UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 30, 2021

CCC INTELLIGENT SOLUTIONS HOLDINGS INC.
(Exact name of registrant as specified in its charter)

Delaware	001-39447	98-1546280
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

222 Merchandise Mart Plaza Suite 900
Chicago, IL 60654
(Address of principal executive offices, including zip code)

(800) 621-8070
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.0001 per share	**CCCS**	**The New York Stock Exchange**
Warrants to purchase one share of common stock at an exercise price of $11.50	**CCCS WS**	**The New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

Introductory Note

This Amendment No. 1 on Form 8-K/A ("Amendment No. 1") amends the Current Report on Form 8-K of CCC Intelligent Solutions Holdings Inc., a Delaware corporation (the "Company"), filed on August 5, 2021 (the "Original Report"), in which the Company reported, among other events, the completion of the Business Combination (as defined in the Original Report) between Dragoneer Growth Opportunities Corp. ("Dragoneer") and Cypress Holdings, Inc. ("Old CCC").

This Amendment No. 1 is being filed in order to announce a change of the Company's Certifying Accountant, and to include (a) the unaudited pro forma condensed combined financial information for the Company as of and for the six months ended June 30, 2021 and for the year ended December 31, 2020, (b) the Management's Discussion and Analysis of Financial Condition and Results of Operations of Old CCC for the three and six months ended June 30, 2021 and 2020 and (c) the unaudited condensed consolidated financial statements of Old CCC as of June 30, 2021 and for the three and six months ended June 30, 2021 and 2020.

This Amendment No. 1 does not amend any other item of the Original Report or purport to provide an update or a discussion of any developments at the Company or its subsidiaries subsequent to the filing date of the Original Report, except as indicated below under Items 4.01 and 9.01. The information previously reported in or filed with the Original Report is hereby incorporated by reference to this Amendment No. 1.

Item 4.01. Changes Registrant's Certifying Accountant

On August 6, 2021, the Company appointed Deloitte & Touche LLP ("Deloitte") as its principal accountants for the fiscal year ending December 31, 2021, replacing Withum+Smith+Brown, PC ("Withum"), which was dismissed from its role as the independent registered public accounting firm for Dragoneer on August 6, 2021.

The decision to change accountants was approved by the Company's Audit Committee.

For the fiscal year ended December 31, 2020, there were no disagreements between the Company and Withum on any matter of accounting principles or practices, financial disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Withum, would have caused it to make reference to the subject matter of the disagreements in its reports on the Company's financial statements for such period.

During the fiscal year ended December 31, 2020, there were no "reportable events" (as defined in Item 304(a)(1)(v) of Regulation S-K under the Exchange Act).

During the two most recent fiscal years and the subsequent interim period from January 1, 2021 to August 6, 2021, neither the Company nor anyone on its behalf consulted Deloitte regarding any of the matters or events set forth in Item 304(a)(2) of Regulation S-K.

The Company has provided Withum with a copy of the foregoing disclosures and has requested that Withum furnish the Company with a letter addressed to the SEC stating whether it agrees with the statements made by the Company set forth above. A copy of Withum's letter, dated August 12, 2021, is filed as Exhibit 16.1 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements.

The unaudited condensed consolidated financial statements of Old CCC as of June 30, 2021 and for the three and six months ended June 30, 2021 and 2020, and the related notes thereto are attached as Exhibit 99.3 and are incorporated herein by reference. Also included as Exhibit 99.2 and incorporated herein by reference is the Management's Discussion and Analysis of Financial Condition and Results of Operations of Old CCC for the three and six months ended June 30, 2021 and 2020.

(b) Pro Forma Financial Information.

Certain unaudited pro forma condensed combined financial information for the Company as of and for the six months ended June 30, 2021 and for the year ended December 31, 2020 is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

(d) Exhibits.

Exhibit No.	Description
16.1	Letter from WithumSmith+Brown, PC to the SEC, dated August 12, 2021.
99.1	Unaudited pro forma condensed financial information of the Company as of June 30, 2021, for the year-ended December 31, 2020 and for the six months ended June 30, 2021.
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company for the three and six months ended June 30, 2021 and 2020.
99.3	Unaudited condensed consolidated financial statements of the Company as of June 30, 2021 and for the three and six months ended June 30, 2021 and 2020.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

CCC INTELLIGENT SOLUTIONS HOLDINGS INC.

Date: August 12, 2021

By: /s/ Brian Herb
Brian Herb
Executive Vice President, Chief Financial and Administrative Officer

Exhibit 16.1

August 12, 2021

Office of the Chief Accountant
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Ladies and Gentlemen:

We have read CCC Intelligent Solutions Holdings Inc. (formerly known as Dragoneer Growth Opportunities Corp.) statements included under Item 4.01 of its Form 8-K/A dated August 12, 2021. We agree with the statements concerning our Firm under Item 4.01, in which we were informed of our dismissal on August 6, 2021. We are not in a position to agree or disagree with other statements contained therein.

Very truly yours,

/s/ WithumSmith+Brown, PC

New York, New York

Exhibit 99.1

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release No. 33-10786 “Amendments to Financial Disclosures about Acquired and Disposed Businesses.”

The following unaudited pro forma combined balance sheet of CCC Intelligent Solutions Holdings Inc. (“New CCC”) as of June 30, 2021 and the unaudited pro forma combined statements of operations of New CCC for the six months ended June 30, 2021 and for the year ended December 31, 2020 present the combination of the financial information of Dragoneer Growth Opportunities Corp. (“Dragoneer”) and Cypress Holdings, Inc. (“CCC”) after giving effect to the Business Combination, and related adjustments described in the accompanying notes. Dragoneer and CCC are collectively referred to herein as the “Companies,” and the Companies, subsequent to the Business Combination, are referred to herein as New CCC.

The unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2021 and for the year ended December 31, 2020 give pro forma effect to the Business Combination as if it had occurred on January 1, 2020. The unaudited pro forma condensed combined balance sheet as of June 30, 2021 gives pro forma effect to the Business Combination as if it was completed on June 30, 2021.

The unaudited pro forma condensed combined financial information is based on and should be read in conjunction with the audited and unaudited historical financial statements of each of Dragoneer and CCC and the notes thereto, as well as the disclosures contained in the Proxy Statement/Prospectus included in Dragoneer’s Registration Statement on Form S-4 in the sections titled “*Dragoneer’s Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*CCC’s Management’s Discussion and Analysis of Financial Condition and Results of Operations*.”

The unaudited pro forma combined financial statements have been presented for illustrative purposes only and do not necessarily reflect what New CCC’s financial condition or results of operations would have been had the Business Combination occurred on the dates indicated. Further, the unaudited pro forma condensed combined financial information also may not be useful in predicting the future financial condition and results of operations of New CCC. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors. The unaudited pro forma adjustments represent management’s estimates based on information available as of the date of these unaudited pro forma combined financial statements and are subject to change as additional information becomes available and analyses are performed. The assumptions and estimates underlying the pro forma adjustments are described in the accompanying notes.

On February 2, 2021, Dragoneer entered into the Business Combination Agreement with CCC. Dragoneer changed its jurisdiction of incorporation by deregistering as an exempted company in the Cayman Islands and continuing and domesticating as a corporation incorporated under the laws of the State of Delaware on July 30, 2021 (the “Domestication”), upon which Dragoneer changed its name to “CCC Intelligent Solutions Holdings Inc.” (“New CCC”). Immediately after the Domestication, Chariot Merger Sub, a wholly owned subsidiary of Dragoneer, merged with and into CCC, with CCC as the surviving company in the Merger and, after giving effect to such Merger, CCC became a wholly owned subsidiary of New CCC. After giving effect to the Business Combination, New CCC owns, directly or indirectly, all of the issued and outstanding equity interests of CCC and its subsidiaries and the equityholders of CCC immediately prior to the Business Combination own a portion of the common stock of New CCC.

NEW CCC

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF JUNE 30, 2021
(in thousands, except share and per share data)

	Dragoneer (Historical)	CCC (Historical)	Pro Forma Adjustments		Pro Forma
ASSETS					
Current assets:					
Cash and cash equivalents	$ 1,442	$ 58,506	$ 479,913	(b.1)	$ 140,473
			150,000	(b.2)	
			175,000	(c)	
			(24,150)	(d)	
			(14,234)	(d)	
			(7,210)	(d)	
			(2)	(l)	
			(134,570)	(g)	
			(10,218)	(i)	
			(9,004)	(j)	
			(525,000)	(n)	
Accounts and notes receivable, net of allowances of $4,218 for June 30, 2021	—	81,817	—		81,817
Income taxes receivable	—	1,244	—		1,244
Deferred contract costs	—	12,681	—		12,681
Prepaid expenses	253	—	(253)	(k)	—
Other current assets	—	33,524	253	(k)	30,826
			(2,951)	(d1)	
Total current assets	1,695	187,772	77,574		267,041
Investments held in Trust Account	690,022		(210,109)	(a.1)	—
			(479,913)	(b.1)	
Software, equipment and property—net	—	108,640	—		108,640
Operating lease assets		41,859			41,859
Intangible assets—net	—	1,262,608	—		1,262,608
Goodwill	—	1,466,884	—		1,466,884
Deferred financing fees, revolver—net	—	598	—		598
Long-term deferred contract costs	—	15,986	—		15,986
Equity method investment	—	10,228	—		10,228
Other assets	—	16,684	—		16,684
TOTAL ASSETS	691,717	3,111,259	(612,448)		3,190,528
LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable and accrued expenses	—	16,826	—		16,826
Accrued expenses	5,086	58,393	(4,300)	(i)	59,179
Convertible note- related party, net of debt discount	2,000	—	(2,000)	(m)	—
Advance from related party	2	—	(2)	(l)	—
Income taxes payable	—	4,293	—		4,293
Current portion of long-term debt	—	13,846	(13,846)	(n)	—
Current portion of long-term licensing agreement—net of discount	—	2,620	—		2,620
Operating lease liabilities	—	9,546	—		9,546
Deferred revenues	—	28,824	—		28,824
Interest rate swap derivatives	—	11,993	—		11,993
Total current liabilities	7,088	146,341	(20,148)		133,281

	Dragoneer (Historical)	CCC (Historical)	Pro Forma Adjustments		Pro Forma
First Lien Term Loan—net of discount and fees	—	1,299,774	(504,222)	(n)	795,552
Deferred income taxes—net	—	311,280	—		311,280
Long-term licensing agreement—net of discounts	—	35,001	—		35,001
FPA liability	6,831	—	(6,831)	(m)	—
Conversion option on working capital loan liability	2,365	—	(2,365)	(m)	—
Warrant liabilities	62,225	—	11,196	(m)	73,421
Deferred underwriting fees payable	24,150	—	(24,150)	(d)	—
Operating lease liabilities	—	41,338	—		41,338
Other liabilities	—	11,711	—		11,711
Total liabilities	102,659	1,845,445	(546,520)		1,401,584
Commitments and Contingencies					
Mezzanine Equity					
Redeemable non-controlling interest	—	14,179	—		14,179
Class A Ordinary Shares subject to possible redemption	690,000	—	(210,109)	(a.1)	—
			(479,891)	(a.2)	
Total Mezzanine equity	690,000	14,179	(690,000)		14,179
Stockholders' equity and Deficit					
Common Stock, $0.001 par value [New CCC Common Stock, $0.0001 par value]	—	1	5	(a.2)	67
			1	(b.2)	
			2	(c)	
			8	(e)	
			50	(f)	
Preferred stock, $0.001 par	—	—	—		—
Common stock—Series A, $0.001 par	—	—	—	(e)	—
Common stock—Series B, $0.001 par	2	—	(2)	(e)	—
Additional paid-in capital	—	1,517,123	479,886	(a.2)	2,503,527
			149,999	(b.2)	
			174,998	(c)	
			(10,053)	(d)	
			(7,210)	(d)	
			(100,950)	(e)	
			(50)	(f)	
			98,885	(f1)	
			203,850	(h)	
			(2,951)	(d1)	
Accumulated deficit	(100,944)	(265,189)	(4,181)	(d)	(728,529)
			100,944	(e)	
			(98,885)	(f1)	
			(134,570)	(g)	
			(203,850)	(h)	
			(5,918)	(i)	
			(9,004)	(j)	
			(6,932)	(n)	
Accumulated other comprehensive income (loss)	—	(300)	—		(300)
Total stockholders' equity	(100,942)	1,251,635	624,072		1,774,765
TOTAL	691,717	3,111,259	(612,448)		3,190,528

