18.16	19.61
Outstanding and unvested at June 30, 2023		5,276,764	6,221,655	\$ 17.29	\$ 19.37					
Outstanding and unvested at September 30, 2023						Outstanding and unvested at September 30, 2023				
Shares surrendered for taxes for the six months ended June 30, 2023		302,902	903,658				5,020,573	6,161,927	\$ 17.14	\$ 19.38
Cost of shares surrendered for taxes for the six months ended June 30, 2023 (in millions)		\$ 4.8	\$ 13.1							
Shares surrendered for taxes for the six months ended June 30, 2022		155,355	725,570							
Cost of shares surrendered for taxes for the six months ended June 30, 2022 (in millions)		\$ 3.5	\$ 18.7							
Shares surrendered for taxes for the nine months ended September 30, 2023						Shares surrendered for taxes for the nine months ended September 30, 2023	381,066	903,658		
Cost of shares surrendered for taxes for the nine months ended September 30, 2023 (in millions)										
Shares surrendered for taxes for the nine months ended September 30, 2022						Cost of shares surrendered for taxes for the nine months ended September 30, 2023 (in millions)	\$ 6.2	\$ 13.1		
Shares surrendered for taxes for the nine months ended September 30, 2022										

Cost of shares surrendered for taxes for the nine months ended September 30, 2022 (in millions)	Cost of shares surrendered for taxes for the nine months ended September 30, 2022 (in millions)
	\$ 4.1 \$ 20.0

Upon consummation of the Cloudmed acquisition, outstanding restricted units of Cloudmed were replaced by an aggregate 1,536,220 RSUs of the Company. The Company also issued an aggregate of 3,173,184 inducement RSUs and PBRUSUs to certain employees of Cloudmed under Nasdaq Listing Rule 5635(c)(4) pursuant to its 2022 Inducement Plan.

The Company's RSU and PBRUSU agreements allow employees to surrender to the Company shares of common stock upon vesting of their RSUs and PBRUSUs in lieu of their payment of the required personal employment-related taxes. Shares surrendered for payment of personal employment-related taxes are held in treasury.

Outstanding PBRUSUs vest upon satisfaction of both time-based and performance-based conditions. Depending on the award, performance condition targets may include cumulative adjusted EBITDA, end-to-end RCM agreement growth, modular sales revenue, or other specific performance factors. Depending on the percentage level at which the performance-based conditions are satisfied, the number of shares vesting could be between 0% and 200% of the number of PBRUSUs originally granted. Based on the established targets, the maximum number of shares that could vest for all outstanding PBRUSUs is **12,443,310**, **12,323,854**.

## 8. Other Expenses

Other expenses are incurred in connection with acquisition and integration costs, various exit activities, transformation initiatives, and organizational changes to improve our business alignment and cost structure. The following table summarizes the other expenses recognized for the three and **six** nine months ended **June 30, 2023** **September 30, 2023** and 2022.

	Business acquisition costs	Three Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,			
		2023		2022		2023		2022		2023		2022	
		(1)	\$ 2.0	\$ 67.9	\$ 2.1	\$ 74.2	(1)	\$ 1.4	\$ 1.0	\$ 3.5	\$ 80.4		
Integration costs	Integration costs	(2)	8.1	9.1	23.9	9.5	(2)	6.1	8.8	30.0	18.3		
Technology transformation	Technology transformation	(3)	3.7	—	7.3	—	(3)	4.5	—	11.8	—		
Strategic initiatives (4)	Strategic initiatives (4)		6.4	2.5	10.8	2.8	(4)	13.0	6.2	23.8	9.0		
Global business services center expansion project in the Philippines (5)	Global business services center expansion project in the Philippines (5)		—	6.9	—	10.0	(5)	—	8.2	—	20.0		
Facility-exit charges (6)	Facility-exit charges (6)		7.3	1.2	8.5	6.0	(6)	7.2	1.3	15.7	7.3		
Other (7)	Other (7)		0.8	1.3	5.9	3.5	(7)	(2.8)	3.0	3.1	7.5		
Total other expenses	Total other expenses		\$ 28.3	\$ 88.9	\$ 58.5	\$ 106.0	Total other expenses	\$ 29.4	\$ 28.5	\$ 87.9	\$ 142.5		

(1) Costs, including legal, consulting, insurance premiums, and bank fees, that are directly related to the due diligence and closing of business acquisitions and include changes to contingent consideration, if applicable. Costs also include compensation expenses associated with the close of the transactions.

(2) Costs reflect efforts to integrate acquisitions from a systems, processes, and people perspective and to achieve synergies expected from business acquisitions. Costs include consulting fees, IT vendor spend, severance, retention, and certain payroll costs.

(3) Costs relate to projects underway to create a new platform that consolidates the Cloudmed and R1 customer solutions and migrates them to a cloud environment to reduce onboarding costs and accelerate the delivery of value to the Company's customers. These projects are expected to be completed in 2025. Certain of these costs incurred qualify for capitalization and have been recorded on the Consolidated Balance Sheet.

(4) Costs relate to performing portfolio and capital structure analyses and transactions and other business restructuring activities as part of the Company's growth strategy. Costs include vendor spend, employee time and expenses spent on activities, severance, and retention amounts. For the three and nine months ended September 30, 2023, these costs include a charge of approximately \$12.0 million related to business restructuring executed to align the organization to the Company's long-term growth strategy.

(5) Costs include legal and consulting fees related to the establishment of the Company's inaugural global business services center in the Philippines as well as severance costs for personnel whose roles ~~are being~~ were relocated. The entry into the Philippines was the first new organic global business services center country expansion by the Company in approximately 15 years. The Company completed the expansion project in 2022.

(6) As part of evaluating its ~~real estate~~ footprint, the Company has exited certain leased facilities. Costs include asset impairment charges, early termination fees, and other costs related to exited leased facilities.

(7) For the three and ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2023, other includes \$1.3 costs primarily include \$1.9 million of net insurance reimbursements and \$4.9 million of net expenses, respectively, related to the Company's stockholder litigation. For the three and nine months ended September 30, 2022, costs primarily include \$1.1 million and \$6.8 million, respectively, of expenses related to the Company's ongoing litigation matters. For the three and six months ended June 30, 2022, other includes \$0.7 million and \$1.8 million, respectively, of expenses related to the Company's ongoing litigation matters. For further details, refer to Note 11, Commitments and Contingencies.

## 9. Income Taxes

Income tax provisions for interim periods are based on estimated annual income tax rates, adjusted to reflect the effects of any significant and infrequent or unusual items which are required to be discretely recognized within the current interim period. The effective tax rates in the periods presented are largely based upon the projected annual pre-tax earnings by jurisdiction and the allocation of certain expenses in various taxing jurisdictions where the Company conducts its business. These taxing jurisdictions apply a broad range of statutory income tax rates. The global intangible low-taxed income ("GILTI") provisions impose taxes on foreign income in excess of a deemed return on tangible assets of foreign corporations. The Company elected to account for GILTI tax in the period in which it is incurred.

The Company recognized income tax expense for the three and nine months ended September 30, 2023 on the year-to-date pre-tax income. The deviation from the federal statutory tax rate of 21% is primarily attributable to recognizing the provisions for foreign taxes, state taxes, non-deductible expenses, and discrete items.

The Company recognized income tax expense for the three months ended ~~March 31, 2023~~ September 30, 2022 and income tax benefit for the ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2022 on the year-to-date pre-tax loss. The deviation from the federal statutory tax rate of 21% is primarily attributable to recognizing the provisions for taxes on foreign source income, state taxes, non-deductible expenses, and discrete items.

The Company recognized income tax expense for the three months ended March 31, 2022 and income tax benefit for the six months ended June 30, 2022 on the year-to-date pre-tax loss. The deviation from the federal statutory tax rate of 21% is primarily attributable to recognizing the provisions for state taxes, GILTI, non-deductible expenses, and discrete items.

The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of multiple state and foreign jurisdictions. U.S. federal income tax returns since 2019 are currently open for examination. State jurisdictions vary for open tax years. The statute of limitations for most states ranges from three to six years.

At December 31, 2022, the Company had gross deferred tax assets of \$147.6 million \$147.3 million, of which \$50.0 million \$49.8 million related to net operating loss ("NOL") carryforwards. The Company expects to be profitable, allowing the Company to utilize its NOL carryforwards and other deferred tax assets.

## 10. Earnings (Loss) Per Share

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period.

Diluted net income (loss) per share is calculated by adjusting the denominator used in the basic net income (loss) per share computation by potentially dilutive securities outstanding during the period plus, when their effect is dilutive, incremental shares consisting of shares subject to stock options and shares issuable upon vesting of RSUs and PBRUS.

Basic and diluted net income (loss) per common share are calculated as follows:

	Net income (loss)	Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,			
		2023		2022		2023		2022		2023		2022		2023		2022	
		Basic	weighted- average	Basic	weighted- average	Basic	weighted- average	Basic	weighted- average	Basic	weighted- average	Basic	weighted- average	Basic	weighted- average	Basic	weighted- average
Net income (loss)	Net income (loss)	\$ 0.3	\$ (20.4)	\$ 0.6	\$ 9.0	\$ 1.3	\$ (28.7)	\$ 1.9	\$ (26.7)								
Basic weighted- average common shares	Basic weighted- average common shares	418,525,625	294,658,635	417,939,489	286,746,902	419,008,998	417,700,782	418,299,910	330,877,880								
Add: Effect of dilutive equity awards	Add: Effect of dilutive equity awards	4,028,162	—	4,259,246	5,838,531	4,345,149	—	4,234,933	—								

Add: Effect of dilutive warrants	Add: Effect of dilutive warrants	32,691,820	—	31,898,919	35,583,805	Add: Effect of dilutive warrants	33,009,877	—	32,302,754	—
Diluted weighted average common shares	Diluted weighted average common shares	455,245,607	294,658,635	454,097,654	328,169,238	Diluted weighted average common shares	456,364,024	417,700,782	454,837,597	330,877,880
Net income (loss) per common share (basic)	Net income (loss) per common share (basic)	\$ —	\$ (0.07)	\$ —	\$ 0.03	Net income (loss) per common share (basic)	\$ —	\$ (0.07)	\$ —	\$ (0.08)
Net income (loss) per common share (diluted)	Net income (loss) per common share (diluted)	\$ —	\$ (0.07)	\$ —	\$ 0.03	Net income (loss) per common share (diluted)	\$ —	\$ (0.07)	\$ —	\$ (0.08)

Because of their anti-dilutive effect, 511,308 705,982 and 2,025,091 589,077 common share equivalents comprised of stock options, PBRUS, and RSUs have been excluded from the diluted earnings per share calculation for the three and six nine months ended June 30, 2023 September 30, 2023, respectively.

