false2021Q20001793229--12-31638,276,295mpln:AccountingStandardsUpdate202006Member00017932292021-01-012021-09-300001793229us-gaap:CommonClassAMember2021-01-012021-09-300001793229us-gaap:WarrantMember2021-01-012021-09-30xbrli:shares00017932292021-11-01iso4217:USD00017932292021-09-3000017932292020-12-31iso4217:USDxbrli:shares00017932292021-07-012021-09-3000017932292020-07-012020-09-3000017932292020-01-012020-09-300001793229us-gaap:RetainedEarningsMember2021-07-012021-09-300001793229us-gaap:RetainedEarningsMember2020-07-012020-09-300001793229us-gaap:CommonStockMember2021-06-300001793229us-gaap:AdditionalPaidInCapitalMember2021-06-300001793229us-gaap:RetainedEarningsMember2021-06-300001793229us-gaap:TreasuryStockMember2021-06-3000017932292021-06-300001793229us-gaap:CommonStockMember2021-07-012021-09-300001793229us-gaap:AdditionalPaidInCapitalMember2021-07-012021-09-300001793229us-gaap:TreasuryStockMember2021-07-012021-09-300001793229us-gaap:CommonStockMember2021-09-300001793229us-gaap:AdditionalPaidInCapitalMember2021-09-300001793229us-gaap:RetainedEarningsMember2021-09-300001793229us-gaap:TreasuryStockMember2021-09-300001793229us-gaap:CommonStockMember2020-06-300001793229us-gaap:AdditionalPaidInCapitalMember2020-06-300001793229us-gaap:RetainedEarningsMember2020-06-3000017932292020-06-300001793229us-gaap:AdditionalPaidInCapitalMember2020-07-012020-09-300001793229us-gaap:CommonStockMember2020-09-300001793229us-gaap:AdditionalPaidInCapitalMember2020-09-300001793229us-gaap:RetainedEarningsMember2020-09-3000017932292020-09-300001793229us-gaap:CommonStockMember2020-12-310001793229us-gaap:AdditionalPaidInCapitalMember2020-12-310001793229us-gaap:RetainedEarningsMember2020-12-310001793229us-gaap:TreasuryStockMember2020-12-310001793229us-gaap:AdditionalPaidInCapitalMembersrt:CumulativeEffectPeriodOfAdoptionAdjustmentMember2020-12-310001793229us-gaap:RetainedEarningsMembersrt:CumulativeEffectPeriodOfAdoptionAdjustmentMember2020-12-310001793229srt:CumulativeEffectPeriodOfAdoptionAdjustmentMember2020-12-310001793229us-gaap:CommonStockMember2021-01-012021-09-300001793229us-gaap:AdditionalPaidInCapitalMember2021-01-012021-09-300001793229us-gaap:TreasuryStockMember2021-01-012021-09-300001793229us-gaap:RetainedEarningsMember2021-01-012021-09-300001793229us-gaap:CommonStockMember2019-12-310001793229us-gaap:AdditionalPaidInCapitalMember2019-12-310001793229us-gaap:RetainedEarningsMember2019-12-3100017932292019-12-310001793229us-gaap:AdditionalPaidInCapitalMember2020-01-012020-09-300001793229us-gaap:RetainedEarningsMember2020-01-012020-09-30xbrli:pure0001793229us-gaap:SeniorNotesMembermpln:A5500SeniorSecuredNotesMember2021-09-3000017932292021-01-012021-03-310001793229mpln:NetworkServicesMember2021-07-012021-09-300001793229mpln:NetworkServicesMember2020-07-012020-09-300001793229mpln:NetworkServicesMember2021-01-012021-09-300001793229mpln:NetworkServicesMember2020-01-012020-09-300001793229mpln:PercentageOfSavingsMembermpln:NetworkServicesMember2021-07-012021-09-300001793229mpln:PercentageOfSavingsMembermpln:NetworkServicesMember2020-07-012020-09-300001793229mpln:PercentageOfSavingsMembermpln:NetworkServicesMember2021-01-012021-09-300001793229mpln:PercentageOfSavingsMembermpln:NetworkServicesMember2020-01-012020-09-300001793229mpln:NetworkServicesMembermpln:PerEmployeePerMonthMember2021-07-012021-09-300001793229mpln:NetworkServicesMembermpln:PerEmployeePerMonthMember2020-07-012020-09-300001793229mpln:NetworkServicesMembermpln:PerEmployeePerMonthMember2021-01-012021-09-300001793229mpln:NetworkServicesMembermpln:PerEmployeePerMonthMember2020-01-012020-09-300001793229mpln:NetworkServicesMembermpln:ContractTypeOtherMember2021-07-012021-09-300001793229mpln:NetworkServicesMembermpln:ContractTypeOtherMember2020-07-012020-09-300001793229mpln:NetworkServicesMembermpln:ContractTypeOtherMember2021-01-012021-09-300001793229mpln:NetworkServicesMembermpln:ContractTypeOtherMember2020-01-012020-09-300001793229mpln:AnalyticBasedServicesMember2021-07-012021-09-300001793229mpln:AnalyticBasedServicesMember2020-07-012020-09-300001793229mpln:AnalyticBasedServicesMember2021-01-012021-09-300001793229mpln:AnalyticBasedServicesMember2020-01-012020-09-300001793229mpln:PercentageOfSavingsMembermpln:AnalyticBasedServicesMember2021-07-012021-09-300001793229mpln:PercentageOfSavingsMembermpln:AnalyticBasedServicesMember2020-07-012020-09-300001793229mpln:PercentageOfSavingsMembermpln:AnalyticBasedServicesMember2021-01-012021-09-300001793229mpln:PercentageOfSavingsMembermpln:AnalyticBasedServicesMember2020-01-012020-09-300001793229mpln:AnalyticBasedServicesMembermpln:PerEmployeePerMonthMember2021-07-012021-09-300001793229mpln:AnalyticBasedServicesMembermpln:PerEmployeePerMonthMember2020-07-012020-09-300001793229mpln:AnalyticBasedServicesMembermpln:PerEmployeePerMonthMember2021-01-012021-09-300001793229mpln:AnalyticBasedServicesMembermpln:PerEmployeePerMonthMember2020-01-012020-09-300001793229mpln:PaymentAndRevenueIntegrityServicesMember2021-07-012021-09-300001793229mp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StockCompensationPlanMember2021-01-012021-09-30

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

**(MARK ONE)**

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

**For the quarter ended September 30, 2021**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| o | | | **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: 001-39228**

**MULTIPLAN CORPORATION**

(Exact Name of Registrant as Specified in Its Charter)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
| **Delaware** | | |  | | | **84-3536151** | | |
| (State or other jurisdiction of incorporation or organization) | | |  | | | (I.R.S. Employer Identification No.) | | |

**115 Fifth Avenue**

**New York, NY 10003**

(Address of principal executive offices)

**(212) 780-2000**

(Issuer’s telephone number)

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Title of each class** | | |  | | | **Trading Symbol** | | |  | | | **Name of each exchange on which registered** | | |
| Shares of Class A common stock, $0.0001 par value per share | | |  | | | MPLN | | |  | | | New York Stock Exchange | | |
|  | | |  | | |  | | |  | | |  | | |
| Warrants | | |  | | | MPLN.WS | | |  | | | New York Stock Exchange | | |

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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   x  No   o

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   x  No   o

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 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 | | | o | | |  | | | Accelerated filer | | | o | | |
| Non-accelerated filer | | | x | | |  | | | Smaller reporting company | | | o | | |
|  | | |  | | |  | | | Emerging growth company | | | o | | |

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.  o

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 November 1, 2021, 638,276,295 shares of Class A common stock, par value $0.0001 per share, were issued and outstanding.

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GLOSSARY

Unless otherwise stated in this Quarterly Report on Form 10-Q (this “Quarterly Report”) or the context otherwise requires, references to:

“2020 Annual Report” are to our Annual Report on Form 10-K for the fiscal year ended December 31, 2020;

"2020 Omnibus Incentive Plan" are to our 2020 Omnibus Incentive Plan, as it may be amended and/or restated from time to time;

"5.50% Senior Secured Notes" are to the $1,050,000,000 in aggregate principal amount of 5.50% Senior Secured Notes due 2028 issued by MPH;

"5.750% Notes" are to the $1,300,000,000 in aggregate principal amount of 5.750% Senior Notes due 2028 issued by MPH;

"7.125% Notes" are to the 7.125% Senior Notes due 2024 issued by MPH. All of the outstanding 7.125% Notes were redeemed on October 29, 2020;

"Adjusted EPS" are to adjusted earnings per share;

"ASU" are to Accounting Standard Update;

"Board" are to the board of directors of the Company;

"CARES Act" are to The Coronavirus Aid, Relief, and Economic Security Act;

"Cash Interest" are to interest paid in cash on the Senior Convertible PIK Notes;

"Churchill" are to Churchill Capital Corp III, a Delaware corporation, which changed its name to MultiPlan Corporation following the consummation of the Transactions;

"Churchill IPO" are to the initial public offering by Churchill which closed on February 19, 2020;

"Churchill's Class A common stock" are, prior to consummation of the Transactions, to Churchill's Class A common stock, par value $0.0001 per share and, following consummation of the Transactions, to our Class A common stock, par value $0.0001 per share;

"Class A common stock" are to MultiPlan's Class A common stock, par value $0.0001 per share;

"Closing" are to the consummation of the Mergers;

"Closing Date" are to October 8, 2020, the date on which the Transactions were consummated;

"Common PIPE Investment" are to the private placement pursuant to which Churchill entered into subscription agreements with certain investors whereby such investors subscribed for (a) 130,000,000 shares of Churchill's Class A common stock at a purchase price of $10.00 per share for an aggregate commitment of $1,300,000,000 and (b) warrants to purchase 6,500,000 shares of Churchill's Class A Common Stock (for each share of Churchill's Class A common stock subscribed, the investor received 1/20th of a warrant to purchase one share of Churchill's Class A common stock, with each whole warrant having a strike price of $12.50 per share and a maturity date of October 8, 2025). The Common PIPE Investment was subject to an original issue discount (which was paid in additional shares of Churchill's Class A common stock) of 1% for subscriptions of $250,000,000 or less and 2.5% for subscriptions of more than $250,000,000, which resulted in an additional 2,050,000 shares of Churchill's Class A common stock being issued. The Common PIPE Investment was consummated on the Closing Date;

"common stock" are, prior to the consummation of the Transactions, to Churchill's Class A common stock and Churchill's Class B common stock and, following consummation of the Transactions, to the Class A common stock;

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"Company" are, prior to the consummation of the Transactions, to Churchill and, following consummation of the Transactions, to MultiPlan Corporation;

"Convertible PIPE Investment" are to the private placement pursuant to which the Company entered into subscription agreements with certain investors whereby such Convertible PIPE Investors agreed to buy $1,300,000,000 in aggregate principal amount of Senior Convertible PIK Notes. The Convertible PIPE Investment was consummated on the Closing Date;

"Convertible PIPE Investors" are to the investors participating in the Convertible PIPE Investment;

"COVID-19" are to the COVID-19 pandemic;

"DHP" are to Discovery Health Partners;

"Director RSUs" are to restricted stock units issued to the Company's Non-Employee Directors under the 2020 Omnibus Incentive Plan (other than those Non-Employee Directors who have elected to forego their right to director compensation);

"Employee RS" are to grants of restricted stock awarded to certain employees under the 2020 Omnibus Incentive Plan;

"Employee RSUs" are to grants of restricted stock units awarded to certain employees under the 2020 Omnibus Incentive Plan;

"Employee NQSOs" are to grants of non-qualified stock options awarded to certain employees under the 2020 Omnibus Incentive Plan;

"EPS" are to Earnings and Loss Per Share;

"Exchange Act" are to the Securities Exchange Act of 1934, as amended;

"FASB" are to the Financial Accounting Standards Board;

"First Merger Sub" are to Music Merger Sub I, Inc., a Delaware corporation and direct, wholly owned subsidiary of the Company;

"Fixed Value RSUs" are to restricted stock units granted based on a fixed monetary amount under the 2020 Omnibus Incentive Plan in accordance with the terms of the related side letter;

"founder shares" are to shares of Churchill's Class B common stock and Churchill's Class A common stock issued upon the automatic conversion thereof in connection with the Closing;

"GAAP" are to generally accepted accounting principles in United States of America;

"H&F" are to Hellman & Friedman Capital Partners VIII, L.P.;

"Holdings" are to Polaris Investment Holdings, L.P.;

"HST" are to HSTechnology Solutions, Inc.;

"Integration expenses" are costs associated with the integration of acquired companies into MultiPlan;

"KG" are to The Klein Group, LLC, an affiliate of Michael Klein and the Sponsor and an affiliate and wholly owned subsidiary of M. Klein and Company. KG (and not the Sponsor) was engaged by Churchill to act as Churchill's financial advisor in connection with the Transactions, and as a placement agent in connection with the PIPE Investment as more fully described herein;

"LIBOR" are to London Interbank Offered Rate;

"Liquidity Event" are to any transaction or series or related transactions involving (i) the sale of all or substantially all of the assets of Holdings on a consolidated basis to a person, or group of persons, other than (A) the H&F Investors and their affiliates or (B) a distribution of an entity resulting from a reorganization, conversion, redomiciliation, distribution, exchange or

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other transaction undertaken in preparation for an initial public offering to the unitholders of Holdings as part of an IPO Conversion (as defined in the unitholders agreement) or following an initial public offering, (ii) a merger, reorganization, consolidation or other similar corporate transaction in which the outstanding voting securities of Holdings are exchanged for securities of the successor entity and the holders of the voting securities of Holdings immediately prior to such transaction do not own a majority of the outstanding voting securities of the successor entity immediately upon completion of such transaction or (iii) the direct or indirect sale (whether by sale, merger or otherwise) of all or a majority of the voting securities of Holdings to a person, or group of persons, other than the H&F Investors and their affiliates;

"M. Klein and Company" are to M. Klein and Company, LLC, a Delaware limited liability company, and its affiliates;

"Merger Agreement" are to that certain Agreement and Plan of Merger, dated as of July 12, 2020, by and among Churchill, MultiPlan Parent, Holdings, First Merger Sub and Second Merger Sub, as the same has been or may be amended, modified, supplemented or waived from time to time;

"Mergers" are to, together, (a) the merger of First Merger Sub with and into MultiPlan Parent with MultiPlan Parent being the surviving company in the merger (the "First Merger") and (b) immediately following and as part of the same transaction as the First Merger, the merger of MultiPlan Parent with and into Second Merger Sub, with Second Merger Sub surviving the merger as a wholly owned subsidiary of Churchill (the "Second Merger");

"MPH" are to MPH Acquisition Holdings LLC;

"MultiPlan" are, prior to consummation of the Transactions, to MultiPlan Parent and its consolidated subsidiaries and, following consummation of the Transactions, to MultiPlan Corporation and its consolidated subsidiaries;

"MultiPlan Parent" are to Polaris Parent Corp., a Delaware corporation;

"Non-Employee Director" are to each member of our Board that is not an employee of the Company or any parent or subsidiary of the Company;

"Non-income taxes" includes personal property taxes, real estate taxes, sales and use taxes and franchise taxes which are included in cost of services and general and administrative expenses;

"Other expenses" represents miscellaneous expenses, gain or loss on disposal of assets, gain or loss on disposal of leases, tax penalties, and management fees;

"Payors" are our customers which include large national insurance companies, Blue Cross and Blue Shield plans, provider-sponsored and independent health plans, third party administrators, bill review companies, Taft-Hartley plans and other entities that pay medical bills related to the commercial healthcare, government, workers' compensation and auto medical markets

"PSAV" are to percentage of savings;

"PEPM" are to per-employee-per-month;

"PIK Interest" are to interest paid through an increase in the principal amount of the outstanding Senior Convertible PIK Notes or through the issuance of additional Senior Convertible PIK Notes;

"PIPE Investment" are to, collectively, the Common PIPE Investment and the Convertible PIPE Investment;

"PIPE Warrants" are to the warrants to purchase Churchill's Class A common stock issued in connection with the Common PIPE Investment, on terms identical to the terms of the Private Placement Warrants, other than the exercise period that started on November 7, 2020, the exercise price which is $12.50 per share and the redemption feature that exists for all holders of the PIPE warrants.

"Polaris" is Polaris Parent Corp., a Delaware corporation and direct, wholly owned subsidiary of Holdings and parent company to MultiPlan, Inc.;

"PPOs" are to Preferred Provider Organizations;

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"Private Placement Warrants" are to warrants issued to the Sponsor in a private placement simultaneously with the closing of the Churchill IPO and the Working Capital Warrants whose terms are identical to the Private Placement Warrants;

"Public Warrants" are to the Company's warrants sold as part of the units in the Churchill IPO (whether they were purchased in the Churchill IPO or thereafter in the open market);

"Refinancing" are to (a) the consummation of the 5.750% Notes offering by MPH and the increase of the revolving credit facility under the senior secured credit facilities from $100.0 million to $450.0 million and (b) the repayment of all outstanding 7.125% Notes and $369.0 million of indebtedness under MPH's term loan facility with the net proceeds of the 5.750% Notes offering, together with cash on hand, which occurred on October 29, 2020;

"Revolver B" are to the revolving credit facility in conjunction with Term Loan B and maturing on August 24, 2026;

"Revolver G" are to the revolving credit facility in conjunction with Term Loan G and replaced by Revolver B on August 24, 2021;

"revolving credit facility" are to MPH's $450.0 million senior secured revolving credit facility;

"SEC" are to the United States Securities and Exchange Commission;

"Second Merger Sub" are to Music Merger Sub II, LLC, a Delaware limited liability company and direct, wholly owned subsidiary of the Company;

"Senior Convertible PIK Notes" are the 6.00% / 7.00% Convertible Senior PIK Toggle Notes due 2027;

"Senior PIK Notes" are to the 8.500% / 9.250% Senior PIK Toggle Notes due 2022 issued by Polaris Intermediate Corp. on November 21, 2017. All of the outstanding Senior PIK Notes were redeemed on October 8, 2020;

"senior secured credit facilities" are to MPH's senior secured credit facilities which, before August 24, 2021, consist of (a) a $2,341.0 million term loan facility maturing on June 7, 2023 and (b) a $450.0 million revolving credit facility maturing on June 7, 2023, and as of and after August 24, 2021 consist of (a) a $1,325.0 million term loan facility maturing on September 1, 2028 and (b) a $450.0 million revolving credit facility maturing on August 24, 2026;

"Sponsor" are to Churchill Sponsor III, LLC, a Delaware limited liability company and an affiliate of M. Klein and Company in which certain of Churchill's directors and officers hold membership interests;

"Sponsor Note" are to the unsecured promissory note issued by the Company to the Sponsor in an aggregate principal amount of $1,500,000. The Sponsor converted the unpaid balance of the Sponsor Note into Working Capital Warrants in connection with the Closing;

"Subscription Agreements" are to, collectively, the (a) common stock subscription agreements entered into (i) by and between Churchill and the PIF and (ii) by and among Churchill, Holdings and MultiPlan Parent, on the one hand, and certain investment funds, on the other hand, in each case, dated as of July 12, 2020 and entered into in connection with the Common PIPE Investment and (b) subscription agreements, dated as of July 12, 2020, entered into in connection with the Convertible PIPE Investment;

"Term Loan B" are to a term loan payable borrowed on August 24, 2021 in the amount of $1,325.0 million with a group of lenders due and payable on September 1, 2028;

"Term Loan G" are to a term loan payable borrowed on June 7, 2016 in the amount of $3,500.0 million with a group of lenders and was repaid in full on August 24, 2021;

"Transactions" are to the Mergers, together with the other transactions contemplated by the Merger Agreement and the related agreements;

"Transaction-related expenses" represents transaction costs, including those related to the Transactions and the acquisitions of HST and DHP.