NEW CCC

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(in thousands, except share and per share data)

	Dragoneer (Historical)	CCC (Historical)	Pro Forma Adjustments		Pro Forma
Revenue	$ —	$ 324,578	$ —		$ 324,578
Cost of revenue	—	90,105	98	(gg)	90,203
Gross profit	—	234,473	(98)		234,375
Operating expenses:					
Research and development	—	61,877	234	(gg)	62,111
Amortization of intangible assets	—	36,155	—		36,155
Selling and marketing	—	40,968	403	(gg)	41,371
General and administrative	—	66,233	1,520	(gg)	73,155
			5,402	(hh)	
Formation and operating costs	5,402	—	(5,402)	(hh)	—
Total operating expenses	5,402	205,233	2,157		212,792
Operating income (loss)	(5,402)	29,240	(2,255)		21,583
Other income (expense):					
Interest income (expense)	(2,000)	(37,669)	11,487	(jj)	(28,182)
Gain (loss) on change in fair value of interest rate swaps	—	6,366	—		6,366
Interest earned on marketable securities held in Trust Account	22	—	—		22
Other income, net	—	91	—		91
Change in fair value of warrant liabilities	87,695	—	—		87,695
Changes in fair value of conversion option on working capital loan	(365)	—	—		(365)
Gain on FPA liability	63,044	—	—		63,044
Total other income (expense)	148,396	(31,212)	11,487		128,671
Pretax income (loss)	142,994	(1,972)	9,232		150,254
Income tax benefit (expense)		704	(32,257)	(ee)	(31,553)
Net income (loss)	$ 142,994	$ (1,268)	$ (23,025)		$ 118,701
Weighted average shares outstanding common stock – basic		1,483,634			594,367,578
Weighted averages shares outstanding – common stock – diluted		1,483,634			612,553,666
Common stock – basic		$ (0.85)			$ 0.20
Common stock – diluted		$ (0.85)			$ 0.19
Weighted-average shares outstanding – Class A Ordinary Shares	69,000,000				
Class A ordinary share – basic and diluted	$ 0.00				
Weighted average shares outstanding – Class B non-redeemable ordinary shares	17,250,000				
Class B non-redeemable ordinary shares – basic and diluted	$ 8.29				

NEW CCC

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(in thousands, except share and per share data)

	Dragoneer (Historical)	CCC (Historical)	Pro Forma Adjustments		Pro Forma
Revenue	$ —	$ 633,063	$ —		$ 633,063
Cost of revenue	—	208,717	9,581	(bb)	218,495
			197	(cc)	
Gross profit	—	424,346	(9,778)		414,568
Operating expenses:					
Research and development	—	109,508	22,769	(bb)	132,744
			467	(cc)	
Amortization of Intangible Assets	—	72,310			72,310
Selling and marketing	—	74,710	39,254	(bb)	114,769
			805	(cc)	
General and administrative	—	90,838	16,397	(aa)	267,714
			148,251	(bb)	
			3,041	(cc)	
			9,187	(ff)	
Formation and operating costs	1,043	—	(1,043)	(ff)	—
Total operating expenses	1,043	347,366	239,128		587,537
Operating income (loss)	(1,043)	76,980	(248,906)		(172,969)
Other income (expense):					
Interest expense	—	(77,003)	22,972	(ii.1)	(54,031)
Loss on change in fair value of interest rate swaps	—	(13,249)	—		(13,249)
Loss on early retirement of debt	—	(8,615)	(6,932)	(ii.2)	(15,547)
Other income, net	—	332	—		332
Change in fair value of warrant liabilities	(106,715)	—	—		(106,715)
Loss on FPA liability	(69,875)	—	—		(69,875)
Compensation expense on private placement warrants	(6,993)	—	6,993	(ff)	—
Offering costs allocated to warrant liabilities	(1,151)	—	1,151	(ff)	—
Total other expense	(184,734)	(98,535)	24,184		(259,085)
Pretax loss	(185,777)	(21,555)	(224,722)		(432,054)
Income tax benefit		4,679	86,052	(ee)	90,731
Net loss	$ (185,777)	$ (16,876)	$ (138,670)		$ (341,323)
Weighted average shares outstanding – Common stock		1,480,296			593,230,820
Common stock- basic and diluted		$ (11.40)			$ (0.58)
Weighted-average shares outstanding – Class A Ordinary Shares	69,000,000				
Class A ordinary shares – basic and diluted	$ 0.00				
Weighted average shares outstanding – Class B non-redeemable ordinary shares	16,748,571				
Class B non-redeemable ordinary shares – basic and diluted	$ (11.09)				

Note 1—Description of the Business Combination

On February 2, 2021, Dragoneer entered into the Business Combination Agreement with CCC. Dragoneer changed its jurisdiction of incorporation by deregistering as an exempted company in the Cayman Islands and continuing and domesticating as a corporation incorporated under the laws of the State of Delaware (the "Domestication"), upon which Dragoneer changed its name to "CCC Intelligent Solutions Holdings Inc." ("New CCC"). Immediately after the Domestication, Chariot Merger Sub, a wholly owned subsidiary of Dragoneer, merged with and into CCC, with CCC as the surviving company in the merger and, after giving effect to such merger, CCC became a wholly-owned subsidiary of New CCC. After giving effect to the Business Combination, New CCC owns directly or indirectly, all of the issued and outstanding equity interests of CCC and its subsidiaries and the equityholders of CCC immediately prior to the Business Combination own a portion of the common stock of New CCC.

The following table illustrates ownership levels in New CCC Common Stock immediately following the consummation of the Business Combination based on actual redemptions by the public shareholders and the following additional circumstances: (i) 505,430,378 shares of New CCC Common Stock were issued to the holders of shares of common stock of CCC at closing of the Business Combination; (ii) 15,000,000 shares of New CCC Common Stock were issued in the PIPE Financing; (iii) the forward purchase units were issued pursuant to the Forward Purchase Agreements prior to the closing of the Business Combination; (iv) no public warrants or private placement warrants to purchase New CCC Common Stock that were outstanding immediately following closing of the Business Combination have been exercised; (v) no vested and unvested options to purchase shares of New CCC Common Stock that were held by equity holders of CCC immediately following the closing of the Business Combination have been exercised; and (vi) no exercise of the 2,000,000 working capital warrants received by Dragoneer Growth Opportunities Holdings (the "Sponsor") upon the conversion of the outstanding $2.0 million balance of the working capital loan provided by the Sponsor to Dragoneer. In addition, these percentages give effect to $134.6 million of permitted recapitalization dividends declared and paid since the signing of the Business Combination Agreement and $$134.6 million of permitted recapitalization dividends, along with a one-time cash payment of $9.0 million paid to certain option holders to compensate for the reduction in the fair value of the underlying shares without a corresponding decrease in the exercise price, that CCC paid substantially concurrently with the closing of the Business Combination.

	Shares	Ownership %	Voting Right %
Advent Investor(1)	372,634,844	62.7%	62.7%
OH Investor(1)	53,082,833	8.9%	8.9%
TCV Investor(1)	53,082,832	8.9%	8.9%
Other legacy CCC shareholders(1)(4)	26,629,869	4.5%	4.5%
Dragoneer public shareholders(2)	47,990,002	8.1%	8.1%
Sponsor and other initial shareholders and certain affiliates of Willett Advisors LLC(1)(3)	26,125,000	4.4%	4.4%
PIPE Investors	15,000,000	2.5%	2.5%
Total	594,545,380	100.00%	100.00%

(1) These ownership percentages do not give effect to the CCC Earnout Shares that may be issued upon the CCC Triggering Event and exclude the Sponsor Earnout Shares that are subject to forfeiture if a Sponsor Triggering Event does not occur.

(2) Excludes shares acquired by certain public investors in connection with the PIPE Financing.

(3) Includes the shares of New CCC Common Stock resulting from the conversion of Class A ordinary shares to be issued to Dragoneer Funding LLC and certain affiliates of Willett Advisors LLC as part of the forward purchase units that were issued immediately prior to the closing of the Business Combination and pursuant to the terms and conditions of the Forward Purchase Agreements.

(4) Excludes shares owned by the Advent Investor, OH Investor and TCV Investor.

Note 2—Basis of Presentation

The unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release No. 33-10786 “Amendments to Financial Disclosures about Acquired and Disposed Businesses.” Release No. 33-10786 replaces the existing pro forma adjustment criteria with simplified requirements to depict the accounting for the transaction (“Transaction Accounting Adjustments”) and present the reasonably estimable synergies and other transaction effects that have occurred or are reasonably expected to occur (“Management’s Adjustments”). CCC has elected not to present Management’s Adjustments and are only presenting Transaction Accounting Adjustments in the unaudited pro forma condensed combined financial information.

The historical financial information of Dragoneer and CCC has been adjusted in the unaudited pro forma condensed combined financial information to give effect to events that are transaction accounting adjustments. The pro forma adjustments are prepared to illustrate the effect of the Business Combination and certain other adjustments.

The Business Combination is accounted for as a reverse recapitalization because CCC has been determined to be the accounting acquirer under Financial Accounting Standards Board’s Accounting Standards Codification Topic 805, Business Combinations (“ASC 805”). The determination is primarily based on the evaluation of the following facts and circumstances:

- The pre-combination equityholders of CCC will hold the majority of voting rights in New CCC;
- The pre-combination equityholders of CCC will have the right to appoint the majority of the directors on the New CCC Board;
- Senior management of CCC will comprise the senior management of New CCC; and
- Operations of CCC will comprise the ongoing operations of New CCC.

Under the reverse recapitalization model, the Business Combination is treated as CCC issuing equity for the net assets of Dragoneer, with no goodwill or intangible assets recorded.

The unaudited pro forma condensed combined balance sheet presents pro forma effects of the Business Combination and the related proposed equity commitments as of June 30, 2021. The unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2021 and for the year ended December 31, 2020 presents pro forma effects to the Business Combination as if it had been completed on January 1, 2020. The pro forma information is presented as if Dragoneer is the acquired entity.