For each of the three and six nine months ended June 30, 2022 September 30, 2022, 22,558,278 and 90,583 21,251,602 common share equivalents respectively, were excluded from the diluted earnings per share calculation because of their anti-dilutive effect. Additionally, for the three and nine months ended June 30, 2022 September 30, 2022, TCP-ASC ACHI Series LLLP's ("TCP-ASC" or the "Investor") and IHC Health Services, Inc.'s ("Intermountain") exercisable warrants to acquire up to 40.5 million and 1.5 million shares, respectively, of the Company's common stock were excluded from the diluted earnings per share calculation because they were anti-dilutive.

## 11. Commitments and Contingencies

### Legal Proceedings

Other than as described below, the Company is not presently a party to any material litigation or regulatory proceeding and is not aware of any pending or threatened litigation or regulatory proceeding against the Company which, individually or in the aggregate, could have a material adverse effect on its business, operating results, financial condition or cash flows.

On April 13, 2021 and April 19, 2021, respectively, certain purported stockholders of the Company filed two complaints in the Delaware Court of Chancery (the "Court") regarding the Company's January 15, 2021 recapitalization transaction with TCP-ASC. Both complaints allege alleged that TCP-ASC, Ascension Health ("Ascension"), and TowerBrook Capital Partners ("TowerBrook") controlled the Company and breached their fiduciary duties by using that alleged control to force the Company to overpay in redeeming TCP-ASC's preferred stock as part of the recapitalization transaction. The plaintiffs seek sought an unspecified amount of damages against TCP-ASC, Ascension, and TowerBrook. The plaintiffs also allege alleged that the Company and TCP-ASC entered into amendments to the Investor Rights Agreement that the plaintiffs contend contain provisions that are void under the Company's charter, bylaws, and the Delaware General Corporation Law. The cases have since been consolidated into a single action.

On February 18, 2022, plaintiffs filed a supplement to their complaint, naming certain additional defendants and asserting additional claims related to the Company's agreement to acquire Cloudmed, which was announced on January 10, 2022. The additional claims assert alleged that: (i) TCP-ASC, Ascension, and TowerBrook, along with the Company's directors ("Individual Defendants"), breached their fiduciary duties by causing the Company to enter into and approving the Cloudmed acquisition, respectively, which plaintiffs claim will perpetuate TCP-ASC's, Ascension's, and TowerBrook's control over the Company and entrench the Individual Defendants by virtue of certain agreements entered into as part of the transaction, including a Second Amended and Restated Investor Rights Agreement with TCP-ASC (the "Seconded Amended TCP-ASC Investor Rights Agreement") and an Investor Rights Agreement with Cloudmed Coyco 1, L.P. and Coyco 2 (the "Cloudmed Investor Rights Agreement"); and (ii) Cloudmed's stockholders aided and abetted such breaches. Plaintiffs also allege alleged that certain provisions in the Cloudmed TCP-ASC Investor Rights Agreement and the Second Amended Cloudmed Investor Rights Agreement are void under the Company's charter and bylaws and the Delaware General Corporation law. The plaintiffs seek sought a declaratory judgment and damages, as well as attorneys' fees and costs. Trial

The parties have agreed to settle all claims in the lawsuit pursuant to a Stipulation of Settlement ("Stipulation"), entered into on September 27, 2023, and publicly filed with the Court on September 29, 2023. The settlement is subject to approval by the Court, and a final approval hearing is currently scheduled for November 2023 December 14, 2023. Defendants have denied, and continue to deny, any and all liability or wrongdoing.

If the Stipulation is approved by the Court without modification, TCP-ASC, Ascension, and Towebrook will collectively contribute \$39.8 million to the settlement, and Cloudmed's stockholders will contribute \$2.1 million. The Individual Defendants will contribute \$3.6 million to be funded entirely by insurance. The Company believes it has meritorious defenses will not contribute any monetary amount to all the settlement. Rather, \$22.7 million of the aggregate contributions (less any allocated attorneys' fees and notice and administrative costs) of TCP-ASC, Ascension, and Towerbrook will be allocated to the settlement of the derivative claims against it in the lawsuit and intends paid to vigorously defend itself against these claims. The Company. The remainder of the amounts to be paid under the Stipulation (less any allocated attorneys' fees and notice and administrative costs) will be distributed to the settlement class, as defined in the Stipulation, upon approval by the Court. In addition, under the terms of the Stipulation, the parties agreed to

eliminate the board size approval right under the TCP-ASC Investor Rights Agreement and the Cloudmed Investor Rights Agreement. The Company expects to record the impact of the settlement upon approval by the Court, which is expected to occur in the fourth quarter.

In May 2016, the Company was served with a False Claims Act case brought by a former emergency department service associate who worked at a hospital of one of the Company's customers, MedStar Inc.'s Washington Hospital Center ("WHC"), along with WHC and three other hospitals that were PAS customers and a place holder, John Doe hospital, representing all PAS customers (*U.S. ex rel. Graziosi vs. Accretive Health, Inc. et. al.*), and seeking money damages, False Claims Act penalties, and plaintiff's attorneys' fees. The Third Amended Complaint alleges that the Company's PAS business violates the federal False Claims Act. The case was originally filed under seal in 2013 in the federal district court in Chicago and was presented to the U.S. Attorney in Chicago, and the U.S. Attorney declined to intervene. Both the Company's and plaintiff's motions for summary judgment were denied in December 2020, and the parties have completed damage and expert discovery. Additional dispositive motions are expected to extend into 2023, with trial, if necessary, likely to be scheduled in 2024. The Company believes it has meritorious defenses to all claims in the case and is vigorously defending itself against these claims.

## 12. Related Party Transactions

This note encompasses transactions between Ascension and its affiliates, including AMITA Health, and the Company pursuant to the Master Professional Services Agreement, including all supplements, amendments, and other documents entered into in connection therewith. For further details on the Company's agreements with Ascension, see Note 1 and Note 19 of the 2022 Form 10-K. In conjunction with the Cloudmed acquisition, New Mountain became a new related party. There were no material transactions with New Mountain subsequent to the Cloudmed acquisition.

Net services revenue from services provided to Ascension, as well as corresponding accounts receivable and customer liabilities are presented in the Consolidated Statements of Operations and Comprehensive Income (Loss) and the Consolidated Balance Sheets. Since Ascension is the Company's largest customer, a significant percentage of the Company's cost of services is associated with providing services to Ascension. However, due to the nature of the Company's global business services and information technology operations, it is impracticable to assign the dollar amount associated with services provided to Ascension.

## 13. Segments and Customer Concentrations

The Company has determined that it has a single operating segment in accordance with the way that management operates and views the business. All of the Company's significant operations are organized around the single business of providing management services of revenue cycle operations for U.S.-based healthcare providers. Accordingly, for purposes of segment disclosures, the Company has only one operating and reportable segment.

Customers comprising greater than 10% of net services revenue are as follows:

Customer Name	Customer Name	Three Months Ended June 30,		Six Months Ended June 30,		Customer Name	Three Months Ended September 30,		Nine Months Ended September 30,		
		2023	2022	2023	2022		2023	2022	2023	2022	
Ascension and its affiliates	Ascension and its affiliates	39 %	57 %	39 %	57 %	Ascension and its affiliates	40 %	44 %	39 %	52 %	
Intermountain Healthcare	Intermountain Healthcare	10 %	13 %	11 %	14 %	Intermountain Healthcare	11 %	11 %	11 %	13 %	

The loss of customers within the Ascension health system or Intermountain network could have a material adverse impact on the Company's operations.

As of *June 30, 2023* *September 30, 2023* and December 31, 2022, the Company had a concentration of credit risk with Ascension, representing *79%* *9%* and 10% of accounts receivable, respectively.

## 14. Supplemental Financial Information

The following table summarizes the allocation of depreciation and amortization expense related to property, equipment and software between cost of services and selling, general and administrative expenses:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
	\$	20.0	\$	14.7	\$	52.9	\$	39.0
Cost of services								
Selling, general and administrative		0.4		0.3		1.0		0.8
Total depreciation and amortization	\$	20.4	\$	15.0	\$	53.9	\$	39.8

  

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023		2022		2023		2022	
	\$	17.4	\$	12.8	\$	32.9	\$	24.3
Cost of services								
Selling, general and administrative		0.2		0.2		0.6		0.5

Total depreciation and amortization	\$ 17.6	\$ 13.0	\$ 33.5	\$ 24.8
-------------------------------------	---------	---------	---------	---------

Intangible asset amortization expense was \$51.2 million and \$101.3 million for the three and **six** months ended **June 30, 2023** **September 30, 2023**, respectively, and \$11.7 million and \$18.8 million for the three and **six** months **nine** months ended **June 30, 2022** **September 30, 2022**, respectively. Amortization expense for intangible assets is included in cost of services on the Company's Consolidated Statements of Operations and Comprehensive Income (Loss).

Supplemental cash flow information related to leases are as follows:

	Six Months Ended June 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:		Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows for operating leases	Operating cash flows for operating leases	\$ 12.4	Operating cash flows for operating leases	\$ 19.2
Right-of-use assets obtained in exchange for operating lease obligations:	Right-of-use assets obtained in exchange for operating lease obligations:	4.7	Right-of-use assets obtained in exchange for operating lease obligations:	3.8
		65.6		67.6

## 15. Restatement of Previously Issued Consolidated Financial Statements

In connection with the preparation of the consolidated financial statements as of and for the three and nine months ended September 30, 2023, the Company identified errors related to the accounting for certain acquiree compensation costs incurred in connection with acquisitions in 2022, 2021, and 2020 that the Company was required to recognize as a Company expense immediately upon the closing of the transactions. These costs should have been recorded as other expenses within the Consolidated Statements of Operations and Comprehensive Income (Loss) in the applicable period and were instead recorded within the purchase price allocation and ultimately recorded as goodwill in the Consolidated Balance Sheets in previously issued financial statements.

As a result of correcting the accounting for certain acquiree compensation costs incurred in connection with acquisitions in 2022, 2021, and 2020, the Company updated the amount of goodwill that should have been recognized in the prior acquisitions and restated its audited Consolidated Balance Sheet as of December 31, 2022. In addition to the errors described above, the Company corrected certain items that were previously identified and concluded as immaterial, individually and in aggregate, to its unaudited consolidated financial statements for the three and nine months ended September 30, 2022, as well as its audited Consolidated Balance Sheet as of December 31, 2022. These adjustments primarily consisted of share-based compensation expense for a modified award that was originally recognized in the quarter ended September 30, 2022 but should have been recognized in the quarter ended March 31, 2021 and immaterial adjustments to the timing and amounts of capitalized assets, prepaid expenses, and accrued expenses for the relevant periods.

