

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(MARK ONE)

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

For the quarter ended September 30, 2023

☐ 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

(State or other jurisdiction of
incorporation or organization)

84-3536151

(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 ☒ No ☐

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or

revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of October 30, 2023, 649,486,255 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:

"2022 Annual Report" are to our Annual Report on Form 10-K for the fiscal year ended December 31, 2022;

"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;

"Abacus" are to Abacus Insights, Inc.;

"Adjusted EPS" are to adjusted earnings per share;

"ASU" are to Accounting Standard Update;

"Benefits Science Technologies" are to Benefits Science LLC;

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

"BST" are to Benefits Science LLC;

"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;

"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;

"DHP" are to Discovery Health Partners;

"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;

"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 costs of services and general and administrative expenses;

"NSA" are to the No Surprises Act, which is part of the Consolidated Appropriations Act, 2021;

"Other expenses, net" represents miscellaneous non-recurring income, miscellaneous non-recurring expenses, gain or loss on disposal of assets, impairment of other assets, gain or loss on disposal of leases, tax penalties, and non-integration related severance costs;

"Payors" are our customers and potential 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, self-insured employers, federal and state government sponsored health 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;

"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);

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

"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;

"Term SOFR" are to the Secured Overnight Financing Rate;

"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 litigation related thereto as well as those related to any other acquisitions, whether consummated or not.

"Unvested Founder Shares" represents 12,404,080 of the Sponsor founder shares that were unvested as of October 8, 2020 in connection with the Merger Agreement and will re-vest at such time as, during the period starting on October 8, 2021 and ending on October 8, 2025, the closing price of our Class A common stock exceeds \$12.50 per share for any forty (40) trading days in a sixty (60) consecutive day period. Such founder shares that do not re-vest on or before October 8, 2025 will be forfeited and cancelled.

"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.

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, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 101,320	\$ 334,046
Restricted cash	6,294	6,513
Trade accounts receivable, net	69,339	78,907
Prepaid expenses	16,270	22,244
Prepaid taxes	6,575	1,351
Other current assets, net	11,867	3,676
Total current assets	211,665	446,737
Property and equipment, net	255,786	232,835
Operating lease right-of-use assets	21,120	24,237
Goodwill	3,829,002	3,705,199
Other intangibles, net	2,719,177	2,940,201
Other assets, net	21,069	21,895
Total assets	\$ 7,057,819	\$ 7,371,104
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 14,402	\$ 13,295
Accrued interest	76,488	57,982
Operating lease obligation, short-term	4,935	6,363
Current portion of long-term debt	13,250	13,250
Accrued compensation	33,260	34,568
Accrued legal contingencies	12,423	33,923
Other accrued expenses	16,929	16,463
Total current liabilities	171,687	175,844
Long-term debt	4,557,978	4,741,856
Operating lease obligation, long-term	18,541	20,894
Private Placement Warrants and Unvested Founder Shares	2,709	2,442
Deferred income taxes	552,220	639,498
Other liabilities	5,096	28
Total liabilities	5,308,231	5,580,562
Commitments and contingencies (Note 7)		
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; 667,386,715 and 666,290,344 issued; 649,486,255 and 639,172,938 shares outstanding	67	67
Additional paid-in capital	2,343,340	2,330,444
Accumulated other comprehensive income	382	—
Retained deficit	(467,916)	(347,800)
Treasury stock — 17,900,460 and 27,117,406 shares	(126,285)	(192,169)
Total shareholders' equity	1,749,588	1,790,542
Total liabilities and shareholders' equity	\$ 7,057,819	\$ 7,371,104

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

MULTIPLAN CORPORATION

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

(in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues	\$ 242,804	\$ 250,453	\$ 717,389	\$ 838,627
Costs of services (exclusive of depreciation and amortization of intangible assets shown below)	60,949	53,012	174,806	150,061
General and administrative expenses	36,779	58,434	107,996	131,107
Depreciation	19,586	17,481	56,693	51,248
Amortization of intangible assets	85,971	85,127	256,724	255,408
Total expenses	203,285	214,054	596,219	587,824
Operating income	39,519	36,399	121,170	250,803
Interest expense	84,300	77,087	250,203	221,228
Interest income	(1,505)	(886)	(7,110)	(944)
Gain on extinguishment of debt	(10,129)	—	(46,907)	—
Gain on investments	—	—	—	(289)
(Gain) loss on change in fair value of Private Placement Warrants and Unvested Founder Shares	(2,127)	(48,851)	267	(56,443)
Net (loss) income before taxes	(31,020)	9,049	(75,283)	87,251
(Benefit) provision for income taxes	(6,875)	(10,687)	(14,977)	10,025
Net (loss) income	\$ (24,145)	\$ 19,736	\$ (60,306)	\$ 77,226
Weighted average shares outstanding – Basic	646,443,806	639,073,949	643,855,782	638,859,792
Weighted average shares outstanding – Diluted	646,443,806	639,850,455	643,855,782	639,590,184
Net (loss) income per share – Basic	\$ (0.04)	\$ 0.03	\$ (0.09)	\$ 0.12
Net (loss) income per share – Diluted	\$ (0.04)	\$ 0.03	\$ (0.09)	\$ 0.12
Net (loss) income	(24,145)	19,736	(60,306)	77,226
Other comprehensive income:				
Unrealized gain on interest rate swap, net of tax	382	—	382	—
Comprehensive (loss) income	\$ (23,763)	\$ 19,736	\$ (59,924)	\$ 77,226

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

MULTIPLAN CORPORATION
Unaudited Condensed Consolidated Statements of Shareholders' Equity

(in thousands, except share data)

Three Months Ended September 30, 2023

	Common Stock Issued		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Deficit	Treasury stock		Total Shareholders' Equity
	Shares	Amount				Shares	Amount	
Balance at beginning of period	667,381,255	\$ 67	\$ 2,338,509	\$ —	\$ (443,771)	(17,900,460)	\$ (126,285)	\$ 1,768,520
2020 Omnibus Incentive Plan	5,460	—	4,835	—	—	—	—	4,835
Tax withholding related to vesting of equity awards	—	—	(4)	—	—	—	—	(4)
Gains arising during the period on Interest rate swaps	—	—	—	936	—	—	—	936
Reclassification adjustments for gains included in net income (interest expense)	—	—	—	(554)	—	—	—	(554)
Net loss	—	—	—	—	(24,145)	—	—	(24,145)
Balance at end of period	<u>667,386,715</u>	<u>\$ 67</u>	<u>\$ 2,343,340</u>	<u>\$ 382</u>	<u>\$ (467,916)</u>	<u>(17,900,460)</u>	<u>\$ (126,285)</u>	<u>\$ 1,749,588</u>

Three Months Ended September 30, 2022

	Common Stock Issued		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Treasury stock		Total Shareholders' Equity
	Shares	Amount				Shares	Amount	
Balance at beginning of period	666,176,911	\$ 67	\$ 2,318,353	\$ —	\$ 282,602	(27,117,406)	\$ (192,169)	\$ 2,408,853
2020 Omnibus Incentive Plan	49,156	—	4,065	—	—	—	—	4,065
Tax withholding related to vesting of equity awards	—	—	(180)	—	—	—	—	(180)
Reclassification of Private Placement Warrants	—	—	4,508	—	—	—	—	4,508
Net income	—	—	—	—	19,736	—	—	19,736
Balance at end of period	<u>666,226,067</u>	<u>\$ 67</u>	<u>\$ 2,326,746</u>	<u>\$ —</u>	<u>\$ 302,338</u>	<u>(27,117,406)</u>	<u>\$ (192,169)</u>	<u>\$ 2,436,982</u>

MULTIPLAN CORPORATION

Unaudited Condensed Consolidated Statements of Shareholders' Equity

(in thousands, except share data)

Nine Months Ended September 30, 2023

	Common Stock Issued		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Deficit	Treasury stock		Total Shareholders' Equity
	Shares	Amount				Shares	Amount	
Balance at beginning of period	666,290,344	\$ 67	\$ 2,330,444	\$ —	\$ (347,800)	(27,117,406)	\$ (192,169)	\$ 1,790,542
2020 Omnibus Incentive Plan	1,096,371	—	13,357	—	—	—	—	13,357
Tax withholding related to vesting of equity awards	—	—	(461)	—	—	—	—	(461)
Stock consideration paid for BST acquisition	—	—	—	—	(59,810)	21,588,652	79,024	19,214
Gains arising during the period on Interest rate swaps	—	—	—	936	—	—	—	936
Reclassification adjustments for gains included in net income (interest expense)	—	—	—	(554)	—	—	—	(554)
Repurchase of common stock	—	—	—	—	—	(12,371,706)	(13,140)	(13,140)
Net loss	—	—	—	—	(60,306)	—	—	(60,306)
Balance at end of period	<u>667,386,715</u>	<u>\$ 67</u>	<u>\$ 2,343,340</u>	<u>\$ 382</u>	<u>\$ (467,916)</u>	<u>(17,900,460)</u>	<u>\$ (126,285)</u>	<u>\$ 1,749,588</u>