The unaudited pro forma condensed combined balance sheet as of June 30, 2021 has been prepared using and should be read in conjunction with the following:

- Dragoneer’s unaudited condensed balance sheet as of June 30, 2021 and the related notes, incorporated by reference, and
- CCC’s unaudited condensed consolidated balance sheet as of June 30, 2021 and the related notes, incorporated by reference.

The unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2021 has been prepared using and should be read in conjunction with the following:

- Dragoneer’s condensed statement of operations for the six months ended June 30, 2021, incorporated by reference, and
- CCC’s condensed consolidated statement of operations and comprehensive income (loss) for the six months ended June 30, 2021, incorporated by reference.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 has been prepared using and should be read in conjunction with the following:

- Dragoneer’s restated statement of operations for the period from July 3, 2020 through December 31, 2020, incorporated by reference, and

- CCC’s consolidated statement of operations and comprehensive loss for the year ended December 31, 2020, incorporated by reference.

The unaudited pro forma condensed combined financial information has been prepared based on the actual withdrawal of $210 million from the Trust Account to fund the Dragoneer public stockholders’ exercise of their redemption rights on July 27, 2021 with respect to 21,009,998 Class A ordinary shares, as well as the reclassification of the remaining 47,990,002 Class A Ordinary Shares formerly deemed redeemable at June 30, 2021 to New CCC common stock.

CCC modified its existing equity awards such that the consummation of the Business Combination will satisfy the performance condition. Pro forma adjustments were recorded for the incremental stock compensation expense as the adjustments were material.

New CCC expects to enter into new equity awards with its employees upon the consummation of the Business Combination. No effect has been given to the unaudited pro forma combined financial information for the new awards.

The pro forma adjustments reflecting the consummation of the Business Combination and the completion of related proposed equity commitments are based on certain currently available information at the closing of the Business Combination and certain assumptions and methodologies that CCC believes are reasonable under the circumstances. The unaudited condensed pro forma adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the pro forma adjustments and it is possible the differences may be material. New CCC believes that its assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Business Combination and related proposed equity commitments contemplated based on information available to management at the time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information is not necessarily indicative of what the actual results of operations and financial position would have been had the Business Combination taken place on the date indicated, nor are they indicative of the future consolidated results of operations or financial position of the combined company. They should be read in conjunction with the historical financial statements and notes thereto of Dragoneer and CCC.

Note 3—Pro Forma Adjustments

The adjustments included in the unaudited pro forma condensed combined balance sheet as of June 30, 2021 are as follows:

(a) Reflects (1) the redemption of 21,009,998 shares of Class A Ordinary Shares for an aggregate payment of $210 million at $10 per share and (2) the exchange of the remaining 47,990,002 Class A Ordinary Shares formerly deemed redeemable at June 30, 2021 for New CCC Common Stock.

(b) Reflects cash funding as follows: (1) the transfer of approximately $480 million from the Trust Account to fund the transaction and (2) the proceeds from the PIPE Financing consisting of 15,000,000 shares of New CCC Common Stock at a purchase price of $10 per share for proceeds of approximately $150 million.

(c) Reflects the proceeds from the Sponsor Funding consisting of 17,500,000 of New CCC Common Stock (15,000,000 and 2,500,000 shares to Dragoneer Funding and certain affiliates of Willett Advisors LLC, respectively) at a purchase price of $10 per unit for proceeds of approximately $175 million.

(d) Reflects the settlement of estimated remaining unpaid transaction costs totaling approximately $45.6 million. Break-up of the total transaction costs is as follows: (1) Dragoneer’s deferred underwriting fees of approximately $24.2 million that are recorded on the historical balance sheet as of December 31, 2020, (2) CCC’s costs to be incurred in connection with issuance of equity of approximately $10 million with a corresponding adjustment to additional paid-in capital, (3) CCC’s costs unrelated to the issuance of equity that are expected to be expensed as incurred of approximately $4.2 million, and (4) Dragoneer’s expected costs to be incurred of approximately $7.2 million, with a corresponding adjustment to additional paid-in capital.

(d1) Reflects reclassification of deferred transaction costs incurred in connection with the issuance of equity of $3.0 million from other current assets to additional paid-in capital.

(e) Reflects the exchange of Dragoneer's Redeemable Class A—Ordinary Shares and Class B—Ordinary Shares for 77,625,000 shares of New CCC Common Stock.

(f) Reflects the issuance of 505,430,378 shares of New CCC Common Stock to the shareholders of Common Stock—Series A and Common Stock—Series B of CCC.

Note: CCC shareholders and option holders (subject to continued employment) have the right to receive up to an additional 15,000,000 shares ("Company Earnout Shares") of New CCC Common Stock if the Company Triggering Event occurs before the 10th anniversary of the closing i.e., the earlier of: (a) The first date on which the share price has been greater than or equal to $15 per share for any twenty trading days within any thirty consecutive trading day period beginning after the closing, or (b) a Change of Control. 1.5 million of these Company Earnout Shares are allocated to the vested and unvested option holders ("Option Holder Earnout Shares") (see adjustment [cc] for detail).

Note: In addition, shares ("Sponsor Earnout Shares") of New CCC Common Stock held by Sponsor are subject to forfeiture if the Sponsor Triggering Event does not occur before the 10th anniversary of the closing i.e., the earlier of: (a) The first date on which the share price has been greater than or equal to $13 per share for any twenty trading days within any thirty consecutive trading day period beginning after the closing, or (b) a Change of Control.

(f1) Reflects the fair value of the Company Earnout Shares in the aggregate amount of $98.9 million, $7.35 per share, in accumulated deficit with a corresponding credit to additional paid in capital ("APIC").

(g) Reflects an additional dividend ("Additional Dividend") payment of $90.66 per share to CCC shareholders on 1,450,978 and 33,178 of Series A and B common shares, respectively. The Additional Dividend was paid substantially concurrently with the consummation of the Business Combination. The proceeds from the Business Combination were used, in part, to fund the Additional Dividend distribution. The Additional Dividend is incremental to the initial dividend paid on March 17, 2021, which is already reflected on the interim condensed consolidated balance sheet as of June 30, 2021. See Note 16 in Cypress Holdings, Inc. and Subsidiaries Condensed Consolidated Financial Statements for the period ended June 30, 2021.

(h) Reflects the stock-based compensation expense for 81,486 performance-vested stock options with a total value of $203.9 million.

Note: According to the original terms of the 2017 Stock Option Plan, performance-based options would not vest on occurrence of an initial public offering through Form S-4. The board has approved a modification that resulted in vesting of the performance-based options when the Business Combination occurs. Therefore, the estimated new fair value of the performance-based options was calculated using an estimated date of modification which resulted in a higher fair value compared to the grant date fair value. The stock-based compensation expense will be recognized based on the fair value determined on the modification date.

(i) Reflects the net settlement of the phantom shares as a result of the Business Combination, which includes the recognition of additional compensation expense of approximately $5.9 million and the reduction of accrued expenses of approximately $4.3 million as of June 30, 2021.

Note: According to the original terms of the 2017 Stock Option Plan, phantom shares would not vest on occurrence of an initial public offering through Form S-4. The board has approved a modification that resulted in vesting of the phantom shares when the Business Combination occurs. Therefore, the incremental fair value of the phantom shares was calculated using an estimated date of modification which resulted in a higher fair value compared to the grant date fair value. The unrecognized stock-based compensation expense related to the phantom shares including the incremental fair value is expensed upon the consummation of the Business Combination.

(j) Reflects estimated one-time cash payment of $9.0 million at $66.40 per option paid to certain option holders to compensate for a reduction in the fair value of the underlying shares without a corresponding decrease in the exercise price (also see adjustment [bb]).

(k) Reflects the reclassification of Dragoneer's prepaid expenses to other current assets.

(l) Reflects the settlement of advances from an affiliate of Dragoneer.

(m) Reflects (i) conversion of Dragoneer's $2,000,000 convertible note—related party to Private Placement Warrants, resulting in an increase of warrant liability by $4.4 million with a corresponding decrease in the convertible note—related party balance of $2 million, conversion option liability of $2.4 million and (ii) reclassification of the FPA liability of $6.8 million to warrant liability.

(n) Reflects the repayment of long-term debt (including short-term portion) that occurred at the closing of the Business Combination and the associated loss on debt extinguishment related to unamortized debt issuance costs.

The adjustments included in the unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2021 and the year ended December 31, 2020 are as follows:

(aa) Represents CCC's transaction costs of $8.0 million that are unrelated to the issuance of equity and Dragoneer's transaction costs of $8.4 million in connection with the Business Combination expected to be incurred subsequent to December 31, 2020. The remaining transaction costs expected to be incurred by CCC subsequent to December 31, 2020 of $13.0 million in connection with the Business Combination are recognized in APIC and are therefore excluded from New CCC's unaudited pro forma condensed combined statements of operations for the year ended December 31, 2020 (see adjustment [d]).

(bb) Reflects additional estimated compensation expenses totaling $219.9 million related to: (1) performance-vested stock options of $203.9 million (see adjustment [h]), (2) additional estimated compensation expense of $7.0 million included in the net settlement of phantom shares (see adjustment [i]), (3) one-time estimated cash payment of $9.0 million at $66.40 per option paid to certain option holders to compensate for a reduction in the fair value of the underlying shares without a corresponding decrease in the exercise price (see adjustment [j]).

Additional estimated compensation expense related to items (1), (2) and (3) will not affect New CCC's unaudited pro forma condensed combined statements of operations beyond 12 months after the closing of the Business Combination.

These additional estimated compensation expenses are reflected in the following financial statement line items: (1) cost of revenues of $9.6 million, (2) research and development expenses of $22.8 million, (3) selling and marketing expenses of $39.3 million, and (4) general and administrative expenses of $148.2 million.

(cc) Reflects compensation expenses related to Option Holder Earnout Shares of $4.5 million, reflected in the following financial statement line items: (1) cost of revenues of $0.2 million, (2) research and development expenses of $0.5 million, (3) selling and marketing expenses of $0.8 million, and (4) general and administrative expenses of $3.0 million.

Note: The vested and unvested option holders employed or in service when the Company Triggering Event occurs are eligible for a total of 1.5 million Company Earnout Shares. The total fair value of the Option Holder Earnout Shares of $12.9 million will be accounted for as additional compensation expense prospectively after consummating the Business Combination by New CCC over the implicit service period of 2.52 years. The compensation expenses related to Option Holder Earnout Shares for the 12-month period of $4.5 million is reflected in the unaudited pro forma condensed combined statement of operations, however this adjustment is not reflected in the unaudited pro forma condensed combined balance sheet.

(dd) Not used.

(ee) Reflects adjustments to income tax benefit (expense) as a result of the tax impact on the pro forma adjustments at the estimated statutory tax rate of 21.0% for the years ended December 31, 2020 and December 31, 2021.

(ff) Reflects reclassification of $9.2 million of Dragoneer expenses to conform to CCC's financial statement presentation.

(gg) Reflects compensation expense related to Option Holder Earnout Shares of $2.2 million, reflected in the following financial statement line items: (1) cost of revenues of $0.1 million, (2) research and development expenses of $0.2 million, (3) selling and marketing expenses of $0.4 million, and (4) general and administrative expenses of $1.5 million (see adjustment [cc]).

(hh) Reflects reclassification of $5.4 million of Dragoneer expenses to conform to CCC's financial statement presentation.

(ii) Adjustment to (1) eliminate the interest expense and (2) reflect the loss on debt extinguishment (unamortized debt issuance costs), associated with the long-term debt repaid at the closing of the Business Combination.