The tables below represent our restated consolidated financial statements for the three and nine months ended September 30, 2022.

### For the three and nine months ended September 30, 2022

The effects of the restatement on the Consolidated Statement of Operations and Comprehensive Loss for the three and nine months ended September 30, 2022 are summarized in the following table:

	For the three months ended September 30, 2022			For the nine months ended September 30, 2022		
	As Previously Reported		As Restated	As Previously Reported		As Restated
	In millions, except per share data					
Net services revenue (\$218.1 million and \$657.8 million for the three and nine months ended September 30, 2022, respectively, from related party)	\$ 496.0	\$ (0.5)	\$ 495.5	\$ 1,273.6	\$ (0.5)	\$ 1,273.1
Operating expenses:						
Cost of services	403.1	0.8	403.9	1,009.7	1.7	1,011.4
Selling, general and administrative	60.8	(2.5)	58.3	120.6	(2.4)	118.2
Other	30.1	(1.6)	28.5	136.1	6.4	142.5

Total operating expenses	494.0	(3.3)	490.7	1,266.4	5.7	1,272.1
Income from operations	2.0	2.8	4.8	7.2	(6.2)	1.0
Net interest expense	23.7	—	23.7	35.3	—	35.3
Loss before income tax provision (benefit)	(21.7)	2.8	(18.9)	(28.1)	(6.2)	(34.3)
Income tax provision (benefit)	7.8	2.0	9.8	(7.6)	—	(7.6)
Net loss	\$ (29.5)	\$ 0.8	\$ (28.7)	\$ (20.5)	\$ (6.2)	\$ (26.7)
Net loss per common share:						
Basic	\$ (0.07)	\$ —	\$ (0.07)	\$ (0.06)	\$ (0.02)	\$ (0.08)
Diluted	\$ (0.07)	\$ —	\$ (0.07)	\$ (0.06)	\$ (0.02)	\$ (0.08)
Weighted average shares used in calculating net loss per common share:						
Basic	417,700,782	—	417,700,782	330,877,880	—	330,877,880
Diluted	417,700,782	—	417,700,782	330,877,880	—	330,877,880
<b>Consolidated statements of comprehensive loss</b>						
Net loss	\$ (29.5)	\$ 0.8	\$ (28.7)	\$ (20.5)	\$ (6.2)	\$ (26.7)
Other comprehensive income (loss):						
Net change on derivatives designated as cash flow hedges, net of tax	9.2	—	9.2	8.1	—	8.1
Foreign currency translation adjustments	(2.2)	—	(2.2)	(6.8)	—	(6.8)
Total other comprehensive income, net of tax	\$ 7.0	\$ —	\$ 7.0	\$ 1.3	\$ —	\$ 1.3
Comprehensive loss	\$ (22.5)	\$ 0.8	\$ (21.7)	\$ (19.2)	\$ (6.2)	\$ (25.4)

The effects of the restatement on the Consolidated Statement of Stockholders' Equity for the nine months ended September 30, 2022 are summarized in the following table:

	Common Stock		Treasury Stock		Additional		Accumulated		
	Shares	Amount	Shares	Amount	Paid-In Capital	Accumulated Deficit	Other Comprehensive		
							Loss	Comprehensive	Total
<b>As Previously Reported</b>									
Balance at December 31, 2021	298,320,928	\$ 3.0	(20,094,686)	\$ (215.2)	\$ 628.5	\$ (64.3)	\$ (5.3)	\$ 346.7	
Share-based compensation expense	—	—	—	—	10.2	—	—	—	10.2
Issuance of common stock related to share-based compensation plans	1,757,955	—	—	—	—	—	—	—	—
Exercise of vested stock options	77,438	—	—	—	0.4	—	—	—	0.4
Acquisition of treasury stock related to share-based compensation plans	—	—	(727,768)	(18.7)	—	—	—	—	(18.7)
Repurchases of common stock	—	—	(8,000)	(0.2)	—	—	—	—	(0.2)
Net change on derivatives designated as cash flow hedges, net of tax of \$0.0 million	—	—	—	—	—	—	0.1	0.1	0.1
Foreign currency translation adjustment	—	—	—	—	—	—	(1.4)	(1.4)	(1.4)
Net income	—	—	—	—	—	29.4	—	—	29.4
Balance at March 31, 2022	300,156,321	\$ 3.0	(20,830,454)	\$ (234.1)	\$ 639.1	\$ (34.9)	\$ (6.6)	\$ 366.5	
Share-based compensation expense	—	—	—	—	11.6	—	—	—	11.6
Issuance of common stock related to share-based compensation plans	505,371	—	—	—	—	—	—	—	—
Issuance of common stock	135,929,742	1.4	—	—	2,386.1	—	—	—	2,387.5
Replacement awards issued in conjunction with acquisitions	—	—	—	—	11.3	—	—	—	11.3
Exercise of vested stock options	395,425	—	(2,282)	(0.1)	2.1	—	—	—	2.0
Acquisition of treasury stock related to share-based compensation plans	—	—	(153,157)	(3.5)	—	—	—	—	(3.5)
Net change on derivatives designated as cash flow hedges, net of tax of \$0.4 million	—	—	—	—	—	—	(1.2)	(1.2)	(1.2)
Foreign currency translation adjustment	—	—	—	—	—	—	(3.2)	(3.2)	(3.2)

Net loss	—	—	—	—	—	—	(20.4)	—	—	(20.4)
Balance at June 30, 2022	436,986,859	\$	4.4	(20,985,893)	\$	(237.7)	\$	3,050.2	\$	(55.3)
Share-based compensation expense	—	—	—	—	—	24.8	—	—	—	24.8
CoyCo 2 share-based compensation expense	—	—	—	—	—	3.0	—	—	—	3.0
Issuance of common stock related to share-based compensation plans	189,566	—	—	—	—	—	—	—	—	—
Issuance of common stock	1,403,687	—	—	—	—	24.3	—	—	—	24.3
Exercise of vested stock options	806,597	—	—	—	—	2.1	—	—	—	2.1
Acquisition of treasury stock related to share-based compensation plans	—	—	(84,547)	(1.9)	—	—	—	—	—	(1.9)
Repurchases of common stock	—	—	(594,126)	(12.6)	—	—	—	—	—	(12.6)
Net change on derivatives designated as cash flow hedges, net of tax of \$3.1 million	—	—	—	—	—	—	—	—	9.2	9.2
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(2.2)	(2.2)
Net loss	—	—	—	—	—	—	(29.5)	—	—	(29.5)
Balance at September 30, 2022	439,386,709	\$	4.4	(21,664,566)	\$	(252.2)	\$	3,104.4	\$	(84.8)
<b>Adjustments</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Beginning balance as of January 1, 2021	—	\$	—	—	\$	—	\$	(2.5)	\$	(2.5)
Share-based compensation expense	—	—	—	—	—	2.4	—	—	—	2.4
Net income	—	—	—	—	—	—	(9.9)	—	—	(9.9)
Balance at December 31, 2021 (adjustment impacts)	—	\$	—	—	\$	—	\$	2.4	\$	(12.4)
Net income	—	—	—	—	—	—	0.3	—	—	0.3
Balance at March 31, 2022 (adjustment impacts)	—	\$	—	—	\$	—	\$	2.4	\$	(12.1)
Net loss	—	—	—	—	—	—	(7.3)	—	—	(7.3)
Balance at June 30, 2022 (adjustment impacts)	—	\$	—	—	\$	—	\$	2.4	\$	(19.4)
Share-based compensation expense	—	—	—	—	—	(2.4)	—	—	—	(2.4)
Net loss	—	—	—	—	—	—	0.8	—	—	0.8
Balance at September 30, 2022 (adjustment impacts)	—	\$	—	—	\$	—	\$	(18.6)	\$	(18.6)
<b>As Restated</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Balance at December 31, 2021	298,320,928	\$	3.0	(20,094,686)	\$	(215.2)	\$	630.9	\$	(76.7)
Share-based compensation expense	—	—	—	—	—	10.2	—	—	—	10.2
Issuance of common stock related to share-based compensation plans	1,757,955	—	—	—	—	—	—	—	—	—
Exercise of vested stock options	77,438	—	—	—	—	0.4	—	—	—	0.4
Acquisition of treasury stock related to share-based compensation plans	—	—	(727,768)	(18.7)	—	—	—	—	—	(18.7)
Repurchases of common stock	—	—	(8,000)	(0.2)	—	—	—	—	—	(0.2)
Net change on derivatives designated as cash flow hedges, net of tax of \$0.0 million	—	—	—	—	—	—	—	—	0.1	0.1
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(1.4)	(1.4)
Net income	—	—	—	—	—	—	29.7	—	—	29.7
Balance at March 31, 2022	300,156,321	\$	3.0	(20,830,454)	\$	(234.1)	\$	641.5	\$	(47.0)
Share-based compensation expense	—	—	—	—	—	11.6	—	—	—	11.6
Issuance of common stock related to share-based compensation plans	505,371	—	—	—	—	—	—	—	—	—
Issuance of common stock	135,929,742	1.4	—	—	—	2,386.1	—	—	—	2,387.5
Replacement awards issued in conjunction with acquisitions	—	—	—	—	—	11.3	—	—	—	11.3
Exercise of vested stock options	395,425	—	(2,282)	(0.1)	—	2.1	—	—	—	2.0
Acquisition of treasury stock related to share-based compensation plans	—	—	(153,157)	(3.5)	—	—	—	—	—	(3.5)

Net change on derivatives designated as cash flow hedges, net of tax of \$0.4 million	—	—	—	—	—	—	—	(1.2)	(1.2)
Foreign currency translation adjustment	—	—	—	—	—	—	—	(3.2)	(3.2)
Net loss	—	—	—	—	—	(27.7)	—	—	(27.7)
Balance at June 30, 2022	436,986,859	\$ 4.4	(20,985,893)	\$ (237.7)	\$ 3,052.6	\$ (74.7)	\$ (11.0)	\$ 2,733.6	
Share-based compensation expense	—	—	—	—	22.4	—	—	—	22.4
CoyCo 2 share-based compensation expense	—	—	—	—	3.0	—	—	—	3.0
Issuance of common stock related to share-based compensation plans	189,566	—	—	—	—	—	—	—	—
Issuance of common stock	1,403,687	—	—	—	24.3	—	—	—	24.3
Exercise of vested stock options	806,597	—	—	—	2.1	—	—	—	2.1
Acquisition of treasury stock related to share-based compensation plans	—	—	(84,547)	(1.9)	—	—	—	—	(1.9)
Repurchases of common stock	—	—	(594,126)	(12.6)	—	—	—	—	(12.6)
Net change on derivatives designated as cash flow hedges, net of tax of \$3.1 million	—	—	—	—	—	—	9.2	9.2	
Foreign currency translation adjustment	—	—	—	—	—	—	(2.2)	(2.2)	
Net loss	—	—	—	—	—	(28.7)	—	—	(28.7)
Balance at September 30, 2022	439,386,709	\$ 4.4	(21,664,566)	\$ (252.2)	\$ 3,104.4	\$ (103.4)	\$ (4.0)	\$ 2,749.2	