Nine Months Ended September 30, 2022

	Common Stock Issued		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Treasury stock		Total Shareholders' Equity
	Shares	Amount				Shares	Amount	
Balance at beginning of period	665,456,180	\$ 67	\$ 2,311,660	\$ —	\$ 225,112	(27,117,406)	\$ (192,169)	\$ 2,344,670
2020 Omnibus Incentive Plan	769,887	—	12,954	—	—	—	—	12,954
Tax withholding related to vesting of equity awards	—	—	(2,376)	—	—	—	—	(2,376)
Reclassification of Private Placement Warrants	—	—	4,508	—	—	—	—	4,508
Net income	—	—	—	—	77,226	—	—	77,226
Balance at end of period	<u>666,226,067</u>	<u>\$ 67</u>	<u>\$ 2,326,746</u>	<u>\$ —</u>	<u>\$ 302,338</u>	<u>(27,117,406)</u>	<u>\$ (192,169)</u>	<u>\$ 2,436,982</u>

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

MULTIPLAN CORPORATION
Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

	Nine Months Ended September 30,	
	2023	2022
Operating activities:		
Net (loss) income	\$ (60,306)	\$ 77,226
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	56,693	51,248
Amortization of intangible assets	256,724	255,408
Amortization of the right-of-use asset	4,329	4,924
Stock-based compensation	13,357	11,298
Deferred income taxes	(87,278)	(138,873)
Amortization of debt issuance costs and discounts	7,967	7,841
Gain on extinguishment of debt	(46,907)	—
Gain on equity investments	—	(289)
Loss on disposal of property and equipment	452	1,110
Loss (gain) on change in fair value of Private Placement Warrants and Unvested Founder Shares	267	(56,443)
Changes in assets and liabilities:		
Accounts receivable, net	11,621	27,588
Prepaid expenses and other assets	(759)	13,764
Prepaid taxes	(5,224)	5,064
Operating lease obligation	(5,041)	(4,844)
Accounts payable, accrued expenses, legal contingencies and other	(1,877)	89,653
Net cash provided by operating activities	144,018	344,675
Investing activities:		
Purchases of property and equipment	(77,509)	(64,209)
Proceeds from sale of investment	—	289
Purchase of equity investments	—	(15,000)
BST Acquisition, net of cash acquired	(140,940)	—
Net cash used in investing activities	(218,449)	(78,920)
Financing activities:		
Repurchase of 5.750% Notes	(134,975)	—
Repayments of Term Loan B	(9,938)	(9,938)
Taxes paid on settlement of vested share awards	(461)	(2,376)
Purchase of treasury stock	(13,140)	—
Net cash used in financing activities	(158,514)	(12,314)
Net (decrease) increase in cash, cash equivalents and restricted cash	(232,945)	253,441
Cash, cash equivalents and restricted cash at beginning of period	340,559	188,379
Cash, cash equivalents and restricted cash at end of period	\$ 107,614	\$ 441,820
Cash and cash equivalents	\$ 101,320	\$ 439,123
Restricted cash	6,294	2,697
Cash, cash equivalents and restricted cash at end of period	\$ 107,614	\$ 441,820
Noncash investing and financing activities:		
Purchases of property and equipment not yet paid	\$ 7,319	\$ 6,315
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	\$ —	\$ 2,258
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$ (223,640)	\$ (187,834)
Income taxes, net of refunds	\$ (78,582)	\$ (104,693)

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

MULTIPLAN CORPORATION
Notes to Unaudited Condensed Consolidated Financial Statements

1. General Information and Basis of Accounting

General Information

We are a leading provider of data analytics and technology-enabled solutions designed to bring affordability, efficiency and fairness to the U.S. healthcare industry. We do so through services focused on reducing medical cost and improving billing and payment accuracy for payors of healthcare, which include health insurers, self-insured employers, federal and state government-sponsored health plans (collectively "Payors") and other health plan sponsors (typically through their health plan administrators), and, indirectly, the plan members who are the consumers of healthcare services.

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 2022 Annual Report. In the opinion of management, all adjustments, which are of a normal and recurring nature, necessary for a fair statement of the Company's financial position as of September 30, 2023 and December 31, 2022, and its results of operations and cash flows for the three and nine months ended September 30, 2023 and 2022 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.

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

MULTIPLAN CORPORATION
Notes to Unaudited Condensed Consolidated Financial Statements

Disaggregation of Revenue

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

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues				
Network-Based Services	\$ 56,828	\$ 58,859	\$ 171,171	\$ 190,903
PSAV	40,441	43,260	122,679	144,505
PEPM	14,055	13,574	43,384	41,313
Other	2,332	2,025	5,108	5,085
Analytics-Based Services	158,414	163,922	462,275	553,334
PSAV	147,748	158,804	438,508	536,613
PEPM	8,786	5,118	21,008	16,721
Other	1,880	—	2,759	—
Payment and Revenue Integrity Services	27,562	27,672	83,943	94,390
PSAV	27,461	27,554	83,635	94,033
PEPM	101	118	308	357
Total Revenues	\$ 242,804	\$ 250,453	\$ 717,389	\$ 838,627
Percent of PSAV revenues	88.8 %	91.7 %	89.9 %	92.4 %
Percent of PEPM revenues	9.5 %	7.5 %	9.0 %	7.0 %
Percent of other revenues	1.7 %	0.8 %	1.1 %	0.6 %

BST revenues are included in Analytics-Based Services PEPM and Other.

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 Payors 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 is based upon both customer-specific and aggregated factors that include historical billing and adjustment data, customer contractual 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 three and nine months ended September 30, 2023.

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.

Derivatives

Interest Rate Swap Agreements

The Company is exposed to interest rate risk on its floating-rate debt. In September 2023, the Company entered into interest rate swap agreements to effectively convert some of its floating-rate debt to a fixed-rate basis. The principal objective of these contracts is to reduce the variability of the cash flows in interest payments associated with the Company's floating-rate debt, thus reducing the impact of interest rate changes on future interest payment cash flows.

The Company has elected to apply the hedge accounting rules in accordance with authoritative guidance for the contracts entered into during the three months ended September 30, 2023. Changes in the fair value of interest rate swap agreements designated as cash flow hedges are recorded as a component of accumulated other comprehensive income within stockholders' equity and are subsequently reclassified into interest expense in the same period(s) during which the hedged transaction affects "Earnings".

New Accounting Pronouncements Adopted

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ASU 2020-04, 2021-01 and 2022-06, 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. In December 2022, the FASB issued ASU 2022-06, which defers the effective date from December 31, 2022 to December 31, 2024. The expedients and exceptions provided by the amendments do not apply to contract modifications and hedging relationships entered into or evaluated after December 31, 2024, except for hedging transactions as of December 31, 2024, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The Company has senior secured credit facilities for which the interest rates were originally indexed on the LIBOR. The Company transitioned from LIBOR to the Secured Overnight Financing Rate ("Term SOFR") and elected the optional expedients under the standard effective as of July 1, 2023. This adoption did not have any impact on our condensed consolidated financial statements.

2. Business Combinations

BST Acquisition

On May 8, 2023, the Company acquired 100 percent of Benefits Science LLC ("Benefits Science Technologies" or "BST"), a Texas limited liability company offering next generation data and advanced analytics services for \$160.1 million, net of acquired cash, consisting of \$140.9 million in cash and \$19.2 million in Company Class A common stock. This acquisition adds enhanced data and analytics capabilities to our existing services.

The BST acquisition was accounted for as a business combination using the acquisition method of accounting. As a result of the BST acquisition and the application of purchase accounting, BST's identifiable assets and liabilities were adjusted to their fair market value as of the acquisition date. For income tax purposes, the acquisition of BST is treated as the acquisition of partnership interests. The resulting intangible assets are amortizable for income tax purposes.

Following the consummation of the transactions, the Company entered into separately recognized transactions with key employees and service providers of BST who are employed or engaged by the Company, and are eligible to participate in a long-term incentive and retention program. Pursuant to this incentive and retention program, cash payments will be made to such participant if: (i) subject to limited exceptions, such participant remains employed or engaged by the Company through the date of payment; and (ii) certain threshold, target and maximum annual recurring revenue targets relating to the business of BST are met over three to five years. The aggregate potential cash payments under this plan are \$66.0 million if the target annual recurring revenue targets are achieved, with additional aggregate potential cash payments of up to \$16.5 million if the maximum annual recurring revenue targets are achieved. If a minimum threshold as a percentage of target annual recurring revenue is not achieved, no cash payments will be due. The Company will account for the incentive payments as post-combination compensation costs.