(jj) Adjustment to eliminate the interest expense associated with the long-term debt repaid at the closing of the Business Combination.

Note 4—Earnings (Loss) per Share

The table below represents the unaudited earnings (loss) per share calculated based on the recapitalization resulting from the Business Combination, assuming the shares were outstanding since January 1, 2020. As the Business Combination and related equity transactions are being reflected as if they had occurred at the beginning of the period presented, the calculation of weighted average shares outstanding for basic and diluted net earnings (loss) per share assumes that the shares issuable relating to the Business Combination have been outstanding for the entire period presented. The following tables set forth the computation of pro forma basic and diluted earnings (loss) per share for the six months ended June 30, 2021 and for the year ended December 31, 2020. Amounts are stated in thousands of United States Dollars, except for share/unit and per share/unit amounts.

	Six Months ended June 30, 2021
Pro Forma Income per Share	
Numerator:	
Pro forma net income attributable to common stockholders total—basic and diluted	$ 118,701
Denominator: Basic	
Historical weighted average shares outstanding—basic (as reported)	1,483,634
Exchange Ratio	340.55
Weighted average number of shares outstanding, as exchanged—basic	505,252,576
Pro forma adjustment for shares issued	89,115,002
Pro forma weighted average shares outstanding—basic (actual redemptions)	**594,367,578**
Denominator: Diluted	
Historical weighted average shares outstanding—diluted	1,537,036
Exchange ratio	340.55
Weighted average number of shares outstanding, as exchanged—diluted	523,438,664
Pro forma adjustment for shares issued	89,115,002
Pro forma weighted average shares outstanding—diluted (actual redemptions)	**612,553,666**
Pro forma net income per share:	
Basic	$ 0.20
Diluted	$ 0.19

	Year ended December 31, 2020
Pro Forma Loss per Share	
Numerator:	
Pro forma net loss attributable to common stockholders total—basic and diluted	$ (341,323)
Denominator:	
Historical weighted average shares outstanding—basic and diluted (as reported)	1,480,296
Exchange Ratio	340.55
Weighted average number of shares outstanding, as exchanged—basic and diluted	504,115,818
Pro forma adjustment for shares issued	89,115,002
Pro forma weighted average shares outstanding—basic and diluted	**593,230,820**
Pro forma net loss per share:	
Basic and diluted	$ (0.58)

CCC'S MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with our consolidated financial statements and related notes for the year ended December 31, 2020 included as an exhibit to the amendment to the current report on Form 8-K, which was originally filed with the SEC on August 5, 2021 (as originally filed, the "Super 8-K" and, as amended hereby, the "8-K/A"). This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from the forward-looking statements included herein. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in the Super 8-K and in the section entitled "Risk Factors" in the Proxy Statement/Prospectus filed on July 6, 2021 by Dragoneer Growth Opportunities Corp. ("Dragoneer").

Unless otherwise indicated or the context otherwise requires, references in this CCC's Management's Discussion and Analysis of Financial Condition and Results of Operations section to "CCC," the "Company," "we," "us," "our" and other similar terms refer to Cypress Holdings, Inc. and its subsidiaries prior to the Business Combination and to CCC Intelligent Solutions Holdings Inc. and its consolidated subsidiaries after giving effect to the Business Combination.

Business Overview

Founded in 1980, CCC is a leading provider of innovative cloud, mobile, telematics, hyperscale technologies and applications for the property and casualty ("P&C") insurance economy. Our SaaS platform connects trading partners, facilitates commerce, and supports mission-critical, AI-enabled digital workflows. Leveraging decades of deep domain experience, our industry-leading platform processes more than $100 billion in annual transaction value across this ecosystem, digitizing workflows and connecting more than 31,000 companies across the P&C insurance economy, including insurance carriers, collision repairers, parts suppliers, automotive manufacturers, financial institutions and others.

Our business has been built upon two foundational pillars: automotive insurance claims and automotive collision repair. For decades we have delivered leading software solutions to both the insurance and repair industries, including pioneering Direct Repair Programs ("DRP") in the United States ("U.S.") beginning in 1992. Direct Repair Programs connect auto insurers and collision repair shops to create business value for both parties, and require digital tools to facilitate interactions and manage partner programs. Insurer-to-shop DRP connections have created a strong network effect for CCC's platform, as insurers and repairers both benefit by joining the largest network to maximize opportunities. This has led to a virtuous cycle in which more insurers on the platform drives more value for the collision shops on the platform, and vice versa.

We believe we have become a leading insurance and repair SaaS provider in the U.S. by increasing the depth and breadth of our SaaS offerings over many years. Our insurance solutions help insurance carriers manage mission-critical workflows, from claims to underwriting, while building smart, dynamic experiences for their own customers. Our software integrates seamlessly with both legacy and modern systems alike and enables insurers to rapidly innovate on our platform. Our repair solutions help collision repair facilities achieve better performance throughout the collision repair cycle by digitizing processes to drive business growth, streamline operations, and improve repair quality. As of June 30, 2021, we have more than 300 insurers on our network, connecting with over 26,000 repair facilities through our multi-tenant cloud platform. We believe our software is the architectural backbone of insurance DRP programs and is the primary driver of material revenue for our collision shop customers and a source of material efficiencies for our insurance carrier customers.

Our platform is designed to solve the many-to-many problem faced by the insurance economy. There are numerous internally and externally developed insurance software solutions in the market today, with the vast majority of applications focused on insurance-only use cases and not on serving the broader insurance ecosystem. We have prioritized building a leading network around our automotive insurance and collision repair pillars to further digitize interactions and maximize value for our customers. We have tens of thousands of companies on our platform that participate in the insurance economy, including insurers, repairers, parts suppliers, automotive manufacturers, and financial institutions. Our solutions create value for each of these parties by enabling them to connect to our vast network to collaborate with other companies, streamline operations, and reduce processing costs and dollars lost through claims management inefficiencies, or claims leakage. Expanding our platform has added new layers of network effects, further accelerating the adoption of our software solutions.

We have processed more than $1 trillion of historical data across our network, allowing us to build proprietary data assets that leverage insurance claims, vehicle repair, automotive parts and other vehicle-specific information. We are uniquely positioned to provide data-driven insights, analytics, and AI-enhanced workflows that strengthen our solutions and improve business outcomes for our customers. Our Smart Suite of AI solutions increases automation across existing insurer processes including vehicle damage detection, claim triage, repair estimating, and intelligent claims review. We deliver real-world AI solutions, and have more than 300 AI models deployed in production environments across more than 75 insurers.

One of the primary obstacles facing the P&C insurance economy is increasing complexity. Complexity in the P&C insurance economy is driven by technological advancements, Internet of Things ("IoT") data, new business models, and changing customer expectations. We believe digitization plays a critical role in managing this growing complexity while meeting customer expectations. Our technology investments are focused on digitizing complex processes and interactions across our ecosystem, and we believe we are well positioned to power the P&C insurance economy of the future with our data, network, and platform.

While our position in the P&C insurance economy is grounded in the automotive insurance sector, the largest insurance sector in the U.S. representing nearly half of Direct Written Premiums ("DWP"), we believe our integrations and cloud platform are capable of driving innovation across the entire P&C insurance economy. Our customers are increasingly looking for CCC to expand its solutions to other parts of their business where they can benefit from our technology, service, and partnership. In response, we are investing in new solutions that we believe will enable us to digitize the entire automotive claims lifecycle, and over time expand into adjacencies including other insurance lines.

We have strong customer relationships in the end-markets we serve, and these relationships are a key component of our success given the long-term nature of our contracts and the interconnectedness of our network. We have customer agreements with more than 300 insurers (including carriers, self-insurers and other entities processing insurance claims), including 18 of the top 20 automotive insurance carriers in the U.S. as of June 30, 2021, based on DWP, and hundreds of regional carriers. We have more than 31,000 total customers, including over 26,000 automotive collision repair facilities (including repairers and other entities that estimate damaged vehicles), thousands of automotive dealers, 12 of the top 15 automotive manufacturers as of June 30, 2021, based on new vehicle sales, and numerous other companies that participate in the P&C insurance economy.

Key Performance Measures and Operating Metrics

In addition to our GAAP and non-GAAP financial measures, we rely on Software Net Dollar Retention Rate ("Software NDR") and Software Gross Dollar Retention Rate ("Software GDR") to measure and evaluate our business to make strategic decisions. Software NDR and Software GDR may not be comparable to or calculated in the same way as other similarly titled measures used by other companies.

Software NDR

We believe that Software NDR provides our management and our investors with insight into our ability to retain and grow revenue from our existing customers, as well as their potential long-term value to us. We also believe the results shown by this metric reflect the stability of our revenue base, which is one of our core competitive strengths. We calculate Software NDR by dividing (a) annualized software revenue recorded in the last month of the measurement period, for example, June for a quarter ending June 30, for unique billing accounts that generated revenue during the corresponding month of the prior year by (b) annualized software revenue as of the corresponding month of the prior year. The calculation includes changes for these billing accounts, such as change in the solutions purchased, changes in pricing and transaction volume, but does not reflect revenue for new customers added. The calculation excludes: (a) changes in estimates related to the timing of one-time revenue and other revenue, including professional services, and (b) annualized software revenue for smaller customers with annualized software revenue below the threshold of $100,000 for carriers and $4,000 for shops. The customers that do not meet the revenue threshold are small carriers and shops that tend to have different buying behaviors, with a narrower solution focus, and different tenure compared to our core customers (excluded small carriers and shops represent less than 5% of total revenue within these sales channels). Our Software NDR includes carriers and shops who subscribe to our auto physical damage solutions, which account for most of the Company's revenue, and excludes revenue from smaller emerging solutions with international subsidiaries or other ecosystem solutions, such as parts suppliers and other automotive manufacturers, and also excludes CCC Casualty which are usage and professional service based solutions.

	Quarter Ending	2021	2020
Software NDR	March 31	106%	105%
	June 30	110%	103%
	September 30		103%
	December 31		103%

Software GDR

We believe that Software GDR provides our management and our investors with insight into the value our solutions provide to our customers as represented by our ability to retain our existing customer base. We believe the results shown by this metric reflect the strength and stability of our revenue base, which is one of our core competitive strengths. We calculate Software GDR by dividing (a) annualized software revenue recorded in the last month of the measurement period in the prior year, reduced by annualized software revenue for unique billing accounts that are no longer customers as of the current period end by (b) annualized software revenue as of the corresponding month of the prior year. The calculation reflects only customer losses and does not reflect customer expansion or contraction for these billing accounts and does not reflect revenue for new customer billing accounts added. Our Software GDR calculation represents our annualized software revenue that is retained from the prior year and demonstrates that the vast majority of our customers continue to use our solutions and renew their subscriptions. The calculation excludes: (a) changes in estimates related to the timing of one-time revenue and other revenue, including professional services, and (b) annualized software revenue for smaller customers with annualized software revenue below the threshold of $100,000 for carriers and $4,000 for shops. The customers that do not meet the revenue threshold are small carriers and shops that tend to have different buying behaviors, with a narrower solution focus, and different tenure compared to our core customers (excluded small carriers and shops which represent less than 5% of total revenue within these sales channels). Our Software GDR includes carriers and shops who subscribe to our auto physical damage solutions, which account for most of the Company's revenue, and excludes revenue from smaller emerging solutions with international subsidiaries or other ecosystem solutions, such as parts suppliers and other automotive manufacturers, and excludes CCC's casualty solutions which are usage and professional service based solutions.