"Units" are to our stock-based compensation granted to employees in the form of Units and Holdings' Class B Units;

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"warrants" are to the Public Warrants, the Private Placement Warrants, the PIPE Warrants and the Working Capital Warrants;

"we," "our" or "us" are to MultiPlan and its consolidated subsidiaries; and

"Working Capital Warrants" are to the warrants to purchase Churchill's Class A common stock pursuant to the terms of the Sponsor Note, on terms identical to the terms of the Private Placement Warrants.

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**Part I. Financial Information**

**Item 1. Financial Statements**

**MULTIPLAN CORPORATION**

**Unaudited Condensed Consolidated Balance Sheets**

*(in thousands, except share and per share data)*

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **September 30, 2021** | | |  | | | **December 31, 2020** | | |
| **Assets** | | |  | | |  | | |  | | |
| Current assets: | | |  | | |  | | |  | | |
| Cash and cash equivalents | | | $ | 225,140 |  |  | | | $ | 126,755 |  |
| Trade accounts receivable, net | | | 66,559 | |  |  | | | 63,198 | |  |
| Prepaid expenses | | | 12,933 | |  |  | | | 17,708 | |  |
| Prepaid taxes | | | 38 | |  |  | | | — | |  |
| Other current assets, net | | | 1,512 | |  |  | | | 1,193 | |  |
| Total current assets | | | 306,182 | |  |  | | | 208,854 | |  |
| Property and equipment, net | | | 202,563 | |  |  | | | 187,631 | |  |
| Operating lease right-of-use assets | | | 26,829 | |  |  | | | 31,339 | |  |
| Goodwill | | | 4,364,705 | |  |  | | | 4,257,336 | |  |
| Other intangibles, net | | | 3,370,204 | |  |  | | | 3,584,187 | |  |
| Other assets | | | 8,310 | |  |  | | | 14,231 | |  |
| Total assets | | | $ | 8,278,793 |  |  | | | $ | 8,283,578 |  |
| **Liabilities and Shareholders’ Equity** | | |  | | |  | | |  | | |
| Current liabilities: | | |  | | |  | | |  | | |
| Accounts payable | | | $ | 10,497 |  |  | | | $ | 15,261 |  |
| Accrued interest | | | 80,282 | |  |  | | | 31,528 | |  |
| Accrued taxes | | | — | |  |  | | | 10,176 | |  |
| Operating lease obligation, short-term | | | 6,881 | |  |  | | | 6,439 | |  |
| Accrued compensation | | | 41,475 | |  |  | | | 21,843 | |  |
| Other accrued expenses | | | 28,027 | |  |  | | | 27,251 | |  |
| Total current liabilities | | | 167,162 | |  |  | | | 112,498 | |  |
| Long-term debt | | | 4,893,255 | |  |  | | | 4,578,488 | |  |
| Operating lease obligation, long-term | | | 22,894 | |  |  | | | 27,499 | |  |
| Private Placement Warrants and unvested founder shares | | | 71,145 | |  |  | | | 106,595 | |  |
| Deferred income taxes | | | 768,824 | |  |  | | | 900,633 | |  |
| Other liabilities | | | 177 | |  |  | | | — | |  |
| Total liabilities | | | 5,923,457 | |  |  | | | 5,725,713 | |  |
| Commitments and contingencies (Note 6) | | |  | | |  | | |  | | |
| Shareholders’ equity: | | |  | | |  | | |  | | |
| Shareholder interests | | |  | | |  | | |  | | |
| Preferred stock, $0.0001 par value — 10,000,000 shares authorized; no shares issued | | | — | | |  | | | — | | |
| Common stock, $0.0001 par value — 1,500,000,000 shares authorized; 665,311,105 and 664,183,318 issued; 645,847,578 and 655,075,355 shares outstanding | | | 67 | |  |  | | | 66 | |  |
| Additional paid-in capital | | | 2,308,344 | |  |  | | | 2,530,410 | |  |
| Retained earnings | | | 200,174 | |  |  | | | 116,999 | |  |
| Treasury stock — 19,463,527 and 9,107,963 shares | | | (153,249) | |  |  | | | (89,610) | |  |
| Total shareholders’ equity | | | 2,355,336 | |  |  | | | 2,557,865 | |  |
| Total liabilities and shareholders’ equity | | | $ | 8,278,793 |  |  | | | $ | 8,283,578 |  |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

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**MULTIPLAN CORPORATION**

**Unaudited Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**

*(in thousands, except share and per share data)*

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Three Months Ended September 30,** | | | | | | | | |  | | | **Nine Months Ended September 30,** | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2021** | | |  | | | **2020** | | |
| Revenues | | | $ | 288,212 |  |  | | | $ | 223,517 |  |  | | | $ | 819,348 |  |  | | | $ | 682,419 |  |
| Costs of services (exclusive of depreciation and amortization of intangible assets shown below) | | | 44,588 | |  |  | | | 147,866 | |  |  | | | 128,686 | |  |  | | | 244,445 | |  |
| General and administrative expenses | | | 38,221 | |  |  | | | 176,380 | |  |  | | | 110,144 | |  |  | | | 234,147 | |  |
| Depreciation | | | 15,783 | |  |  | | | 15,262 | |  |  | | | 48,956 | |  |  | | | 44,903 | |  |
| Amortization of intangible assets | | | 85,167 | |  |  | | | 83,513 | |  |  | | | 255,042 | |  |  | | | 250,540 | |  |
| Total expenses | | | 183,759 | |  |  | | | 423,021 | |  |  | | | 542,828 | |  |  | | | 774,035 | |  |
| Operating income (loss) | | | 104,453 | |  |  | | | (199,504) | |  |  | | | 276,520 | |  |  | | | (91,616) | |  |
| Interest expense | | | 67,512 | |  |  | | | 82,275 | |  |  | | | 195,233 | |  |  | | | 259,290 | |  |
| Interest income | | | (8) | |  |  | | | (81) | |  |  | | | (19) | |  |  | | | (229) | |  |
| Loss on extinguishment of debt | | | 15,823 | |  |  | | | — | |  |  | | | 15,823 | |  |  | | | — | |  |
| Loss (gain) on investments | | | — | |  |  | | | 7,784 | |  |  | | | (25) | |  |  | | | 7,784 | |  |
| Change in fair value of Private Placement Warrants and unvested founder shares | | | (76,636) | |  |  | | | — | |  |  | | | (35,451) | |  |  | | | — | |  |
| Net income (loss) before taxes | | | 97,762 | |  |  | | | (289,482) | |  |  | | | 100,959 | |  |  | | | (358,461) | |  |
| Provision (benefit) for income taxes | | | 19,565 | |  |  | | | (1,080) | |  |  | | | 23,817 | |  |  | | | (11,219) | |  |
| Net income (loss) | | | $ | 78,197 |  |  | | | $ | (288,402) |  |  | | | $ | 77,142 |  |  | | | $ | (347,242) |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Weighted average shares outstanding – Basic | | | *652,520,691* | |  |  | | | *415,700,000* | |  |  | | | *654,414,644* | |  |  | | | *415,700,000* | |  |
| Weighted average shares outstanding – Diluted | | | *652,882,405* | |  |  | | | *415,700,000* | |  |  | | | *654,816,495* | |  |  | | | *415,700,000* | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Net income (loss) per share – Basic | | | *$* | *0.12* |  |  | | | *$* | *(0.69)* |  |  | | | *$* | *0.12* |  |  | | | *$* | *(0.84)* |  |
| Net income (loss) per share – Diluted | | | *$* | *0.12* |  |  | | | *$* | *(0.69)* |  |  | | | *$* | *0.12* |  |  | | | *$* | *(0.84)* |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Comprehensive income (loss) | | | $ | 78,197 |  |  | | | $ | (288,402) |  |  | | | $ | 77,142 |  |  | | | $ | (347,242) |  |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

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**MULTIPLAN CORPORATION**

**Unaudited Condensed Consolidated Statements of Shareholders' Equity**

*(in thousands, except share data)*

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **Three Months Ended September 30, 2021** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | | **Common Stock Issued** | | | | | | | | |  | | | **Additional Paid-in Capital** | | |  | | | **Retained Earnings** | | |  | | | **Treasury stock** | | | | | | | | |  | | | **Total Shareholders’ Equity** | | |
|  | | |  | | | **Shares** | | |  | | | **Amount** | | |  | | |  | | |  | | | **Shares** | | |  | | | **Amount** | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| **Balance at beginning of period** | | |  | | | 665,033,300 | |  |  | | | $ | 66 |  |  | | | $ | 2,304,954 |  |  | | | $ | 121,977 |  |  | | | (9,421,140) | |  |  | | | $ | (91,933) |  |  | | | $ | 2,335,064 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| 2020 Omnibus Incentive Plan | | |  | | | 277,805 | |  |  | | | 1 | |  |  | | | 4,119 | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 4,120 | |  |
| Tax withholding related to vesting of equity awards | | |  | | | — | |  |  | | | — | |  |  | | | (729) | |  |  | | | — | |  |  | | | (32,556) | |  |  | | | (236) | |  |  | | | (965) | |  |
| Repurchase of common stock | | |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | (10,009,831) | |  |  | | | (61,080) | |  |  | | | $ | (61,080) |  |
| Net income | | |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 78,197 | |  |  | | | — | |  |  | | | — | |  |  | | | 78,197 | |  |
| **Balance at end of period** | | |  | | | 665,311,105 | |  |  | | | $ | 67 |  |  | | | $ | 2,308,344 |  |  | | | $ | 200,174 |  |  | | | (19,463,527) | |  |  | | | $ | (153,249) |  |  | | | $ | 2,355,336 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | | **Three Months Ended September 30, 2020** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | | **Common Stock Issued** | | | | | | | | |  | | | **Additional Paid-in Capital** | | |  | | | **Retained Earnings** | | |  | | | **Treasury stock** | | | | | | | | |  | | | **Total Shareholders’ Equity** | | |
|  | | |  | | | **Shares** | | |  | | | **Amount** | | |  | | |  | | |  | | | **Shares** | | |  | | | **Amount** | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| **Balance at beginning of period(1)** | | |  | | | 415,700,000 | |  |  | | | $ | 42 |  |  | | | $ | 1,384,886 |  |  | | | $ | 578,722 |  |  | | | — | |  |  | | | $ | — |  |  | | | $ | 1,963,650 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Class B Unit expense | | |  | | | — | |  |  | | | — | |  |  | | | 262,356 | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 262,356 | |  |
| Net loss | | |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | (288,402) | |  |  | | | — | |  |  | | | — | |  |  | | | (288,402) | |  |
| **Balance at end of period(1)** | | |  | | | 415,700,000 | |  |  | | | $ | 42 |  |  | | | $ | 1,647,242 |  |  | | | $ | 290,320 |  |  | | | — | |  |  | | | $ | — |  |  | | | $ | 1,937,604 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | | **Nine Months Ended September 30, 2021** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | | **Common Stock Issued** | | | | | | | | |  | | | **Additional Paid-in Capital** | | |  | | | **Retained Earnings** | | |  | | | **Treasury stock** | | | | | | | | |  | | | **Total Shareholders’ Equity** | | |
|  | | |  | | | **Shares** | | |  | | | **Amount** | | |  | | |  | | |  | | | **Shares** | | |  | | | **Amount** | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| **Balance at beginning of period** | | |  | | | 664,183,318 | |  |  | | | $ | 66 |  |  | | | $ | 2,530,410 |  |  | | | $ | 116,999 |  |  | | | (9,107,963) | |  |  | | | $ | (89,610) |  |  | | | $ | 2,557,865 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Effect of ASU 2020-06 | | |  | | | — | |  |  | | | — | |  |  | | | (233,874) | |  |  | | | 6,033 | |  |  | | | — | |  |  | | | — | |  |  | | | (227,841) | |  |
| 2020 Omnibus Incentive Plan | | |  | | | 1,127,787 | |  |  | | | 1 | |  |  | | | 12,561 | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 12,562 | |  |
| Tax withholding related to vesting of equity awards | | |  | | | — | |  |  | | | — | |  |  | | | (753) | |  |  | | | — | |  |  | | | (345,733) | |  |  | | | (2,559) | |  |  | | | (3,312) | |  |
| Repurchase of common stock | | |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | (10,009,831) | |  |  | | | (61,080) | |  |  | | | $ | (61,080) |  |
| Net income | | |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 77,142 | |  |  | | | — | |  |  | | | — | |  |  | | | 77,142 | |  |
| **Balance at end of period** | | |  | | | 665,311,105 | |  |  | | | $ | 67 |  |  | | | $ | 2,308,344 |  |  | | | $ | 200,174 |  |  | | | (19,463,527) | |  |  | | | $ | (153,249) |  |  | | | $ | 2,355,336 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | | **Nine Months Ended September 30, 2020** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | | **Common Stock Issued** | | | | | | | | |  | | | **Additional Paid-in Capital** | | |  | | | **Retained Earnings** | | |  | | | **Treasury stock** | | | | | | | | |  | | | **Total Shareholders’ Equity** | | |
|  | | |  | | | **Shares** | | |  | | | **Amount** | | |  | | |  | | |  | | | **Shares** | | |  | | | **Amount** | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| **Balance at beginning of period(1)** | | |  | | | 415,700,000 | |  |  | | | $ | 42 |  |  | | | $ | 1,347,614 |  |  | | | $ | 637,562 |  |  | | | — | |  |  | | | $ | — |  |  | | | $ | 1,985,218 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Class B Unit expense | | |  | | | — | |  |  | | | — | |  |  | | | 299,628 | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 299,628 | |  |
| Net loss | | |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | (347,242) | |  |  | | | — | |  |  | | | — | |  |  | | | (347,242) | |  |
| **Balance at end of period(1)** | | |  | | | 415,700,000 | |  |  | | | $ | 42 |  |  | | | $ | 1,647,242 |  |  | | | $ | 290,320 |  |  | | | — | |  |  | | | $ | — |  |  | | | $ | 1,937,604 |  |

(1) The shares of the Company's common stock, prior to the Transactions, have been retroactively restated as shares reflecting the exchange ratio established in the Transactions.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

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**MULTIPLAN CORPORATION**

**Unaudited Condensed Consolidated Statements of Cash Flows**

*(in thousands)*

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Nine Months Ended September 30,** | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |
| Operating activities: | | |  | | |  | | |  | | |
| Net income (loss) | | | $ | 77,142 |  |  | | | $ | (347,242) |  |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |  | | |  | | |  | | |
| Depreciation | | | 48,956 | |  |  | | | 44,903 | |  |
| Amortization of intangible assets | | | 255,042 | |  |  | | | 250,540 | |  |
| Amortization of the right-of-use asset | | | 5,306 | |  |  | | | 6,537 | |  |
| Stock-based compensation | | | 13,194 | |  |  | | | 299,628 | |  |
| Deferred income taxes | | | (66,930) | |  |  | | | (34,359) | |  |
| Non-cash interest costs | | | 9,500 | |  |  | | | 12,450 | |  |
| Loss on extinguishment of debt | | | 15,823 | |  |  | | | — | |  |
| Loss on equity investments | | | — | |  |  | | | 7,784 | |  |
| Loss on disposal of property and equipment | | | 2,366 | |  |  | | | 77 | |  |
| Change in fair value of Private Placement Warrants and unvested founder shares | | | (35,451) | |  |  | | | — | |  |
| Changes in assets and liabilities, net of assets acquired and liabilities assumed from acquisitions: | | |  | | |  | | |  | | |
| Accounts receivable, net | | | (480) | |  |  | | | 23,198 | |  |
| Prepaid expenses and other assets | | | 4,655 | |  |  | | | (34,280) | |  |
| Prepaid taxes | | | (38) | |  |  | | | 2,130 | |  |
| Operating lease obligation | | | (4,962) | |  |  | | | (6,082) | |  |
| Accounts payable and accrued expenses and other | | | 47,303 | |  |  | | | 107,017 | |  |
| Net cash provided by operating activities | | | 371,426 | |  |  | | | 332,301 | |  |
| Investing activities: | | |  | | |  | | |  | | |
| Purchases of property and equipment | | | (57,198) | |  |  | | | (49,322) | |  |
| Proceeds from sale of investment | | | 5,641 | |  |  | | | — | |  |
| Purchase of equity investments | | | — | |  |  | | | (101,006) | |  |
| HST Acquisition, net of cash acquired | | | 36 | |  |  | | | — | |  |
| DHP Acquisition, net of cash acquired | | | (149,676) | |  |  | | | — | |  |
| Net cash used in investing activities | | | (201,197) | |  |  | | | (150,328) | |  |
| Financing activities: | | |  | | |  | | |  | | |
| Repayments of Term Loan G | | | (2,341,000) | |  |  | | | — | |  |
|  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
| Issuance of Term Loan B | | | 1,298,951 | |  |  | | | — | |  |
| Issuance of 5.50% Senior Secured Notes | | | 1,034,597 | |  |  | | | — | |  |
| Taxes paid on settlement of vested share awards | | | (3,312) | |  |  | | | — | |  |
| Borrowings on revolving credit facility | | | — | |  |  | | | 98,000 | |  |
| Repayment of revolving credit facility | | | — | |  |  | | | (98,000) | |  |
|  | | |  | | |  | | |  | | |
| Purchase of treasury stock | | | (61,080) | |  |  | | | — | |  |
|  | | |  | | |  | | |  | | |
| Borrowings on finance leases, net | | | — | |  |  | | | 9 | |  |
| Net cash (used in) provided by financing activities | | | (71,844) | |  |  | | | 9 | |  |
| Net increase in cash and cash equivalents | | | 98,385 | |  |  | | | 181,982 | |  |
| Cash and cash equivalents at beginning of period | | | 126,755 | |  |  | | | 21,825 | |  |
| Cash and cash equivalents at end of period | | | $ | 225,140 |  |  | | | $ | 203,807 |  |
| **Noncash investing and financing activities:** | | |  | | |  | | |  | | |
| Purchases of property and equipment not yet paid | | | $ | 6,160 |  |  | | | $ | 4,237 |  |
| Operating lease right-of-use assets obtained in exchange for operating lease liabilities | | | $ | 795 |  |  | | | $ | 10,158 |  |
| **Supplemental disclosure of cash flow information:** | | |  | | |  | | |  | | |
| Cash paid during the period for: | | |  | | |  | | |  | | |
| Interest | | | $ | (136,951) |  |  | | | $ | (194,074) |  |
| Income taxes, net of refunds | | | $ | (101,635) |  |  | | | $ | (4,415) |  |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

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**MULTIPLAN CORPORATION**

**Notes to Unaudited Condensed Consolidated Financial Statements**

**1.General Information and Basis of Accounting**

**General Information**

MultiPlan Corporation, formerly known as Churchill Capital Corp III (formerly known as Butler Acquisition Corp), was incorporated in Delaware on October 30, 2019 and formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses.