The effects of the restatement on the Consolidated Statement of Cash Flows for the nine months ended September 30, 2022 are summarized in the following table:

	For the nine months ended September 30, 2022			
	As Previously Reported		Adjustment	As Restated
	In millions			
<b>Operating activities</b>				
Net loss	\$ (20.5)	\$ (6.2)	\$ (26.7)	
Adjustments to reconcile net loss to net cash used in operations:				
Depreciation and amortization	107.8	—	107.8	
Amortization of debt issuance costs	2.2	—	2.2	
Share-based compensation	46.5	(2.6)	43.9	
CoyCo 2 share-based compensation	3.0	—	3.0	
Loss on disposal and right-of-use asset write-downs	3.9	—	3.9	
Provision for credit losses	10.7	—	10.7	
Deferred income taxes	(9.1)	—	(9.1)	
Non-cash lease expense	10.5	—	10.5	
Other	1.5	—	1.5	
Changes in operating assets and liabilities:				
Accounts receivable and related party accounts receivable	(29.7)	0.5	(29.2)	
Contract assets	(12.8)	—	(12.8)	
Prepaid expenses and other assets	(38.3)	(0.9)	(39.2)	
Accounts payable	(23.9)	—	(23.9)	
Accrued compensation and benefits	(79.6)	8.3	(71.3)	
Lease liabilities	(11.4)	—	(11.4)	
Other liabilities	(3.2)	(0.1)	(3.3)	
Customer liabilities and customer liabilities - related party	2.9	1.0	3.9	
Net cash used in operating activities	(39.5)	—	(39.5)	
<b>Investing activities</b>				
Purchases of property, equipment, and software	(74.6)	—	(74.6)	
Acquisition of Cloudmed, net of cash acquired	(847.7)	—	(847.7)	
Proceeds from disposal of assets	0.4	—	0.4	
Net cash used in investing activities	(921.9)	—	(921.9)	

<b>Financing activities</b>				
Issuance of senior secured debt, net of discount and issuance costs	1,016.6	—	—	1,016.6
Borrowings on revolver	30.0	—	—	30.0
Payment of debt issuance costs	(1.0)	—	—	(1.0)
Repayment of senior secured debt	(13.1)	—	—	(13.1)
Repayments on revolver	(30.0)	—	—	(30.0)
Payment of equity issuance costs	(2.0)	—	—	(2.0)
Exercise of vested stock options	4.6	—	—	4.6
Purchase of treasury stock	(12.5)	—	—	(12.5)
Shares withheld for taxes	(26.9)	—	—	(26.9)
Other	(0.2)	—	—	(0.2)
Net cash provided by financing activities	965.5	—	—	965.5
Effect of exchange rate changes in cash	(3.1)	—	—	(3.1)
Net increase in cash, cash equivalents, and restricted cash	1.0	—	—	1.0
Cash, cash equivalents, and restricted cash at beginning of period	130.1	—	—	130.1
Cash and cash equivalents, end of year	\$ 131.1	\$ —	\$ —	\$ 131.1
<b>Supplemental disclosures of cash flow information</b>				
Property, equipment and software purchases not paid	\$ 27.4	\$ —	\$ —	\$ 27.4

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

Unless the context indicates otherwise, references in this Quarterly Report on Form 10-Q to "R1," "the Company," "we," "our," and "us" mean R1 RCM Inc. and its subsidiaries.

The following discussion and analysis is an integral part of understanding our financial results and is provided as an addition to, and should be read in connection with, our consolidated financial statements and the accompanying notes.

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Undue reliance should not be placed on these statements. All statements, other than statements of historical facts, included in this Quarterly Report on Form 10-Q are forward-looking statements. The words "anticipate," "believe," "contemplate," "designed," "estimate," "expect," "forecast," "goal," "intend," "may," "outlook," "plan," "predict," "project," "see," "seek," "target," "will" or "would" and similar expressions or variations or negatives of these words are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Such forward-looking statements include, among other things, statements about macroeconomic conditions and their impact on our business and our customers, our industry and the size of our market, the acquisition/integration of Cloudmed and related benefits, our strategic initiatives, including those related to growth, our capital plans, our costs, our efforts to remediate the material weakness in our internal control over financial reporting and the timing of remediation, our ability to successfully implement new technologies, our future financial performance, potential changes to reporting segments, and our liquidity. Such forward-looking statements are based on management's current expectations about future events as of the date hereof and involve many risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in our forward-looking statements. Subsequent events and developments, including actual results or changes in our assumptions, may cause our views to change. We do not undertake to update our forward-looking statements except to the extent required by applicable law. Readers are cautioned not to place undue reliance on such forward-looking statements. All forward-looking statements included herein are expressly qualified in their entirety by these cautionary statements. Our actual results and outcomes could differ materially from those included in these forward-looking statements as a result of various factors, including, but not limited to, the impact of the restatements of the financial statements for the applicable non-reliance periods, and the non-compliance notice from Nasdaq relating to our late Form 10-Q, on the price of our common stock, our reputation, our relationships with our investors, suppliers, customers, employees and other parties; our ability to regain compliance with Nasdaq's timely filing requirements for continued listing within the applicable cure period; our ability to remediate the material weakness in our internal control over financial reporting; economic downturns and market conditions beyond our control, including periods of inflation; the quality of global financial markets; our ability to timely and successfully achieve the anticipated benefits and potential synergies of the acquisition of Cloudmed; our ability to retain existing customers or acquire new customers; the development of markets for our revenue cycle management offering; variability in the lead time of prospective customers; competition within the market; breaches or failures of our information security measures or unauthorized access to a customer's data; delayed or unsuccessful implementation of our technologies or services, or unexpected implementation costs; disruptions in or damages to our global business services centers and third-party operated data centers; the volatility of our stock price; our substantial indebtedness; and the factors discussed elsewhere in this Quarterly Report on Form 10-Q, and those set forth in Part I, Item 1A of Amendment No. 1 to our 2022 Annual Report on Form 10-K for the year ended December 31, 2022 and our other filings with the SEC.

The forward-looking statements in this Quarterly Report on Form 10-Q represent our views as of the date of this Quarterly Report on Form 10-Q. Subsequent events and developments may cause our views to change. While we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this Quarterly Report on Form 10-Q.

## Restatement of Previously Issued Consolidated Financial Statements

We have restated our unaudited consolidated financial statements for the three and nine months ended September 30, 2022 contained in this report. Refer to Note 15, Restatement of Previously Issued Consolidated Financial Statements, in Item 1, Financial Statements, for additional information related to the restatement, including descriptions of

the adjustments and the impacts on our consolidated financial statements. As a result, the previously reported financial information for the three and nine months ended September 30, 2022 in this Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations, has been updated to reflect the relevant restatements.

## Overview

### Our Business

We are a leading provider of technology-driven solutions that transform the patient experience and financial performance of healthcare providers. We assist healthcare providers in generating sustainable improvements in their operating margins and cash flows while also enhancing patient, physician, and staff satisfaction for our customers.

While we cannot control the changes in the regulatory environment imposed on our customers, we believe that our role becomes increasingly more important to our customers as macroeconomic, regulatory, and healthcare industry conditions continue to impose financial pressure on healthcare providers to manage their operations effectively and efficiently.

We operate our business as a single segment configured with our significant operations and offerings organized around the business of providing revenue cycle management ("RCM") services to healthcare providers.

### Trends and Economic Conditions

Revenue cycle is a critical function for healthcare providers as they seek to increase process efficiency and maximize cash collected from health insurance companies and patients. Healthcare providers operate their revenue cycle with a combination of labor, software, and services vendors. Third-party vendors offer various solutions including consulting services, software, and other services, including point solutions that cover one or multiple components of the revenue cycle and full outsourcing services, among others. The Centers for Medicare and Medicaid Services projects hospital care and physician care expenditures in the U.S. to amount to \$1.5 trillion and \$930 billion in 2023, respectively. We estimate the cost of hospital and physician revenue cycle operations to be approximately 5% of revenue, resulting in a market size of approximately \$115 billion. According to Research and Markets data as of June 2023, revenue cycle spend is projected to grow at a compounded annual growth rate of 11.1% through 2028.

Health systems are currently facing challenges in their revenue cycle operations based on several factors, including: (1) more complex and clinical-outcomes based reimbursement, (2) industry consolidation amongst hospitals and across the continuum of care, (3) increasing patient responsibility for their medical bills, (4) healthcare labor shortage, and (5) capital constraints to invest in the revenue cycle given financial difficulties and requirements to invest in improving clinical care. We believe these trends provide opportunities for external RCM vendors that we expect will result in further growth for the industry and our Company. **However, these factors could also result in lower healthcare volumes and extended timelines for customer collections.**

Growth in economic activity and demand for goods and services, alongside labor shortages and supply chain complications, contributed to high levels of inflation in 2022. We expect inflation to persist throughout 2023, which may impact our costs for wages and other materials. Inflation may also impact the economic health of our customers, including their ability to pay amounts owed to us. In response to rising inflation, the Federal Reserve Board has raised interest rates and signaled that it may continue to raise rates. Our credit facility interest, in part, is based on a variable interest rate structure which can result in increased cost in periods of rising interest rates. To date, rising interest rates have not had a material impact on our results of operations.

Our incentive fees in the first **half** **nine months** of 2023 improved relative to the second half of 2022 due to modest improvements in payer reimbursement **turnaround times**. **Payer reimbursement timelines remain elevated and our incentive fees are consequently lower relative to 2021 or the first half of 2022. However, we combined with improved operational execution. We expect modest improvement in incentive fees, on a normalized basis, over time.** In addition, we are observing the following trends, which we expect **will persist through the remainder of 2023:** (i) **we expect reduced growth in our physician business serving emergency department physicians will be reduced for the remainder of 2023 due to regulatory changes that are impacting some of the large groups which we believe contributed in the industry part to a physician customer ceasing operations in August 2023 and (ii) with the possibility of economic downturns, we filing for bankruptcy protection in September 2023. Any future regulatory changes could see potential weakness in consumer collections as healthcare bills are de-prioritized.**

have an adverse impact on our customers and our business operations.