	Quarter Ending	2021	2020
Software GDR	March 31	98%	98%
	June 30	98%	98%
	September 30		98%
	December 31		98%

Recent Developments

The Business Combination

On July 30, 2021, we consummated the previously announced business combination transaction (the "Merger") pursuant to the business combination agreement dated February 2, 2021, as amended, between CCC and Dragoneer, a special purpose acquisition company.

Upon the closing of the Merger, Dragoneer was renamed "CCC Intelligent Solutions Holdings Inc." and the Company became a wholly owned subsidiary of CCC Intelligent Solutions Holdings Inc.

The Merger will be accounted for as a reverse recapitalization in which Dragoneer is treated as the acquired company. A reverse recapitalization does not result in a new basis of accounting, and the consolidated financial statements of the combined entity will represent the continuation of the consolidated financial statements of the Company in many respects. The Company will be deemed the accounting predecessor.

As a result of the Merger, New CCC received aggregate gross proceeds of $806 million from the Dragoneer trust account, funds received for issuance on New CCC common stock pursuant to forward purchase agreements and private investment in public equity investors.

As a consequence of the Merger, CCC became the successor to an SEC-registered and NYSE-listed company which will require CCC to hire additional personnel and implement procedures and processes to address public company regulatory requirements and customary practices. CCC expects to incur additional annual expenses as a public company for, among other things, directors' and officers' liability insurance, director fees and additional internal and external accounting and legal and administrative resources, including increased audit and legal fees.

See the Super 8-K and Note 26, Subsequent Events, to our unaudited condensed consolidated financial statements included as an exhibit to the 8-K/A for further information.

COVID-19

In March 2020, the World Health Organization declared the outbreak of the new strain of the coronavirus to be a pandemic. The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, financial markets, and business practices. Federal and state governments have implemented measures in an effort to contain the virus, including social distancing, travel restrictions, border closures, limitations on public gatherings, work from home, supply chain logistical changes, and closure of non-essential businesses. To protect the health and well-being of its employees, suppliers, and customers, the Company has made substantial modifications to employee travel policies, implemented office closures as employees are advised to work from home, and cancelled or shifted its conferences and other marketing events to virtual-only. The COVID-19 pandemic has impacted and may continue to impact our business operations, including our employees, customers, partners, and communities, and there is substantial uncertainty in the nature and degree of its continued effects over time.

Components of Results of Operations

Revenue

Revenue is derived from the sale of software subscriptions and other revenue, primarily professional services. Software subscription revenues are comprised of fees from customers for the right to use the hosted software over the contract period without taking possession of the software. These revenues are billed on either a subscription or transactional basis with subscription revenue recognized ratably over the contract period and transactional revenue recognized when the transaction for the related service occurs. We generally invoice software subscription agreements monthly either in advance or in arrears, over the subscription period. Software subscription revenue accounted for $159.9 million and $138.6 million, or 96% and 92%, of total revenue during the three months ended June 30, 2021 and 2020, respectively. Software subscription revenue accounted for $311.9 million and $279.0 million, or 96% and 90%, of total revenue during the six months ended June 30, 2021 and 2020, respectively.

Revenues from professional services include fees from customers for the Company's First Party Clinical Services, and other non-software services. First Party Clinical Services revenue and other non-software services revenue is recognized in the period the service is performed. In December 2020, we sold our First Party Clinical Services to a third-party buyer. First Party Clinical Services revenue was $6.6 million for the three months ended June 30, 2020 and $18.2 million for the six months ended June 30, 2020.

Costs and Expenses

Cost of Revenue

Cost of Revenue, exclusive of amortization of acquired technologies

These costs include costs of software subscription and professional services revenue. Our cost of software subscription revenue is primarily comprised of cloud infrastructure costs, software production costs, IT security costs, license and royalty fees paid to third parties and personnel-related expenses, including salaries, other direct personnel-related costs and share-based compensation, and depreciation expense. We expect cost of revenue, exclusive of amortization of acquired intangibles, to increase in absolute dollars as we continue to hire personnel, require additional cloud infrastructure and incur higher royalty fees in support of our revenue growth.

Our cost of professional services revenue is primarily comprised of personnel-related expenses for our customer support teams and contractors, including salaries, direct personnel-related costs and share-based compensation, and fees paid to third parties. We expect our cost of professional services to decline with the expected decrease in professional services revenue and following the divestiture of our First Party Clinical Services in December 2020. First Party Clinical Services cost of revenue was $6.5 million for the three months ended June 30, 2020 and $15.9 million for the six months ended June 30, 2020.

Amortization of Acquired Technologies

We amortize to cost of revenue the capitalized costs of technologies acquired in connection with the acquisition of the Company by Cypress Holdings, Inc., a corporation organized by affiliates of the Advent Investor, in April 2017 (the “Advent Acquisition”).

Operating expenses

Operating expenses are categorized into the following categories:

Research and development

Our research and development expenses consist primarily of personnel-related costs, including share-based compensation, and costs of external development resources involved in the engineering, design and development of new solutions, as well as expenses associated with significant ongoing improvements to existing solutions. Research and development expenses also include costs for certain information technology (“IT”) expenses.

Research and development costs, other than software development costs qualifying for capitalization, are expensed as incurred. Capitalized software development costs consist primarily of personnel-related costs.

We expect research and development expenses to increase in absolute dollars as we continue to dedicate substantial resources to develop, improve and expand the functionality of our solutions. We also expect an increase in the rate of capitalization of our investments in research and development for the foreseeable future.

Selling and Marketing

Our selling and marketing expenses consist primarily of personnel-related costs for our sales and marketing functions, including sales commissions and share-based compensation. Additionally, selling and marketing expenses include advertising costs, marketing costs and event costs, including the Company’s annual industry conference.

We expect our selling and marketing expenses to increase on an absolute dollar basis as we continue to increase investments to support the growth of our business.

General and Administrative

Our general and administrative expenses consist primarily of personnel-related costs, including share-based compensation, for our executive management and administrative employees, including finance and accounting, human resources, information technology, facilities and legal functions. Additionally, general and administrative expenses include professional service fees, insurance premiums, and other corporate expenses that are not allocated to the above expense categories.

We expect our general and administrative expenses to increase in absolute dollars as we continue to expand our operations, hire additional personnel, and incur costs as a public company. We expect to incur increased expenses related to accounting, tax and auditing activities, directors' and officers' insurance, SEC compliance, investor relations and internal control compliance.

Amortization of Intangible Assets

Our amortization of intangible assets consists of the capitalized costs of intangible assets acquired in connection with the Advent Acquisition.

Interest Expense

Interest expense comprises interest expense accrued or paid on our indebtedness. We expect interest expense to vary each reporting period depending on the amount of outstanding indebtedness and prevailing interest rates.

Gain (Loss) on Change in Fair Value of Interest Rate Swaps

Gain (loss) on change in fair value of interest rate swaps comprises fair value adjustments of our interest rate swap agreements at the end of each reporting period. We expect the gain (loss) on change in fair value of interest rate swaps to vary each reporting period depending on the notional amount of each swap agreement and prevailing forward yield curve.

Loss on Early Extinguishment of Debt

Loss on early extinguishment of debt comprises the write-off of deferred financing fees and original issue discount associated with the Second Lien Term Loan at the time of early extinguishment in February 2020.

Other Income, Net

Other income, net consists primarily of interest income on the Company's cash balances and foreign currency transaction gains and losses related to the impact of transactions denominated in a foreign currency.

Income Tax (Provision) Benefit

Income tax (provision) benefit consists of U.S. and state income taxes and income taxes in certain foreign jurisdictions in which we conduct business. Earnings from our non-U.S. activities are subject to local country income tax and may be subject to current U.S. income tax. Due to cumulative losses, we maintain a full valuation allowance for deferred tax assets for our operations in foreign jurisdictions. We expect to maintain this full valuation allowance for the foreseeable future.

Results of Operations

Comparison of the Three Months Ended June 30, 2021 to the Three Months Ended June 30, 2020

	Three Months Ended June 30,		Change	
(dollar amounts in thousands, except share and per share data)	**2021**	**2020**	**$**	**%**
Revenue	$ 166,789	$ 150,716	$16,073	10.7%
Cost of revenue, exclusive of amortization of acquired technologies	38,932	43,408	(4,476)	-10.3%
Amortization of acquired technologies	6,580	6,574	6	0.1%
Cost of revenue	45,512	49,982	(4,470)	-8.9%
Gross profit	121,277	100,734	20,543	20.4%
Operating expenses:				
Research and development	31,253	27,772	3,481	12.5%
Selling and marketing	21,551	17,702	3,849	21.7%
General and administrative	28,394	21,566	6,828	31.7%
Amortization of intangible assets	18,078	18,078	—	0.0%
Total operating expenses	99,276	85,118	14,158	16.6%
Operating income	22,001	15,616	6,385	40.9%
Other income (expense):				
Interest expense	(18,903)	(18,643)	(260)	-1.4%
Gain on change in fair value of interest rate swaps	3,089	620	2,469	398.2%
Other income, net	4	115	(111)	-96.5%
Total other income (expense)	(15,810)	(17,908)	2,098	11.7%
Income (loss) before income taxes	6,191	(2,292)	8,483	NM
Income tax (provision) benefit	(2,375)	331	(2,706)	NM
Net income (loss)	$ 3,816	$ (1,961)	$ 5,777	NM
Net income (loss) per share attributable to Class A and Class B common stockholders:				
Basic	$ 2.57	$ (1.32)		
Diluted	$ 2.48	$ (1.32)		
Weighted-average shares used in computing net income (loss) per share attributable to Class A and Class B common stockholders:				
Basic	1,484,156	1,480,262		
Diluted	1,537,767	1,480,262		

NM—Not Meaningful

Revenues

Revenue increased by $16.1 million to $166.8 million, or 10.7%, for the three months ended June 30, 2021, compared to the three months ended June 30, 2020. The increase in revenue was primarily a result of 9% growth from existing customer upgrades and expanding solution offerings to these existing customers as well as 5% growth from new customers and 2% increase in other transaction revenue, partially offset by a 5% impact in professional services revenues due to the divestiture of the First Party Clinical Services in December 2020.

Cost of Revenue

Cost of revenue decreased by $4.5 million to $45.5 million, or 8.9%, for the three months ended June 30, 2021, compared to the three months ended June 30, 2020.

Cost of Revenue, exclusive of amortization of acquired technologies

Cost of revenue, exclusive of amortization of acquired technologies, decreased $4.5 million to $38.9 million, or 10.3%, for the three months ended June 30, 2021, compared to the three months ended June 30, 2020. The decline was due to $6.5 million of costs related to the divestiture of First Party Clinical Services in December 2020, partially offset by an increase of $1.3 million in personnel costs, including share-based compensation and an increase of $0.8 million in depreciation expense due to deployed features, functionality and enhancements to our software solutions and their supporting IT infrastructure.

Amortization of Acquired Technologies

Amortization of acquired technologies was $6.6 million for each of the three months ended June 30, 2021 and 2020.