The following table summarizes the consideration transferred to acquire BST and the amounts of identified assets acquired and liabilities assumed at the acquisition date (in thousands):

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(in thousands)	September 30, 2023
Total consideration	\$ 160,827
Cash and cash equivalents	673
Trade accounts receivable, net	2,053
Prepaid expenses	204
Property and equipment, net	57
Operating lease right-of-use assets	1,129
Other assets	46
Other intangibles, net ⁽¹⁾	35,700
Accounts payable	(717)
Other accrued expenses	(938)
Operating lease obligation, short-term	(150)
Operating lease obligation, long-term	(1,033)
Total identifiable net assets	37,024
Goodwill	\$ 123,803

- (1) Includes client relationships of \$19.2 million with a remaining useful life of 20 years, technology of \$15.5 million with a remaining useful life of 7 years, and non-compete agreements of \$1.0 million with a remaining useful life of 5 years. The weighted average remaining useful life of the acquired intangibles subject to amortization is 14 years.

During the three months ended September 30, 2023 the purchase price was adjusted by \$0.4 million to reflect the final adjustments for working capital and indebtedness.

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 BST have been included in the Company's consolidated results from the date of acquisition.

In connection with the BST acquisition, the Company incurred transaction costs. The transaction costs have been expensed as incurred and these amounts totaling \$0.1 million and \$6.9 million for the three and nine months ended September 30, 2023, respectively, are included in general and administrative expenses in the accompanying unaudited condensed consolidated statements of (loss) income and comprehensive (loss) income.

Unaudited Pro Forma Financial Information

The following represents pro forma effects of the BST acquisition as if it had occurred on January 1, 2022. The pro forma net loss includes: (1) an increase in amortization of intangible assets of \$3.0 million related to added amortization expense associated with intangible assets acquired in the acquisition; and (2) the addition of \$11.3 million of transaction costs incurred, together with the income tax effects on (1) through (2). These pro forma results are not necessarily indicative of the results that would have occurred if the acquisition occurred on the first day of the period presented, nor does the pro forma financial information purport to present the results of operations for future periods. The following information for the year ended December 31, 2022 is presented in thousands:

Revenues	\$ 1,090,810
Net loss	(586,093)

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3. Derivative Financial Instruments

The Company is exposed to interest risk on its floating rate debt. On September 12, 2023, the Company entered into interest rate swap agreements with a total notional value of \$800 million to effectively convert a portion of its floating rate debt to a fixed-rate basis. The interest rate swap agreements are effective August 31, 2023 and mature on August 31, 2026. The principal objective of these contracts is to reduce the volatility of the cash flows in interest payments associated with the Company's floating rate debt, thus reducing the impact of interest rate changes on future interest payment cash flows. The Company's interest rate swaps are highly effective at offsetting the changes in cash outflows and therefore designated as cash flow hedging instruments.

The Company records derivatives on the balance sheet at fair value, as described in Note 6 Fair Value Methods. The gain or loss on the derivative is recorded in accumulated other comprehensive income and subsequently reclassified into interest expense in the same period(s) during which the hedged transaction affects earnings.

The following table represents the activity of cash flow hedges included in accumulated other comprehensive income (loss) for the periods presented:

(in thousands)	Nine Months Ended September 30,	
	2023	2022
Balance as of January 1	\$ —	\$ —
Unrealized gain recognized in other comprehensive income before reclassifications	936	—
Reclassifications to interest expense	554	—
Balance as of September 30, net of tax	\$ 382	\$ —

There was no cash flow hedge activity during the three and nine months ended September 30, 2022.

The following table summarizes the amounts recognized with respect to our derivative instruments within the accompanying unaudited condensed consolidated statements of (loss) income and comprehensive (loss) income:

(in thousands)	Location of Gain Recognized on Derivatives	Nine Months Ended September 30,	
		2023	2022
Derivatives designated as cash flow hedges			
Interest rate swap contracts	Interest expense	\$ 554	\$ —

The following table represents the fair value of derivative assets and liabilities within the condensed consolidated balance sheets (in thousands):

(in thousands)	Fair Value at September 30, 2023	Fair Value at December 31, 2022
Derivatives designated as cash flow hedging instruments:		
Other current assets, net	\$ 6,139	\$ —
Other liabilities	5,082	—

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4. Long-Term Debt

As of September 30, 2023, and December 31, 2022, long-term debt consisted of the following:

(in thousands)	Key Terms				September 30, 2023	December 31, 2022
	Character	Priority	Maturity	Coupon		
Term Loan B	Term Loan	Senior Secured	9/1/2028 ⁽¹⁾	Variable ⁽²⁾	\$ 1,298,500	\$ 1,308,438
5.50% Senior Secured Notes	Notes	Senior Secured	9/1/2028	5.50%	1,050,000	1,050,000
5.750% Notes	Notes	Senior Unsecured	11/1/2028	5.750%	979,827	1,163,793
Senior Convertible PIK Notes	Convertible Notes ⁽³⁾	Senior Unsecured	10/15/2027	Cash Interest 6.00%, PIK Interest 7.00%	1,300,000	1,300,000
Finance lease obligations, non-current	Other	Senior Secured	2022-2024	3.38% - 20.31%	19	45
Long-term debt					4,628,346	4,822,276
Less: current portion of long-term debt					(13,250)	(13,250)
Discount - Term Loan B					(9,787)	(11,129)
Discount - Senior Convertible PIK Notes					(20,336)	(23,600)
Less: debt discounts, net					(30,123)	(34,729)
Debt issuance costs - Term Loan B					(5,328)	(6,060)
Debt issuance costs - 5.50% Senior Secured Notes					(11,359)	(12,608)
Debt issuance costs - 5.750% Notes					(10,308)	(13,773)
Less: debt issuance costs, net					(26,995)	(32,441)
Long-term debt, net					\$ 4,557,978	\$ 4,741,856

- (1) Beginning December 31, 2021 and quarterly thereafter, we will repay a principal amount of the Term Loan B equal to 0.25% of the initial aggregate principal of \$1,325.0 million. These scheduled principal repayments may be reduced by any voluntary or mandatory prepayments made in accordance with the credit agreement.
- (2) Interest on Term Loan B and Revolver B is calculated, at MPH's option, as (a) Term SOFR (or, with respect to the term loan facility only, 0.50%, whichever is higher), plus the applicable SOFR adjustment, plus the applicable margin, or (b) the highest rate of (1) prime rate, (2) the federal funds effective rate, plus 0.50%, (3) the Term SOFR for an interest period of one month, plus the applicable SOFR adjustment, 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 9.92% as of September 30, 2023. Prior to July 1, 2023, LIBOR was used to calculate interest on Term Loan B and Revolver B, as described in the *New Accounting Pronouncements Adopted* section of Note 1 General Information and Basis of Accounting.
- (3) 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.

During the three and nine months ended September 30, 2023, the Company purchased and cancelled \$46.1 million and \$184.0 million, respectively, of the 5.750% Notes. The repurchases resulted in the recognition of gain on extinguishment of \$10.1 million and \$46.9 million during the three and nine months ended September 30, 2023, respectively, which are included

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in gain on extinguishment of debt in the accompanying unaudited condensed consolidated statements of (loss) income and comprehensive (loss) income.

As of September 30, 2023 and December 31, 2022, the Company was in compliance with all of the debt covenants. See our discussion of *Debt Covenants and Events of Default* provided in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”.

5. 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.

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 is obtained 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.

On August 8, 2022, the Sponsor transferred 9,200,000 Private Placement Warrants, including 5,431,302 to individuals not classified as permitted transferees under the warrant agreement and which are, therefore, now redeemable by the Company and exercisable by the holders on the same basis as the Public Warrants. As a result, these 5,431,302 warrants were reclassified from Private Placement Warrants and Unvested Founder Shares to Additional paid-in capital in the unaudited condensed consolidated balance sheets on the transfer date for their fair value of \$4.5 million.

As of September 30, 2023 and December 31, 2022, the fair value of the Private Placement Warrants and the Unvested Founder Shares were:

(in thousands)	September 30, 2023	December 31, 2022
Private Placement Warrants	\$ 1,096	\$ 953
Unvested Founder Shares	\$ 1,613	\$ 1,489

For the three months ended September 30, 2023, the change in fair values was primarily due to the change in expected term and the decrease in the price of the Company’s Class A common stock over that period. For the nine months ended September 30, 2023, the change in fair value was primarily due to the change in volatility and expected term over that period. The accompanying unaudited condensed consolidated statements of (loss) income and comprehensive (loss) income include losses (gains) related to the change in fair value of the Private Placement Warrants and Unvested Founder Shares for the three and nine months ended September 30, 2023 and 2022 as follows:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Private Placement Warrants	\$ (763)	\$ (20,818)	\$ 143	\$ (28,658)
Unvested Founder Shares	(1,364)	(28,033)	124	(27,785)
(Gain) loss on change in fair value of Private Placement Warrants and Unvested Founder Shares	\$ (2,127)	\$ (48,851)	\$ 267	\$ (56,443)

6. 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:

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- 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.

Cash and cash equivalents as of September 30, 2023 and December 31, 2022 included money market funds of \$55.0 million and \$250.0 million, respectively, which were valued based on Level 1 measurements using quoted prices in active markets for identical assets.