Other adverse macroeconomic conditions, including but not limited to changes to fiscal and monetary policy and currency fluctuations, could impact macro-level consumer spending trends, which could affect the volume processed on our platform and result in fluctuations to our revenue streams. Certain of our customers may be negatively impacted by these events. In addition, our business and customers continue to face challenges relating to a tight labor market and increased turnover rates. In particular, the current labor market combined with heightened inflation across the globe may increase cost of labor for both us and our customers in 2023 and over time. We plan to continue to invest in technology to help us offset these costs and expect to continue hiring talented employees and providing competitive compensation. **Furthermore, recent bank failures and the flow-on effects of those events, including systematic pressures, may cause instability in the banking industry or result in failures at other banks or financial institutions to which we or our customers may face direct or indirect exposure.** The bank failures that occurred in the first half of 2023 did not directly impact R1 financially. The extent to which these macroeconomic conditions will affect our business is uncertain and will depend on political, social, economic, and regulatory forces that are outside of our control. We continue to assess fluctuating macroeconomic events to manage our response.

## CONSOLIDATED RESULTS OF OPERATIONS

The following table provides consolidated operating results and other operating data for the periods indicated:

Three Months Ended June 30,	2023 vs. 2022 Change	Six Months Ended June 30,	2023 vs. 2022 Change	Three Months Ended September 30,			
				2023 vs. 2022 Change	Nine Months Ended September 30,	2023 vs. 2022 Change	Nine Months Ended September 30,

	2023 2022 Amount % 2023 2022 Amount %						2023 2022 Amount % 2023 2022 Amount %											
	(In millions, except percentages)						(In millions, except percentages)											
Consolidated Statement of Operations Data:							Consolidated Statement of Operations Data:											
Net operating fees	Net operating fees	\$ 357.8	\$ 318.3	\$ 39.5	12 %	\$ 718.8	\$ 641.1	\$ 77.7	12 %	Net operating fees	\$ 368.0	\$ 323.7	\$ 44.3	14 %	\$ 1,086.8	\$ 964.8	\$ 122.0	13 %
Incentive fees	Incentive fees	30.8	29.9	0.9	3 %	54.4	60.1	(5.7)	(9)%	Incentive fees	30.1	20.8	9.3	45 %	84.5	80.9	3.6	4 %
Modular and other	Modular and other	172.1	43.7	128.4	294 %	333.1	76.4	256.7	336 %	Modular and other	174.7	151.0	23.7	16 %	507.8	227.4	280.4	123 %
Total net services revenue	Total net services revenue	560.7	391.9	168.8	43 %	1,106.3	777.6	328.7	42 %	Total net services revenue	572.8	495.5	77.3	16 %	1,679.1	1,273.1	406.0	32 %
Operating expenses:	Operating expenses:									Operating expenses:								
Cost of services	Cost of services	445.9	310.1	135.8	44 %	880.6	606.6	274.0	45 %	Cost of services	447.5	403.9	43.6	11 %	1,328.1	1,011.4	316.7	31 %
Selling, general and administrative	Selling, general and administrative	62.6	30.9	31.7	103 %	109.6	59.8	49.8	83 %	Selling, general and administrative	54.7	58.3	(3.6)	(6)%	164.3	118.2	46.1	39 %
Other expenses	Other expenses	28.3	88.9	(60.6)	(68)%	58.5	106.0	(47.5)	(45)%	Other expenses	29.4	28.5	0.9	3 %	87.9	142.5	(54.6)	(38)%
Total operating expenses	Total operating expenses	536.8	429.9	106.9	25 %	1,048.7	772.4	276.3	36 %	Total operating expenses	531.6	490.7	40.9	8 %	1,580.3	1,272.1	308.2	24 %
Income (loss) from operations	Income (loss) from operations	23.9	(38.0)	61.9	(163)%	57.6	5.2	52.4	1,008 %	Income from operations	41.2	4.8	36.4	758 %	98.8	1.0	97.8	9,780 %
Net interest expense	Net interest expense	32.5	6.9	25.6	371 %	63.2	11.6	51.6	445 %	Net interest expense	32.1	23.7	8.4	35 %	95.3	35.3	60.0	170 %
Net income (loss) before income tax benefit	Net income (loss) before income tax benefit	(8.6)	(44.9)	36.3	(81)%	(5.6)	(6.4)	0.8	(13)%	Net income (loss) before income tax provision (benefit)	9.1	(18.9)	28.0	(148)%	3.5	(34.3)	37.8	(110)%
Income tax benefit	Income tax benefit	(8.9)	(24.5)	15.6	(64)%	(6.2)	(15.4)	9.2	(60)%	Income tax provision (benefit)	7.8	9.8	(2.0)	(20)%	1.6	(7.6)	9.2	(121)%
Net income (loss)	Net income (loss)	\$ 0.3	\$ (20.4)	\$ 20.7	(101)%	\$ 0.6	\$ 9.0	\$ (8.4)	(93)%	Net income (loss)	\$ 1.3	\$ (28.7)	\$ 30.0	(105)%	\$ 1.9	\$ (26.7)	\$ 28.6	(107)%
Adjusted EBITDA (1)	Adjusted EBITDA (1)	\$ 142.9	\$ 87.2	\$ 55.7	64 %	\$ 285.1	\$ 176.5	\$ 108.6	62 %	Adjusted EBITDA (1)	\$ 161.5	\$ 122.6	\$ 38.9	32 %	\$ 446.6	\$ 298.2	\$ 148.4	50 %

(1) Refer to the Non-GAAP Financial Measures section below for a reconciliation of our financial results reported in accordance with GAAP to non-GAAP financial results.

#### Use of Non-GAAP Financial Information

In order to provide a more comprehensive understanding of the information used by our management team in financial and operational decision-making, we supplement our consolidated financial statements that have been prepared in accordance with GAAP with the non-GAAP financial measure of adjusted EBITDA. Adjusted EBITDA is utilized by our Board and management team as (i) one of the primary methods for planning and forecasting overall expectations and for evaluating actual results against such expectations; and (ii) as a performance evaluation metric in determining achievement of certain executive incentive compensation programs, as well as for incentive compensation plans for employees.

#### Adjusted EBITDA

We define adjusted EBITDA as net income (loss) before net interest income/expense, income tax provision/benefit, depreciation and amortization expense, share-based compensation expense, CoyCo 2, L.P. ("CoyCo 2") share-based compensation expense, and other expense items detailed in Note 8, Other Expenses, to the consolidated financial statements included in this Quarterly Report on Form 10-Q, including business acquisition costs, integration costs, technology transformation, strategic initiatives, the global business services center expansion project in the Philippines, and facility-exit charges.

Although non-GAAP measures are frequently used by investors, securities analysts, and others in their evaluation of companies, these measures have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results of operations as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect:
  - Changes in, or cash requirements for, our working capital needs;
  - Share-based compensation expense (including CoyCo 2 share-based compensation expense);
  - Income tax expenses or cash requirements to pay taxes;
  - Interest expenses or cash required to pay interest; and
  - Certain other expenses which may require cash payments;
- Although depreciation and amortization charges are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and adjusted EBITDA does not reflect cash requirements for such replacements or other purchase commitments, including lease commitments; and
- Other companies in our industry may calculate adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

#### Reconciliation of GAAP and Non-GAAP Measures

The following table represents a reconciliation of adjusted EBITDA to net income (loss), the most closely comparable GAAP measure, for each of the periods indicated:

		Three Months Ended June 30,				2023 vs. 2022		Six Months Ended June 30,				2023 vs. 2022		Three Months Ended September 30,				2023 vs. 2022		Nine Months Ended September 30,			
		Ended June 30,		Change		June 30,		Change		Ended September 30,		Change		September 30,		Change		September 30,		Change			
		2023	2022	Amount	%	2023	2022	Amount	%	2023	2022	Amount	%	2023	2022	Amount	%	2023	2022	Amount	%		
(In millions, except percentages)																							
Net income (loss)	Net income (loss)	\$ 0.3	\$ (20.4)	\$ 20.7	(101) %	\$ 0.6	\$ 9.0	\$ (8.4)	(93) %	Net income (loss)	\$ 1.3	\$ (28.7)	\$ 30.0	(105) %	\$ 1.9	\$ (26.7)	\$ 28.6	(107) %					
Net interest expense	Net interest expense	32.5	6.9	25.6	371 %	63.2	11.6	51.6	445 %	Net interest expense	32.1	23.7	8.4	35 %	95.3	35.3	60.0	170 %					
Income tax benefit		(8.9)	(24.5)	15.6	(64) %	(6.2)	(15.4)	9.2	(60) %														
Income tax provision (benefit)										Income tax provision (benefit)	7.8	9.8	(2.0)	(20) %	1.6	(7.6)	9.2	(121) %					
Depreciation and amortization expense	Depreciation and amortization expense	68.8	24.7	44.1	179 %	134.8	43.6	91.2	209 %	Depreciation and amortization expense	70.8	64.2	6.6	10 %	205.6	107.8	97.8	91 %					
Share-based compensation expense (1)	Share-based compensation expense (1)	20.0	11.6	8.4	72 %	30.5	21.7	8.8	41 %	Share-based compensation expense (1)	18.4	22.1	(3.7)	(17) %	48.9	43.9	5.0	11 %					
CoyCo 2 share-based compensation expense (2)	CoyCo 2 share-based compensation expense (2)	1.9	—	1.9	100 %	3.7	—	3.7	100 %	CoyCo 2 share-based compensation expense (2)	1.7	3.0	(1.3)	(43) %	5.4	3.0	2.4	80 %					
Other expenses (3)	Other expenses (3)	28.3	88.9	(60.6)	(68) %	58.5	106.0	(47.5)	(45) %	Other expenses (3)	29.4	28.5	0.9	3 %	87.9	142.5	(54.6)	(38) %					
Adjusted EBITDA (non-GAAP)	Adjusted EBITDA (non-GAAP)	\$ 142.9	\$ 87.2	\$ 55.7	64 %	\$ 285.1	\$ 176.5	\$ 108.6	62 %	Adjusted EBITDA (non-GAAP)	\$ 161.5	\$ 122.6	\$ 38.9	32 %	\$ 446.6	\$ 298.2	\$ 148.4	50 %					

- (1) Share-based compensation expense represents the expense associated with stock options, restricted stock units, and performance-based restricted stock units, as reflected in our Consolidated Statements of Operations and Comprehensive Income (Loss). See Note 7, Share-Based Compensation, to the consolidated financial statements included in this Quarterly Report on Form 10-Q for the detail of the amounts of share-based compensation expense.
- (2) CoyCo 2 share-based compensation expense represents the expense associated with CoyCo 2 limited partnership units, as reflected in our Consolidated Statements of Operations and Comprehensive Income (Loss). See Note 7, Share-Based Compensation, to the consolidated financial statements included in this Quarterly Report on Form 10-Q for the detail of the amounts of CoyCo 2 share-based compensation expense.
- (3) Other expenses are incurred in connection with acquisition and integration costs, various exit activities, transformation initiatives, and organizational changes to improve our business alignment and cost structure. See Note 8, Other Expenses, to the consolidated financial statements included in this Quarterly Report on Form 10-Q for the detail of

the amounts included in other expenses.