Gross Profit

Gross profit increased by $20.5 million to $121.3 million, or 20.4%, for the three months ended June 30, 2021, compared to the three months ended June 30, 2020. Our gross profit percentage increased to 72.7% for the three months ended June 30, 2021 compared to 66.8% for the three months ended June 30, 2020. The increase in absolute dollars and gross profit margin was due to increased software subscription revenues and economies of scale resulting from fixed cost arrangements.

Research and Development

Research and development expense increased by $3.5 million to $31.3 million, or 12.5%, for the three months ended June 30, 2021, compared to the three months ended June 30, 2020. The increase was due to a $4.4 million increase in personnel costs, including share-based compensation and a $1.1 million increase in IT costs, partially offset by a $1.0 million decrease in consulting and other professional service costs and a $0.5 million increase in the amount of capitalized time on development projects.

Selling and Marketing

Selling and marketing expense increased by $3.8 million to $21.4 million, or 21.7%, for the three months ended June 30, 2021, compared to the three months ended June 30, 2020. The increase was primarily due to a $2.6 million increase in personnel costs, including sales incentives and share-based compensation, and a $0.9 million increase in event costs, including CCC’s annual industry conference which was cancelled in 2020 due to impacts from COVID-19.

General and Administrative

General and administrative expense increased by $6.8 million to $28.4 million, or 31.7%, for the three months ended June 30, 2021, compared to the three months ended June 30, 2020. The increase was primarily due to costs of $1.9 million for the business combination transaction, a $1.0 million increase in external legal fees and a $1.1 million increase in personnel costs, including share-based compensation. Additionally, the Company’s facilities costs increased $1.5 million due to the Company’s overlapping corporate headquarters leases and due to the acceleration of rent expense from the planned move from its current to its new headquarters in the fourth quarter of 2021.

Amortization of Intangible Assets

Amortization of intangible assets was $18.1 million during the three months ended June 30, 2021 and 2020.

Interest Expense

Interest expense increased by $0.3 million to $18.9 million, or 1.4%, for the three months ended June 30, 2021, compared to the three months ended June 30, 2020 primarily due to interest rate fluctuations.

Gain on Change in Fair Value of Interest Rate Swaps

Gain on change in fair value of interest rate swaps increased by $2.5 million for the three months ended June 30, 2021, compared to the three months ended June 30, 2020. The increase was attributable to the proximity of the maturity date of the swap agreements.

Income Tax (Provision) Benefit

Income tax (provision) benefit was a provision of $2.4 million for the three months ended June 30, 2021, compared to a benefit of $0.3 million for the three months ended June 30, 2020. The change in the income tax (provision) benefit was due to the Company’s pretax income during the three months ended June 30, 2021 compared to the pretax loss during the three months ended June 30, 2020.

Comparison of the Six Months Ended June 30, 2021 to the Six Months Ended June 30, 2020

(dollar amounts in thousands, except share and per share data)	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020	Change $	Change %
Revenue	$ 324,578	$ 309,924	$ 14,654	4.7%
Cost of revenue, exclusive of amortization of acquired technologies	76,945	91,795	(14,850)	-16.2%
Amortization of acquired technologies	13,160	13,149	11	0.1%
Cost of revenue	90,105	104,944	(14,839)	-14.1%
Gross profit	234,473	204,980	29,493	14.4%
Operating expenses:				
Research and development	61,877	55,315	6,562	11.9%
Selling and marketing	40,968	39,181	1,787	4.6%
General and administrative	66,233	44,566	21,667	48.6%
Amortization of intangible assets	36,155	36,155	—	0.0%
Total operating expenses	205,233	175,217	30,016	17.1%
Operating income	29,240	29,763	(523)	-1.8%
Other income (expense):				
Interest expense	(37,669)	(37,800)	131	0.3%
Gain (loss) on change in fair value of interest rate swaps	6,366	(20,527)	26,893	NM
Loss on early extinguishment of debt	—	(8,615)	8,615	100.0%
Other income, net	91	255	(164)	-64.3%
Total other income (expense)	(31,212)	(66,687)	35,475	53.2%
Loss before income taxes	(1,972)	(36,924)	34,952	94.7%
Income tax benefit	704	9,711	(9,007)	-92.8%
Net loss	$ (1,268)	$ (27,213)	$ 25,945	95.3%
Net loss per share attributable to Class A and Class B common stockholders—basic and diluted	$ (0.85)	$ (18.39)		
Weighted-average shares used in computing net loss per share attributable to Class A and Class B common stockholders—basic and diluted	1,483,634	1,479,918		

NM—Not Meaningful

Revenues

Revenue increased by $14.7 million to $324.6 million, or 4.7%, for the six months ended June 30, 2021, compared to the six months ended June 30, 2020. The increase in revenue was primarily a result of a 6% growth from existing customer upgrades and expanding solution offerings to these existing customers as well as 5% growth from new customers, partially offset by a 6% impact on professional services revenues due to the divestiture of the First Party Clinical Services in December 2020.

Cost of Revenue

Cost of revenue decreased by $14.9 million to $90.1 million, or 14.1%, for the six months ended June 30, 2021, compared to the six months ended June 30, 2020.

Cost of Revenue, exclusive of amortization of acquired technologies

Cost of revenue, exclusive of amortization of acquired technologies, decreased $14.9 million to $76.9 million, or 16.2%, for the six months ended June 30, 2021, compared to the six months ended June 30, 2020. The decline was due to a reduction of $15.9 million of costs related to the divestiture of First Party Clinical Services in December 2020, and a $1.6 million decrease in consulting and professional services costs, partially offset by an increase of $2.3 million in personnel costs, including share-based compensation, and an increase of $1.6 million in depreciation expense due to deployed features, functionality and enhancements to our software solutions and their supporting IT infrastructure.

Amortization of Acquired Technologies

Amortization of acquired technologies was $13.2 million and $13.1 million for the six months ended June 30, 2021 and 2020, respectively.

Gross Profit

Gross profit increased by $29.5 million to $234.5 million, or 14.4%, for the six months ended June 30, 2021, compared to the six months ended June 30, 2020. The increase in absolute dollars was due to increased software subscription revenues and economies of scale resulting from fixed cost arrangements, partially offset by the divestiture from the Company's First Party Clinical Services in December 2020. Our gross profit margin increased 72.2% for the six months ended June 30, 2021, compared to 66.1% for the six months ended June 30, 2020. The increase in gross profit margin was due to increased software subscription revenues and economies of scale resulting from fixed cost arrangements.

Research and Development

Research and development expense increased by $6.6 million to $61.9 million, or 11.9%, for the six months ended June 30, 2021, compared to the six months ended June 30, 2020. The increase was due to a $7.2 million increase in personnel-related costs, including share-based compensation and a $2.6 million increase in IT costs, partially offset by a $1.3 million decrease in consulting costs, a $0.9 million increase in the amount of capitalized time on development projects and a $0.8 million decrease in communication expenses.

Selling and Marketing

Selling and marketing expense increased by $1.8 million to $41.0 million, or 4.6%, for the six months ended June 30, 2021, compared to the six months ended June 30, 2020. The increase was primarily due to a $4.3 million increase in personnel related costs, including sales incentives and share-based compensation, partially offset by impacts from COVID-19, including a $1.1 million decrease in travel costs, a $0.7 million decrease in consulting costs and a $0.5 million decrease in marketing and event costs.

General and Administrative

General and administrative expense increased by $21.7 million to $66.2 million, or 48.6%, for the six months ended June 30, 2021, compared to the six months ended June 30, 2020. The increase was primarily due to a $10.6 million increase in personnel related costs, including an $8.9 million increase in share-based compensation mainly related to a stock grant, costs of $5.0 million for the business combination transaction and a $2.1 million increase in external legal fees. Additionally, the Company's facilities costs increased $3.1 million due to the Company's overlapping corporate headquarters leases and due to the acceleration of rent expense from the planned move from its current to its new headquarters in the fourth quarter of 2021.

Amortization of Intangible Assets

Amortization of intangible assets was $36.2 million during the six months ended June 30, 2021 and 2020.

Interest Expense

Interest expense decreased by $0.1 million to $37.7 million, or 0.3%, for the six months ended June 30, 2021, compared to the six months ended June 30, 2020 primarily due to interest rate fluctuations.

Gain (Loss) on Change in Fair Value of Interest Rate Swaps

Gain (loss) on change in fair value of interest rate swaps increased by $26.9 million for the six months ended June 30, 2021, compared to the six months ended June 30, 2020. The increase was attributable to the proximity of the maturity date of the swap agreements and the decline in the forward yield curve during the six months ended June 30, 2020.

Loss on Early Extinguishment of Debt

There was no loss on early extinguishment of debt during the six months ended June 30, 2021. Loss on early extinguishment of debt during the six months ended June 30, 2020 was $8.6 million due to the early repayment of the total balance outstanding under the Company’s Second Lien Term Loan.

Income Tax Benefit

Income tax benefit decreased by $9.0 million to $0.7 million, or 92.8%, for the six months ended June 30, 2021, compared to the six months ended June 30, 2020. Income tax benefit decreased primarily due to lower pretax losses.

Non-GAAP Financial Measures

In addition to our results determined in accordance with U.S. GAAP, we believe that Adjusted Gross Profit, and EBITDA and Adjusted EBITDA, which are each non-GAAP measures, are useful in evaluating our operational performance. We use this non-GAAP financial information to evaluate our ongoing operations and for internal planning, budgeting and forecasting purposes and, starting in 2021, for setting management bonus programs. We believe that non-GAAP financial information, when taken collectively, may be helpful to investors in assessing our operating performance and comparing our performance with competitors and other comparable companies, which may present similar non-GAAP financial measures to investors. Our computation of these non-GAAP measures may not be comparable to other similarly titled measures computed by other companies, because all companies may not calculate these measures in the same fashion. We endeavor to compensate for the limitation of the non-GAAP measure presented by also providing the most directly comparable GAAP measure and a description of the reconciling items and adjustments to derive the non-GAAP measure. These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using non-GAAP measures on a supplemental basis.

Adjusted Gross Profit

We believe that Adjusted Gross Profit, as defined below, provides meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our recurring core business operating results. Adjusted Gross Profit is defined as gross profit, adjusted for the gross profit associated with First Party Clinical Services which was divested as of December 31, 2020, amortization of acquired technologies, and stock-based compensation, which are not indicative of our recurring core business operating results. The Adjusted Gross Profit Margin is defined as Adjusted Gross Profit divided by Revenue, less First Party Clinical Services divested revenue of $0 and $6,603 for the three months ended June 30, 2021 and 2020, respectively, and $0 and $18,227 for the six months ended June 30, 2021 and 2020 (amounts in thousands). Gross profit is the most directly comparable GAAP measure to Adjusted Gross Profit, and you should review the reconciliation of Gross Profit to Adjusted Gross Profit below and not rely on any single financial measure to evaluate our business.

The following table reconciles Gross Profit to Adjusted Gross Profit for the three and six months ended June 30, 2021 and 2020, respectively:

(amounts in thousands, except percentages)	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Gross Profit	$ 121,277	$ 100,734	$234,473	$204,980
First Party Clinical Services—Gross Profit	—	(141)	—	(2,390)
Amortization of acquired technologies	6,580	6,574	13,160	13,149
Stock-based compensation	176	160	394	239
Adjusted Gross Profit	$ 128,033	$ 107,327	$248,027	$215,978
Gross Profit Margin	73%	67%	72%	66%
Adjusted Gross Profit Margin	77%	74%	76%	70%

For the three months ended June 30, 2021, Adjusted Gross Profit increased $20.7 million or 19.3%, while Adjusted Gross Profit Margin increased 3% to 77%. For the six months ended June 30, 2021, Adjusted Gross Profit increased $32.0 million or 14.8%, while Adjusted Gross Profit Margin increased 6% to 76%. Each of these increases in Adjusted Gross Profit and Adjusted Gross Profit Margin were primarily due to an increase in software subscription revenue and economies of scale resulting from fixed cost arrangements.