As of September 30, 2023 and December 31, 2022, the Company's carrying amount and fair value of long-term debt consisted of the following:

(in thousands)	September 30, 2023		December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Liabilities:				
Term Loan B, net of discount	\$ 1,288,713	\$ 1,217,061	\$ 1,297,309	\$ 1,113,091
5.50% Senior Secured Notes	1,050,000	892,080	1,050,000	823,200
5.750% Notes	979,827	734,380	1,163,793	775,086
Senior Convertible PIK Notes, net of discount	1,279,664	852,768	1,276,400	841,148
Finance lease obligations	19	19	45	45
Total Liabilities	\$ 4,598,223	\$ 3,696,308	\$ 4,787,547	\$ 3,552,570

We estimate the fair value of long-term debt using quoted prices in active markets. As such, this is considered a Level 1 fair value measurement.

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.

The Company records derivatives on the balance sheet at fair value, which represents the estimated amounts it would receive or pay upon termination of the derivative prior to the scheduled expiration date. The fair value is derived from model-driven information based on observable Level 2 inputs, such as SOFR forward rates.

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 impairment charges for these assets for the three and nine months ended September 30, 2023 and 2022, and \$662.2 million impairment charges for fiscal year 2022.

Our non-marketable equity securities using the measurement alternative are adjusted to fair value on a non-recurring basis. Adjustments are made when observable transactions for identical or similar investments of the same issuer occur, or due to impairment. These securities are classified as Level 2 in the fair value hierarchy because we estimate the value based on valuation methods using the observable transaction price at the transaction date. At September 30, 2023, the carrying amount of

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these alternative investments, recorded under Other assets, net in the unaudited condensed consolidated balance sheets, was \$15.0 million. There were no write-ups due to observable price changes or write-downs due to impairment in the current period.

7. 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, 2023 and December 31, 2022. The Company also has an irrevocable letter of credit to satisfy the obligations of a subsidiary in the amount of \$6.1 million outstanding as of September 30, 2023 and zero as of December 31, 2022.

Claims and Litigation

The Company is a defendant in various lawsuits and other pending and threatened litigation and other adversarial matters as well as regulatory investigations, all of which have arisen in the ordinary course of business. 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, results of operations, or cash flows.

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 were then 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 asserted 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 alleged 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 sought, 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. On January 3, 2022, the Chancery Court issued a ruling granting in part the Company's motion to dismiss and denying the motion to dismiss filed by the Churchill Defendants.

While the Company was dismissed from the Delaware Stockholder Litigation, the consolidated lawsuit proceeded against the Churchill Defendants. We had previously agreed to indemnify certain of the Churchill Defendants with respect to the Delaware Stockholder Litigation.

On November 17, 2022, the Company and the parties to the Delaware Stockholder Litigation entered into a settlement agreement to fully and finally resolve the Delaware Stockholder Litigation. In connection with the settlement, the Company and its insurers paid \$33.75 million in exchange for a broad release of all claims related to the business combination and ownership of Churchill stock and warrants from February 19, 2020 through October 8, 2020. The settlement was paid pursuant to the Company's indemnification obligations and from available director and officer insurance policies.

On February 28, 2023, the Delaware Court of Chancery held a settlement hearing relating to the Delaware Stockholder Litigation and approved the settlement, with the court ruling becoming final 30 days thereafter. As a result, the Delaware Stockholder Litigation has been resolved.

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 accrued legal contingencies 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 (loss) income and comprehensive (loss) income during the period of the change and appropriately reflected in accrued legal contingencies on the accompanying unaudited condensed consolidated balance sheets.

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8. Shareholder's Equity

On February 27, 2023, the Board approved a repurchase program, authorizing, but not obligating, the Company's repurchase of up to an aggregate amount of \$100 million of its Class A common stock from time to time through December 31, 2023. As of September 30, 2023, the Company has spent \$13.1 million, including commissions, for the repurchase of its Class A common stock as part of this program using cash on hand.

On May 8, 2023, the Company issued stock consideration of 21,588,652 shares of Company Class A common stock for the acquisition of BST.

On August 4, 2023, our stockholders approved our 2023 Employee Stock Purchase Plan (the "ESPP"), authorizing the issuance of up to 20,000,000 shares. The ESPP allows eligible employees to purchase our common stock at a price equal to 85% of the Company's stock price on the purchase date. During the three months ended September 30, 2023, no shares were issued under the ESPP. The first offering period began on October 1, 2023.

9. Basic and Diluted (Loss) Earnings Per Share

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

(in thousands, except number of shares and per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<i>Numerator for earnings per share calculation</i>				
Net (loss) income	\$ (24,145)	\$ 19,736	\$ (60,306)	\$ 77,226
<i>Denominator for earnings per share calculation</i>				
Weighted average number of shares outstanding – basic	646,443,806	639,073,949	643,855,782	638,859,792
Effect of stock-based compensation	—	776,506	—	730,392
Weighted average number of shares outstanding – diluted	646,443,806	639,850,455	643,855,782	639,590,184
<i>(Loss) Income per share – basic and diluted:</i>				
Net (loss) income per share – basic	\$ (0.04)	\$ 0.03	\$ (0.09)	\$ 0.12
Net (loss) income per share – diluted	\$ (0.04)	\$ 0.03	\$ (0.09)	\$ 0.12

As of the three and nine months ended September 30, 2022, we have excluded from the calculation of diluted net (loss) 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 (loss) income per share awards within the 2020 Omnibus Incentive Plan, whose effect would have been anti-dilutive of 12,939,954 and 12,394,828 for the three and nine months ended September 30, 2022, respectively.

For the three and nine months ended September 30, 2023, potentially dilutive securities were excluded from the calculation of diluted net loss per share, as their effect would have been anti-dilutive given the Company's losses incurred. Therefore, the weighted average number of shares outstanding used to calculate both basic and diluted net loss per share is the same.

10. Related Party Transactions

The accompanying unaudited condensed consolidated statements of (loss) income and comprehensive (loss) income include related party expenses of \$78,000 and \$233,000 for the three and nine months ended September 30, 2023. These expenses are associated with a software license from Abacus Insights, Inc., as well as customer service software and captive management services from companies controlled by Hellman & Friedman LLC. No related party expenses were incurred during the three and nine months ended September 30, 2022.

The accompanying unaudited condensed consolidated balance sheets include prepaid expenses of \$112,000 and zero from related parties as of September 30, 2023 and December 31, 2022, respectively.

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 2022 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 represent forward-looking statements that include 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:

- loss of our customers, particularly our largest customers;
- trends in the U.S. healthcare system, including recent trends of unknown duration of reduced healthcare utilization and increased patient financial responsibility for services;
- inability to preserve or increase our existing market share or the size of our 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 or inability to maintain sufficient qualified personnel;
- 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 enter new lines of business and broaden the scope of our services;
- our ability to identify, complete and successfully integrate acquisitions;
- our ability to obtain additional financing;
- changes in our industry and in industry standards and technology;
- interruptions or security breaches of our information technology systems and other cyber security attacks;
- our ability to protect proprietary information, processes and applications;
- our ability to maintain the licenses or right of use for the software we use;
- our inability to expand our network infrastructure;

- changes in our accounting principles or the incurrence of impairment charges;
- our ability to remediate any material weaknesses or maintain effective internal controls over financial reporting;
- our ability to continue to attract, motivate and retain a large number of skilled employees, and adapt to the effects of inflationary pressure on wages;
- changes in our regulatory environment, including healthcare law and regulations;
- the expansion of privacy and security laws;
- heightened enforcement activity by government agencies;
- our ability to pay interest and principal on our notes and other indebtedness;
- lowering or withdrawal of our credit ratings;
- the possibility that we may be adversely affected by other political, economic, business, and/or competitive factors;
- adverse outcomes related to litigation or governmental proceedings;
- 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 2022 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 provider of data analytics and technology-enabled solutions designed to bring affordability, efficiency and fairness to the U.S. healthcare industry. We do so through services focused on reducing medical cost and improving payment accuracy for the Payors of healthcare, which are primarily health insurers, self-insured employers, federal and state government-sponsored health plans and other health plan sponsors (typically through their health plan administrators), and, indirectly, the plan members who are the consumers of healthcare services.

MultiPlan was founded in 1980 as a New York-based hospital network and has evolved both organically and through acquisition into an integrated data and analytics platform offering a suite of services, which efficiently address the cost of medical services. MultiPlan offers services to our customers in three categories:

- ***Analytics-Based Services:*** a suite of data-driven algorithms and insights that detect claims over-charges and either negotiate or recommend fair reimbursement for out-of-network medical costs using a variety of data sources and pricing algorithms. These services are applied prior to the payment of the claim and are often processed within a day of receipt;
- ***Network-Based Services:*** contracted discounts with healthcare providers to form one of the largest independent preferred provider organizations ("PPO") in the United States with over 1.3 million providers under contract, as well as outsourced network development and/or management services. These services are applied prior to the payment of the claim and are typically processed within a day of receipt; 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.