#### Three Months Ended **June 30, 2023** September 30, 2023 Compared to Three Months Ended **June 30, 2022** September 30, 2022

##### Net Services Revenue

Net services revenue increased by **\$168.8 million** **\$77.3 million**, or **43% 16%**, from **\$391.9 million** **\$495.5 million** for the three months ended **June 30, 2022** September 30, 2022, to **\$560.7 million** **\$572.8 million** for the three months ended **June 30, 2023** September 30, 2023. The increase was driven by **higher net operating fees, improved incentive fees, and new wins in the modular businesses**. The increase in net operating fees reflects increased revenues from clients that were onboarded in 2022 as well as modest increases in cash collections from existing customers. The increase in incentive fees reflects net improvements across several enterprise customers. The increase in modular service revenue reflects growth related to incremental sales from expansion of services to existing customers and new customer contracts.

##### Cost of Services

Cost of services primarily consists of wages and benefits of personnel that perform services for our customers and any related supplies, equipment, or facility costs utilized by these employees, which includes our global shared service centers in India and the Philippines. It also includes cost of services provided to our customers by vendors directly contracted by R1 or assigned to R1 at contract inception. Cost of services increased by \$43.6 million, or 11%, from \$403.9 million for the three months ended September 30, 2022, to \$447.5 million for the three months ended September 30, 2023. The increase in cost of services was primarily driven by increased payroll and technology infrastructure costs to support new customers onboarded in 2022 and growth in our modular business and an increase in depreciation and amortization expenses driven by investments in internally developed software.

##### Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by \$3.6 million, or 6%, from \$58.3 million for the three months ended September 30, 2022, to \$54.7 million for the three months ended September 30, 2023. The decrease was primarily driven by lower expense related to an allowance for credit losses. The allowances for credit losses of \$7.5 million recorded during the three months ended September 30, 2023 primarily related to an end-to-end RCM service customer and a **\$125.3** customer of our modular services. During the three months ended September 30, 2022, the allowance for credit losses recorded was \$10.4 million, **incremental contribution** which primarily related to a physician customer that ceased operations and filed for bankruptcy protection during the current quarter. The outstanding accounts receivable balance for the same physician customer was fully reserved as of June 30, 2023. In addition, there was a reduction in share-based compensation expense for performance-based awards during the three months ended September 30, 2023 compared to the prior year.

##### Other Expenses

Other expenses increased by \$0.9 million, or 3%, from **Cloudmed** \$28.5 million for the three months ended September 30, 2022, to \$29.4 million for the three months ended September 30, 2023. See Note 8, Other Expenses, to the consolidated financial statements included in this Quarterly Report on Form 10-Q for the details of the costs included in this total for the comparative periods.

##### Income Taxes

The income tax provision decreased by \$2.0 million from \$9.8 million for the three months ended September 30, 2022 to \$7.8 million for the three months ended September 30, 2023. Our effective tax rate (including discrete items) was approximately 86% and (52)% for the three months ended September 30, 2023 and 2022, respectively. The effective tax rate for the three months ended September 30, 2023 was higher than the statutory federal tax rate due to state income taxes, certain non-deductible compensation, and taxes on foreign source income. The effective tax rate for the three months ended September 30, 2022 was higher than the federal statutory tax rate due to state income taxes, certain non-deductible compensation, non-deductible transaction costs, and taxes on foreign source income. Our tax rate is also affected by discrete items that may occur in any given year, but are not necessarily consistent from year to year.

#### Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

##### Net Services Revenue

Net services revenue increased by \$406.0 million, or 32%, from \$1,273.1 million for the nine months ended September 30, 2022, to \$1,679.1 million for the nine months ended September 30, 2023. The increase was driven by net operating fees from new end-to-end **customers**. **customers** onboarded in 2022 as well as modest improvements in incentive fees. The increase in modular service revenue primarily relates to the acquisition of Cloudmed in June 2022. It also reflects increased revenue from the cross-sell of additional solutions to existing **customers** and new customer sales.

##### Cost of Services

Cost of services primarily consists of wages and benefits of personnel that perform services for our customers and any related supplies, equipment, or facility costs utilized by these employees, which includes our global shared service centers in India and the Philippines. It also includes cost of services provided to our customers by vendors directly contracted by R1 or assigned to R1 at contract inception. Cost of services increased by **\$135.8 million**, **\$316.7 million**, or **44% 31%**, from **\$310.1 million** **\$1,011.4 million** for the **three nine months ended June 30, 2022** September 30, 2022, to **\$445.9 million** **\$1,328.1 million** for the **three nine months ended June 30, 2023** September 30, 2023. The increase in cost of services was primarily driven by relates to the **Cloudmed acquisition**, particularly due to expenses related to personnel onboarding of employees and vendors required to maintain legacy **Cloudmed operations**, of new customers onboarded in 2022 as well as the cost related to onboarding new end-to-end **customers**. operating costs, including software and acquired intangible asset amortization, for **Cloudmed**.

##### Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by \$31.7 million, \$46.1 million, or 103% 39%, from \$30.9 million \$118.2 million for the three nine months ended June 30, 2022 September 30, 2022, to \$62.6 million \$164.3 million for the three nine months ended June 30, 2023 September 30, 2023. The increase was driven by increased payroll and benefits costs due to the Cloudmed acquisition, specifically compensation as well as increased technology costs and software licensing and maintenance offset by costs and savings from the realization of synergies in corporate functions. The increase was also driven by higher expense related to an \$11.6 million increase in allowance for credit losses. The allowance for credit losses of \$24.1 million recorded during the nine months ended September 30, 2023 primarily related to fully reserve the outstanding accounts receivable exposure an end-to-end RCM service customer, a customer of our modular services, and a large physician customer. The physician customer that recently announced plans ceased operations and filed for bankruptcy protection during the current quarter. During the nine months ended September 30, 2022, an allowance for credit losses of \$10.7 million was recorded, primarily related to cease operations, the same physician customer.

#### Other Expenses

Other expenses decreased by \$60.6 million, \$54.6 million, or 68% 38%, from \$88.9 million \$142.5 million for the three nine months ended June 30, 2022 September 30, 2022, to \$28.3 million \$87.9 million for the three nine months ended June 30, 2023 September 30, 2023. See Note 8, Other Expenses, to the consolidated financial statements included in this Quarterly Report on Form 10-Q for the details of the costs included in this total for the comparative periods.

#### Income Taxes

Income tax benefit decreased by \$15.6 million from \$24.5 million for the three months ended June 30, 2022, to \$8.9 million for the three months ended June 30, 2023, primarily due to lower pre-tax loss. Our effective tax rate (including discrete items) was approximately 103% and 55% for the three months ended June 30, 2023 and 2022, respectively. The effective tax rate for the three months ended June 30, 2023 was higher than the statutory federal tax rate due to state income taxes, certain non-deductible compensation, and taxes on foreign source income. The effective tax rate for the three months ended June 30, 2022 was higher than the federal statutory tax rate due to state income taxes, certain non-deductible compensation, non-deductible transaction costs, and taxes on foreign source income. Our tax rate is also affected by discrete items that may occur in any given year, but are not necessarily consistent from year to year.

#### Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

##### Net Services Revenue

Net services revenue increased by \$328.7 million, or 42%, from \$777.6 million for the six months ended June 30, 2022, to \$1.1 billion for the six months ended June 30, 2023. The increase was driven by a \$251.1 million incremental contribution from Cloudmed and net operating fees from new end-to-end customers.

##### Cost of Services

Cost of services primarily consists of wages and benefits of personnel that perform services for our customers and any related supplies, equipment, or facility costs utilized by these employees, which includes our global shared service centers in India and the Philippines. It also includes cost of services provided to our customers by vendors directly contracted by R1 or assigned to R1 at contract inception. Cost of services increased by \$274.0 million, or 45%, from \$606.6 million for the six months ended June 30, 2022, to \$880.6 million for the six months ended June 30, 2023. The increase in cost of services was primarily driven by the Cloudmed acquisition, particularly due to expenses related to personnel and vendors required to maintain legacy Cloudmed operations, as well as the cost related to onboarding new end-to-end customers.

##### Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by \$49.8 million, or 83%, from \$59.8 million for the six months ended June 30, 2022, to \$109.6 million for the six months ended June 30, 2023. The increase was driven by the Cloudmed acquisition, specifically compensation costs and software licensing and maintenance costs, and an \$11.6 million increase in allowance for credit losses to fully reserve the outstanding accounts receivable exposure of a large physician customer that recently announced plans to cease operations.

##### Other Expenses

Other expenses decreased by \$47.5 million, or 45%, from \$106.0 million for the six months ended June 30, 2022, to \$58.5 million for the six months ended June 30, 2023. See Note 8, Other Expenses, to the consolidated financial statements included in this Quarterly Report on Form 10-Q for the details of the costs included in this total for the comparative periods.

##### Income Taxes

Income tax benefit decreased provision increased by \$9.2 million from \$15.4 million an income tax benefit of \$7.6 million for the six nine months ended June 30, 2022 September 30, 2022, to \$6.2 million an income tax provision of \$1.6 million for the six nine months ended June 30, 2023 September 30, 2023, primarily due to lower higher pre-tax loss income and lower discrete benefit for stock windfall. Our effective tax rate (including discrete items) was approximately 111% 46% and 241% 22% for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively. The effective tax rate for the six nine months ended June 30, 2023 September 30, 2023 was higher than federal statutory tax rate primarily due to state income taxes, non-deductible compensation, and taxes on foreign source income. The effective tax rate for the six nine months ended June 30, 2022 September 30, 2022 was higher than federal statutory tax rate due to state income taxes, non-deductible transaction costs, non-deductible compensation, and taxes on foreign source income. Our tax rate is also affected by discrete items that may occur in any given year, but are not necessarily consistent from year to year.