On July 12, 2020, Churchill entered into the Merger Agreement by and among First Merger Sub, Second Merger Sub, Holdings, and MultiPlan Parent. On October 8, 2020, the Merger Agreement was consummated and the Transactions were completed. In connection with the Transactions, Churchill changed its name to MultiPlan Corporation and the New York Stock Exchange ticker symbols for its Class A common stock and warrants to "MPLN" and "MPLN.WS", respectively.

The Transactions were accounted for as a reverse recapitalization. Under this method of accounting, Churchill has been treated as the acquired company for financial reporting purposes. This determination was primarily based on our existing stockholders being the majority stockholders and holding majority voting power in the combined company, our senior management comprising the majority of the senior management of the combined company, and our ongoing operations comprising the ongoing operations of the combined company. Accordingly, for accounting purposes, the Transactions were treated as the equivalent of MultiPlan issuing shares for the net assets of Churchill, accompanied by a recapitalization. The net assets of Churchill were recognized at fair value (which were consistent with carrying value), with no goodwill or other intangible assets recorded. Operations prior to the Transactions in these financial statements are those of Polaris and the retained earnings of Polaris has been carried forward after the Transactions. Earnings per share calculations for all periods prior to the Transactions have been retrospectively adjusted for the equivalent number of shares reflecting the exchange ratio established in the Transactions.

Throughout the notes to the unaudited condensed consolidated financial statements, unless otherwise noted, "we," "us," "our", "MultiPlan", and the "Company" and similar terms refer to Polaris and its subsidiaries prior to the consummation of the Transactions, and MultiPlan and its subsidiaries after the Transactions.

**Basis of Presentation and Consolidation**

The accompanying unaudited condensed consolidated financial statements of MultiPlan Corporation have been prepared pursuant to the rules and regulations for reporting on Form 10-Q. Certain information and disclosures required by accounting principles generally accepted in the United States (GAAP) for complete consolidated financial statements have been condensed or omitted pursuant to the SEC’s rules and regulations, although management believes that the disclosures are adequate and make the information presented not misleading. The unaudited condensed consolidated financial statements and notes herein should be read in conjunction with the audited consolidated financial statements of MultiPlan Corporation and the notes thereto, included in the Company’s 2020 Annual Report. In the opinion of management, all adjustments, which are of a normal and recurring nature (except as otherwise noted), necessary for a fair statement of the Company’s financial position as of September 30, 2021 and December 31, 2020, and its results of operations for the three and nine months ended September 30, 2021 and 2020 and cash flows for the nine months ended September 30, 2021 and 2020 have been included.

**Summary of Significant Accounting Policies**

**Use of Estimates**

The preparation of the unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from the Company's estimates. Estimates are periodically reviewed in light of changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Significant estimates and assumptions reflected in these unaudited condensed consolidated financial statements include, but are not limited to, revenue recognition, recoverability of long-lived assets, goodwill, valuation of Private Placement Warrants and unvested founder shares, valuation of stock-based compensation awards and income taxes.

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**MULTIPLAN CORPORATION**

**Notes to Unaudited Condensed Consolidated Financial Statements**

**COVID-19**

COVID-19 has negatively impacted our business, results of operations and financial condition during 2020 and the three and nine months ended September 30, 2021. Effects from COVID-19 began to impact our business in first quarter 2020 with various federal, state, and local governments and private entities mandating restrictions on travel, restrictions on public gatherings, closure of non-essential commerce, and shelter in place orders. The Company experienced an approximately 4.6% decline in revenues for the year ended December 31, 2020 compared to 2019 primarily due to reduced volume from customers as a result of restrictions on elective medical procedures and non-essential medical services. For the three and nine months ended September 30, 2021, the Company's revenues continue to be negatively impacted, but to a lesser extent compared to 2020 as vaccination rates have increased and restrictions on medical services have been lifted. The extent of the ultimate impact of COVID-19 will depend on the severity and duration of the pandemic. Future developments remain uncertain, including the number of confirmed cases, the emergence of highly contagious variants, and any actions taken by federal, state and local governments such as economic relief efforts, as well as U.S. and global economies, consumer behavior and healthcare utilization patterns.

**Segment Reporting**

Operating segments are defined as components of an entity for which separate financial information is available and regularly reviewed by the chief operating decision maker. The Company manages its operations as a single segment for the purposes of assessing performance and making decisions. The Company's singular focus is being a leading value-added provider of data analytics and technology-enabled end-to-end cost management, payment and revenue integrity solutions to the U.S. healthcare industry.

In addition, all of the Company's revenues and long-lived assets are attributable to operations in the United States for all periods presented.

**Revenue Recognition**

*Disaggregation of Revenue*

The following table presents revenues disaggregated by services and contract types:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Three Months Ended September 30,** | | | | | | | | |  | | | **Nine Months Ended September 30,** | | | | | | | | |
| **(in thousands)** | | | **2021** | | |  | | | **2020** | | |  | | | **2021** | | |  | | | **2020** | | |
| Revenues | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| **Network-Based Services** | | | **$** | **66,966** |  |  | | | **$** | **65,323** |  |  | | | **$** | **208,404** |  |  | | | **$** | **200,448** |  |
| *PSAV* | | | *51,361* | |  |  | | | *49,721* | |  |  | | | *160,900* | |  |  | | | *153,127* | |  |
| *PEPM* | | | *14,094* | |  |  | | | *13,772* | |  |  | | | *41,671* | |  |  | | | *41,643* | |  |
| *Other* | | | *1,511* | |  |  | | | *1,830* | |  |  | | | *5,833* | |  |  | | | *5,678* | |  |
| **Analytics-Based Services** | | | **185,812** | |  |  | | | **133,119** | |  |  | | | **513,765** | |  |  | | | **407,216** | |  |
| *PSAV* | | | *181,701* | |  |  | | | *132,541* | |  |  | | | *501,381* | |  |  | | | *405,849* | |  |
| *PEPM* | | | *4,111* | |  |  | | | *578* | |  |  | | | *12,384* | |  |  | | | *1,367* | |  |
| **Payment and Revenue Integrity Services** | | | **35,434** | |  |  | | | **25,075** | |  |  | | | **97,179** | |  |  | | | **74,755** | |  |
| *PSAV* | | | *35,357* | |  |  | | | *25,054* | |  |  | | | *96,904* | |  |  | | | *74,690* | |  |
| *PEPM* | | | *77* | |  |  | | | *21* | |  |  | | | *275* | |  |  | | | *65* | |  |
| **Total Revenues** | | | **$** | **288,212** |  |  | | | **$** | **223,517** |  |  | | | **$** | **819,348** |  |  | | | **$** | **682,419** |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |

Due to the nature of our arrangements, certain estimates may be constrained if it is probable that a significant reversal of revenue will occur when the uncertainty is resolved. For our percentage of savings contracts, portions of revenue that is recognized and collected in a reporting period may be returned or credited in subsequent periods. These credits are the result of payers not utilizing the discounts that were initially calculated, or differences between the Company’s estimates of savings achieved for a customer and the amounts self-reported in the following month by that same customer. Significant judgment is used in constraining estimates of variable consideration, and based upon both client-specific and aggregated factors that include historical billing and adjustment data, client contract terms, and performance guarantees. We update our estimates at the end of each reporting period as additional information becomes available. There have not been any material changes to estimates of variable consideration for performance obligations satisfied prior to the nine months ended September 30, 2021.

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**MULTIPLAN CORPORATION**

**Notes to Unaudited Condensed Consolidated Financial Statements**

The timing of payments from customers from time to time generates contract assets or contract liabilities, however these amounts are immaterial in all periods presented.

**Stock-Based Compensation**

The Company's awards are granted via the 2020 Omnibus Incentive Plan in the form of Employee RS, Employee RSUs, Fixed Value RSUs, Employee NQSOs (together "employee awards"), and Director RSUs.

Stock-based compensation is measured at the grant date based on the fair value of the award and is recognized as compensation expense for employee awards, net of forfeitures, over the applicable requisite service period of the stock award using the straight-line method for awards with only service conditions. The compensation expense for Director RSUs is recognized in the same period(s) and in the same manner as if the Company had paid cash in exchange for the goods or services instead of a share-based award.

We determine the fair value of the Employee RS, Employee RSUs and Director RSUs with time based vesting using the value on our common stock on the date of the grant.

We determine the fair value of Employee NQSOs using a Black-Scholes option model while taking into consideration the price of the Company's Class A common stock and vesting conditions.

We determine the fair value of the Fixed Value RSUs using the fixed dollar amount of the award. The Fixed Value RSUs are classified as liabilities.

Certain assumptions used in the model are subjective and require significant management judgment, and include the (i) risk-free rate, (ii) volatility, and (iii) expected term. Changes in these assumptions can materially affect the estimate of the grant date fair value of the Employee NQSOs and ultimately compensation expenses. The Company has historically been a private company and lacked sufficient company-specific historical and implied volatility information. Therefore, it estimated its expected stock volatility based on the implied volatility of our publicly traded financial instruments and the historical volatility of a publicly traded set of peer companies. The risk-free interest rate is based on the interpolated 5 and 7 year U.S. Treasury constant maturity yields.

See Note 8 Stock-Based Compensation below for further information.

**New Accounting Pronouncements**

We consider the applicability and impact of all ASUs and applicable authoritative guidance. The ASUs not listed below were assessed and determined to be either not applicable or are expected to have an immaterial impact on our unaudited condensed consolidated financial statements.

**New Accounting Pronouncements Recently Adopted**

***ASU 2020-06, Debt — Debt With Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity.*** On August 5, 2020, the FASB issued ASU 2020-06, *Debt — Debt With Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. The amendments simplify the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. The standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. Early adoption is permitted. The Company adopted this new accounting standard on January 1, 2021 on a modified retrospective basis. As a result, comparative financial information has not been restated and continues to be reported under the accounting standards in effect for those periods. The adoption of the standard resulted in a reclassification to long-term debt of $297.9 million, corresponding to the equity component of $233.9 million previously recorded in additional paid-in capital, the deferred taxes related to the equity component as of January 1, 2021 of $70.1 million, and a cumulative-effect adjustment to increase retained earnings as of January 1, 2021 by $6.0 million, which reflects the elimination of the discount amortization related to the equity component in prior periods, net of deferred taxes. See Note 3 Long-Term Debt below for additional information on the impact of this adoption.

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**MULTIPLAN CORPORATION**

**Notes to Unaudited Condensed Consolidated Financial Statements**

**New Accounting Pronouncements Issued but Not Yet Adopted**

***ASU 2020-04 and 2021-01, Reference Rate Reform (Topic 848) and Reference Rate Reform (Topic 848): Scope.*** In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848)*, which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. In January 2021, the FASB issued ASU No. 2021-01, *Reference Rate Reform (Topic 848): Scope*, which expanded the scope of Topic 848 to include derivative instruments impacted by discounting transition. ASU 2020-04 and ASU 2021-01 are effective for all entities through December 31, 2022. The expedients and exceptions provided by the amendments do not apply to contract modifications and hedging relationships entered into or evaluated after December 31, 2022, except for hedging transactions as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The Company has a term loan and a revolving credit loan for which the interest rates are indexed on the LIBOR. The guidance did not have an impact on our financial position, results of operations or disclosures at transition, but we will continue to evaluate its impact on contracts and hedging relationships modified on or before December 31, 2022.

**2.Business Combinations**

**DHP Acquisition**

On February 26, 2021, the Company completed the acquisition of DHP, an analytics and technology company offering healthcare revenue and payment integrity services. The Company acquired 100 percent of the voting equity interest of DHP. The acquisition strengthens MultiPlan's service offering in the payment integrity market with new and complementary services to help its payor customers manage the overall cost of care and improve their competitiveness. It also adds revenue integrity services for plans that receive premiums from the Centers for Medicare and Medicaid Services.

The DHP acquisition was accounted for as a business combination using the acquisition method of accounting. As a result of the DHP acquisition and the application of purchase accounting, DHP's identifiable assets and liabilities were adjusted to their fair market values as of the acquisition date. The amount of DHP goodwill that is deductible for income tax purposes is $48.0 million.

The following table summarizes the consideration transferred to acquire DHP and the amounts of identified assets acquired and liabilities assumed at the acquisition date:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| **(in thousands)** | | |  | | |
| Total consideration transferred in cash | | | $ | 151,776 |  |
|  | | |  | | |
| Cash and cash equivalents | | | 2,100 | |  |
| Trade accounts receivable, net | | | 2,993 | |  |
| Prepaid expenses | | | 369 | |  |
| Other current assets, net | | | 119 | |  |
| Property and equipment, net(1) | | | 9,056 | |  |
| Other assets | | | 276 | |  |
| Other intangibles, net(2) | | | 41,060 | |  |
| Accounts payable | | | (458) | |  |
| Other accrued expenses | | | (5,209) | |  |
| Deferred income taxes | | | (6,215) | |  |
| Long-Term Liabilities | | | (553) | |  |
| Total identifiable net assets | | | 43,538 | |  |
|  | | |  | | |
| Goodwill | | | **$** | **108,238** |  |

(1)Includes capitalized software of $8.9 million and other tangible assets of $0.2 million.

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(2)Includes client relationships of $39.8 million with a remaining useful life of 16 years, and trade names of $1.2 million with a remaining useful life of 10 years. The weighted average remaining useful life of the acquired intangibles subject to amortization is 15 years, 9 months.

The preliminary purchase price allocation for the business combination is subject to adjustment as valuation analyses, primarily related to property and equipment and intangible assets, are finalized.

The results of operations and financial condition of DHP have been included in the Company's consolidated results from the date of acquisition. Through September 30, 2021, DHP's impact on revenues and net earnings was not material and as a result no pro forma disclosures were required.

In connection with the DHP acquisition, the Company incurred transaction costs. The transaction costs have been expensed as incurred and these amounts totaling $0.1 million and $4.7 million, respectively, for the three and nine months ended September 30, 2021, are included in general and administrative expenses in the accompanying unaudited condensed consolidated statements of income (loss) and comprehensive income (loss).

**3.Long-Term Debt**

As of September 30, 2021, and December 31, 2020, long-term debt consisted of the following:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **(in thousands)** | | | **September 30, 2021** | | |  | | | **December 31, 2020** | | |
| Term Loan G | | | $ | — |  |  | | | $ | 2,341,000 |  |
| Term Loan B | | | 1,325,000 | |  |  | | | — | |  |
| 5.750% Notes | | | 1,300,000 | |  |  | | | 1,300,000 | |  |
| 5.50% Senior Secured Notes | | | 1,050,000 | |  |  | | | — | |  |
| Senior Convertible PIK Notes | | | 1,300,000 | |  |  | | | 1,300,000 | |  |
| Finance lease obligations, non-current | | | 95 | |  |  | | | 92 | |  |
| Long-term debt | | | 4,975,095 | |  |  | | | 4,941,092 | |  |
| Discount – Term Loan G | | | — | |  |  | | | (3,831) | |  |
| Discount - Term Loan B | | | (13,295) | |  |  | | | — | |  |
| Discount – Senior Convertible PIK Notes | | | (28,703) | |  |  | | | (329,494) | |  |
| Debt issuance costs, net: | | |  | | |  | | |  | | |
| Term Loan G | | | — | |  |  | | | (9,666) | |  |
| Term Loan B | | | (7,236) | |  |  | | | — | |  |
| 5.750% Notes | | | (18,107) | |  |  | | | (19,613) | |  |
| 5.50% Senior Secured Notes | | | (14,499) | |  |  | | | — | |  |
| Long-term debt, net | | | $ | 4,893,255 |  |  | | | $ | 4,578,488 |  |
|  | | |  | | |  | | |  | | |

**Term Loan and Revolver**

For all our debt agreements with an interest rate dependent on LIBOR, the Company is currently assessing and monitoring how transitioning from LIBOR to an alternative reference rate may affect the Company beyond 2023.

During the nine months ended September 30, 2020, a correcting adjustment of $2.3 million was made to increase interest expense to account for acceleration of debt issuance cost due to principal prepayments made on the Term Loan G in the years 2017, 2018 and 2019.

On August 24, 2021, MPH issued new senior secured credit facilities comprised of $1,325.0 million of Term Loan B maturing on September 1, 2028 and $450.0 million of a Revolver B maturing on August 24, 2026, and $1,050.0 million in aggregate principal amount of 5.50% Senior Secured Notes. MPH used the net proceeds from Term Loan B, issued with a discount of 1.00%, and the 5.50% Senior Secured Notes to repay all of the outstanding balance of its Term Loan G of $2,341.0 million, and pay fees and expenses in connection therewith. As a result of the August 24, 2021 refinancing, and in accordance with GAAP, we wrote off $2.7 million of the term loan discount and $6.4 million of debt issuance costs, and

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incurred an expense of $6.7 million for lender and third party fees. These amounts are included in Loss on extinguishment of debt in the accompanying unaudited condensed consolidated statements of income (loss) and comprehensive income (loss).

All obligations under the debt agreement governing the senior secured credit facilities are unconditionally guaranteed by MPH Acquisition Corp. 1, the direct holding company parent of MPH, and each existing and subsequently acquired or organized direct or indirect wholly owned U.S. organized restricted subsidiary of MPH (subject to certain exceptions).

The senior secured credit facilities and their guarantees are secured, subject to permitted liens and other exceptions, by a first priority lien on substantially all of MPH's and the subsidiary guarantors' tangible and intangible property, and a pledge of all of the capital stock of each of their respective subsidiaries.

Interest on Term Loan B and Revolver B is calculated, at MPH's option, as (a) LIBOR (or, with respect to the term loan facility only, 0.50%, whichever is higher), plus the applicable margin, or (b) the highest rate of (1) prime rate, (2) the federal funds effective rate, plus 0.50%, (3) the LIBOR for an interest period of one month, plus 1.00% and (4) 0.50% for Term Loan B and 1.00% for Revolver B, in each case, plus an applicable margin of 4.25% for Term Loan B and between 3.50% and 4.00% for Revolver B, depending on MPH's first lien debt to consolidated EBITDA ratio.

The Company is obligated to pay a commitment fee on the average daily unused amount of Revolver B. The annual commitment fee can range from an annual rate of 0.25% to 0.50% based on the Company's first lien debt to consolidated EBITDA ratio, as defined in the agreement.

**5.50% Senior Secured Notes**

On August 24, 2021, MPH issued 5.50% Notes of $1,050.0 million in aggregate principal amount of 5.50% Senior Secured Notes with a maturation date of September 1, 2028.

The 5.50% Senior Secured Notes are fully and unconditionally guaranteed, jointly and severally, by each of MPH’s wholly owned domestic restricted subsidiaries that guarantee its senior secured credit facilities. The 5.50% Senior Secured Notes are not guaranteed by the Company.

The 5.50% Senior Secured Notes and their guarantees are secured, subject to permitted liens and other exceptions, by a first priority lien shared with the senior secured credit facilities on substantially all of MPH’s and the subsidiary guarantors’ tangible and intangible property, and a pledge of all of the capital stock of each of their respective subsidiaries.

Prior to September 1, 2024, the 5.50% Senior Secured Notes are redeemable by MPH, in whole or in part, at a price equal to 100% of the principal amount thereof plus a “make-whole” premium, plus accrued and unpaid interest to, but excluding, the redemption date. In addition, at any time before September 1, 2024, MPH may redeem up to 40% of the aggregate principal amount of 5.50% Senior Secured Notes issued in an amount not to exceed the net proceeds raised by the MPH or the Company in one or more equity offerings at a redemption price of 105.50% of the principal amount of the 5.50% Senior Notes being redeemed, plus accrued interest to, but excluding, the date of redemption. On and after September 1, 2024, the MPH may redeem the Notes, in whole or in part, at the redemption prices set forth in the debt agreement governing such notes, plus accrued and unpaid interest thereon, if any, to, but excluding the applicable redemption date.