MultiPlan sits at the nexus of four constituencies (Payors, employers/plan sponsors, plan members and providers) and offers an independent reimbursement solution to reduce healthcare costs in a manner that is systematic, efficient and fair to all parties involved. Although the end beneficiaries of our services are employers and other plan sponsors and their health plan members, our direct customers are typically health plan administrators ("Payors") who go out to market with our services. Over the last 40+ years, we have developed a platform that offers these Payors a single interface to a comprehensive set of services, which are used in combination or individually to reduce the medical cost burden on their health plan customers and members while fostering independently developed fair and efficient reimbursements to healthcare providers. These comprehensive 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 Payors. For the nine months ended September 30, 2023 and year ended December 31, 2022, our comprehensive services identified approximately \$17.0 billion and \$22.3 billion in potential medical cost savings, respectively.

We believe our solutions provide a strong value proposition to Payors, their health plan customers and healthcare consumers, as well as to providers. Overall, our service offerings aim to reduce healthcare costs in a manner that is orderly, efficient and fair to all parties. In addition, because in most instances the fee for our services is directly linked to the savings we identify, our revenue model is aligned with the interests of our customers.

Factors Affecting Our Results of Operations

BST Acquisition

On May 8, 2023, the Company acquired BST, a company offering next generation data and advanced analytics services. The financial results of BST are contained in our Analytics-Based Services service line.

Through September 30, 2023, BST's impact on revenues, net earnings, and results of operations was not material.

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:

(in billions)	Three Months Ended September 30,		Change	Nine Months Ended September 30,		Change
	2023	2022	%	2023	2022	
Commercial Health Plans						
Medical charges processed	\$ 18.5	\$ 17.9	3.4%	\$ 55.6	\$ 56.1	(0.9)%
Potential medical cost savings	\$ 5.5	\$ 5.1	7.8%	\$ 16.1	\$ 16.1	—%
Potential savings as a % of charges	29.5 %	28.6 %		28.9 %	28.6 %	
Payment & Revenue Integrity, Property & Casualty, and Other						
Medical charges processed	\$ 24.0	\$ 20.8	15.4%	\$ 69.7	\$ 60.2	15.8%
Potential medical cost savings	\$ 0.3	\$ 0.3	—%	\$ 0.9	\$ 0.8	12.5%
Potential savings as a % of charges	1.3 %	1.3 %		1.3 %	1.3 %	
Total						
Medical charges processed	\$ 42.5	\$ 38.7	9.8%	\$ 125.3	\$ 116.2	7.8%
Potential medical cost savings	\$ 5.8	\$ 5.4	7.4%	\$ 17.0	\$ 16.9	0.9%
Potential savings as a % of charges	13.6 %	14.0 %		13.6 %	14.5 %	

Medical charges processed represent the aggregate dollar amount of claims processed by our cost management and payment accuracy 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 solutions. The table above does not include any medical charges processed for BST as BST is a fee-based subscription service and there are no medical charges to report relative to their revenues.

Potential medical cost savings represent the aggregate amount of potential savings in dollars identified by our cost management and payment accuracy 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. The table above does not include any potential medical cost savings for BST as BST is a fee-based subscription service and there are no potential medical cost savings to report relative to their revenues.

Components of Results of Operations

Revenues

We generate revenues from several sources including: (i) Network-Based Services that process claims at a discount compared to billed fee-for-service rates and by using an extensive network, (ii) Analytics-Based Services that use our leading and proprietary information technology platform to offer customers solutions to reduce medical costs, 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 and its affiliates, as well as the 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 and discounts.

Interest income

Interest income consists primarily of bank interest.

Gain on extinguishment of debt

The Company recognizes a gain on extinguishment of debt for the difference between the reacquisition price of the debt and the net carrying amount of the extinguished debt.

Change in fair value of Private Placement Warrants and Unvested Founder Shares

The Company re-measures at each reporting period the fair value of the Private Placement Warrants and Unvested Founder Shares. The changes in fair value are primarily due to the changes in the stock price of the Company's Class A common stock, changes in expected stock volatility and the passage of time.

Income tax (benefit) expense

Income tax (benefit) expense 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 (loss) income adjusted for interest expense, interest income, income tax expense (benefit), 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, net, (gain) loss on change in fair value of Private Placement Warrants and Unvested Founder Shares, transaction related expenses, (gain) loss on debt extinguishment, (gain) loss 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 (loss) income adjusted for amortization of intangible assets, stock-based compensation, transaction related expenses, (gain) loss on debt extinguishment, (gain) loss on investments, other expense, (gain) loss on change in fair value of Private Placement Warrants

and Unvested Founder Shares 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) income to EBITDA and Adjusted EBITDA for the periods presented:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income (loss)	\$ (24,145)	\$ 19,736	\$ (60,306)	\$ 77,226
Adjustments:				
Interest expense	84,300	77,087	250,203	221,228
Interest income	(1,505)	(886)	(7,110)	(944)
(Benefit) provision for income taxes	(6,875)	(10,687)	(14,977)	10,025
Depreciation	19,586	17,481	56,693	51,248
Amortization of intangible assets	85,971	85,127	256,724	255,408
Non-income taxes	669	76	1,672	1,069
EBITDA	\$ 158,001	\$ 187,934	\$ 482,899	\$ 615,260
Adjustments:				
Other expenses, net ⁽¹⁾	521	553	759	2,206
Integration expenses	891	1,066	2,722	3,762
Change in fair value of Private Placement Warrants and unvested founder shares	(2,127)	(48,851)	267	(56,443)
Transaction-related expenses	269	27,408	8,105	31,420
Gain on extinguishment of debt	(10,129)	—	(46,907)	—
Gain on investments	—	—	—	(289)
Stock-based compensation	4,835	4,064	13,357	11,298
Adjusted EBITDA	\$ 152,261	\$ 172,174	\$ 461,202	\$ 607,214

(1) "Other expenses, net" represent miscellaneous non-recurring income, miscellaneous non-recurring expense, gain or loss on disposal of assets, impairment of other assets, gain or loss on disposal of leases, tax penalties, and non-integration related severance costs.

Material differences between MultiPlan Corporation and MPH for the three and nine months ended September 30, 2023 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, 2023, interest expense for MultiPlan Corporation was \$20.1 million and \$61.2 million, respectively, higher than interest expense for MPH due to interest expense incurred by MultiPlan Corporation on the Senior Convertible PIK Notes. The (gain) loss on 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 the entire amount represents differences between MultiPlan Corporation and MPH. In the three and nine months ended September 30, 2023 and September 30, 2022, EBITDA expenses for MultiPlan Corporation were lower than MPH by \$1.0 million and \$3.0 million, respectively, primarily due to insurance premiums paid to our captive insurance company, net of related captive insurance company costs, which are eliminated in the consolidated financial reporting of MultiPlan Corporation.

The following table presents a reconciliation of net (loss) income 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,	
	2023	2022	2023	2022
Net (loss) income	\$ (24,145)	\$ 19,736	\$ (60,306)	\$ 77,226
Adjustments:				
Amortization of intangible assets	85,971	85,127	256,724	255,408
Other expenses, net	521	553	759	2,206
Integration expenses	891	1,066	2,722	3,762
Change in fair value of Private Placement Warrants and unvested founder shares	(2,127)	(48,851)	267	(56,443)
Transaction-related expenses	269	27,408	8,105	31,420
Gain on investments	—	—	—	(289)
Gain on extinguishment of debt	(10,129)	—	(46,907)	—
Stock-based compensation	4,835	4,064	13,357	11,298
Estimated tax effect of adjustments	(20,334)	(30,557)	(58,059)	(76,245)
Adjusted net income	\$ 35,752	\$ 58,546	\$ 116,662	\$ 248,343
Weighted average shares outstanding – Basic	646,443,806	639,073,949	643,855,782	638,859,792
Net income per share – basic	\$ (0.04)	\$ 0.03	\$ (0.09)	\$ 0.12
Adjusted EPS	\$ 0.06	\$ 0.09	\$ 0.18	\$ 0.39

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.

BST Acquisition

On May 8, 2023, the Company acquired BST. The financial results of BST are contained in our Analytics-Based Services service line. The results of operations and financial condition of BST have been included in the Company's consolidated results from the date of acquisition. In connection with the BST acquisition, the Company incurred transaction costs. The transaction costs have been expensed as incurred and these amounts totaling \$0.1 million and \$6.9 million for the three and nine months ended September 30, 2023, respectively, are included in general and administrative expenses. In addition, certain acquired expenses from the acquisition of BST are included in costs of services and general and administrative expenses for the three and nine months ended September 30, 2023.

Debt Repurchase and Cancellation

During the three months ended September 30, 2023, the Company repurchased and cancelled \$46.1 million of the 5.750% Notes, resulting in the recognition of a gain on debt extinguishment of \$10.1 million, representing the difference between the reacquisition price of the debt and the net carrying amount of the extinguished debt.

During the nine months ended September 30, 2023, the Company repurchased and cancelled \$184.0 million of the 5.750% Notes, resulting in the recognition of a gain on debt extinguishment of \$46.9 million, representing the difference between the reacquisition price of the debt and the net carrying amount of the extinguished debt.

In the year ended December 31, 2022, the Company repurchased in the open market and cancelled \$136.2 million of the 5.750% Notes, resulting in the recognition of a gain on extinguishment of debt of \$34.6 million.