#### CRITICAL ACCOUNTING ESTIMATES

Management considers an accounting estimate to be critical if the accounting estimate requires management to make particularly difficult, subjective, or complex judgments about matters that are inherently uncertain. A summary of our critical accounting estimates is included in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations - Application of Critical Accounting Estimates" of our 2022 Form 10-K, 10-K and the related Amendment No. 1. There have been no material changes to the critical accounting estimates disclosed in our 2022 Form 10-K, 10-K or the related Amendment No. 1.

#### NEW ACCOUNTING PRONOUNCEMENTS

For additional information regarding new accounting guidance, see Note 1, Business Description and Basis of Presentation, to our consolidated financial statements included in this Quarterly Report on Form 10-Q, which provides a summary of our recently adopted accounting standards and disclosures.

## LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity include our cash flows from operations and borrowings under our second amended and restated senior credit agreement (the "Second A&R Credit Agreement"). As of **June 30, 2023** **September 30, 2023** and December 31, 2022, we had total available liquidity of **\$631.9** **703.7** million and \$609.2 million, respectively, reflecting our cash and cash equivalents as well as remaining availability under our senior secured revolving credit facility (the "Senior Revolver").

Our liquidity is influenced by many factors, including timing of revenue and corresponding cash collections, the amount and timing of investments in strategic initiatives, transaction costs related to business acquisitions, our investments in property, equipment and software, and the use of cash to pay tax withholding obligations upon surrender of shares upon vesting of equity awards. We continue to invest capital in order to achieve our strategic initiatives and successfully integrate acquired companies. As part of our strategic initiatives, we plan to continue to invest in technology to increase the scalability and resiliency of our systems and drive additional value for our customers. We also expect to continue to invest in our global business services infrastructure and capabilities, including further expansion in the Philippines and India, and selectively pursue acquisitions and/or strategic relationships that will enable us to broaden or further enhance our offerings. New business development remains a priority as we plan to continue to boost our sales and marketing efforts. Additionally, we expect to incur costs associated with implementation and transition costs to onboard new customers. Failure of our customers to pay for obligations or the restructuring of such obligations can also impact our liquidity. In the **Second quarter of 2023**, **nine months ended September 30, 2023**, we increased our credit loss allowance by \$11.6 million to fully reserve the outstanding accounts receivable exposure of a large physician customer that **announced plans to cease operations**, **ceased operations and filed for bankruptcy protection**. Our consolidated credit loss reserve is **\$31.6 million** **\$38.2 million** related to our customer accounts receivable balance.

We expect cash and cash equivalents, cash flows from operations, and our availability under the Senior Revolver to continue to be sufficient to fund our operating activities and cash commitments for investing and financing activities, including debt maturities and material capital expenditures, for at least the next 12 months and beyond. Similar to previous material acquisitions, future potential acquisitions may be funded through the incurrence of additional debt if our current credit facilities do not have the required capacity.

Our material cash requirements include the following contractual and other obligations:

### Debt

Our indebtedness significantly increased as a result of the Cloudmed acquisition. As of **June 30, 2023** **September 30, 2023**, we had outstanding debt of **\$1.8** **\$1.7** billion with contractual payments extending through 2029, with **\$62.6** **\$67.0** million payable within 12 months. Future interest payments associated with our debt total **\$515.1** **\$489.5** million, with **\$124.6** **\$124.1** million payable within the next 12 months, based on the floating rates as of **June 30, 2023** **September 30, 2023**.

### Leases

Our significant leasing activity encompasses leases for real estate, including corporate offices, operational facilities, and global business services centers. As of **June 30, 2023** **September 30, 2023**, we had fixed future lease payments of **\$133.1** **\$125.8** million, with **\$25.7** **\$25.2** million payable within 12 months.

### Software Purchase and Services Obligations

Our primary purchase obligations relate to contracts entered into with vendors that supply various software services and products. As of **June 30, 2023** **September 30, 2023**, we had purchase obligations related to software and service contracts of **\$271.7** **\$232.7** million, with **\$80.5** **\$54.5** million payable within 12 months, most of which will be future operating expense.

### Cash Flow Activity

As of **June 30, 2023** **September 30, 2023** and December 31, 2022, we had cash and cash equivalents of **\$123.1** **\$164.9** million and **\$110.1** **\$110.1** million, respectively. Cash flows from operating, investing, and financing activities, as reflected in our Consolidated Statements of Cash Flows, are summarized in the following table:

		Six Months Ended June 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		(In millions)			
Net cash provided by (used in) operating activities	Net cash provided by (used in) operating activities	\$ 112.1	\$ (65.5)	\$ 221.3	\$ (39.5)
Net cash used in investing activities	Net cash used in investing activities	\$ (47.2)	\$ (890.0)	\$ (75.6)	\$ (921.9)

Net cash (used in) provided by financing activities	Net cash (used in) provided by financing activities	Net cash (used in) provided by financing activities
\$ (52.1)	\$ 991.5	\$ (90.5)

#### Cash Flows from Operating Activities

Cash provided by operating activities increased by **\$177.6 million** **\$260.8 million** from cash used of **\$65.5 million** **\$39.5 million** for the **six nine** months ended **June 30, 2022** **September 30, 2022**, to cash provided of **\$112.1 million** **\$221.3 million** for the **six nine** months ended **June 30, 2023** **September 30, 2023**. Cash provided by operating activities primarily increased due to improved operating results (exclusive of non-cash depreciation and amortization). In addition, the 2022 operating cash flows reflected payments for liabilities related to the Cloudmed acquisition that did not occur in 2023.

#### Cash Used in Investing Activities

Cash used in investing activities primarily includes our investments in property, equipment and software and our inorganic growth initiatives. Outflows for significant acquisitions have typically been offset by cash inflows from financing activities related to obtaining new debt.

Cash used in investing activities decreased by **\$842.8 million** **\$846.3 million** from **\$890.0 million** **\$921.9 million** for the **six nine** months ended **June 30, 2022** **September 30, 2022**, to **\$47.2 million** **\$75.6 million** for the **six nine** months ended **June 30, 2023** **September 30, 2023**. Cash used in investing activities for the **six nine** months ended **June 30, 2022** **September 30, 2022** included the purchase of Cloudmed, which utilized cash of approximately \$847.7 million. This amount was partially offset by a **\$6.0** **\$6.5 million** increase in property, equipment and software spend related to our strategic initiatives and capitalization of software for the **six nine** months ended **June 30, 2023** **September 30, 2023** compared to the **six nine** months ended **June 30, 2022** **September 30, 2022**.

#### Cash Flows from Financing Activities

Cash flows from financing activities primarily relate to borrowings and repayments of debt. In conjunction with acquisitions, we typically borrow additional debt to fund the consideration, either by increasing our existing facilities or refinancing with new facilities. We utilize our Senior Revolver to ensure we have sufficient cash on hand to support the needs of the business at any given point in time. Cash flows from financing activities also include cash received from exercises of stock options and the use of cash to pay tax withholding obligations on shares surrendered upon vesting of equity awards, as well as other financing activities.

Cash used in financing activities increased by **\$1.0 billion** **\$1.1 billion** from cash provided of **\$991.5 million** **\$965.5 million** for the **six nine** months ended **June 30, 2022** **September 30, 2022**, to cash used of **\$52.1 million** **\$90.5 million** for the **six nine** months ended **June 30, 2023** **September 30, 2023**. For the **six nine** months ended **June 30, 2022** **September 30, 2022**, cash was provided by the issuance of senior secured debt of \$1.0 billion under the Second A&R Credit Agreement, which we entered into in conjunction with our acquisition of Cloudmed. The change also included a **\$36.0** **\$64.0 million** increase in debt and revolver repayments in 2023 compared to 2022, which was partially offset by a \$7.0 million decrease in cash required to pay tax withholding obligations for surrendered shares upon vesting of equity awards in 2023 compared to 2022.

#### Debt and Financing Arrangements

On June 21, 2022, we entered into a Second A&R Credit Agreement with Bank of America, N.A., as administrative agent, and the lenders named therein, governing the Company's second amended and restated senior secured credit facilities (the "Senior Secured Credit Facilities"), consisting of the \$691.3 million existing senior secured term loan A facility (the "Existing Term A Loan"), a \$540.0 million senior secured incremental term loan A facility (the "Incremental Term A Loan," and together with the Existing Term A Loan, the "Term A Loans"), a \$500.0 million senior secured term loan B facility (the "Term B Loan," and together with the Term A Loans, the "Senior Term Loans"), and the \$600.0 million Senior Revolver. The Existing Term A Loan requires quarterly payments. Commencing December 31, 2022, we are also required to repay the Incremental Term A Loan and Term B Loan in quarterly principal installments. The Senior Secured Credit Facilities bear interest at a floating rate, which was **7.35%** **7.57%** for the Term A Loans and Senior Revolver and **8.10%** **8.32%** for the Term B Loan as of **June 30, 2023** **September 30, 2023**. See Note 6, Derivative Financial Instruments, to our consolidated financial statements included in this Quarterly Report on Form 10-Q for discussion on our interest rate hedging transactions.

As of **June 30, 2023** **September 30, 2023**, we had drawn **\$90.0** **\$60.0 million** and had **\$508.8** **\$538.8 million** of remaining availability on our Senior Revolver.

The proceeds from the new Senior Secured Credit Facilities, in addition to cash on hand, were or will be used to (i) refinance, in full, all existing indebtedness under the Amended and Restated Credit Agreement, dated as of July 1, 2021, by and among R1 RCM Holdco Inc. (f/k/a R1 RCM Inc.), now a wholly owned subsidiary of the Company, and certain of its subsidiaries, Bank of America, N.A., as administrative agent, and the lenders named therein, and amend and restate all commitments thereunder (the "Refinancing"), (ii) pay certain fees and expenses incurred in connection with the entry into the Second A&R Credit Agreement and the Refinancing, (iii) fund the acquisition of Cloudmed and a holding company reorganization, and to pay the fees, premiums, expenses and other transaction costs incurred in connection therewith, and (iv) finance our working capital needs for general corporate purposes.

The Second A&R Credit Agreement contains a number of financial and non-financial covenants. We are required to maintain minimum consolidated total net leverage and consolidated interest coverage ratios. The Company was in compliance with all of the covenants in the Second A&R Credit Agreement as of **June 30, 2023** **September 30, 2023**. As a result of the delayed filing of this Quarterly Report on Form 10-Q, on November 17, 2023, the Company received a waiver and extension from the lenders under the Second A&R Credit Agreement with respect to the delivery of financial information and related certifications.