The interest rate on the 5.50% Senior Secured Notes is fixed at 5.50%, and is payable semi-annually on March 1 and September 1 of each year.

**Senior Convertible PIK Notes**

Prior to the adoption of ASU 2020-06 on January 1, 2021, the nature of the notes required management to separate the Senior Convertible PIK Notes into liability and equity components. ASU 2020-06’s elimination of the beneficial conversion guidance resulted in "recombining" the equity and debt components of the Senior Convertible PIK Notes into a single liability. As a result, $297.9 million of the discount on the liability created by recognition of a component of the convertible debt in equity was eliminated. See Note 1 General Information and Basis of Accounting above for additional detail.

**4.Private Placement Warrants and Unvested Founder Shares**

The Company classifies the Private Placement Warrants and unvested founder shares as a liability on its unaudited condensed consolidated balance sheets as these instruments are precluded from being indexed to our own stock given the terms allow for a settlement that does not meet the scope of the fixed-for-fixed exception in Accounting Standards Codification 815.

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The Private Placement Warrants and unvested founder shares were initially recorded at fair value on the date of consummation of the Transactions and are subsequently adjusted to fair value at each subsequent reporting date. The fair value of the unvested founder shares and unvested Private Placement Warrants is obtained using a Monte Carlo model and the fair value of the remaining Private Placement Warrants using a Black Scholes model, together referenced as the "option pricing" model. The Company will continue to adjust the liability for changes in fair value for the founder shares until the earlier of the re-vesting or forfeiture of these instruments. The Company will continue to adjust the liability for changes in fair value for the Private Placement Warrants until the warrant is equity classified.

As of September 30, 2021 and December 31, 2020, the fair value of the Private Placement Warrants were $32.2 million and $44.5 million, respectively, and the fair value of the unvested founder shares were $38.9 million and $62.1 million, respectively. For the three and nine months ended September 30, 2021, and primarily as a result of the variations in the price of the Company's Class A common stock over those periods, the fair value of the Private Placement Warrants decreased by $30.0 million and $12.3 million, respectively, and the fair value of the unvested founder shares decreased by $46.6 million and $23.2 million, respectively. The corresponding gain is recognized within change in fair value of Private Placement Warrants and unvested founder shares in the unaudited condensed consolidated statements of income (loss) and comprehensive income (loss).

**5.Fair Value Measurements**

Fair value measurements are based on the premise that fair value represents an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the following three-tier fair value hierarchy has been used in determining the inputs used in measuring fair value:

•Level 1 — Quoted prices in active markets for identical assets or liabilities on the reporting date.

•Level 2 — Inputs, other than quoted prices in active markets (Level 1), that are observable for the asset or liability, either directly or indirectly.

•Level 3 — Unobservable inputs in which there is little or no market data, which require the entity to develop its own assumptions

**Financial instruments**

Certain financial instruments which are not measured at fair value on a recurring basis include cash and cash equivalents, accounts receivable and accounts payable, which approximate fair value due to their short-term nature. The financial instrument that potentially subjects the Company to concentrations of credit risk consists primarily of accounts receivable.

We estimate the fair value of long-term debt, including current maturities of finance lease obligations, based on estimates using present value techniques that are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. Assumptions include interest rates currently available for instruments with similar terms as well as the five, seven, and eight-year Treasury bill rates. As such, this is considered a Level 2 fair value measurement.

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As of September 30, 2021 and December 31, 2020, the Company's carrying amount and fair value of long-term debt consisted of the following:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **September 30, 2021** | | | | | | | | |  | | | **December 31, 2020** | | | |  |  |  |
| **(in thousands)** | | | **Carrying Amount** | | |  | | | **Fair Value** | | |  | | | **Carrying Amount** | | |  | **Fair Value** | | |
| Liabilities: | | |  | | |  | | |  | | |  | | |  | | |  |  | | |
| Term Loan G, net of discount | | | $ | — |  |  | | | $ | — |  |  | | | $ | 2,337,169 |  |  | $ | 2,390,720 |  |
| Term Loan B, net of discount | | | 1,311,705 | |  |  | | | 1,311,705 | |  |  | | | — | |  |  | — | |  |
| 5.750% Notes | | | 1,300,000 | |  |  | | | 1,249,894 | |  |  | | | 1,300,000 | |  |  | 1,300,000 | |  |
| 5.50% Senior Secured Notes | | | 1,050,000 | |  |  | | | 1,050,000 | |  |  | | | — | |  |  | — | |  |
| Senior Convertible PIK Notes, net of discount(1) | | | 1,271,297 | |  |  | | | 1,251,829 | |  |  | | | 970,506 | |  |  | 970,506 | |  |
| Finance lease obligations | | | 95 | |  |  | | | 95 | |  |  | | | 92 | |  |  | 92 | |  |
| Total Liabilities | | | $ | 4,933,097 |  |  | | | $ | 4,863,523 |  |  | | | $ | 4,607,767 |  |  | $ | 4,661,318 |  |

(1)See Note 1 General Information and Basis of Accounting and Note 3 Long-Term Debt for further detail.

**Recurring fair value measurements**

The Private Placement Warrants and unvested founder shares are measured at fair value on a recurring basis. The fair value of these instruments was determined based on significant inputs not observable in the market which would represent a level 3 measurement within the fair value hierarchy. The Company uses an option pricing simulation to estimate the fair value of these instruments.

**Non-recurring fair value measurements**

We also measure certain non-financial assets at fair value on a nonrecurring basis, primarily goodwill and long-lived tangible and intangible assets, in connection with periodic evaluations for potential impairment. We estimate the fair value of these assets using primarily unobservable inputs and, as such, these are considered Level 3 fair value measurements. There were no material impairment charges for these assets for fiscal years 2021 and 2020.

**6.Commitments and Contingencies**

**Commitments**

The Company has certain irrevocable letters of credit used to satisfy real estate lease agreements for three of our offices in lieu of security deposits in the amount of $1.8 million outstanding as of September 30, 2021 and December 31, 2020.

**Claims and Litigation**

The Company is a defendant in various lawsuits and other pending and threatened litigation and other adversarial matters which have arisen in the ordinary course of business as well as regulatory investigations. While the ultimate outcome with respect to such proceedings cannot be predicted with certainty, the Company does not believe they will result, individually or in the aggregate, in a material adverse effect upon our financial condition or results of operations, or cash flows.

In the putative securities class action complaint captioned In re MultiPlan Corporation Securities Litigation (formerly Kong v. MultiPlan Corporation et al.), No. 2:21-cv-3186-RPK-RER (E.D.N.Y.) filed in the United States District Court for the Eastern District of New York (the “District Court”), plaintiffs asserted claims against the Company, the Company’s Chief Executive and Chief Financial Officer, and other individuals and entities involved in the Transactions, including certain members of the Company’s board of directors, for purported violations of the Securities Exchange Act of 1934 and related rules based on alleged material misrepresentations and omissions concerning the Transactions and in our public disclosures. The suit was originally filed with the District Court on June 4, 2021 and on June 21, 2021 the District Court appointed a lead plaintiff. On July 23, 2021, the District Court directed the lead plaintiff's counsel to file an amended complaint by August 31, 2021 and entered a briefing schedule on the defendants’ anticipated motions to dismiss the amended complaint. On August 26, 2021, the District Court extended the time for the lead plaintiff's counsel to file the Amended Complaint until September 14, 2021. On September 14, 2021, rather than filing an amended complaint, the lead plaintiff's counsel cited the results of its own

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investigation and moved to voluntarily dismiss all claims in the action without prejudice. The District Court granted the motion and entered the dismissal order the next day.

On March 25, 2021 and April 9, 2021, we were named as a defendant in two putative class action lawsuits relating to the Transactions that have since been consolidated under the caption In Re MultiPlan Corp. Stockholders Litigation, Consolidated C.A. No. 2021-0300-LWW (Del.Ch) (“Delaware Stockholder Litigation”). The Delaware Stockholder Litigation asserts breach of fiduciary duty claims and aiding and abetting breach of fiduciary duty claims against the former directors of the Churchill board, the Sponsor, KG and M. Klein (collectively, the “Churchill Defendants”) and the Company. The Delaware Stockholder Litigation complaint alleges that the Transactions were a product of an unfair process by Churchill, which was allegedly impacted by conflicts of interest, resulting in mispricing of the Transactions. The complaint seeks, among other things, damages, certain equitable relief including the reopening of redemptions, and attorneys’ fees and costs. The Company and the Churchill Defendants filed motions to dismiss the complaint and on August 9, 2021, the plaintiffs filed a consolidated brief opposing those motions. On September 10, 2021, the Company and the Churchill Defendants filed their reply briefs. The Vice Chancellor for the Delaware Court of Chancery (“Chancery Judge”) entertained oral argument on the Company’s and the Churchill Defendants’ respective motions to dismiss on September 20, 2021 and took the Defendants’ motions to dismiss under advisement. We expect the Chancery Judge to rule on the motions before year-end.

We accrue for costs associated with certain contingencies, including, but not limited to, settlement of legal proceedings, regulatory compliance matters and self-insurance exposures when such costs are probable and reasonably estimable. Such accruals are included in other accrued expenses on the accompanying unaudited condensed consolidated balance sheets. In addition, we accrue for legal fees incurred in defense of asserted litigation and regulatory matters as such legal fees are incurred. To the extent it is probable under our existing insurance coverage that we are able to recover losses and legal fees related to contingencies, we record such recoveries concurrently with the accrual of the related loss or legal fees. Significant management judgment is required to estimate the amounts of such contingent liabilities and the related insurance recoveries. In our determination of the probability and ability to estimate contingent liabilities and related insurance recoveries we consider the following: litigation exposure based on currently available information, consultations with external legal counsel, adequacy and applicability of existing insurance coverage and other pertinent facts and circumstances regarding the contingency. Liabilities established to provide for contingencies are adjusted as further information develops, circumstances change, or contingencies are resolved; and such changes are recorded in the accompanying unaudited condensed consolidated statements of income (loss) and comprehensive income (loss) during the period of the change and appropriately reflected in other accrued liabilities on the accompanying unaudited condensed consolidated balance sheets.

**7.Shareholder's Equity**

On August 27, 2021, the Company announced a share repurchase program approved by its board of directors, authorizing, but not obligating, the repurchase of up to an aggregate amount of $250,000,000 of its Class A common stock from time to time through December 31, 2022.

**8.Stock-Based Compensation**

On October 8, 2020, the Company’s stockholders approved the 2020 Omnibus Incentive Plan, which previously had been approved by the Company’s board of directors subject to stockholder approval. The Incentive Plan permits the granting of stock options, stock appreciation rights, restricted stock and restricted stock units to the Company’s employees and directors for up to 85,850,000 shares of Class A common stock.

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During the nine months ended September 30, 2021, activity under the 2020 Omnibus Incentive Plan is summarized in the table below:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **Employee RS** | | |  | | | **Director RSUs** | | |  | | | **Employee RSUs** | | |  | | | **Employee NQSOs** | | |  | | | **Fixed Value RSUs(1)** | | |
| Nonvested as of December 31, 2020 | | |  | | | 1,468,750 | |  |  | | | 42,847 | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |
| Awarded | | |  | | | 133,689 | |  |  | | | 87,275 | |  |  | | | 2,882,509 | |  |  | | | 2,450,104 | |  |  | | | 259,067 | |  |
| Vested | | |  | | | (930,564) | |  |  | | | (48,061) | |  |  | | | (265,173) | |  |  | | | — | |  |  | | | — | |  |
| Forfeited | | |  | | | (671,875) | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |
| Nonvested as of September 30, 2021 | | |  | | | — | |  |  | | | 82,061 | |  |  | | | 2,617,336 | |  |  | | | 2,450,104 | |  |  | | | 259,067 | |  |

(1)The number of nonvested Fixed Value RSUs is an estimate based on the price of the Company's Class A common stock as of the grant date, the actual number of shares issued pursuant to the Fixed Value RSUs will be based on the volume weighted average trading price of the common stock of the Company over the preceding 30 consecutive trading days prior to the grant's vesting date, which will occur at the earliest on January 31, 2022.

On August 4, 2021, the Company granted $2.0 million of Fixed Value RSUs to the chief executive officer as part of the side letter agreement entered into on the same date. The required service period of the grant is the time between the grant date and the earliest vesting date of January 31, 2022, and the compensation cost related to the grant will be amortized ratably over the service period. This grant is accounted for as liability-classified award because the obligation is based on fixed monetary amount that was known at inception of the obligation, to be settled with a variable number of shares of our common stock.

Compensation cost charged to expense related to share-based compensation arrangements was $4.8 million and $13.2 million and $262.4 million and $299.6 million for the three and nine months ended September 30, 2021 and 2020, respectively.

**9.Basic and Diluted Earnings and Loss Per Share**

Basic and diluted earnings and loss per share was calculated as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Three Months Ended September 30,** | | | | | | | | |  | | | **Nine Months Ended September 30,** | | | | | | | | |
| **($ in thousands, except number of shares and per share data)** | | | **2021** | | |  | | | **2020** | | |  | | | **2021** | | |  | | | **2020** | | |
| ***Numerator for earnings per share calculation*** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Net Income (Loss) | | | $ | 78,197 |  |  | | | $ | (288,402) |  |  | | | $ | 77,142 |  |  | | | $ | (347,242) |  |
| ***Denominator for earnings per share calculation*** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Weighted average number of shares outstanding – basic | | | 652,520,691 | |  |  | | | 415,700,000 | |  |  | | | 654,414,644 | |  |  | | | 415,700,000 | |  |
| Effect of stock-based compensation | | | 361,714 | |  |  | | | — | |  |  | | | 401,851 | |  |  | | | — | |  |
| Weighted average number of shares outstanding – diluted | | | 652,882,405 | |  |  | | | 415,700,000 | |  |  | | | 654,816,495 | |  |  | | | 415,700,000 | |  |
| ***Income (Loss) per share – basic and diluted:*** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Net income (loss) per share – basic | | | $ | 0.12 |  |  | | | $ | (0.69) |  |  | | | $ | 0.12 |  |  | | | $ | (0.84) |  |
| Net income (loss) per share – diluted | | | $ | 0.12 |  |  | | | $ | (0.69) |  |  | | | $ | 0.12 |  |  | | | $ | (0.84) |  |

Earnings per share calculations for all periods prior to the Transactions have been retrospectively restated to the equivalent number of shares reflecting the exchange ratio established in the reverse recapitalization. Subsequent to the Transactions, earnings per share will be calculated based on the weighted average number of shares of common stock then outstanding.

As of the three and nine months ended September 30, 2021, we have excluded from the calculation of diluted net income per share the instruments whose effect would have been anti-dilutive, including (i) 58,500,000 warrants outstanding, (ii) 100,000,000 shares which may be issued upon conversion of the Senior Convertible PIK Notes, and (iii) 12,404,080 unvested founder shares. Additionally, we have excluded from the calculation of diluted net income per share awards within the 2020 Omnibus Incentive Plan whose effect would have been anti-dilutive of 3,433,850 and 3,652,541 for the three and nine months ended September 30, 2021, respectively.

There were no warrants, options, unvested founder shares, or 2020 Omnibus Incentive Plan awards for the three and nine months ended September 30, 2020.

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**MULTIPLAN CORPORATION**

**Notes to Unaudited Condensed Consolidated Financial Statements**

**10.Related Party Transactions**

The accompanying unaudited condensed consolidated statements of income (loss) and comprehensive income (loss) include expenses and revenues to and from related parties for the three and nine months ended September 30, 2021 and 2020 as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Three Months Ended September 30,** | | | | | | | | |  | | | **Nine Months Ended September 30,** | | | | | | | | |
| **(in thousands)** | | | **2021** | | |  | | | **2020** | | |  | | | **2021** | | |  | | | **2020** | | |
| Revenues | | | $ | 476 |  |  | | | $ | 509 |  |  | | | $ | 1,915 |  |  | | | $ | 1,545 |  |
| Total revenues from related parties | | | 476 | |  |  | | | 509 | |  |  | | | 1,915 | |  |  | | | 1,545 | |  |
| Cost of services | | | (755) | |  |  | | | (500) | |  |  | | | (2,184) | |  |  | | | (1,666) | |  |
| General and administrative | | | (66) | |  |  | | | (63) | |  |  | | | (479) | |  |  | | | (163) | |  |
| Total expense from related parties | | | $ | (821) |  |  | | | $ | (563) |  |  | | | $ | (2,663) |  |  | | | $ | (1,829) |  |

The accompanying unaudited condensed consolidated balance sheets include accruals from related parties as of September 30, 2021 and December 31, 2020 as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **(in thousands)** | | | **September 30, 2021** | | |  | | | **December 31, 2020** | | |
| Current liabilities: | | |  | | |  | | |  | | |
| Accounts payable | | | $ | 2,606 |  |  | | | $ | 2,725 |  |
| Total liabilities from related parties | | | $ | 2,606 |  |  | | | $ | 2,725 |  |

In 2021 and 2020, the related party transactions included the following:

•The Company purchased PPO network services from a company controlled by Hellman & Friedman LLC, an affiliate of H&F, to supplement our provider network. We also recognize revenues from that same company for the use of our provider network and other claims processing services.

•The Company has obtained insurance brokered through a company controlled by Hellman & Friedman LLC.

•The Company reimburses Hellman & Friedman LLC for reasonable out of pocket expenses that include travel, lodging, meals, and any similar expenses.

•Companies controlled or managed by members of the Board have participated in the PIPE Investment, including the Senior Convertible PIK Notes.

•The Company purchased advisory services in connection with the Transactions from companies controlled or managed by members of the Board.

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**Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion and analysis of the Company’s financial condition and results should be read in conjunction with the unaudited condensed consolidated financial statements and accompanying notes thereto contained elsewhere in this Quarterly Report and together with the information included in the Company’s 2020 Annual Report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties; the results described below are not necessarily indicative of the results to be expected in any future periods.*

**Cautionary Note Regarding Forward-looking Statements**

All statements other than statements of historical fact included in this Quarterly Report including, without limitation, statements under this “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” regarding the Company’s financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 or Section 21E of the Securities Exchange Act of 1934, each as amended, including, in particular, statements about our plans, strategies and prospects as well as estimates of industry growth for the next quarter and beyond. When used in this Quarterly Report, words such as “believes,” “estimates,” “anticipates,” “expects,” “seeks,” “projects,” “intends,” “plans,” “may,” “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They may appear in a number of places throughout this Quarterly Report and these forward-looking statements reflect management’s expectations regarding our future growth, results of operations, operational and financial performance and business prospects and opportunities. Such forward-looking statements are based on available current market material and management’s expectations, beliefs and forecasts concerning future events impacting our business. Factors that may impact such forward-looking statements include:

•the impact of COVID-19 and its related effects on our projected results of operations, financial performance or other financial metrics;

•loss of our customers, particularly our largest customers;

•decreases in our existing market share or the size of our Preferred Provider Organization (“PPO”) networks;

•effects of competition;

•effects of pricing pressure;

•the inability of our customers to pay for our services;

•decreases in discounts from providers;

•the loss of our existing relationships with providers;

•the loss of key members of our management team;

•pressure to limit access to preferred provider networks;

•the ability to achieve the goals of our strategic plans and recognize the anticipated strategic, operational, growth and efficiency benefits when expected;

•our ability to identify, complete and successfully integrate acquisitions;

•changes in our industry;

•interruptions or security breaches of our information technology systems and other cyber security attacks;

•our ability to protect proprietary applications;

•our inability to expand our network infrastructure;

•our ability to remediate any material weaknesses or maintain effective internal controls over financial reporting;

•changes in our regulatory environment, including healthcare law and regulations;

•the expansion of privacy and security laws;

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•heightened enforcement and investigations activity by government agencies;

•our ability to pay interest and principal on our notes and other indebtedness;

•the possibility that we may be adversely affected by other political, economic, business, and/or competitive factors;

•other factors disclosed in this Quarterly Report; and

•other factors beyond our control.

The forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effects on our business. There can be no assurance that future developments affecting our business will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors referred to under the heading “*Risk Factors*” in Part II, Item 1A of this Quarterly Report or as described in our 2020 Annual Report. Should one or more of these risks or uncertainties materialize, or should any of the assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

**Company Overview**

MultiPlan is a leading value-added provider of data analytics and technology-enabled end-to-end cost management, payment and revenue integrity solutions to the U.S. healthcare industry. We are also one of the largest independent PPOs in the U.S., with contracted providers in all 50 states and the District of Columbia. We are committed to helping healthcare payors manage the cost of care, improve their competitiveness and inspire positive change. Leveraging sophisticated technology, data analytics and a team-rich industry experience, MultiPlan interprets clients' needs and customizes innovative solutions through the following offerings:

•Analytics-Based Services: data-driven algorithms which detect claims over-charges and recommend or negotiate fair reimbursement;

•Network-Based Services: contracted discounts with healthcare providers, including one of the largest independent preferred provider organizations in the United States, and outsourced network development and/or management services; and

•Payment and Revenue Integrity Services: data, technology, and clinical expertise deployed to identify and remove improper and unnecessary charges before or after claims are paid, or to identify and help restore and preserve underpaid premium dollars.

Our customers almost entirely are payors. We offer these payors a single electronic gateway to a comprehensive set of services in each of the three categories (Analytics-Based Services, Network-Based Services, and Payment and Revenue Integrity Services), which are used in combination or individually to reduce the medical cost burden on healthcare payors and patients while fostering efficient payments to the providers. These offerings have enabled us to maintain long-term relationships with a number of our customers, including relationships of over 25 years with some of the nation’s largest commercial payors. For the nine months ended September 30, 2021 and year ended December 31, 2020 our expansive network included access to over 1.2 million healthcare providers. Our comprehensive services identified approximately $16.0 billion and $18.8 billion in potential medical cost savings in the nine months ended September 30, 2021 and year ended December 31, 2020, respectively.

**Uncertainty Relating to the COVID-19 Pandemic**

As discussed above in Note 1 General Information and Basis of Accounting of the notes to the unaudited condensed consolidated financial statements included in this Quarterly Report, COVID-19 has negatively impacted our business, results of operations and financial condition during 2020 and the nine months ended September 30, 2021.

We temporarily closed all of our offices and restricted travel due to concern for our employees' health and safety and also in compliance with state orders. Most of our approximately 2,400 employees continue to work remotely. Other than these modifications, we have not experienced any material changes to our operations including receiving and processing transactions with our customers as a result of COVID-19.

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Effects from COVID-19 began to impact our business in first quarter 2020 with various federal, state, and local governments and private entities mandating restrictions on travel, restrictions on public gatherings, closure of non-essential commerce, and shelter in place orders. The Company experienced an approximately 4.6% decline in revenues for the year ended December 31, 2020 as compared to 2019 primarily due to reduced volume from customers as a result of restrictions on elective medical procedures and non-essential medical services. For the three and nine months ended September 30, 2021, the Company's revenues continue to be negatively impacted, but to a lesser extent compared to 2020 as vaccination rates have increased and restrictions on medical services have been lifted. The extent of the ultimate impact of COVID-19 will depend on the severity and duration of the pandemic. Future developments remain uncertain, including the number of confirmed cases, the emergence of highly contagious variants, and any actions taken by federal, state and local governments such as economic relief efforts, as well as U.S. and global economies, consumer behavior and healthcare utilization patterns.

In connection with the COVID-19 pandemic, the CARES Act was enacted on March 27, 2020 and included certain changes to corporate income taxes. Specifically, the CARES Act provided numerous tax provisions and other stimulus measures, including temporary changes regarding the prior and future utilization of net operating losses, temporary changes to the prior and future limitations on interest deductions, temporary suspension of certain payment requirements for the employer portion of Social Security taxes, technical corrections from prior tax legislation for tax depreciation of certain qualified improvement property, and the creation of certain payroll tax credits associated with the retention of employees. We assessed these impacts and noted the largest impact is due to the tax law change related to the interest disallowance rules retroactive to 2019. The other aspects of the CARES Act did not have a material effect on us.

**Factors Affecting Our Results of Operations**

***Medical Cost Savings***

Our business and revenues are driven by the ability to lower medical costs through claims savings for our customers. The medical charges of those claims can influence our ability to generate claim savings.

The following table presents the medical charges processed and the potential savings identified for the periods presented:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  |  | **Nine Months Ended September 30,** | | | | | | |  |  |  |  |  |  |
| **(in billions)** | | |  |  |  |  | | | **2021** | | |  | | | **2020** | | |
| Medical charges processed(1)(3) | | |  |  |  |  | | | $88.7 | | |  | | | $75.0 | | |
| Potential medical cost savings(2)(3) | | |  |  |  |  | | | $16.0 | | |  | | | $13.7 | | |

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(1)Medical charges processed represent the aggregate dollar amount of claims processed by our cost management solutions in the period presented. The dollar amount of the claim for purposes of this calculation is the dollar amount of the claim prior to any reductions that may be made as a result of the claim being processed by our cost management solutions. Medical charges processed includes medical charges processed on HST acquired claims of $1.4 billion for the nine months ended September 30, 2021 and no medical charges processed by HST were included for 2020. Medical charges processed exclude medical charges processed by DHP in both time periods.

(2)Potential medical cost savings represent the aggregate amount of potential savings in dollars identified by our cost management solutions in the period presented. Since certain of our fees are based on the amount of savings achieved by our customers and our customers are the final adjudicator of the claims and may choose not to reduce claims or reduce claims by only a portion of the potential savings identified, potential medical cost savings may not directly correlate with the amount of fees earned in connection with the processing of such claims. Potential medical cost savings includes potential medical cost savings identified on HST acquired claims of $1.0 billion for the nine months ended September 30, 2021 and no potential medical cost savings for HST were included for 2020. Potential medical cost savings exclude potential medical cost savings identified by DHP in both time periods.

(3)Changes to previously reported medical charges processed and potential medical cost savings are due to client claim resubmissions or cancellation of claims. Examples of these changes include, but are not limited to, adjudication changes, billing changes, and elimination of claims that were later determined to be invalid. In second quarter 2021, we introduced a change in methodology to exclude from the current and prior periods certain claims, the inclusion of which distorts the underlying trends in our core claim processing activities. We believe this change in methodology improves the comparability of current and prior periods.

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Our medical charges processed and potential medical cost savings figures may not be directly comparable from period to period due to the completion and integration of acquisitions made in a particular period.

**Components of Results of Operations**

***Revenues***

We generate revenues from several sources including: (i) Analytics-Based Services that use our leading and proprietary information technology platform to offer customers solutions to reduce medical costs, (ii) Network-Based Services that process claims at a discount compared to billed fee-for-service rates and by using an extensive network and (iii) Payment and Revenue Integrity Services that use data, technology, and clinical expertise to identify improper, unnecessary and excessive charges. Payors typically compensate us through either a PSAV achieved or a PEPM rate.

***Costs of Services (exclusive of depreciation and amortization of intangible assets)***

Costs of services (exclusive of depreciation and amortization of intangible assets) consist of all costs specifically associated with claims processing activities for customers, sales and marketing, and the development and maintenance of our networks, analytics-based services, and payment and revenue integrity services. Two of the largest components in costs of services are personnel expenses and access and bill review fees. Access and bill review fees include fees for accessing non-owned third-party provider networks, expenses associated with vendor fees for database access and systems technology used to reprice claims, and outsourced services. Third-party network expenses are fees paid to non-owned provider networks used to supplement our owned network assets to provide more network claim savings to our customers.

***General and Administrative Expenses***

General and administrative expenses include corporate management and governance functions composed of general management, legal, treasury, tax, real estate, financial reporting, auditing, benefits and human resource administration, communications, public relations, billing and information management. In addition, general and administrative expenses include taxes, insurance, advertising, transaction costs, and other general expenses.

***Depreciation Expense***

Depreciation expense consists of depreciation and amortization of property and equipment related to our investments in leasehold improvements, furniture and equipment, computer hardware and software, and internally generated capitalized software development costs. We provide for depreciation and amortization on property and equipment using the straight-line method to allocate the cost of depreciable assets over their estimated useful lives.

***Amortization of intangible assets***

Amortization of intangible assets includes amortization of the value of our customer relationships, provider network, technology, and trademarks which were identified in valuing the intangible assets in connection with the June 6, 2016 acquisition by H&F, as well as recent acquisitions of HST and DHP by the Company.

***Interest expense***

Interest expense consists of accrued interest and related interest payments on our outstanding long-term debt and amortization of debt issuance costs, discounts and premiums.

***Interest income***

Interest income consists primarily of bank interest.

***Loss on extinguishment of debt***

The Company recognizes a loss on extinguishment of debt for the difference between the net carrying amount of the extinguished debt immediately before the refinancing and the fair value of the new debt instruments, and fees associated with the issuance of the new debt under the refinancing.

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***Change in fair value of Private Placement Warrants and unvested founder shares***

The Company remeasures at each reporting period the fair value of the Private Placement Warrants and unvested founder shares. The changes for the three and nine months ended September 30, 2021 were primarily due to the change in the stock price of the Company's Class A common stock over the reporting period.

***Income tax expense (benefit)***

Income tax expense (benefit) consists of federal, state, and local income taxes.

**Non-GAAP Financial Measures**

We use EBITDA, Adjusted EBITDA and Adjusted EPS to evaluate our financial performance. EBITDA, Adjusted EBITDA and adjusted EPS are financial measures that are not presented in accordance with GAAP. We believe the presentation of these non-GAAP financial measures provides useful information to investors in assessing our financial condition and results of operations across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our financial operating results of our core business.

These measurements of financial performance have important limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Additionally, they may not be comparable to other similarly titled measures of other companies. Some of these limitations are:

•such measures do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;

•such measures do not reflect changes in, or cash requirements for, our working capital needs;

•such measures do not reflect the significant interest expense, or cash requirements necessary to service interest or principal payments on our debt;

•such measures do not reflect any cash requirements for any future replacement of depreciated assets;

•such measures do not reflect the impact of stock-based compensation upon our results of operations;

•such measures do not reflect our income tax (benefit) expense or the cash requirements to pay our income taxes;

•such measures do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; and

•other companies in our industry may calculate these measures differently from how we do, limiting their usefulness as a comparative measure.

In evaluating EBITDA, Adjusted EBITDA and Adjusted EPS, you should be aware that in the future we may incur expenses similar to those eliminated in the presentation.

EBITDA, Adjusted EBITDA, and Adjusted EPS are widely used measures of corporate profitability eliminating the effects of financing and capital expenditures from the operating results. We define EBITDA as net income (loss) adjusted for interest expense, interest income, income tax (benefit) expense, depreciation, amortization of intangible assets, and non-income taxes. We define Adjusted EBITDA as EBITDA further adjusted to eliminate the impact of certain items that we do not consider to be indicative of our core business, including other expenses, change in fair value of Private Placement Warrants and unvested founder shares, transaction related expenses, loss (gain) on the debt extinguishment, loss (gain) on investments and stock-based compensation. See our unaudited condensed consolidated financial statements included in this Quarterly Report for more information regarding these adjustments. Adjusted EBITDA is used in our agreements governing our outstanding indebtedness for debt covenant compliance purposes. Our Adjusted EBITDA calculation is consistent with the definition of Adjusted EBITDA used in our debt instruments.

Adjusted EPS is used in reporting to our Board and executive management and as a component of the measurement of our performance. We believe that this measure provides useful information to investors because it is the profitability measure we use to evaluate earnings performance on a comparable year-to-year basis. Adjusted EPS is defined as net income (loss) adjusted for amortization of intangible assets, stock-based compensation, transaction related expenses, loss (gain) on investments, loss (gain) on debt extinguishment, other expense, change in fair value of Private Placement Warrants and unvested founder shares

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and tax effect of adjustments to arrive at Adjusted net income divided by our basic weighted average number of shares outstanding.

The following table presents a reconciliation of net loss to EBITDA and Adjusted EBITDA for the periods presented:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Three Months Ended September 30,** | | | | | | | | |  | | | **Nine Months Ended September 30,** | | | | | | | | |
| **(in thousands)** | | | **2021** | | |  | | | **2020** | | |  | | | **2021** | | |  | | | **2020** | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Net income (loss) | | | $ | 78,197 |  |  | | | $ | (288,402) |  |  | | | $ | 77,142 |  |  | | | $ | (347,242) |  |
| Adjustments: | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Interest expense | | | 67,512 | |  |  | | | 82,275 | |  |  | | | 195,233 | |  |  | | | 259,290 | |  |
| Interest income | | | (8) | |  |  | | | (81) | |  |  | | | (19) | |  |  | | | (229) | |  |
| Income tax provision (benefit) | | | 19,565 | |  |  | | | (1,080) | |  |  | | | 23,817 | |  |  | | | (11,219) | |  |
| Depreciation | | | 15,783 | |  |  | | | 15,262 | |  |  | | | 48,956 | |  |  | | | 44,903 | |  |
| Amortization of intangible assets | | | 85,167 | |  |  | | | 83,513 | |  |  | | | 255,042 | |  |  | | | 250,540 | |  |
| Non-income taxes | | | 105 | |  |  | | | 415 | |  |  | | | 1,107 | |  |  | | | 1,335 | |  |
| EBITDA | | | $ | 266,321 |  |  | | | $ | (108,098) |  |  | | | $ | 601,278 |  |  | | | $ | 197,378 |  |
| Adjustments: | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Other expenses | | | 1,685 | |  |  | | | 297 | |  |  | | | 2,396 | |  |  | | | 566 | |  |
| Integration expenses | | | 4,875 | |  |  | | | 715 | |  |  | | | 9,563 | |  |  | | | 743 | |  |
| Change in fair value of Private Placement Warrants and unvested founder shares | | | (76,636) | |  |  | | | — | |  |  | | | (35,451) | |  |  | | | — | |  |
| Transaction-related expenses | | | 1,541 | |  |  | | | 2,464 | |  |  | | | 7,972 | |  |  | | | 5,162 | |  |
| Loss (gain) on investments | | | — | |  |  | | | 7,784 | |  |  | | | (25) | |  |  | | | 7,784 | |  |
| Loss on extinguishment of debt | | | 15,823 | |  |  | | | — | |  |  | | | 15,823 | |  |  | | | — | |  |
| Stock-based compensation | | | 4,752 | |  |  | | | 262,356 | |  |  | | | 13,194 | |  |  | | | 299,628 | |  |
| Adjusted EBITDA | | | $ | 218,361 |  |  | | | $ | 165,518 |  |  | | | $ | 614,750 |  |  | | | $ | 511,261 |  |

Material differences between MultiPlan Corporation and MPH for the three and nine months ended September 30, 2021 include differences in interest expense, change in fair value of Private Placement Warrants and unvested founder shares, and stock-based compensation. For the three and nine months ended September 30, 2021, interest expense for MultiPlan Corporation is $20.5 million and $61.4 million higher than interest expense, respectively, for MPH due to interest expense incurred by MultiPlan Corporation on the Senior Convertible PIK Notes (issued on October 8, 2020). For the three and nine months ended September 30, 2021, the change in fair value of Private Placement Warrants and unvested founder shares, and stock-based compensation are recorded in the parent company MultiPlan Corporation and not in the MPH operating company and therefore represent differences between MultiPlan Corporation and MPH.

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The following table presents a reconciliation of net loss to Adjusted EPS for the periods presented:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **($ in thousands, except share and per share amounts)** | | | **Three Months Ended September 30,** | | | | | | | | |  | | | **Nine Months Ended September 30,** | | | | | | | | |
| **2021** | | |  | | | **2020** | | |  | | | **2021** | | |  | | | **2020** | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Net income (loss) | | | $ | 78,197 |  |  | | | $ | (288,402) |  |  | | | $ | 77,142 |  |  | | | $ | (347,242) |  |
| Adjustments: | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Amortization of intangible assets | | | 85,167 | |  |  | | | 83,513 | |  |  | | | 255,042 | |  |  | | | 250,540 | |  |
| Stock-based compensation | | | 4,752 | |  |  | | | 262,356 | |  |  | | | 13,194 | |  |  | | | 299,628 | |  |
| Transaction-related expenses | | | 1,541 | |  |  | | | 2,464 | |  |  | | | 7,972 | |  |  | | | 5,162 | |  |
| Loss (gain) on investments | | | — | |  |  | | | 7,784 | |  |  | | | (25) | |  |  | | | 7,784 | |  |
| Loss on extinguishment of debt | | | 15,823 | |  |  | | | — | |  |  | | | 15,823 | |  |  | | | — | |  |
| Other expenses | | | 1,685 | |  |  | | | 297 | |  |  | | | 2,396 | |  |  | | | 566 | |  |
| Integration expenses | | | 4,875 | |  |  | | | 715 | |  |  | | | 9,563 | |  |  | | | 743 | |  |
| Change in fair value of Private Placement Warrants and unvested founder shares | | | (76,636) | |  |  | | | — | |  |  | | | (35,451) | |  |  | | | — | |  |
| Estimated tax effect of adjustments | | | (26,564) | |  |  | | | (20,877) | |  |  | | | (73,764) | |  |  | | | (61,679) | |  |
| Adjusted net income | | | $ | 88,840 |  |  | | | $ | 47,850 |  |  | | | $ | 271,892 |  |  | | | $ | 155,502 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Weighted average shares outstanding – Basic | | | 652,520,691 | | |  | | | 415,700,000 | | |  | | | 654,414,644 | | |  | | | 415,700,000 | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Net loss per share – basic | | | $ | 0.12 |  |  | | | $ | (0.69) |  |  | | | $ | 0.12 |  |  | | | $ | (0.84) |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Adjusted EPS | | | $ | 0.14 |  |  | | | $ | 0.12 |  |  | | | $ | 0.42 |  |  | | | $ | 0.37 |  |

**Factors Affecting the Comparability of our Results of Operations**

As a result of a number of factors, our historical results of operations may not be comparable to our results of operations in future periods and may not be directly comparable from period to period. Set forth below is a brief discussion of the key factors impacting the comparability of our results of operations.

***The Transactions***

On July 12, 2020, Churchill entered into the Merger Agreement by and among First Merger Sub, Second Merger Sub, Holdings, and MultiPlan Parent. On October 8, 2020, the Merger Agreement was consummated and the Transactions were completed.