Floating Rate Debt

Term Loan B has a variable interest rate and as interest rates have increased, our annualized weighted average cash interest rate increased by 0.75% during the three months ended September 30, 2023, as compared to the three months ended September 30, 2022. As of September 30, 2023, our total debt had an annualized weighted average cash interest rate of 6.97%, as compared to 6.22% as of September 30, 2022.

Results of Operations for the Three and Nine Months Ended September 30, 2023 and 2022

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

(in thousands)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
Revenues								
Network-Based Services	\$ 56,828	\$ 58,859	\$ (2,031)	(3.5)%	\$ 171,171	\$ 190,903	\$ (19,732)	(10.3)%
Analytics-Based Services	158,414	163,922	(5,508)	(3.4)%	462,275	553,334	(91,059)	(16.5)%
Payment and Revenue Integrity Services	27,562	27,672	(110)	(0.4)%	83,943	94,390	(10,447)	(11.1)%
Total Revenues	\$ 242,804	\$ 250,453	\$ (7,649)	(3.1)%	\$ 717,389	\$ 838,627	\$ (121,238)	(14.5)%
Costs of services (exclusive of depreciation and amortization of intangible assets shown below)	60,949	53,012	7,937	15.0 %	174,806	150,061	24,745	16.5 %
General and administrative expenses	36,779	58,434	(21,655)	(37.1)%	107,996	131,107	(23,111)	(17.6)%
Depreciation expense	19,586	17,481	2,105	12.0 %	56,693	51,248	5,445	10.6 %
Amortization of intangible assets	85,971	85,127	844	1.0 %	256,724	255,408	1,316	0.5 %
Operating income	39,519	36,399	3,120	8.6 %	121,170	250,803	(129,633)	(51.7)%
Interest expense	84,300	77,087	7,213	9.4 %	250,203	221,228	28,975	13.1 %
Interest income	(1,505)	(886)	(619)	69.9 %	(7,110)	(944)	(6,166)	NM
Gain on extinguishment of debt	(10,129)	—	(10,129)	NM	(46,907)	—	(46,907)	NM
Gain on investments	—	—	—	NM	—	(289)	289	(100.0)%
(Gain) loss on change in fair value of Private Placement Warrants and Unvested Founder Shares	(2,127)	(48,851)	46,724	(95.6)%	267	(56,443)	56,710	(100.5)%
Net (loss) income before taxes	(31,020)	9,049	(40,069)	(442.8)%	(75,283)	87,251	(162,534)	(186.3)%
(Benefit) provision for income taxes	(6,875)	(10,687)	3,812	(35.7)%	(14,977)	10,025	(25,002)	(249.4)%
Net (loss) income	\$ (24,145)	\$ 19,736	\$ (43,881)	(222.3)%	\$ (60,306)	\$ 77,226	\$ (137,532)	(178.1)%

NM = Not meaningful

Revenues

Revenues decreased by \$7.6 million, or 3.1%, for the three months ended September 30, 2023, as compared to the three months ended September 30, 2022. This decrease in revenues was due to decreases in Network-Based Services revenues of \$2.0 million, Analytics-Based Services revenues of \$5.5 million, and Payment and Revenue Integrity Services revenues of \$0.1 million during this time period, as explained below.

Revenues decreased by \$121.2 million, or 14.5%, for the nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022. This decrease in revenues was due to decreases in Network-Based Services revenues of \$19.7 million, Analytics-Based Services revenues of \$91.1 million, and Payment and Revenue Integrity Services revenues of \$10.4 million during this time period, as explained below.

Revenues from the acquisition of BST of \$3.6 million for the three months ended September 30, 2023 and \$5.7 million for the nine months ended September 30, 2023 were included in our Analytics-Based Services revenues.

Network-Based Services revenues decreased \$2.0 million, or 3.5%, in the three months ended September 30, 2023, as compared to the three months ended September 30, 2022. This decrease in revenues was primarily related to lower medical cost savings on PSAV claims received from customers and contractual rate changes with customers contributing to decreases in Network-Based Services PSAV revenues of \$2.8 million, partially offset by increases in PEPM and other network revenues of \$0.8 million.

Network-Based Services revenues decreased \$19.7 million, or 10.3%, in the nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022. This decrease in revenues was primarily related to lower medical cost savings on PSAV claims received from customers and contractual rate changes with customers contributing to decreases in Network-Based Services PSAV revenues of \$21.8 million, partially offset by increases in PEPM and other network revenues of \$2.1 million.

Analytics-Based Services revenues decreased \$5.5 million, or 3.4%, for the three months ended September 30, 2023, as compared to the three months ended September 30, 2022. This decrease in revenues was primarily due to contractual rate changes with customers contributing to decreases in Analytics-Based Services PSAV revenues of \$11.1 million, partially offset by increases in Analytics-Based Services PEPM and other revenues of \$5.5 million, including acquired revenues of \$3.6 million from the acquisition of BST.

Analytics-Based Services revenues decreased \$91.1 million, or 16.5%, for the nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022. This decrease in revenues was primarily due to contractual rate changes with customers contributing to decreases in Analytics-Based Services PSAV revenues of \$98.1 million, partially offset by increases in Analytics-Based Services PEPM and other revenues of \$7.0 million, including acquired revenues of \$5.7 million from the acquisition of BST.

Payment and Revenue Integrity Services revenues were relatively flat for the three months ended September 30, 2023, as compared to the three months ended September 30, 2022. Payment and Revenue Integrity Services revenues decreased by \$10.4 million, or 11.1%, for the nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022. This decrease was primarily in our Clinical Negotiations pre-payment integrity line of business, contributing to decreases in PSAV revenues of \$10.4 million.

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

(in thousands)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
Personnel expenses excluding stock-based compensation	\$ 49,426	\$ 43,852	\$ 5,574	12.7 %	\$ 143,662	\$ 124,621	\$ 19,041	15.3 %
Stock-based compensation	1,523	895	628	70.2 %	3,940	2,422	1,518	62.7 %
Personnel expenses including stock-based compensation	50,949	44,747	6,202	13.9 %	147,602	127,043	20,559	16.2 %
Access and bill review fees	4,698	4,374	324	7.4 %	14,497	12,131	2,366	19.5 %
Other costs of services	5,302	3,891	1,411	36.3 %	12,707	10,887	1,820	16.7 %
Total costs of services	\$ 60,949	\$ 53,012	\$ 7,937	15.0 %	\$ 174,806	\$ 150,061	\$ 24,745	16.5 %

The increases in costs of services of \$7.9 million, or 15.0%, and \$24.7 million, or 16.5% for the three and nine months ended September 30, 2023, as compared to the three and nine months ended September 30, 2022, respectively, were primarily due to increases in personnel expenses from increases in employee headcount and year-over-year increases in compensation and related fringe benefits, as well as acquired costs of services expenses from the acquisition of BST of \$1.2 million and \$2.3 million during the three and nine months ended September 30, 2023, respectively.

Increases in access and bill review fees for the three and nine months ended September 30, 2023 were primarily due to increases in claims processing expenses as a result of increased volume in related lines of business.

Increases in other costs of services expenses for the three and nine months ended September 30, 2023, as compared to the three and nine months ended September 30, 2022, includes net expense increases in miscellaneous other expenses that are not individually material, including other costs of services from BST.

General and Administrative Expenses

(in thousands)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
General and administrative expenses excluding stock-based compensation and transaction-related expenses	\$ 33,198	\$ 27,857	\$ 5,341	19.2 %	\$ 90,474	\$ 90,811	\$ (337)	(0.4)%
Stock-based compensation	3,312	3,169	143	4.5 %	9,417	8,876	541	6.1 %
Transaction-related expenses	269	27,408	(27,139)	(99.0)%	8,105	31,420	(23,315)	(74.2)%
General and administrative expenses	<u>\$ 36,779</u>	<u>\$ 58,434</u>	<u>\$ (21,655)</u>	<u>(37.1)%</u>	<u>\$ 107,996</u>	<u>\$ 131,107</u>	<u>\$ (23,111)</u>	<u>(17.6)%</u>

The decrease of \$21.7 million, or 37.1%, in general and administrative expenses for the three months ended September 30, 2023, as compared to the three months ended September 30, 2022 was primarily due to decreases in transaction costs of \$27.1 million, offset by acquired general and administrative expenses from the acquisition of BST of \$4.4 million and net increases in other general and administrative expenses of \$1.0 million.

The decrease of \$23.1 million, or 17.6%, in general and administrative expenses for the nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022 was primarily due to decreases in transactions-related expenses of \$23.3 million, decreases in insurance costs of \$2.7 million, decreases in personnel expenses of \$4.5 million due to higher capitalized development offset, decreases in integration expenses of \$1.1 million related to the integration of recently acquired companies including HST, DHP, and BST, and net decreases in general and administrative expenses of \$2.4 million, offset by increases in professional fees of \$3.2 million, increases in equipment lease and maintenance of \$1.8 million, and acquired general and administrative expenses from the acquisition of BST of \$5.9 million.