See Note 5, Debt, to our consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information.

**Item 3. Qualitative and Quantitative Disclosures about Market Risk**

**Interest Rate Sensitivity.** Our results of operations and cash flows are subject to fluctuations due to changes in interest rates due to our debt and banking arrangements, which can result in fluctuations in our interest income and expense. As of **June 30, 2023** **September 30, 2023**, we have hedged \$500.0 million of our **\$1.8 billion** **\$1.7 billion** outstanding floating rate debt to a fixed rate of 3.01% plus the applicable spread defined in the Second A&R Credit Agreement. The remaining **\$1.3 billion** **\$1.2 billion** outstanding is subject to average variable rates of **7.35%** **7.57%** for the Term A Loans and Senior Revolver and **8.10%** **8.32%** for the Term B Loan as of **June 30, 2023** **September 30, 2023**. Assuming the current level of borrowings, a one percentage point increase or decrease in interest rates would have increased or decreased our annual interest expense on the **\$1.3 billion** **\$1.2 billion** subject to variable rates by approximately **\$12.8 million** **\$12.3 million** as of **June 30, 2023** **September 30, 2023**.

Our interest income is primarily generated from variable rate interest earned on operating cash accounts.

**Foreign Currency Exchange Risk.** Our results of operations and cash flows are subject to fluctuations due to changes in the Indian rupee and Philippine peso because a portion of our operating expenses are incurred by our subsidiaries in India and the Philippines and are denominated in Indian rupees and Philippine pesos, respectively. We do not generate significant revenues outside of the United States. For each of the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, **9%** and **8%** of our expenses were denominated in foreign currencies. As of **June 30, 2023** **September 30, 2023** and 2022, we had net assets of **\$95.8** **\$101.3** million and **\$75.5** **\$77.6** million in foreign entities, respectively. Before the impact of our foreign currency hedging activities discussed below, the reduction in earnings from a 10% change in foreign currency spot rates would be **\$10.6** **\$16.2** million and **\$7.5 million** **\$11.9 million** at **June 30, 2023** **September 30, 2023** and 2022, respectively.

We have hedge positions that are designated cash flow hedges of certain intercompany charges which have maturities not extending beyond **December 31, 2023** **December 31, 2024** and are intended to partially offset the impact of foreign currency movements on future costs relating to our global business service centers. For additional information, see Note 6, Derivative Financial Instruments to our consolidated financial statements included in this Quarterly Report on Form 10-Q. These instruments are subject to fluctuations in foreign currency exchange rates and credit risk. Credit risk is managed through careful selection and ongoing evaluation of the financial institutions utilized as counterparties.

For designated cash flow hedges, gains and losses currently recorded in accumulated other comprehensive **income** **loss** will be reclassified into earnings at the time when certain anticipated intercompany charges are accrued as cost of services. As of **June 30, 2023** **September 30, 2023**, it was anticipated that approximately **\$0.8 million** **\$0.1 million** of **gains**, **losses**, net of tax, currently recorded in accumulated other comprehensive **income** **loss** will be reclassified into cost of services within the next **six** **twelve** months.

We use sensitivity analysis to determine the effects that market foreign currency exchange rate fluctuations may have on the fair value of our hedge portfolio. The sensitivity of the hedge portfolio is computed based on the market value of future cash flows as affected by changes in exchange rates. This sensitivity analysis represents the hypothetical changes in value of the hedge position and does not reflect the offsetting gain or loss on the underlying exposure. A 10% change in the levels of foreign currency exchange rates against the U.S. dollar (or other base currency of the hedge if not a U.S. dollar hedge) with all other variables held constant would have resulted in a change in the fair value of our hedge instruments of approximately **\$5.7 million** **\$15.2 million** as of **June 30, 2023** **September 30, 2023**.

**Item 4. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the **Securities** Exchange **Act of 1934**, as amended (the "Exchange Act") **Act**) are designed to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including **its** **our** principal executive officer and principal financial officer, to allow timely decisions regarding required disclosures.

In connection with the preparation of this report, our management, under the supervision and with the participation of **the** **our** Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of **June 30, 2023** **September 30, 2023**. Our Chief Executive Officer and Chief Financial Officer concluded that, as of **June 30, 2023** **September 30, 2023**, our disclosure controls and procedures were **effective**, **not effective** due to the **material weakness** in our internal control over financial reporting described in Amendment No. 1 on Form 10-K/A for the year ended December 31, 2022.

**Remediation of Material Weakness in Internal Control Over Financial Reporting**

Management is actively engaged in the implementation of remediation measures to address the internal control deficiencies that resulted in the material weakness in internal control over financial reporting as of September 30, 2023. The Company's remediation actions are being overseen by the Audit Committee of the Board of Directors, and include, but are not limited to, the following:

- Adding appropriately qualified internal and external advisory resources to review and assess material future contemplated business combinations and related transactions to identify arrangements that should be considered for recording outside of the business combination transaction purchase accounting, including all acquiree-related or similar compensation arrangements;
- Enhancing review of acquisition-related documents, including but not limited to draft acquisition agreements, underlying compensation arrangements and funds flow documentation, with both internal and external legal and human resources specialists; and
- Updating the description and detailed attributes of key internal controls over business combinations and related transactions, including review and approval by our Chief Financial Officer, Corporate Controller, and Chief Accounting Officer.

We will continue to modify our remediation plan and may implement additional measures as we complete the redesign and operation of our internal controls in this area. We believe that, once implemented, these additional internal control activities will strengthen our internal control over financial reporting and remediate the material weakness; however,

remediation will not be confirmed until management has completed the requisite remediation activities and tested the design and operation of such controls, which is expected to be complete prior to the Company's filing of the Annual Report on Form 10-K for the year ending December 31, 2023.

#### Changes in Internal Control Over Financial Reporting

There Other than as described above, there have been no changes in our internal control over financial reporting during the second quarter of 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### PART II — OTHER INFORMATION

##### Item 1. *Legal Proceedings*

Other than the litigation described in Note 11, Commitments and Contingencies, to our consolidated financial statements included in this Quarterly Report on Form 10-Q, we are presently not a party to any material litigation or regulatory proceeding and are not aware of any pending or threatened litigation or regulatory proceeding against us which, individually or in the aggregate, could have a material adverse effect on our business, operating results, financial condition or cash flows.

##### Item 1A. *Risk Factors*

There have been no material changes in our risk factors from those disclosed in our 2022 Amendment No. 1 on Form 10-K, 10-K/A, which amends the Company's Annual Report on Form 10-K for the year ended December 31, 2022. The risk factors disclosed in Part I, Item 1A of our 2022 Amendment No. 1 on Form 10-K, 10-K/A, in addition to the other information set forth in this Quarterly Report on Form 10-Q, could materially affect our business, financial condition or future results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition, and/or operating results.

##### Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

###### Unregistered Sales of Equity Securities

None.

###### Issuer Purchases of Equity Securities

The following table provides information about our repurchases of common stock during the periods indicated:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Dollar Value of Shares that May Yet be Purchased Under Publicly Announced Plans or Programs (in millions) (1)
April July 1, 2023 through April 30, 2023 July 31, 2023	—	\$ —	—	\$ 453.2
May August 1, 2023 through May 31, 2023 August 31, 2023	—	—	—	453.2
June September 1, 2023 through June 30, 2023 September 30, 2023	—	—	—	453.2

(1) On October 22, 2021, the Board adopted a repurchase program and authorized the repurchase of up to \$200.0 million of our common stock from time to time in the open market or in privately negotiated transactions (the "2021 Repurchase Program"). On January 9, 2022, the Board increased the authorization under the 2021 Repurchase Program to an aggregate amount of up to \$500.0 million. The average price paid per share of common stock repurchased under the 2021 Repurchase Program is the execution price, including commissions paid to brokers. The timing and amount of any shares repurchased under the 2021 Repurchase Program will be determined by our management based on its evaluation of market conditions and other factors. The 2021 Repurchase Program may be suspended or discontinued at any time.

##### Item 5. *Other Information*

###### Insider Trading Arrangements

During the quarter ended June 30, 2023 September 30, 2023, none of our directors or officers (as defined in Section 16 of the Exchange Act), adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (each as defined in Item 408 of Regulation S-K).

##### Item 6. *Exhibits*

The following are filed or incorporated by reference as a part of this Quarterly Report on Form 10-Q:

(a)

<u>Exhibit Number</u>	<u>Exhibit Description</u>
<u>3.1</u>	<u>Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K (File No. 001-41428) filed on June 21, 2022)</u>
<u>3.2</u>	<u>Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.3 to the Current Report on Form 8-K (File No. 001-41428) filed on June 21, 2022)</u>
<u>31.1</u>	<u>Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>31.2</u>	<u>Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>32.1*</u>	<u>Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
<u>32.2*</u>	<u>Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\* Furnished herewith.

#### SIGNATURES

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

R1 RCM INC.

By: /s/ Lee Rivas

Lee Rivas

Chief Executive Officer

By: /s/ Jennifer Williams

Jennifer Williams

Chief Financial Officer and Treasurer

Date: August 2, 2023 December 4, 2023

**3845**

**Exhibit 31.1**

**Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a), as adopted  
pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Lee Rivas, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of R1 RCM Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(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 2, 2023** December 4, 2023

/s/ Lee Rivas

Lee Rivas  
Chief Executive Officer  
(Principal Executive Officer)

**Exhibit 31.2**

**Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a), as adopted  
pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jennifer Williams, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of R1 RCM Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(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 2, 2023 December 4, 2023

/s/ Jennifer Williams  
 Jennifer Williams  
 Chief Financial Officer and Treasurer  
 (Principal Financial Officer)

**Exhibit 32.1**

**Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted  
 pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of R1 RCM Inc. (the "Company") for the period ended June 30, 2023 September 30, 2023 as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), the undersigned, Lee Rivas, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

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

Date: August 2, 2023 December 4, 2023

/s/ Lee Rivas  
 Lee Rivas  
 Chief Executive Officer  
 (Principal Executive Officer)

**Exhibit 32.2**

**Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted  
 pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of R1 RCM Inc. (the "Company") for the period ended June 30, 2023 September 30, 2023 as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), the undersigned, Jennifer Williams, Chief Financial Officer and Treasurer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

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

Date: August 2, 2023 December 4, 2023

/s/ Jennifer Williams

Jennifer Williams  
Chief Financial Officer and Treasurer  
(Principal Financial Officer)

#### DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2023, Refinitiv. All rights reserved. Patents Pending.