The Transactions were accounted for as a reverse recapitalization, with no goodwill or other intangible assets recorded, in accordance with GAAP. Under this method of accounting, Churchill was treated as the "acquired" company for financial reporting purposes with MultiPlan Parent determined to be the accounting acquiror. This determination was primarily based on the existing MultiPlan Parent stockholders being the majority stockholders and holding majority voting power in the combined company, MultiPlan Parent's senior management comprising the majority of senior management of the combined company, and the ongoing operations of MultiPlan Parent comprising the ongoing operations of the combined company. Accordingly, for accounting purposes, the Transactions were treated as the equivalent of MultiPlan Parent issuing shares for the net assets of Churchill, accompanied by a recapitalization. The net assets of Churchill were recognized at fair value (which were consistent with carrying value), with no goodwill or other intangible assets recorded. See Note 1 General Information and Basis of Accounting of the notes to the unaudited condensed consolidated financial statements included in this Quarterly Report for further information on the Transactions.

As a consequence of the Transactions, we became the successor to a SEC-registered and NYSE-listed company.

***HST Acquisition***

On November 9, 2020, the Company acquired HST, a healthcare technology company that enables value-driven health benefit plan designs featuring reference-based pricing and tools to engage health plan members and providers in making the

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best use of available benefits both before and after care delivery. The Company acquired 100 percent of the voting equity interests of HST.

The results of operations and financial condition of HST have been included in the Company's consolidated results from the date of acquisition. Through September 30, 2021, HST's impact on revenues and net earnings was not material.

***DHP Acquisition***

On February 26, 2021, the Company completed the acquisition of DHP, an analytics and technology company offering healthcare payment and revenue integrity services. The Company acquired 100 percent of the voting equity interest of DHP. The acquisition strengthens MultiPlan's service offering in the payment integrity market with new and complementary services to help its payor customers manage the overall cost of care and improve their competitiveness. It also adds revenue integrity services for plans that receive premiums from the Centers for Medicare and Medicaid Services.

The results of operations and financial condition of DHP have been included in the Company's consolidated results from the date of acquisition. Through September 30, 2021, DHP's impact on revenues and net earnings was not material. In connection with the DHP acquisition, the Company incurred transaction-related expenses of $0.6 million for the year ended December 31, 2020 and $0.1 million and $4.7 million for the three and nine months ended September 30, 2021, respectively. The transaction-related expenses have been expensed as incurred and are included in general and administrative expenses in the accompanying unaudited condensed consolidated statements of income (loss) and comprehensive income (loss).

***Debt Refinancings, Repayments and Repricing***

On October 8, 2020, the Company issued $1,300.0 million in aggregate principal amount of the Senior Convertible PIK Notes. The Senior Convertible PIK Notes were issued with a 2.5% discount and a maturity date of October 15, 2027. The Senior Convertible PIK Notes will accrue interest at a rate per annum equal to six percent (6.00%) with respect to Cash Interest and seven percent (7.00%) with respect to PIK Interest. The Company must elect prior to the third business day prior to any interest payment date to pay Cash Interest or PIK Interest for such interest period; provided that prior to any such election, the Company is deemed to have selected Cash Interest.

On October 8, 2020, we redeemed the Senior PIK Notes in full at a redemption price of 102.000% of the principal amount plus accrued and unpaid interest for a total redemption price of $1,237.6 million.

On October 29, 2020, MPH issued $1,300.0 million in aggregate principal amount of its 5.750% Notes and redeemed the 7.125% Notes in full at a redemption price of 103.563% of the principal amount plus accrued and unpaid interest for a total redemption price of $1,661.3 million. The Company also entered into an amendment to increase the commitments under its senior secured revolving credit facility from $100.0 million to $450.0 million.

On October 29, 2020, we made a principal prepayment of the Term Loan G in the amount of $369.0 million. This prepayment reduces interest expense for Term Loan G for this and future time periods.

On August 24, 2021, MPH issued new senior secured credit facilities comprised of $1,325.0 million of Term Loan B and $450.0 million of a Revolver B, and $1,050.0 million in aggregate principal amount of 5.50% Senior Secured Notes. MPH used the net proceeds from Term Loan B, issued with a discount of 1.00%, and the 5.50% Senior Secured Notes to repay all of the outstanding balance of its Term Loan G for a total redemption price of $2,354.6 million, and pay fees and expenses in connection therewith.

Interest on Term Loan B and Revolver B is calculated, at MPH’s option, as (a) LIBOR (or, with respect to Term Loan B only, 0.50%, if higher), plus the applicable margin, or (b) the highest rate of (1) the prime rate, (2) the federal funds effective rate, plus 0.50%, (3) the LIBOR for an interest period of one month, plus 1.00% and (4) 0.50% for Term Loan B and 1.00% for Revolver B, in each case, plus an applicable margin of 4.25% for Term Loan B and between 3.50% and 4.00% for Revolver B, depending on MPH’s first lien debt to consolidated EBITDA ratio. The interest rate in effect for Term Loan B was 4.75% as of September 30, 2021 and the interest rate in effect for Term Loan G was 3.75% as of September 30, 2020.

The Company is obligated to pay a commitment fee on the average daily unused amount of Revolver B. The annual commitment fee can range from an annual rate of 0.25% to 0.50% based on the Company's first lien debt to consolidated EBITDA ratio, as defined in the agreement.

The interest rate on the 5.50% Senior Secured Notes is fixed at 5.50%, and is payable semi-annually on March 1 and September 1 of each year.

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In connection with the issuance of our debt instruments, the Company incurred specific expenses related to raising the debt, including commissions, fees and expenses of investment bankers and underwriters, registration and listing fees, accounting and legal fees pertaining to the financing and other external, incremental expenses paid to advisors that were directly attributable to realizing the proceeds of the debt issues. These costs were capitalized and are being amortized over the term of the related debt using the effective interest method. The amortization of the debt issuance costs, premiums and discounts are included in interest expense in the accompanying unaudited condensed consolidated statements of income (loss) and comprehensive income (loss).

In connection with the August 24, 2021 refinancing, the Company wrote off $2.7 million of the term loan discount and $6.4 million of debt issuance costs, and incurred an expense of $6.7 million for lender and third party fees. These amounts are included in Loss on extinguishment of debt in the accompanying consolidated statements of (loss) income and comprehensive (loss) income.

In the years ended December 31, 2019, 2018, and 2017, we did not recognize expense for the portions of debt issuance costs related to the amounts of the principal loan prepayments of Term Loan G made in each year, which resulted in an understatement of long-term debt of $2.3 million as of December 31, 2019. We corrected this error as an out-of-period adjustment resulting in an overstatement of interest expense of $2.3 million in the nine months ended September 30, 2020.

***Stock-Based Compensation***

Prior to the consummation of the Transactions, we were a wholly owned subsidiary of Holdings and our stock-based compensation was granted to employees in the form of Units via a Class B Unit Award Agreement. The fair value of the Units was remeasured at each reporting period. The consummation of the Transactions constituted a definitive Liquidity Event under the agreements governing the Unit awards and as a result the incentive plan was liquidated. For the three and nine months ended September 30, 2020, the Company recorded stock-based compensation expense under the Class B Unit Award Agreement of $262.4 million and $299.6 million, respectively, in the accompanying unaudited condensed consolidated statements of income (loss) and comprehensive income (loss).

Since the consummation of the Transactions, the Company has operated under the 2020 Omnibus Incentive Plan effective October 8, 2020. To date, awards granted under the 2020 Omnibus Incentive Plan have been in the form of Employee RS, Employee RSUs, Fixed Value RSUs, Employee NQSOs and Director RSUs. Stock-based compensation is measured at the grant date based on the fair value of the award.

During the nine months ended September 30, 2021, the Company has granted 2.5 million Employee NQSOs, 2.9 million Employee RSUs, 0.1 million Employee RS, 0.3 million Fixed Value RSUs and 0.1 million Director RSUs under the 2020 Omnibus Incentive Plan. For the three and nine months ended September 30, 2021, the Company recorded stock-based compensation expense under the 2020 Omnibus Incentive Plan of $4.8 million and $13.2 million, respectively, in the accompanying unaudited condensed consolidated statements of income (loss) and comprehensive income (loss).

**Results of Operations for the Three and Nine Months Ended September 30, 2021 and 2020**

The following table provides the results of operations for the periods indicated:

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  | | | **Three Months Ended September 30,** | | | | | | | | |  | | | **Change** | | | | | | | | |  | | | **Nine Months Ended September 30,** | | | | | | | | |  | | | **Change** | | | | | | | | |
| **($ in thousands)** | | | **2021** | | |  | | | **2020** | | |  | | | **$** | | |  | | | **%** | | |  | | | **2021** | | |  | | | **2020** | | |  | | | **$** | | |  | | | **%** | | |
| **Revenues** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Network-Based Services | | | $ | 66,966 |  |  | | | $ | 65,323 |  |  | | | $ | 1,643 |  |  | | | 2.5 | | % |  | | | $ | 208,404 |  |  | | | $ | 200,448 |  |  | | | $ | 7,956 |  |  | | | 4.0 | | % |
| Analytics-Based Services | | | 185,812 | |  |  | | | 133,119 | |  |  | | | 52,693 | |  |  | | | 39.6 | | % |  | | | 513,765 | |  |  | | | 407,216 | |  |  | | | 106,549 | |  |  | | | 26.2 | | % |
| Payment and Revenue Integrity Services | | | 35,434 | |  |  | | | 25,075 | |  |  | | | 10,359 | |  |  | | | 41.3 | | % |  | | | 97,179 | |  |  | | | 74,755 | |  |  | | | 22,424 | |  |  | | | 30.0 | | % |
| **Total Revenues** | | | $ | 288,212 |  |  | | | $ | 223,517 |  |  | | | $ | 64,695 |  |  | | | 28.9 | | % |  | | | $ | 819,348 |  |  | | | $ | 682,419 |  |  | | | $ | 136,929 |  |  | | | 20.1 | | % |
| **Costs of services (exclusive of depreciation and amortization of intangible assets shown below)** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Personnel expenses excluding stock-based compensation | | | 38,463 | |  |  | | | 31,961 | |  |  | | | 6,502 | |  |  | | | 20.3 | | % |  | | | 108,660 | |  |  | | | 95,745 | |  |  | | | 12,915 | |  |  | | | 13.5 | | % |
| Stock-based compensation | | | 1,719 | |  |  | | | 108,777 | |  |  | | | (107,058) | |  |  | | | (98.4) | | % |  | | | 2,171 | |  |  | | | 126,723 | |  |  | | | (124,552) | |  |  | | | (98.3) | | % |
| Personnel expenses including stock-based compensation | | | 40,182 | |  |  | | | 140,738 | |  |  | | | (100,556) | |  |  | | | (71.4) | | % |  | | | 110,831 | |  |  | | | 222,468 | |  |  | | | (111,637) | |  |  | | | (50.2) | | % |
| Access and bill review fees | | | 2,810 | |  |  | | | 3,583 | |  |  | | | (773) | |  |  | | | (21.6) | | % |  | | | 9,746 | |  |  | | | 10,889 | |  |  | | | (1,143) | |  |  | | | (10.5) | | % |
| Other cost of services expenses | | | 1,596 | |  |  | | | 3,545 | |  |  | | | (1,949) | |  |  | | | (55.0) | | % |  | | | 8,109 | |  |  | | | 11,088 | |  |  | | | (2,979) | |  |  | | | (26.9) | | % |
| **Total costs of services (exclusive of depreciation and amortization of intangible assets shown below)** | | | 44,588 | |  |  | | | 147,866 | |  |  | | | (103,278) | |  |  | | | (69.8) | | % |  | | | 128,686 | |  |  | | | 244,445 | |  |  | | | (115,759) | |  |  | | | (47.4) | | % |
| General and administrative expenses excluding stock-based compensation and transaction-related expenses | | | 33,647 | |  |  | | | 20,337 | |  |  | | | 13,310 | |  |  | | | 65.4 | | % |  | | | 91,149 | |  |  | | | 56,080 | |  |  | | | 35,069 | |  |  | | | 62.5 | | % |
| Stock-based compensation | | | 3,033 | |  |  | | | 153,579 | |  |  | | | (150,546) | |  |  | | | (98.0) | | % |  | | | 11,023 | |  |  | | | 172,905 | |  |  | | | (161,882) | |  |  | | | (93.6) | | % |
| Transaction-related expenses | | | 1,541 | |  |  | | | 2,464 | |  |  | | | (923) | |  |  | | | (37.5) | | % |  | | | 7,972 | |  |  | | | 5,162 | |  |  | | | 2,810 | |  |  | | | 54.4 | | % |
| **Total general and administrative expenses** | | | 38,221 | |  |  | | | 176,380 | |  |  | | | (138,159) | |  |  | | | (78.3) | | % |  | | | 110,144 | |  |  | | | 234,147 | |  |  | | | (124,003) | |  |  | | | (53.0) | | % |
| Depreciation expense | | | 15,783 | |  |  | | | 15,262 | |  |  | | | 521 | |  |  | | | 3.4 | | % |  | | | 48,956 | |  |  | | | 44,903 | |  |  | | | 4,053 | |  |  | | | 9.0 | | % |
| Amortization of intangible assets | | | 85,167 | |  |  | | | 83,513 | |  |  | | | 1,654 | |  |  | | | 2.0 | | % |  | | | 255,042 | |  |  | | | 250,540 | |  |  | | | 4,502 | |  |  | | | 1.8 | | % |
| **Operating income (loss)** | | | 104,453 | |  |  | | | (199,504) | |  |  | | | 303,957 | |  |  | | | 152.4 | | % |  | | | 276,520 | |  |  | | | (91,616) | |  |  | | | 368,136 | |  |  | | | 401.8 | | % |
| Interest expense | | | 67,512 | |  |  | | | 82,275 | |  |  | | | (14,763) | |  |  | | | (17.9) | | % |  | | | 195,233 | |  |  | | | 259,290 | |  |  | | | (64,057) | |  |  | | | (24.7) | | % |
| Interest income | | | (8) | |  |  | | | (81) | |  |  | | | 73 | |  |  | | | 90.1 | | % |  | | | (19) | |  |  | | | (229) | |  |  | | | 210 | |  |  | | | 91.7 | | % |
| Loss on extinguishment of debt | | | 15,823 | |  |  | | | — | |  |  | | | 15,823 | |  |  | | | 100.0 | | % |  | | | 15,823 | |  |  | | | — | |  |  | | | 15,823 | |  |  | | | 100.0 | | % |
| Loss (gain) on investments | | | — | |  |  | | | 7,784 | |  |  | | | (7,784) | |  |  | | | (100.0) | | % |  | | | (25) | |  |  | | | 7,784 | |  |  | | | (7,809) | |  |  | | | (100.3) | | % |
| Change in fair value of Private Placement Warrants and unvested founder shares | | | (76,636) | |  |  | | | — | |  |  | | | (76,636) | |  |  | | | (100.0) | | % |  | | | (35,451) | |  |  | | | — | |  |  | | | (35,451) | |  |  | | | (100.0) | | % |
| **Net income (loss) before taxes** | | | 97,762 | |  |  | | | (289,482) | |  |  | | | 387,244 | |  |  | | | 133.8 | | % |  | | | 100,959 | |  |  | | | (358,461) | |  |  | | | 459,420 | |  |  | | | 128.2 | | % |
| Provision (benefit) for income taxes | | | 19,565 | |  |  | | | (1,080) | |  |  | | | 20,645 | |  |  | | | NM | | |  | | | 23,817 | |  |  | | | (11,219) | |  |  | | | 35,036 | |  |  | | | 312.3 | | % |
| **Net income (loss)** | | | $ | 78,197 |  |  | | | $ | (288,402) |  |  | | | $ | 366,599 |  |  | | | 127.1 | | % |  | | | $ | 77,142 |  |  | | | $ | (347,242) |  |  | | | $ | 424,384 |  |  | | | 122.2 | | % |

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

NM = Not meaningful

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*Revenues*

The increase in revenues for the three and nine months ended September 30, 2021 as compared to revenues for the three and nine months ended September 30, 2020 was primarily due to increases in claims volumes and changes in the mix of claims due to the reductions in COVID-19 restrictions on medical services that were in place in second and third quarter 2020, the acquisitions of DHP and HST and revenue growth from existing customers. Acquired revenues related to the acquisitions of DHP and HST were $12.4 million and $31.3 million for the three and nine months ended September 30, 2021, respectively.

Network-Based Services revenues increased in the three and nine months ended September 30, 2021 as compared to revenues for the three and nine months ended September 30, 2020 primarily due to increases in claims volumes and changes in the mix of claims due to the reduction in COVID-19 restrictions on medical services that were in place in second and third quarter 2020.

Analytics-Based Services revenues increased for the three and nine months ended September 30, 2021 as compared to revenues for the three and nine months ended September 30, 2020 primarily due to revenue growth through an increase in claims volume from existing customers, increases in claims volumes and changes in the mix of claims due to the reductions in COVID-19 restrictions on medical services that were in place in second and third quarter 2020, and the acquisition of HST.

Payment and Revenue Integrity Services revenues increased for the three and nine months ended September 30, 2021 as compared to revenues for the three and nine months ended September 30, 2020 primarily due to the acquisition of DHP and partially due to changes in the mix of claims due to the reductions in COVID-19 restrictions on medical services that were in place in second and third quarter 2020.

*Costs of Services (exclusive of depreciation and amortization of intangible assets)*

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Three Months Ended September 30,** | | | | | | | | |  | | | **Change** | | | | | | | | |  | | | **Nine Months Ended September 30,** | | | | | | | | |  | | | **Change** | | | | | | | | |
| **($ in thousands)** | | | **2021** | | |  | | | **2020** | | |  | | | **$** | | |  | | | **%** | | |  | | | **2021** | | |  | | | **2020** | | |  | | | **$** | | |  | | | **%** | | |
| Cost of services (exclusive of depreciation and amortization of intangible assets) | | | $ | 44,588 |  |  | | | $ | 147,866 |  |  | | | $ | (103,278) |  |  | | | (69.8) | | % |  | | | $ | 128,686 |  |  | | | $ | 244,445 |  |  | | | $ | (115,759) |  |  | | | (47.4) | | % |
| Less: stock-based compensation | | | 1,719 | |  |  | | | 108,777 | |  |  | | | (107,058) | |  |  | | | (98.4) | | % |  | | | 2,171 | |  |  | | | 126,723 | |  |  | | | (124,552) | |  |  | | | (98.3) | | % |
| Costs of services excluding stock-based compensation | | | $ | 42,869 |  |  | | | $ | 39,089 |  |  | | | $ | 3,780 |  |  | | | 9.7 | | % |  | | | $ | 126,515 |  |  | | | $ | 117,722 |  |  | | | $ | 8,793 |  |  | | | 7.5 | | % |

The decrease in cost of services for the three and nine months ended September 30, 2021, as compared to the three and nine months ended September 30, 2020 was due to decreases in personnel expenses primarily related to stock-based compensation as explained below and decreases in access and bill review fees.

The decrease in personnel expenses, including contract labor, for the three and nine months ended September 30, 2021, as compared to the three and nine months ended September 30, 2020 was primarily due to decreases in stock-based compensation of $107.1 million and $124.6 million for the three and nine months ended September 30, 2021, as compared to the three and nine months ended September 30, 2020, respectively, partially offset by increases in other compensation related expenses, including salaries, bonus, commissions, fringe benefits and contract labor of $6.5 million and $12.9 million for the three and nine months ended September 30, 2021, respectively. The change in stock-based compensation expense over these time periods was primarily the result of changes in the stock-based compensation plans as described above in the Factors Affecting the Comparability of our Results of Operations.