Depreciation Expense

The increase of \$2.1 million, or 12.0%, and \$5.4 million, or 10.6%, in depreciation expense for the three and nine months ended September 30, 2023 as compared to the three and nine months ended September 30, 2022 were due to purchases of property and equipment, including internally generated capitalized software in the three and nine months ended September 30, 2023 and year-ended December 31, 2022, respectively, partially offset by assets that were written-off or became fully depreciated in the period.

Amortization of Intangible Assets

Amortization of intangible assets was relatively flat for the three and nine months ended September 30, 2023 as compared to the three months ended September 30, 2022.

Interest Expense

The increase in interest expense of \$7.2 million, or 9.4%, and \$29.0 million, or 13.1% for the three and nine months ended September 30, 2023, as compared to the three and nine months ended September 30, 2022, respectively were primarily due to the increase in the interest rate on our Term Loan B, offset by reductions in interest expense due to the repurchase and cancellation of our 5.750% Notes. Our annualized weighted average cash interest rate increased by 0.75% across our total debt in the nine months ended September 30, 2023 as compared to the same period in prior year.

As of September 30, 2023, our long-term debt was \$4,558.0 million and included (i) \$1,285.3 million Term Loan B, excluding the current portion of Term Loan B of \$13.3 million, (ii) \$1,050.0 million of 5.50% Senior Secured Notes, (iii) \$979.8 million of 5.750% Notes, (iv) \$1,300.0 million of Senior Convertible PIK Notes, and net of (v) discount on Term Loan B of \$9.8 million, (vi) discount on Senior Convertible PIK Notes of \$20.3 million, and (vii) debt issue costs of \$27.0 million. As of September 30, 2023, our total debt had an annualized weighted average cash interest rate of 6.97%. As of September 30, 2022, our total debt had an annualized weighted average cash interest rate of 6.22%.

As of December 31, 2022, our long-term debt was \$4,741.9 million and included (i) \$1,295.2 million Term Loan B, excluding the current portion of Term Loan B of \$13.3 million, (ii) \$1,050.0 million of 5.50% Senior Secured Notes, (iii) \$1,163.8 million of 5.750% Notes, (iv) \$1,300.0 million of Senior Convertible PIK Notes, and net of (v) discount on Term

Loan B of \$11.1 million, (vi) discount on Senior Convertible PIK Notes of \$23.6 million, and (vii) debt issue costs of \$32.4 million. As of December 31, 2022, our total debt had a weighted average cash interest rate of 6.67%.

Gain on extinguishment of debt

During the three months ended September 30, 2023, the Company repurchased and cancelled \$46.1 million of the 5.750% Notes, resulting in the recognition of a gain on debt extinguishment of \$10.1 million, representing the difference between the reacquisition price of the debt and the net carrying amount of the extinguished debt.

During the nine months ended September 30, 2023, the Company repurchased and cancelled \$184.0 million of the 5.750% Notes, resulting in the recognition of a gain on debt extinguishment of \$46.9 million, representing the difference between the reacquisition price of the debt and the net carrying amount of the extinguished debt.

Change in fair value of Private Placement Warrants and Unvested Founder Shares

The Company re-measures the fair value of the Private Placement Warrants and Unvested Founder Shares at each reporting period. From December 31, 2022 to September 30, 2023, the fair value of the Private Placement Warrants increased by \$0.1 million and the fair value of the Unvested Founder Shares increased by \$0.1 million. The increase was primarily due to the change in volatility and expected term over that period.

(Benefit) provision for income taxes

Net loss before income taxes for the three months ended September 30, 2023 of \$31.0 million generated a benefit for income taxes of \$6.9 million. Net income before income taxes for the three months ended September 30, 2022 of \$9.0 million generated a benefit for income taxes of \$10.7 million.

Net loss before income taxes for the nine months ended September 30, 2023 of \$75.3 million generated a benefit for income taxes of \$15.0 million. Net income before income taxes for the nine months ended September 30, 2022 of \$87.3 million generated a provision for income taxes of \$10.0 million.

The effective tax rate for the nine months ended September 30, 2023 differed from the statutory rate primarily due to stock compensation expense, non-deductible transaction costs due to the BST acquisition and state tax expense. The effective tax rate for the nine months ended September 30, 2022 differed from the statutory rate primarily due to a non-deductible mark-to-market liability, limitations on executive compensation and state tax expense.

Liquidity and Capital Resources

As of September 30, 2023, we had cash and cash equivalents of \$107.6 million, which includes restricted cash of \$6.3 million, and \$442.1 million of loan availability under the revolving credit facility. As of September 30, 2023, we had four letters of credit totaling \$7.9 million of utilization against the revolving credit facility. Three letters of credit are used to satisfy real estate lease agreements for three of our offices in lieu of security deposits in the amount of \$1.8 million as of September 30, 2023 and December 31, 2022. The Company also has an irrevocable letter of credit to satisfy the obligations of a subsidiary in the amount of \$6.1 million as of September 30, 2023 and zero as of December 31, 2022.

On February 27, 2023, the Company's Board of Directors approved a share repurchase program authorizing the Company to repurchase up to \$100 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, 2023. As of September 30, 2023, the Company has repurchased its Class A common stock as part of this program using cash on hand for an aggregate amount of \$13.1 million, including commissions.

On May 8, 2023, we paid cash consideration in an aggregate amount of \$141.3 million, adjusted to \$140.9 million as of September 30, 2023, for the acquisition of BST. We funded this cash consideration with cash on hand.

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, repay 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:

(in thousands)	Nine Months Ended September 30,	
	2023	2022
Net cash flows provided by (used in):		
Operating activities	\$ 144,018	\$ 344,675
Investing activities	\$ (218,449)	\$ (78,920)
Financing activities	\$ (158,514)	\$ (12,314)

Cash Flows from Operating Activities

Cash flows from operating activities provided \$144.0 million for the nine months ended September 30, 2023 and \$344.7 million for the nine months ended September 30, 2022. This decrease of \$200.7 million, or 58.2%, in cash flows from operating activities for the nine months ended September 30, 2023 was primarily the result of decreases in net income of \$137.5 million, and negative changes in net working capital of \$132.5 million, offset by increases in adjustments for non-cash items of \$69.4 million.

The \$69.4 million increase in non-cash items was primarily due increases in deferred income taxes of \$51.6 million, increases in the (gain) loss on change in fair value of Private Placement Warrants and Unvested Founder Shares of \$56.7 million, increases in depreciation of \$5.4 million and increases in stock-based compensation of \$2.1 million, and other net increases of \$1.2 million, offset by gain on extinguishment of debt of \$46.9 million and loss on disposal of property and equipment of \$0.7 million.

During the nine months ended September 30, 2023, \$1.3 million was used by changes in net working capital primarily due to increases in prepaid expenses and other assets of \$0.8 million, increases in prepaid taxes of \$5.2 million, decreases of \$1.9 million of accounts payable, accrued expenses, legal contingencies and other, and decreases in operating lease obligations of \$5.0 million, partially offset by decreases in accounts receivable of \$11.6 million. The decreases of \$1.9 million of accounts payable, accrued expenses, legal contingencies and other includes decreases of \$21.5 million of accrued legal contingencies, and decreases of \$2.0 million in accrued compensation expense primarily related to the Company's incentive compensation program, offset by increases in accrued interest of \$18.5 million and increases in other accounts payable and accrued expenses of \$3.1 million.

During the nine months ended September 30, 2022, \$131.2 million was provided by changes in net working capital primarily due to increases in accounts payable and accrued expenses and other expenses of \$89.7 million, decreases in prepaid expenses and other assets of \$13.8 million, decreases in net accounts receivable of \$27.6 million and decreases in prepaid taxes of \$5.1 million, offset by decreases in operating lease obligations of \$4.8 million. The increase in accounts payable and accrued expenses and other expenses of \$89.7 million was primarily due to increases of \$24.9 million of accrued interest, \$39.8 million of accrued taxes, \$3.5 million in accrued compensation expenses primarily related to the Company's incentive compensation program and \$21.5 million of other accounts payable and accrued expenses.

Cash Flows from Investing Activities

For the nine months ended September 30, 2023, net cash of \$218.4 million was used in investing activities including \$77.5 million for purchases of property and equipment and capitalization of software development and \$140.9 million for the acquisition of BST. For the nine months ended September 30, 2022, net cash of \$78.9 million was used in investing activities including \$64.2 million for purchases of property and equipment and capitalization of software development and the \$15.0 million equity investment in Abacus.

Cash Flows from Financing Activities

Cash flows used in financing activities for the nine months ended September 30, 2023 were \$158.5 million primarily consisting of \$135.0 million for the repurchase of 5.750% Notes, \$13.1 million purchase of treasury stock, including commissions, \$9.9 million repayments of Term Loan B and \$0.5 million of taxes paid on net settlement of vested share awards.

Cash flows used in financing activities for the nine months ended September 30, 2022 were \$12.3 million consisting of \$9.9 million repayments of Term Loan B and \$2.4 million of taxes paid on net settlement of vested share awards.