EBITDA and Adjusted EBITDA

We believe that EBITDA and Adjusted EBITDA, as defined below, are useful in evaluating our operational performance distinct and apart from financing costs, certain expenses and non-operational expenses. EBITDA is defined as net income (loss) adjusted for interest, taxes, depreciation and amortization. Adjusted EBITDA is EBITDA adjusted for gain/loss on change in fair value of interest rate swaps, stock-based compensation expense, loss on early extinguishment of debt, business combination transaction costs, lease abandonment charges, lease overlap costs for the incremental expenses associated with the Company's new corporate headquarters prior to termination of its existing headquarters' lease, net costs related to divestiture and less revenue and related cost of revenue associated with First Party Clinical Services, which was divested as of December 31, 2020. Net income (loss) is the most directly comparable GAAP measure to Adjusted EBITDA, and you should review the reconciliation of net income (loss) to adjusted EBITDA below and not rely on any single financial measure to evaluate our business.

EBITDA and Adjusted EBITDA are intended as supplemental measures of our performance that are neither required by, nor presented in accordance with, GAAP. You should be aware that when evaluating EBITDA and Adjusted EBITDA, we may incur future expenses similar to those excluded when calculating these measures. In addition, our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

The following table reconciles net income (loss) to Adjusted EBITDA for the three and six months ended June 30, 2021 and 2020, respectively:

(dollar amounts in thousands)	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Net income (loss)	$ 3,816	$ (1,961)	$ (1,268)	$ (27,213)
Interest expense	18,903	18,643	37,669	37,800
Income tax provision (benefit)	2,375	(331)	(704)	(9,711)
Amortization of intangible assets	18,078	18,078	36,155	36,155
Amortization of acquired technologies—Cost of revenue	6,580	6,574	13,160	13,149
Depreciation and amortization related to software, equipment and property	5,314	4,243	10,467	8,543
EBITDA	55,066	45,246	95,479	58,723
(Gain) loss on change in fair value of interest rate swaps	(3,089)	(620)	(6,366)	20,527
Stock-based compensation expense	2,883	2,371	15,537	5,601
Loss on early extinguishment of debt	—	—	—	8,615
Business combination transaction costs	1,953	—	4,955	—
Lease abandonment	925	—	1,850	—
Lease overlap costs	909	—	1,817	—
Net costs related to divestiture	1,494	—	2,266	—
First Party Clinical Services—Revenue	—	(6,603)	—	(18,255)
First Party Clinical Services—Cost of revenue	—	6,462	—	15,865
Adjusted EBITDA	$ 60,141	$ 46,856	$ 115,538	$ 91,076

Adjusted EBITDA increased $13.3 million, or 28.4%, for the three months ended June 30, 2021, compared to the three months ended June 30, 2020. Adjusted EBITDA increased $24.4 million, or 26.8%, for the six months ended June 30, 2021, compared to the six months ended June 30, 2020. These increases were driven primarily by increased software subscription revenues from expanding solution adoption among existing customers, existing customer upgrades and sales to new customers and economies of scale resulting from fixed cost arrangements.

Liquidity and Capital Resources

We have financed our operations from cash flows from operations. As of June 30, 2021, the Company had cash and cash equivalents of $58.5 million. The Company had a working capital surplus of $41.4 million at June 30, 2021 and had an accumulated deficit at June 30, 2021 totaling $265.2 million. As of June 30, 2021, the Company had $1,329.2 million aggregate principal amount outstanding on term loans.

We believe that our existing cash and cash equivalents, our cash flows from operating activities and our borrowing capacity under our revolving credit facilities will be sufficient to fund our operations, fund required long-term debt repayments and meet our commitments for capital expenditures for at least the next twelve months.

Although we are not currently a party to any material definitive agreement regarding potential investments in, or acquisitions of, complementary business, applications or technologies, we may enter into these types of arrangements, which could reduce our cash and cash equivalents or require us to seek additional equity or debt financing. Additional funds from financing arrangements may not be available on terms favorable to us or at all.

Debt

In connection with the Advent Acquisition, we entered into the First Lien Credit Agreement (“First Lien Credit Agreement”) and Second Lien Credit Agreement (“Second Lien Credit Agreement”).

On February 14, 2020, we refinanced our long-term debt and entered into the First Amendment to the First Lien Credit Agreement (“First Lien Amendment”). The First Lien Amendment provided an incremental term loan, amended the amount of commitments and the maturity dates of the First Lien Credit Agreement’s revolving credit facilities. The proceeds of the incremental term loan were used to repay all outstanding borrowings under the Second Lien Credit Agreement.

The repayment of outstanding borrowings under the Second Lien Credit Agreement was determined to be a debt extinguishment and we recognized an $8.6 million loss on early extinguishment of debt during the six months ended June 30, 2020.

First Lien Credit Agreement. The First Lien Credit Agreement initially consisted of a $1.0 billion term loan (“First Lien Term Loan”), a $65.0 million Dollar revolving credit facility (“Dollar Revolver”), and a $35.0 million multicurrency revolving credit facility (“Multicurrency Revolver” and together with the Dollar Revolver, the “First Lien Revolvers”), with a sublimit of $30.0 million for letters of credit under the First Lien Revolver. We received proceeds of $997.5 million, net of debt discount of $2.5 million, related to the First Lien Term Loan.

The First Lien Amendment provided an incremental term loan in the amount of $375.0 million. We received proceeds from the incremental term loan of $373.1 million, net of debt discount of $1.9 million. The First Lien Amendment reduced the amount of commitments under each of the Dollar Revolver and the Multicurrency Revolver to $59.3 million and $32.0 million, respectively, and extended the maturity of a portion of the commitments under each revolving credit facility. Pursuant to the First Lien Amendment, the non-extended Dollar Revolver and non-extended Multicurrency Revolver consist of commitments of $8.1 million and $4.4 million, respectively, which mature on April 27, 2022. The extended Dollar Revolver and extended Multicurrency Revolver consist of commitments of $51.2 million and $27.6 million, respectively, which mature on October 27, 2023.

The First Lien Term Loan matures on April 27, 2024. The First Lien Term Loan requires (after giving effect to the First Lien Amendment) quarterly principal payments of approximately $3.5 million until March 31, 2024, with the remaining outstanding principal amount required to be paid on April 27, 2024. The First Lien Term Loan requires a prepayment of principal, subject to certain exceptions, in connection with the receipt of proceeds from certain asset sales, casualty events, and debt issuances by us, and up to 50% of annual excess cash flow, as defined in and as further set forth in the First Lien Credit Agreement. When a principal prepayment is required, the prepayment offsets the future quarterly principal payments of the same amount. The annual excess cash flow calculation for the year ended December 31, 2020 required a principal prepayment of $1.5 million, which was paid in April 2021. The annual excess cash flow calculation for the year ended December 31, 2019 did not require a principal prepayment.

As of June 30, 2021, the amount outstanding under the First Lien Term Loan was $1,329.2 million.

In March 2020, the Company borrowed $65.0 million on its First Lien Revolvers, which was fully repaid in June 2020. As of June 30, 2021, there were no amounts outstanding on the Company’s First Lien Revolvers.

Amounts outstanding under the First Lien Credit Agreement primarily bear interest at a variable rate which may be based on the LIBOR, plus a variable margin based upon the Company’s first lien leverage ratio, as defined in the First Lien Credit Agreement. Outstanding borrowings under the First Lien Term Loan bore interest at a variable rate of LIBOR, plus up to 3.00% per annum based upon the Company’s first lien leverage ratio. A quarterly commitment fee of up to 0.50% based upon the Company’s first lien leverage ratio (as defined in and as further set forth in the First Lien Credit Agreement) is payable on the unused portion of the First Lien Revolver.

During the three months ended June 30, 2021 and 2020 the weighted-average interest rate on the outstanding borrowings under the First Lien Term Loan was 4.1% and 4.1%, respectively. During the six months ended June 30, 2021 and 2020, the weighted-average interest rate on the outstanding borrowings under the First Lien Term Loan was 4.1% and 4.3%, respectively.

Borrowings under the First Lien Credit Agreement are guaranteed by Cypress Intermediate Holdings II, Inc. and certain of its U.S. subsidiaries. The First Lien Credit Agreement is secured by a first priority lien on the stock of CCC and substantially all of its assets, subject to various limitations and exceptions.

The First Lien Credit Agreement contains representations and warranties, and affirmative and negative covenants, customary for a financing of this type. We were in compliance with all affirmative and negative covenants during the three and six months ended June 30, 2021 and 2020. We are subject to a springing first lien leverage test under the First Lien Credit Agreement with respect to the First Lien Revolver, tested quarterly, only if a minimum of 35.0% of the First Lien Revolver borrowings (subject to certain exclusions set forth in the First Lien

Credit Agreement) are outstanding at the end of a fiscal quarter. We were in compliance with the first lien leverage test during the quarter ended March 31, 2020. Borrowings under our First Lien Revolvers did not exceed 35% of the aggregate commitments and we were not subject to the first lien leverage test for any subsequent fiscal quarter.

Second Lien Credit Agreement. The Second Lien Credit Agreement consisted of a $375.0 million term loan ("Second Lien Term Loan"). We received proceeds of $372.2 million, net of discount of $2.8 million, related to the Second Lien Term Loan.

In February 2020, using the proceeds from the incremental term loan provided in the First Lien Amendment, we fully repaid the outstanding balance on the Second Lien Term Loan (see Note 13 to the CCC condensed consolidated financial statements included elsewhere in our Form 8-K, filed on August 3, 2021 for additional information).

Amounts outstanding under the Second Lien Term Loan prior to repayment during the six months ended June 30, 2020 bore interest at a variable rate of LIBOR, plus 6.75%. During the six months ended June 30, 2020, the weighted-average interest rate on the Second Lien Term Loan was 8.6%.

The Second Lien Credit Agreement contained representations and warranties, and affirmative and negative covenants, customary for a financing of this type. We were in compliance with all affirmative and negative covenants prior to repayment in February 2020.

Interest Rate Swap Agreements. In June 2017, we entered into three floating to fixed interest rate swap agreements ("Swap Agreements") to reduce our exposure to the variability from future cash flows resulting from interest rate risk related to our floating rate long-term debt. The aggregate notional amount of the Swap Agreements totaled $777.7 million and $864.9 million at June 30, 2021, and December 31, 2020, respectively. The Swap Agreements expire in June 2022.