The decrease in access and bill review fees was primarily due to reductions in network access fees for accessing non-owned third-party provider networks, primarily due to reduced volume and a renegotiated agreement with one of our large leased networks.

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*General and Administrative Expenses*

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  | | | **Three Months Ended September 30,** | | | | | | | | |  | | | **Change** | | | | | | | | |  | | | **Nine Months Ended September 30,** | | | | | | | | |  | | | **Change** | | | | | | | | |
| **($ in thousands)** | | | **2021** | | |  | | | **2020** | | |  | | | **$** | | |  | | | **%** | | |  | | | **2021** | | |  | | | **2020** | | |  | | | **$** | | |  | | | **%** | | |
| General and administrative expenses | | | $ | 38,221 |  |  | | | $ | 176,380 |  |  | | | $ | (138,159) |  |  | | | (78.3) | | % |  | | | $ | 110,144 | |  | | | $ | 234,147 | |  | | | $ | (124,003) | |  | | | (53.0) | | % |
| Less: stock-based compensation | | | 3,033 | |  |  | | | 153,579 | |  |  | | | (150,546) | |  |  | | | (98.0) | | % |  | | | 11,023 | | |  | | | 172,905 | | |  | | | (161,882) | |  |  | | | (93.6) | | % |
| Less: transaction-related expenses | | | 1,541 | |  |  | | | 2,464 | |  |  | | | (923) | |  |  | | | (37.5) | | % |  | | | 7,972 | | |  | | | 5,162 | | |  | | | 2,810 | |  |  | | | 54.4 | | % |
| General and administrative expenses excluding stock-based compensation and transaction-related expenses | | | $ | 33,647 | |  | | | $ | 20,337 | |  | | | $ | 13,310 |  |  | | | 65.4 | | % |  | | | $ | 91,149 | |  | | | $ | 56,080 | |  | | | $ | 35,069 | |  | | | 62.5 | | % |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |

The decrease in general and administrative expenses for the three months ended September 30, 2021, as compared to the three months ended September 30, 2020 was primarily due to a decrease in personnel expenses of $143.8 million, a decrease in transaction costs of $0.9 million, and an increase in the capitalized software development offset of $4.4 million, offset by an increase in insurance of $1.8 million primarily related to higher D&O insurance as a result of being a public company, an increase in professional fees of $2.9 million including higher legal, audit, and consulting fees, an increase in integration costs of $4.2 million primarily related to the acquisitions of HST and DHP, an increase in the loss on disposal of assets of $1.6 million as a result of a periodic review of capitalized computer hardware and software, and an increase in other general and administrative expenses of $0.4 million. The decrease in personnel expenses of $143.8 million was due to a decrease in stock-based compensation of $150.5 million, partially offset by an increase in other compensation related expenses, including salaries, bonus, fringe benefits, and contract labor of $6.7 million.

The decrease in general and administrative expenses for the nine months ended September 30, 2021, as compared to the nine months ended September 30, 2020 was primarily due to a decrease in personnel expenses of $148.0 million and an increase in the capital development offset of $4.7 million, offset by an increase in professional fees of $7.2 million including higher legal, audit, and consulting fees, an increase in insurance of $5.4 million primarily related to higher D&O insurance as a result of being a public company, an increase in transactions costs of $2.8 million, an increase in integration expenses of $8.8 million primarily related to the acquisitions of HST and DHP, an increase in equipment lease and maintenance expenses of $2.1 million, an increase in the loss on disposal of assets of $2.2 million based on a periodic review of capitalized computer hardware and software, and increase in other general and administrative expenses of $0.2 million. The decrease in personnel expenses of $148.0 million was due to a decrease in stock-based compensation of $161.9 million, partially offset by an increase in other compensation related expenses, including salaries, bonus, fringe benefits, and contract labor of $13.9 million. The increase in transactions costs of $2.8 million was primarily due to costs associated with the acquisition of DHP on February 26, 2021. See Note 2 Business Combinations of the notes to the unaudited condensed consolidated financial statements included in this Quarterly Report for additional information regarding the acquisition of DHP.

*Depreciation Expense*

The increase in depreciation expense for the three and nine months ended September 30, 2021 as compared to the three and nine months ended September 30, 2020 was due to purchases of property and equipment, including internally generated capitalized software in the nine months ended September 30, 2021 and year ended December 31, 2020, respectively, partially offset by assets that were written-off or became fully depreciated in the period.

*Amortization of Intangible Assets*

The increase in the amortization of intangible assets for the three and nine months ended September 30, 2021, as compared to the three and nine months ended September 30, 2020 was primarily due to the acquisitions of HST and DHP. This expense represents the amortization of intangible assets, as explained above and in the notes to the unaudited condensed consolidated financial statements.

*Interest Expense*

The decrease in interest expense for the three and nine months ended September 30, 2021, as compared to the three and nine months ended September 30, 2020 was due to the effect of (i) the Transactions on October 8, 2020 where we redeemed our

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Senior PIK Notes (8.500% interest rate) and issued Convertible PIK Notes (6.000% interest rate), (ii) the Refinancing on October 29, 2020 where we prepaid $369.0 million of principal balance on Term Loan G and we redeemed the 7.125% Notes and issued 5.750% Notes, and (iii) the refinancing on August 24, 2021 where MPH issued new senior secured credit facilities comprised of Term Loan B and Revolver B, and issued the 5.50% Senior Secured Notes, using the net proceeds to repay all of the outstanding balance of Term Loan G.

In the years ended December 31, 2017, 2018 and 2019, we did not recognize expense for the portions of debt issuance costs related to the amounts of the principal loan prepayments made in each year, which resulted in an understatement of long-term debt of $2.3 million as of December 31, 2019. We corrected this error as an out-of-period adjustment resulting in an overstatement of interest expense of $2.3 million in the nine months ended September 30, 2020.

As of September 30, 2021, our long-term debt was $4,893.3 million and included (i) $1,325.0 million Term Loan B, discount on Term Loan B of $13.3 million, (ii) $1,050.0 million of 5.50% Senior Secured Notes, (iii) $1,300.0 million of 5.750% Senior Notes, (iv) $1,300.0 million of Senior Convertible PIK Notes, discount on Senior Convertible PIK Notes of $28.7 million (reduction in discount on Senior Convertible PIK Notes from December 30, 2020 relates to the adoption of ASU 2020-06 effective January 1, 2021), and (v) $0.1 million of long-term finance lease obligations, net of (vi) debt issue costs of $39.8 million. As of September 30, 2021, our total debt had an annualized weighted average cash interest rate of 4.85%.

As of December 31, 2020, our long-term debt was $4,578.5 million and included (i) $2,341.0 million Term Loan G, discount on Term Loan G of $3.8 million, (ii) $1,300.0 million of 5.750% Senior Notes, (iii) $1,300.0 million of Senior Convertible PIK Notes, discount on Senior Convertible PIK Notes of $329.5 million, and (iv) $0.1 million of long-term finance lease obligations, net of (v) debt issue costs of $29.3 million. As of December 31, 2020, our total debt had a weighted average interest rate of 4.91%

*Loss on extinguishment of debt*

As a result of the refinancing transactions of August 24, 2021, the Company recognized a loss on debt extinguishment of $15.8 million representing the difference between Term Loan G's net carrying amount immediately before the refinancing and the fair value of the new debt instruments, and fees associated with the issuance of the new debt under the refinancing.

*Change in fair value of Private Placement Warrants and unvested founder shares*

The Company remeasures the fair value of the Private Placement Warrants and unvested founder shares at each reporting period. From December 31, 2020 to September 30, 2021, the fair value of the Private Placement Warrants and the unvested founder shares decreased by $12.3 million and $23.2 million, respectively. The decrease was primarily due to the decrease in the stock price of the Company's Class A common stock over that period.

*(Benefit) Provision for Income Taxes*

Our effective tax rate for the nine months ended September 30, 2021 differed from the statutory rate primarily due to a non-deductible mark-to-market liability, impact of our acquisitions, changes in the Company's deferred state tax rate due to operations, and state tax expense. Our effective tax rate for nine months ended September 30, 2020 differed from the statutory rate primarily due to state taxes and stock-based compensation expense.

**Liquidity and Capital Resources**

As of September 30, 2021, we had cash and cash equivalents of $225.1 million and $450.0 million of loan availability under the revolving credit facility. In connection with the Refinancing, the commitments under the revolving credit facility were increased from $100.0 million to $450.0 million and $369.0 million of indebtedness under the Term Loan G was repaid. On August 24, 2021, the maturity of the revolving credit facility was extended from June 7, 2023 to August 24, 2026. We have three letters of credit totaling $1.8 million as of September 30, 2021. The three letters of credit are used to satisfy real estate lease agreements for three of our offices in lieu of security deposits. Effective starting in fourth quarter 2020, these letters of credit are no longer utilized against the revolver. See Note 3 Long-Term Debt of the notes to the unaudited condensed consolidated financial statements included in this Quarterly Report for further information on the August 24, 2021 refinancing.

On August 27, 2021, the Company's Board of Directors approved a share repurchase program authorizing the Company to repurchase up to $250.0 million of its Class A common stock from time to time in open market transactions. The repurchase program was effective immediately and expires on December 31, 2022. As of September 30, 2021, the Company has repurchased $61.1 million of its Class A common stock as part of this program using cash on hand.

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Our primary sources of liquidity are internally generated funds combined with our borrowing capacity under our revolving credit facility. We believe that these sources will provide sufficient liquidity for us to meet our working capital, capital expenditure and other cash requirements for at least the next twelve months. We may from time to time at our sole discretion, purchase, redeem or retire our long-term debt, through tender offers, in privately negotiated or open market transactions or otherwise. We plan to finance our capital expenditures with cash from operations. Furthermore, our future liquidity and future ability to fund capital expenditures, working capital and debt requirements are also dependent upon our future financial performance, which is subject to many economic, commercial, financial and other factors that are beyond our control, including the ability of financial institutions to meet their lending obligations to us. If those factors significantly change, our business may not be able to generate sufficient cash flow from operations or future borrowings may not be available to meet our liquidity needs. We anticipate that to the extent we require additional liquidity as a result of these factors or in order to execute our strategy, it would be financed either by borrowings under our senior secured credit facilities, by other indebtedness, additional equity financings or a combination of the foregoing. We may be unable to obtain any such additional financing on reasonable terms or at all.

**Cash Flow Summary**

The following table is derived from our unaudited condensed consolidated statements of cash flows:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Nine Months Ended September 30,** | | | | | | | | |
| **(in thousands)** | | | **2021** | | |  | | | **2020** | | |
| Net cash flows provided by (used in): | | |  | | |  | | |  | | |
| Operating activities | | | $ | 371,426 |  |  | | | $ | 332,301 |  |
| Investing activities | | | $ | (201,197) |  |  | | | $ | (150,328) |  |
| Financing activities | | | $ | (71,844) |  |  | | | $ | 9 |  |

***Cash Flows from Operating Activities***

Cash flows from operating activities provided $371.4 million for the nine months ended September 30, 2021 and $332.3 million for the nine months ended September 30, 2020. This $39.1 million increase in cash flows from operating activities was primarily the result of an increase in net income of $424.4 million, offset by a decrease in adjustments for non-cash items of $339.8 million and an increase in net working capital of $45.5 million.

The $339.8 million decrease in non-cash items was primarily due to a decrease in deferred income taxes of $32.6 million, a decrease in the change in fair value of Private Placement Warrants and unvested founder shares of $35.5 million, a decrease in stock-based compensation of $286.4 million, a decrease in loss on equity investments of $7.8 million, a decrease in non-cash interest costs of $3.0 million including decreases in debt issue costs, and a decrease in amortization of right of use asset of $1.2 million, offset by an increase in loss on extinguishment of debt of $15.8 million, an increase in depreciation of $4.1 million, an increase in amortization of intangible assets of $4.5 million, and an increase in loss on disposal of property and equipment of $2.3 million.

During the nine months ended September 30, 2021, $46.5 million was provided by changes in net working capital including an increase in accounts payable and accrued expenses and other expenses of $47.3 million and a decrease in prepaid expenses and other assets of $4.7 million, offset by an increase in prepaid taxes of $— million, an increase in net accounts receivable of $0.5 million primarily due to timing of collections, and a decrease in operating lease obligations of $5.0 million. The increase in accounts payable and accrued expenses and other expenses of $47.3 million was primarily due to an increase in accrued interest of $48.8 million and accrued compensation of $17.8 million, offset by $10.2 million in accrued taxes, and $9.1 million of other accounts payable and accrued expenses.

During the nine months ended September 30, 2020, $92.0 million was provided by changes in net working capital including a decrease in net accounts receivable of $23.2 million primarily due to declines in year-over-year revenues and timing of collections, a decrease in prepaid taxes of $2.1 million primarily due to a retrospective change in the tax law, an increase in accounts payable and accrued expenses and other expenses of $107.0 million primarily due to accrued transactions costs and accrued interest, offset by an increase in prepaid expenses and other assets of $34.3 million due to prepayment of deferred transaction costs, and a decrease in operating lease obligations of $6.1 million.

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***Cash Flows from Investing Activities***

For the nine months ended September 30, 2021, net cash of $201.2 million was used in investing activities including $149.7 million for the acquisition of DHP and $57.2 million for purchases of property and equipment and capitalization of software development, offset by proceeds from the sale of an investment of $5.6 million. For the nine months ended September 30, 2020, net cash of $150.3 million was used in investing activities including $49.3 million for purchases of property and equipment and capitalization of software development and $101.0 million of purchases of equity investments.

***Cash Flows from Financing Activities***

Cash flows used in financing activities for the nine months ended September 30, 2021 were $71.8 million consisting primarily of repayments of Term Loan G of $2,341.0 million, $61.1 million of purchases of treasury stock, and $3.3 million of taxes paid on net settlement of vested share awards, offset by the issuance of Term Loan B of $1,299.0 million and the issuance of $1,034.6 million of the 5.50% Senior Secured Notes.

Cash flows provided in financing activities for the nine months ended September 30, 2020 consisted of $98.0 million of borrowings and $98.0 million of repayments on Revolver G.

**Term Loans and Revolvers**

On August 24, 2021, MPH issued new senior secured credit facilities comprised of $1,325.0 million of Term Loan B and $450.0 million of Revolver B, and $1,050.0 million in aggregate principal amount of 5.50% Senior Secured Notes. MPH used the net proceeds from Term Loan B, issued with a discount of 1.00%, and the 5.50% Senior Secured Notes to repay all of the outstanding balance of its Term Loan G of $2,341.0 million, and pay fees and expenses in connection therewith.

Interest on Term Loan B and Revolver B is calculated, at MPH's option, as (a) LIBOR (or, with respect to Term Loan B only, 0.50%, if higher), plus the applicable margin, or (b) the highest rate of (1) the prime rate, (2) the federal funds effective rate, plus 0.50%, (3) the LIBOR for an interest period of one month plus 1.00% and (4) 0.50% for Term Loan B and 1.00% for Revolver B, in each case, plus an applicable margin of 4.25% for Term Loan B and between 3.50% and 4.00% for Revolver B, depending on MPH's first lien debt to consolidated EBITDA ratio. The interest rate in effect for Term Loan B was 4.75% as of September 30, 2021 and the interest rate in effect for Term Loan G was 3.75% as of September 30, 2020.

Term Loan B matures on September 1, 2028 and Revolver B matures on August 24, 2026.

For all our debt agreements with an interest rate dependent on LIBOR, we are currently assessing and monitoring how transitioning from LIBOR to an alternative reference rate may affect us past 2023.

We are obligated to pay a commitment fee on the average daily unused amount of our revolving credit facility. The annual commitment fee rate was 0.50% at September 30, 2021 and 0.25% at September 30, 2020. The fee can range from an annual rate of 0.25% to 0.50% based on our leverage ratio, as defined in the agreement.

**Senior Notes**

On October 8, 2020, the Senior PIK notes were redeemed in full for a total redemption price of $1,237.6 million, which included a redemption premium and accrued interest. The interest rate on the Senior PIK Notes was fixed at 8.5% and was payable semi-annually on June 1 and December 1 of each year.

On October 8, 2020, the Company issued $1,300.0 million in aggregate principal amount of Senior Convertible PIK Notes. The Senior Convertible PIK Notes were issued with a 2.5% discount with a maturity date of October 15, 2027. Prior to the adoption of ASU 2020-06 on January 1, 2021, the nature of the notes required management to separate the Senior Convertible PIK Notes into liability and equity components. ASU 2020-06’s elimination of the beneficial conversion guidance resulted in "recombining" the equity and debt components of the Senior Convertible PIK Notes into a single liability. As a result, $297.9 million of the discount on the liability created by recognition of a component of the convertible debt in equity was eliminated. See Note 1 General Information and Basis of Accounting and Note 3 Long-Term Debt of the notes to the unaudited condensed consolidated financial statements included in this Quarterly Report for further detail.

The Senior Convertible PIK Notes are convertible into shares of Class A common stock based on a $13.00 conversion price, subject to customary anti-dilution adjustments. The interest rate on the Senior Convertible PIK Notes is fixed at 6% in cash and 7% in kind, and is payable semi-annually on April 15 and October 15 of each year.

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On October 29, 2020, the 7.125% Notes were redeemed in full for a total redemption price of $1,661.3 million, which included a redemption premium and accrued interest. The interest rate on the 7.125% Notes was fixed at 7.125% and was payable semi-annually on June 1 and December 1 of each year.

On October 29, 2020, the Company issued $1,300.0 million in aggregate principal amount of the 5.750% Notes. The 5.750% Notes are guaranteed on a senior unsecured basis jointly and severally by the Company and its subsidiaries and have a maturation date of November 1, 2028. The 5.750% Notes were issued at par. The interest rate on the 5.750% Notes is fixed at 5.750%, and is payable semi-annually on May 1 and November 1 of each year.

On August 24, 2021 MPH issued $1,050.0 million in aggregate principal amount of 5.50% Senior Secured Notes with a maturation date of September 1, 2028. The interest rate on the 5.50% Senior Secured Notes is fixed at 5.50%, and is payable semi-annually on March 1 and September 1 of each year. The 5.50% Senior Secured Notes are guaranteed and secured as described below under “—Guarantees and Security.”

**Debt Covenants and Events of Default**

We are subject to certain affirmative and negative debt covenants under the debt agreements governing our indebtedness that limit our and/or certain of our subsidiaries' ability to engage in specific types of transactions. These covenants limit our and/or certain of our subsidiaries' ability to, among other things:

•incur additional indebtedness or issue disqualified or preferred stock;

•pay certain dividends or make certain distributions on capital stock or repurchase or redeem capital stock;

•make certain loans, investments or other restricted payments;

•transfer or sell certain assets;

•incur certain liens;

•place restrictions on the ability of its subsidiaries to pay dividends or make other payments to us;

•guarantee indebtedness or incur other contingent obligations;

•prepay junior debt and make certain investments;

•consummate any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or dispose of all or substantially all of its business units, assets or other properties; and

•engage in transactions with our affiliates.