Term Loans and Revolvers

On August 24, 2021, MPH issued new senior secured credit facilities composed of \$1,325.0 million of Term Loan B, \$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. Term Loan B matures on September 1, 2028 and Revolver B matures on August 24, 2026.

Interest on Term Loan B and Revolver B was calculated, at MPH's option, as (a) Term SOFR (or, with respect to Term Loan B only, 0.50%, if higher), plus the applicable SOFR adjustment, 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 Term SOFR for an interest period of one month, plus the applicable SOFR adjustment, 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.

Prior to July 1, 2023, LIBOR was used to calculate the interest on Term Loan B and Revolver B. On September 12, 2023, the Company entered into interest rate swap agreements with a total notional value of \$800 million to effectively convert a portion of its floating rate debt to a fixed-rate basis. The interest rate swap agreements are effective August 31, 2023 and mature on August 31, 2026. The principal objective of these contracts is to eliminate or reduce the volatility of the cash flows in interest payments associated with the Company's floating rate debt, thus reducing the impact of interest rate changes on future interest payment cash flows. The Company's interest rate swaps are highly effective at offsetting the changes in cash outflows and therefore designated as cash flow hedging instruments.

The interest rate in effect for Term Loan B was 9.92% and 7.32% as of September 30, 2023 and 2022, respectively.

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, 2023 and 0.25% at December 31, 2022. 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 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.

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.

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".

During 2022, the Company repurchased and cancelled \$136.2 million of the 5.750% Notes, resulting in the recognition of a gain on debt extinguishment of \$34.6 million for the year ended December 31, 2022.

During the nine months ended September 30, 2023, the Company repurchased and cancelled \$184.0 million of the 5.750% Notes, resulting in the recognition of a gain on debt extinguishment of \$46.9 million.

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.

The Revolver Ratio is 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 3.63 times, 2.32 times, and 2.64 times as of September 30, 2023, September 30, 2022, and December 31, 2022, respectively.

As of September 30, 2023 and December 31, 2022 we were in compliance with all of the debt covenants.

The debt agreements governing the senior secured credit facilities, 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 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 senior secured credit facilities, 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 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 the senior secured credit facilities 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 2022 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 2022 Annual Report.

During the three months ended September 30, 2023, we added a derivative policy related to interest rate swap agreements we entered into during the quarter. 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.

Customer Concentration

Three customers individually accounted for 32%, 20% and 10% of revenues for the year ended December 31, 2022. The loss of the business of one or more of our larger customers could have a material adverse effect on our results of operations. For further discussion on our customer concentration, please refer to Item 1A. "Risk Factors" in our 2022 Annual Report.

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 2022 Annual Report and in particular Item 7A. "Quantitative and Qualitative Disclosure about Market Risk" therein. As of September 30, 2023, there were no material changes in the market risks described in our 2022 Annual Report.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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, as of September 30, 2023, our disclosure controls and procedures were designed at a reasonable assurance level and were effective to provide reasonable assurance that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial and accounting officers, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during the nine months ended September 30, 2023 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.

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 as well as regulatory investigations, all of which have arisen in the ordinary course of business. 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.

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 were then 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 asserted 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 alleged 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 sought, 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. On January 3, 2022, the Chancery Court issued a ruling granting in part the Company's motion to dismiss and denying the motion to dismiss filed by the Churchill Defendants.

While the Company was dismissed from the Delaware Stockholder Litigation, the consolidated lawsuit proceeded against the Churchill Defendants. We had previously agreed to indemnify certain of the Churchill Defendants with respect to the Delaware Stockholder Litigation.

On November 17, 2022, the Company and the parties to the Delaware Stockholder Litigation entered into a settlement agreement to fully and finally resolve the Delaware Stockholder Litigation. In connection with the settlement, the Company and its insurers paid \$33.75 million in exchange for a broad release of all claims related to the business combination and ownership of Churchill stock and warrants from February 19, 2020 through October 8, 2020. The settlement was paid pursuant to the Company's indemnification obligations and from available director and officer insurance policies.

On February 28, 2023, the Delaware Court of Chancery held a settlement hearing relating to the Delaware Stockholder Litigation and approved the settlement, with the court ruling becoming final 30 days thereafter. As a result, the Delaware Stockholder Litigation has been resolved.

During the nine months ended September 30, 2023 the Company paid the settlement of the Delaware Stockholder Litigation. The Company has also incurred legal expenses in connection with the Delaware Stockholder Litigation, which have been expensed as incurred and are included in general and administrative expenses in the accompanying condensed consolidated statements of (loss) income and comprehensive (loss) income.

Item 1A. Risk Factors

There have been no material changes during the nine months ended September 30, 2023 to the risk factors previously disclosed in Item 1A. "*Risk Factors*" in the Company's 2022 Annual Report.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

The Company did not repurchase shares of its Class A common stock during the three months ended September 30, 2023.

Item 5. Other Information

(a)

2024 Annual Meeting of Stockholders

On November 2, 2023, the Board of Directors of the Company determined to hold the Company's 2024 annual meeting of stockholders (the "2024 Annual Meeting") on April 24, 2024. Shareholders of record at the close of business on March 1, 2024 will be entitled to vote at the 2024 Annual Meeting.

The time and location of the 2024 Annual Meeting will be as set forth in the Company's definitive proxy statement for the 2024 Annual Meeting to be filed with the Securities and Exchange Commission.

Because the scheduled date of the 2024 Annual Meeting is more than 30 days prior to the anniversary of the Company's 2023 Annual Meeting of Stockholders, prior disclosed deadlines regarding the submission of stockholder proposals pursuant to Rule 14a-8 ("Rule 14a-8") under the Exchange Act, for the 2024 Annual Meeting are no longer applicable. The Company is hereby providing notice of certain revised deadlines for the submission of stockholder proposals or nominations in connection with the 2024 Annual Meeting. In order for a stockholder proposal, submitted pursuant to Rule 14a-8, to be considered timely for inclusion in the Company's proxy statement for the 2024 Annual Meeting, such proposal must be received by the Company by December 26, 2023, which the Company has determined is a reasonable time before the Company plans to begin printing and mailing its proxy materials. The public announcement of an adjournment or postponement of the date of the 2024 Annual Meeting will not commence a new time period (or extend any time period) for submitting a proposal pursuant to Rule 14a-8. Stockholders who wish to present proposals or director nominations directly at the 2024 Annual Meeting (not for inclusion in our proxy statement) must notify the Company no earlier than December 26, 2023 and no later than January 25, 2024.

In addition to the information required by our bylaws for such proposals or nominations, stockholders who intend to solicit proxies in support of director nominees other than those nominated by the Board of Directors must provide the information required by SEC Rule 14a-19 under the Exchange Act.

Share Repurchase Program

On November 8, 2023, the Company announced that its Board extended the Company's current \$100 million program to repurchase shares (the "Share Repurchase Program") of the Company's common stock through December 31, 2024. To date, the Company has repurchased \$13.1 million in shares of its common stock under the Share Repurchase Program, leaving up to \$86.9 million in authorized repurchases of its common stock through the remainder of the Share Repurchase Program, as extended. The Company expects to fund the remainder of the Share Repurchase Program using the Company's cash on hand and cash from operations.

Repurchases under the Share Repurchase Program may be made, from time to time, using a variety of methods, which may include open market purchases, in privately negotiated transactions or by other means, including through the use of preset trading plans meeting the requirements of Rule 10b5-1 under 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 further extended, suspended, modified or discontinued by the Board at any time without prior notice at the Company's discretion.

(b) During the three months ended September 30, 2023, none of our officers or directors adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Item 6. Exhibits

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
31.1	<u>Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13-a - 14(a) and 15-d-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>				
31.2	<u>Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13-a - 14(a) and 15-d-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>				
32.1	<u>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</u>				
32.2	<u>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</u>				
101	The following financial information from MultiPlan Corporation's Quarterly Report on Form 10-Q for the nine months ended September 30, 2023 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)				

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 8, 2023

MULTIPLAN CORPORATION

By: /s/ James M. Head
James M. Head
Executive Vice President and Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Dale A. White, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MultiPlan Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2023

/s/ Dale A. White

Dale A. White
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, James M. Head, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MultiPlan Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2023

/s/ James M. Head

James M. Head
Chief Financial Officer
(Principal Financial Officer)

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

In connection with the Quarterly Report of MultiPlan Corporation (the “Company”) on Form 10-Q for the period ended September 30, 2023, as filed with the Securities and Exchange Commission (the “Report”), I, Dale A. White, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

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

Dated: November 8, 2023

/s/ Dale A. White

Dale A. White

Chief Executive Officer

(Principal Executive Officer)

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

In connection with the Quarterly Report of MultiPlan Corporation (the “Company”) on Form 10-Q for the period ended September 30, 2023, as filed with the Securities and Exchange Commission (the “Report”), I, James M. Head, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

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

Dated: November 8, 2023

/s/ James M. Head

James M. Head

Chief Financial Officer

(Principal Financial Officer)