Certain covenants related to the 5.50% Senior Secured Notes will cease to apply to the 5.50% Senior Secured Notes for so long as such notes have investment grade ratings from both Moody’s Investors Service, Inc. and S&P Global Ratings.

In connection with the Refinancing, the Revolver Ratio was amended such that, if, as of the last day of any fiscal quarter of MPH, the aggregate amount of loans under the revolving credit facility, letters of credit issued under the revolving credit facility (to the extent not cash collateralized or backstopped or, in the aggregate, in excess of $10.0 million) and swingline loans are outstanding and/or issued in an aggregate amount greater than 35% of the total commitments in respect of the revolving credit facility at such time, the revolving credit facility will require MPH to maintain a maximum first lien secured leverage ratio of 6.75 to 1.00. Our consolidated first lien debt to consolidated EBITDA ratio is 2.68 times and 3.14 times as of September 30, 2021 and December 31, 2020, respectively.

As of September 30, 2021 and December 31, 2020 we were in compliance with all of the debt covenants.

The debt agreements governing the new senior secured credit facilities, Term Loan G, the Revolver G, the 5.750% Notes and the 5.50% Senior Secured Notes contain customary events of default, subject to grace periods and exceptions, which include, among others, payment defaults, cross-defaults to certain material indebtedness, certain events of bankruptcy, material judgments, in the case of the debt agreements governing the new senior secured credit facilities and the 5.50% Senior Secured Notes, failure of a guarantee on the liens on material collateral to remain in effect, in the case of the debt agreements governing the new senior secured credit facilities, Term Loan G and the Revolver G, any change of control. Upon the occurrence of an event of default under such debt agreements, the lenders and holders of such debt will be permitted to accelerate the loans and

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terminate the commitments, as applicable, thereunder and exercise other specified remedies available to the lenders and holders thereunder.

See the footnotes to the EBITDA and Adjusted EBITDA reconciliation table provided above under "*Non-GAAP Financial Measures*" for material differences between the financial information of MultiPlan and MPH.

**Guarantees and Security**

All obligations under the debt agreements governing Term Loan B, Revolver B and the 5.50% Senior Secured Notes are unconditionally guaranteed by MPH Acquisition Corp. 1, the direct holding company parent of MPH, and each existing and subsequently acquired or organized direct or indirect wholly owned U.S. organized restricted subsidiary of MPH (subject to certain exceptions). All such obligations, and the guarantees of such obligations, are secured, subject to permitted liens and other exceptions, by a first priority lien shared between the senior secured credit facilities and the 5.50% Senior Secured Notes on substantially all of MPH’s and the subsidiary guarantors’ tangible and intangible property, and a pledge of all of the capital stock of each of their respective subsidiaries.

**Critical Accounting Policies**

In preparing our Unaudited Condensed Consolidated Financial Statements, we are required to make judgments, assumptions and estimates, which we believe are reasonable and prudent based on the available facts and circumstances. These judgments, assumptions and estimates affect certain of our revenues and expenses and their related balance sheet accounts and disclosure of our contingent liabilities. We base our assumptions and estimates primarily on historical experience and consider known and projected trends. On an ongoing basis, we re-evaluate our selection of assumptions and the method of calculating our estimates. Actual results, however, may materially differ from our calculated estimates, and this difference would be reported in our current operations.

For a detailed description of our critical accounting estimates, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” in Part II, Item 7 in our 2020 Annual Report. For a detailed discussion of our significant accounting policies, see Note 2 of Notes to the Consolidated Financial Statements in Part II, Item 8, “*Financial Statements and Supplementary Data*” in our 2020 Annual Report. As of September 30, 2021, our critical accounting policies and estimates have not changed from those described in our 2020 Annual Report, except for the policies related to convertible notes, which changed as a result of the adoption of a new accounting pronouncement, and stock-based compensation, which changed as a result of the grant of stock options and Fixed Value RSUs.

**Customer Concentration**

Two customers individually accounted for 35% and 20% of revenues for the year ended December 31, 2020. The loss of the business of one or more of our larger customers could have a material adverse effect on our results of operations.

**Recent Accounting Pronouncements**

See Note 1 General Information and Basis of Accounting of the Notes to the unaudited condensed consolidated financial statements included in this Quarterly Report for additional information.

**Quantitative and Qualitative Disclosure About Market Risk**

See Item 3. Quantitative and Qualitative Disclosure about Market Risk below.

**Internal Controls Over Financial Reporting**

For further information on the Company’s internal controls over financial reporting see Item 4. Controls and Procedures.

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

Reference is made to our 2020 Annual Report and in particular Item 7A.“*Quantitative and Qualitative Disclosure about Market Risk*” therein. As of September 30, 2021, there were no material changes in the market risks described in our 2020 Annual Report.

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**Item 4. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including the Company’s principal executive officer and principal financial and accounting officer, the Company conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on this evaluation, our principal executive officer and principal financial and accounting officers have concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of September 30, 2021, solely as a result of the following material weaknesses in internal control over financial reporting.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. As described in our annual report on Form 10-K for the year ended December 31, 2020, management determined that the following control deficiencies that constituted material weaknesses in our internal control over financial reporting existed as of December 31, 2020 and continue to exist as of September 30, 2021:

•We did not maintain a sufficient complement of resources with an appropriate level of accounting knowledge and experience commensurate with the financial reporting requirements for a public company, including condensed timelines to close and sufficient oversight of internal controls over financial reporting.

•We did not maintain sufficient formal accounting policies, procedures, and controls for accounting and financial reporting with respect to the requirements and application of public company financial reporting requirements, including accounting for debt and equity arrangements.

These material weaknesses did not result in any material misstatements to our unaudited condensed consolidated financial statements for the three months ended September 30, 2021.

**Remediation of Material Weaknesses**

In 2020, the Company took the following actions to remediate the material weaknesses:

•The Company hired a Senior Vice President and Chief Accounting Officer, a Vice President of Internal Audit, and an Assistant Vice President and Assistant General Counsel, Securities in September 2020, October 2020, and December 2020, respectively.

•The Company engaged a professional services firm to assist in the design and documentation of formal policies, procedures and internal controls.

Building on our efforts during 2020, during the first three quarters of 2021, the Company took the following additional actions:

•The Company hired a Senior Vice President of Finance and Investor Relations and strengthened the financial reporting and technical accounting team with individuals who have significant experience in technical accounting matters and internal controls.

•The Company prepared a risk assessment of key controls. Through this analysis, the Company is identifying areas where new controls are needed as well as areas where control enhancements to existing controls are necessary. The Company will further develop and implement these controls as part of the close process and will continue to enhance or modify these controls in future periods if needed.

•The Company started the evaluation of its key internal controls over financial reporting covering entity-level controls, and business process controls. Upon completion of the interim testing of key controls, Management will continue to

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assess its internal controls, remediate any identified deficiencies and continue to enhance its key financial reporting controls.

•The Company worked to strengthen the internal control environment by conducting training on policies and procedures, standardizing business practices, improving communication, leadership, and process improvement within various financial functional areas.

•The Company established a repeatable formal process and timeline for periodic financial close and reporting which supports public company reporting requirements. An SEC Reporting solution was implemented to complement the public company reporting process.

•The Company continues to evaluate the need for additional resources with the requisite knowledge of accounting and financial reporting while supplementing existing resources with temporary resources to assist with performing technical accounting activities.

We believe the measures described above will facilitate the remediation of the control deficiencies we have identified and strengthen our internal control over financial reporting. We are committed to continuing to improve our internal control processes and will continue to review, optimize and enhance our financial reporting controls and procedures. As we continue to evaluate and work to improve our internal control over financial reporting, we may take additional measures to address control deficiencies, or we may modify certain of the remediation measures described above. These material weaknesses will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. Accordingly, the material weaknesses are not remediated as of September 30, 2021.

**Changes in Internal Control Over Financial Reporting**

There has been no change in our internal control over financial reporting during the three months ended September 30, 2021 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

**Inherent Limitations on Effectiveness of Controls**

Management recognizes that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud or error, if any, have been detected.

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**Part II - Other Information**

**Item 1. Legal Proceedings**

We are a defendant in various lawsuits and other pending and threatened litigation and other adversarial matters which have arisen in the ordinary course of business as well as regulatory investigations. While the ultimate outcome with respect to such proceedings cannot be predicted with certainty, we believe they will not have a material adverse effect on our financial condition or results of operations.

In the putative securities class action complaint captioned In re MultiPlan Corporation Securities Litigation (formerly Kong v. MultiPlan Corporation et al.), No. 2:21-cv-3186-RPK-RER (E.D.N.Y.) filed in the United States District Court for the Eastern District of New York (the “District Court”), plaintiffs asserted claims against the Company, the Company’s Chief Executive and Chief Financial Officer, and other individuals and entities involved in the Transactions, including certain members of the Company’s board of directors, for purported violations of the Securities Exchange Act of 1934 and related rules based on alleged material misrepresentations and omissions concerning the Transactions and in our public disclosures. The suit was originally filed with the District Court on June 4, 2021 and on June 21, 2021 the District Court appointed a lead plaintiff. On July 23, 2021, the District Court directed the lead plaintiff's counsel to file an amended complaint by August 31, 2021 and entered a briefing schedule on the defendants’ anticipated motions to dismiss the amended complaint. On August 26, 2021, the District Court extended the time for the lead plaintiff's counsel to file the Amended Complaint until September 14, 2021. On September 14, 2021, rather than filing an amended complaint, the lead plaintiff's counsel cited the results of its own investigation and moved to voluntarily dismiss all claims in the action without prejudice. The District Court granted the motion and entered the dismissal order the next day.

On March 25, 2021 and April 9, 2021, we were named as a defendant in two putative class action lawsuits relating to the Transactions that have since been consolidated under the caption In Re MultiPlan Corp. Stockholders Litigation, Consolidated C.A. No. 2021-0300-LWW (Del.Ch) (“Delaware Stockholder Litigation”). The Delaware Stockholder Litigation asserts breach of fiduciary duty claims and aiding and abetting breach of fiduciary duty claims against the former directors of the Churchill board, the Sponsor, KG and M. Klein (collectively, the “Churchill Defendants”) and the Company. The Delaware Stockholder Litigation complaint alleges that the Transactions were a product of an unfair process by Churchill, which was allegedly impacted by conflicts of interest, resulting in mispricing of the Transactions. The complaint seeks, among other things, damages, certain equitable relief including the reopening of redemptions, and attorneys’ fees and costs. The Company and the Churchill Defendants filed motions to dismiss the complaint and on August 9, 2021, the plaintiffs filed a consolidated brief opposing those motions. On September 10, 2021, the Company and the Churchill Defendants filed their reply briefs. The Vice Chancellor for the Delaware Court of Chancery (“Chancery Judge”) entertained oral argument on the Company’s and the Churchill Defendants’ respective motions to dismiss on September 20, 2021 and took the Defendants’ motions to dismiss under advisement. We expect the Chancery Judge to rule on the motions before year-end.

We cannot reasonably estimate a potential future loss or a range of potential future losses and have not recorded a contingent liability accrual in connection with these matters as of September 30, 2021.

**Item 1A. Risk Factors**

There have been no material changes, except for the following, during the nine months ended September 30, 2021 to the risk factors previously disclosed in Item 1A. “*Risk Factors*” in the Company's 2020 Annual Report.

***Our Private Placement Warrants and unvested founder shares are accounted for as derivative liabilities and changes in fair value for each period are reported in earnings, which may have an adverse effect on the market price of our Class A common stock.***

As of September 30, 2021, we had Private Placement Warrants exercisable for an aggregate of 24,500,000 shares of our Class A common stock and unvested founder shares contingently issuable for an aggregate of 12,404,080 shares of our Class A common stock outstanding. We account for the Private Placement Warrants and unvested founder shares as liabilities. At each reporting period (i) the accounting treatment of the Private Placement Warrants and unvested founder shares will be re-evaluated for proper accounting treatment as a liability or equity and (ii) the fair value of the liability of the Private Placement Warrants and unvested founder shares will be remeasured and the change in the fair value of the liability will be recorded as Change in fair value of Private Placement Warrants and unvested founder shares in our Statements of Loss and Comprehensive Loss. Changes in the inputs and assumptions for the valuation model we use to determine the fair value of such liability may have a material impact on the estimated fair value of the embedded derivative liability. The share price of our Class A common stock represents the primary underlying variable that impacts the value of the derivative instruments. Additional factors that impact the value of the derivative instruments include the volatility of our stock price, risk-free rate and discount for lack of marketability. As a result, our consolidated financial statements and results of operations will fluctuate quarterly, based on various factors, such as the share price of our Class A common stock, many of which are outside of our control. In addition, we

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may change the underlying assumptions used in our valuation model, which could result in significant fluctuations in our results of operations. If our stock price is volatile, we expect that we will recognize non-cash gains or losses on the outstanding Private Placement Warrants, unvested founder shares or any other similar derivative instruments each reporting period and that the amount of such gains or losses could be material. The impact of changes in fair value on earnings may have an adverse effect on the market price of our Class A common stock.

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

The table below represents the Company’s repurchase of shares of its Class A common stock during the three months ended September 30, 2021.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
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| (in thousands, except share data) | | |  | | | **Total Number of Shares Purchased** | | |  | | | **Average Price Paid Per Share** | | |  | | | **Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs** | | |  | | | **Approximate Dollar Value of Shares that May Yet Be Purchased** | | |
| **Period** | | |  | | |  | | |  | | |  | | |
| July 1 - 31, 2021 | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Repurchase program(a) | | |  | | | — | | |  | | | $ | — |  |  | | | — | |  |  | | | $ | — |  |
| Employee transactions(b) | | |  | | | 32,556 | | |  | | | $ | 7.26 |  |  | | | — | |  |  | | | $ | — |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| August 1 - 31, 2021 | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Repurchase program(a) | | |  | | | — | | |  | | | $ | — |  |  | | | — | |  |  | | | $ | 250,000 |  |
| Employee transactions(b) | | |  | | | — | | |  | | | $ | — |  |  | | | — | |  |  | | | $ | — |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| September 1 - 30, 2021 | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Repurchase program(a) | | |  | | | 10,009,831 | | |  | | | $ | 6.10 |  |  | | | 10,009,831 | |  |  | | | $ | 188,920 |  |
| Employee transactions(b) | | |  | | | — | | |  | | | $ | — |  |  | | | — | |  |  | | | $ | — |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Total | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Repurchase program(a) | | |  | | | 10,009,831 | | |  | | | $ | 6.10 |  |  | | | 10,009,831 | |  |  | | | $ | 188,920 |  |
| Employee transactions(b) | | |  | | | 32,556 | | |  | | | $ | 7.26 |  |  | | | — | |  |  | | | $ | — |  |

(a) On August 27, 2021, the Company announced a share repurchase program approved by its board of directors, authorizing, but not obligating, the repurchase of up to an aggregate amount of $250,000,000 of its Class A common stock from time to time through December 31, 2022. Repurchases under the share repurchase program may be made in amounts and at prices the Company deems appropriate and may be made pursuant to a trading plan intended to qualify under Rule 10b5-1 of the Exchange Act. Repurchases by the Company under the share repurchase program will be subject to general market and economic conditions, applicable legal requirements and other considerations, and the share repurchase program may be suspended, modified or discontinued at any time without prior notice at the Company’s discretion.

(b) Represents share of Class A common stock repurchased to satisfy tax withholding obligations arising upon the vesting of certain restricted shares issued under the 2020 Omnibus Incentive Plan.

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**Item 6. Exhibits**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **Incorporated by Reference** | | | | | | | | | | | |
| **Exhibit Number** | | | **Description** | | | **Form** | | | **File No.** | | | **Exhibit** | | | **Filing Date** | | |
| 4.1 | | | [Indenture, dated as of August 24, 2021, by and among MPH Acquisition Holdings LLC, the guarantors party thereto and Wilmington Trust, National Association](https://www.sec.gov/Archives/edgar/data/0001793229/000179322921000081/exhibit4108-24x2021.htm) | | | 8-K | | | 001-39228 | | | 4.1 | | | August 25, 2021 | | |
| 4.2 | | | [Form of 5.50% Senior Secured Note due 2028 (included in Exhibit 4.1)](https://www.sec.gov/Archives/edgar/data/0001793229/000179322921000081/exhibit4108-24x2021.htm) | | | 8-K | | | 001-39228 | | | 4.2 | | | August 25, 2021 | | |
| 10.1 | | | [Credit Agreement, dated as of August 24, 2021, by and among MPH Acquisition Corp. 1, MPH Acquisition Holdings LLC, the Co-Obligors from time to time party thereto, the Lenders and Letter of Credit Issuers from time to time party thereto and Goldman Sachs Lending Partners LLC, as the Administrative Agent, Collateral Agent, Swingline Lender and Letter of Credit Issuer](https://www.sec.gov/Archives/edgar/data/0001793229/000179322921000081/exhibit10108-24x2021.htm) | | | 8-K | | | 001-39228 | | | 10.1 | | | August 25, 2021 | | |
| 10.2+ | | | [Side Letter between Mark H. Tabak and MultiPlan, Inc., effective August 4, 2021, amending the Amended and Restated Employment Agreement by and between Mr. Tabak, MultiPlan, Inc. and Polaris Investment Holdings, L.P.](https://www.sec.gov/Archives/edgar/data/0001793229/000179322921000061/exhibit101q22021.htm) | | | 8-K | | | 001-39228 | | | 10.1 | | | August 6, 2021 | | |
| 10.3+ | | | [Side Letter between David L. Redmond and MultiPlan, Inc., effective August 4, 2021, amending the Amended and Restated Employment Agreement by and between Mr. Redmond, MultiPlan, Inc. and Polaris Investment Holdings, L.P.](https://www.sec.gov/Archives/edgar/data/0001793229/000179322921000061/exhbit102q22021.htm) | | | 8-K | | | 001-39228 | | | 10.2 | | | August 6, 2021 | | |
| 31.1 | | | [Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13-a - 14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](exhibit311q32021.htm) | | |  | | |  | | |  | | |  | | |
| 31.2 | | | [Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13-a - 14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](exhibit312q32021.htm) | | |  | | |  | | |  | | |  | | |
| 32.1 | | | [Certification of Principal Executive Officer Pursuant to 18 U.S.C. of Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](exhibit321q32021.htm) | | |  | | |  | | |  | | |  | | |
| 32.2 | | | [Certification of Principal Financial Officer Pursuant to 18 U.S.C. of Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](exhibit322q32021.htm) | | |  | | |  | | |  | | |  | | |
| 101 | | | The following financial information from MultiPlan Corporation's Quarterly Report on Form 10-Q for the nine months ended September 30, 2021 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Unaudited Condensed Consolidated Balance Sheets, (ii) Unaudited Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss), (iii) the Unaudited Condensed Statements of Changes in Stockholders' Equity, (iv) the Unaudited Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Unaudited Condensed Consolidated Financial Statements. | | |  | | |  | | |  | | |  | | |
| 104 | | | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) | | |  | | |  | | |  | | |  | | |

+ Denotes a management contract or compensatory arrangement.

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**SIGNATURE**

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

Dated: November 4, 2021

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  | | |
|  | | | MULTIPLAN CORPORATION | | | | | |  |  |  |
|  | | |  | | |  | | |  | | |
|  | | | By: | | | /s/ David L. Redmond | | |  | | |
|  | | |  | | | David L. Redmond | | |  | | |
|  | | |  | | | Executive Vice President and Chief Financial Officer | | |  | | |

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