Cash Flows

The following table provides a summary of cash flow data for the six months ended June 30, 2021 and 2020:

	Six months ended June 30,	
(dollar amounts in thousands)	**2021**	**2020**
Net cash provided by operating activities	$ 59,820	$ 23,776
Net cash used in investing activities	(23,396)	(13,072)
Net cash (used in) provided by financing activities	(139,962)	2,160
Net effect of exchange rate change	(74)	(46)
Change in cash and cash equivalents	$ (103,612)	$ 12,818

Net cash provided by operating activities was $59.8 million for the six months ended June 30, 2021. Net cash provided by operating activities consists of net loss of $1.3 million, adjusted for $64.3 million of non-cash items, ($0.6) million for changes in working capital and ($2.6) million for the effect of changes in other operating assets and liabilities. Non-cash adjustments include stock-based compensation expense of $15.5 million, depreciation and amortization of $59.8 million, deferred income tax benefits of ($11.1) million, amortization of deferred financing fees and debt discount of $2.7 million, change in fair value of interest rate swaps of ($6.4) million and $3.7 million in non-cash lease expense. The change in net operating assets and liabilities was primarily a result of an increase in accounts receivable of $7.7 million due to timing of receipts of payments from customers and an increase in deferred contract costs of $2.4 million due to higher employee sales incentives, partially offset by a decrease in accounts payable of $3.6 million due to timing of cash disbursements, a decrease in accrued expenses of $4.0 million due to timing of cash disbursements and employee incentive plan payments and an increase in deferred revenue of $2.3 million due to timing of customer receipts and revenue recognition.

Net cash used in investing activities was $23.4 million for the six months ended June 30, 2021. Net cash used in investing activities is primarily related to capitalized time on internally developed software projects and purchases of software, equipment and property of $13.2 million and an investment in a limited partnership of $10.2 million.

Net cash used in financing activities was $140.0 million for the six months ended June 30, 2021. Net cash used in financing activities was primarily related to a dividend to shareholders of $134.5 million and principal payments on long-term debt of $6.9 million, partially offset by $1.5 million of proceeds from the issuances of common stock.

Off-Balance Sheet Arrangements

During 2020, we issued a standby letter of credit in association with the operating lease for our new corporate headquarters. The total amount outstanding at June 30, 2021 was $0.7 million.

We have not engaged in any additional off-balance sheet arrangements, as defined in the rules and regulations of the SEC, as of and during the six months ended June 30, 2021.

Emerging Growth Company Status

In April 2012, the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”) was enacted. Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

The Company is an emerging growth company, as defined in the JOBS Act, and has elected to use the extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it (a) is no longer an emerging growth company or (b) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, the CCC Consolidated Financial Statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates. As described in “Recently Adopted Accounting Policies” in CCC’s audited consolidated financial statements included elsewhere in the Proxy Statement/Prospectus filed on July 6, 2021 by Dragoneer, the Company early adopted multiple accounting standards, as the JOBS Act does not preclude an emerging growth company from adopting a new or revised accounting standard earlier than the time that such standard applies to private companies. The Company expects to use the extended transition period for any other new or revised accounting standards during the period in which it remains an emerging growth company.

Recent Accounting Pronouncements

See Note 2 to the CCC condensed consolidated financial statements included as an exhibit to the 8-K/A for more information about recent accounting pronouncements, the timing of their adoption, and our assessment, to the extent we have made one, of their potential impact on our financial condition and our results of operations.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with GAAP. The preparation of these financial statements requires our management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, and expenses and related disclosures. Our estimates are based on our historical experience, trends and various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these judgments and estimates under different assumptions or conditions and any such differences may be material.

For information on our significant accounting policies, see Note 2 to the CCC unaudited condensed consolidated financial statements included as an exhibit to the 8-K/A.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to a variety of market and other risks, including the effects of changes in interest rates, and inflation, as well as risks to the availability of funding sources, hazard events, and specific asset risks.

Interest Rate Risk

We are exposed to market risk related to changes in interest rates on $1,329.2 million of borrowings at June 30, 2021 that are floating rate obligations. These market risks result primarily from changes in LIBOR or prime rates.

Interest rate fluctuations can affect the fair value of our floating rate debt, as well as earnings and cash flows. If market interest rates rise, our earnings and cash flows could be adversely affected by an increase in interest expense. In contrast, lower interest rates may reduce our borrowing costs and improve our operational results. We continuously monitor our interest rate exposure and have elected to use derivative instruments to manage interest rate risk associated with floating rate debt.

In June 2017, we entered into three floating-to-fixed interest rate swap agreements related to a portion of our floating rate indebtedness. At each of June 30, 2021 and December 31, 2020, the notional amount of the interest rate swap agreements was $777.7 million. The interest rate swaps expire in June 2022.

As of June 30, 2021, a 100-basis point increase in interest rates would increase annual interest expense by $5.5 million after considering the effect of this hypothetical change on our floating rate debt and swap agreements.

Inflation Risk

CCC does not believe that inflation has had, or currently has, a material effect on its business.

Foreign Currency Risk

Our reporting currency is the U.S. dollar, however for operations located in China, the functional currency is the local currency. Although we have experienced and will continue to experience fluctuations in our net income (loss) as a result of transaction gains (losses) related to transactions denominated in currencies other than the U.S. dollar, we believe that a 10% change in foreign exchange rates would not have a material impact on our results of operations.

Exhibit 99.3

CYPRESS HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	June 30, 2021 (Unaudited)	December 31, 2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 58,506	$ 162,118
Accounts receivable—Net of allowances of $4,218 and $4,224 for June 30, 2021 and December 31, 2020, respectively	81,817	74,107
Income taxes receivable	1,244	2,037
Deferred contract costs	12,681	11,917
Other current assets	33,524	31,586
Total current assets	187,772	281,765
SOFTWARE, EQUIPMENT, AND PROPERTY—Net	108,640	101,438
OPERATING LEASE ASSETS	41,859	—
INTANGIBLE ASSETS—Net	1,262,608	1,311,917
GOODWILL	1,466,884	1,466,884
DEFERRED FINANCING FEES, REVOLVER—Net	598	746
DEFERRED CONTRACT COSTS	15,986	14,389
EQUITY METHOD INVESTMENT	10,228	—
OTHER ASSETS	16,684	18,416
TOTAL	$ 3,111,259	$ 3,195,555
LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS’ EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 16,826	$ 13,164
Accrued expenses	58,393	52,987
Income taxes payable	4,293	5,129
Current portion of long-term debt	13,846	25,381
Current portion of long-term licensing agreement—Net	2,620	2,540
Operating lease liabilities	9,546	—
Deferred revenues	28,824	26,514
Interest rate swap derivatives	11,993	—
Total current liabilities	146,341	125,715
FIRST LIEN TERM LOAN—Net	1,299,774	1,292,597
DEFERRED INCOME TAXES—Net	311,280	322,348
LONG-TERM LICENSING AGREEMENT—Net	35,001	36,331
OPERATING LEASE LIABILITIES	41,338	—
OTHER LIABILITIES	11,711	32,770
Total liabilities	1,845,445	1,809,761
COMMITMENTS AND CONTINGENCIES (Notes 20 and 21)		
MEZZANINE EQUITY:		
Redeemable non-controlling interest	14,179	14,179
STOCKHOLDERS’ EQUITY:		
Preferred stock, $0.001 par; 1,500,000 shares authorized; no shares issued and outstanding	—	—
Common stock—Series A, $0.001 par; 3,000,000 shares authorized; 1,450,978 shares issued and outstanding at June 30, 2021 and December 31, 2020	1	1
Common stock—Series B, $0.001 par; 500,000 shares authorized; 33,178 and 29,785 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively	—	—
Additional paid-in capital	1,517,123	1,501,255
Accumulated deficit	(265,189)	(129,370)
Accumulated other comprehensive loss	(300)	(271)
Total stockholders’ equity	1,251,635	1,371,615
TOTAL	$ 3,111,259	$ 3,195,555

See notes to condensed consolidated financial statements.

CYPRESS HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(In thousands, except share and per share data)
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
REVENUES	$ 166,789	$ 150,716	$ 324,578	$ 309,924
COST OF REVENUES				
Cost of revenues, exclusive of amortization of acquired technologies	38,932	43,408	76,945	91,795
Amortization of acquired technologies	6,580	6,574	13,160	13,149
Total cost of revenues	45,512	49,982	90,105	104,944
GROSS PROFIT	121,277	100,734	234,473	204,980
OPERATING EXPENSES:				
Research and development	31,253	27,772	61,877	55,315
Selling and marketing	21,551	17,702	40,968	39,181
General and administrative	28,394	21,566	66,233	44,566
Amortization of intangible assets	18,078	18,078	36,155	36,155
Total operating expenses	99,276	85,118	205,233	175,217
OPERATING INCOME	22,001	15,616	29,240	29,763
INTEREST EXPENSE	(18,903)	(18,643)	(37,669)	(37,800)
GAIN (LOSS) ON CHANGE IN FAIR VALUE OF INTEREST RATE SWAPS	3,089	620	6,366	(20,527)
LOSS ON EARLY EXINGUISHMENT OF DEBT	—	—	—	(8,615)
OTHER INCOME—Net	4	115	91	255
PRETAX INCOME (LOSS)	6,191	(2,292)	(1,972)	(36,924)
INCOME TAX (PROVISION) BENEFIT	(2,375)	331	704	9,711
NET INCOME (LOSS) INCLUDING NON-CONTROLLING INTEREST	3,816	(1,961)	(1,268)	(27,213)
Less: net income (loss) attributable to non-controlling interest	—	—	—	—
NET INCOME (LOSS) ATTRIBUTABLE TO CYPRESS HOLDINGS, INC.	$ 3,816	$ (1,961)	$ (1,268)	$ (27,213)
Net income (loss) per share attributable to Class A and Class B common stockholders:				
Basic	$ 2.57	$ (1.32)	$ (0.85)	$ (18.39)
Diluted	$ 2.48	$ (1.32)	$ (0.85)	$ (18.39)
Weighted-average shares used in computing net income (loss) per share attributable to Class A and Class B common stockholders:				
Basic	1,484,156	1,480,262	1,483,634	1,479,918
Diluted	1,537,767	1,480,262	1,483,634	1,479,918
COMPREHENSIVE INCOME (LOSS):				
Net income (loss) including non-controlling interest	3,816	(1,961)	(1,268)	(27,213)
Other comprehensive loss—Foreign currency translation adjustment	(36)	(1)	(29)	(18)
COMPREHENSIVE INCOME (LOSS) INCLUDING NON-CONTROLLING INTEREST	3,780	(1,962)	(1,297)	(27,231)
Less: comprehensive income (loss) attributable to non-controlling interest	—	—	—	—
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO CYPRESS HOLDINGS, INC.	$ 3,780	$ (1,962)	$ (1,297)	$ (27,231)

See notes to condensed consolidated financial statements.

CYPRESS HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY
(In thousands, except number of shares)
(Unaudited)

	Redeemable Non-Controlling Interest	Issued Preferred Stock		Issued Common Stock				Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
				Series A		Series B					
		Number of Shares	Par Value	Number of Shares	Par Value	Number of Shares	Par Value				
BALANCE—December 31, 2020	14,179	—	$ —	1,450,978	$ 1	29,785	$—	$1,501,255	$ (129,370)	$ (271)	$ 1,371,615
Issuance of Series B common stock	—	—	—	—	—	325	—	1,007	—	—	1,007
Stock-based compensation expense	—	—	—	—	—	2,595	—	11,838	—	—	11,838
Exercise of stock options—net of tax	—	—	—	—	—	473	—	444	—	—	444
Dividend to shareholders	—	—	—	—	—	—	—	—	(134,551)	—	(134,551)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	7	7
Net loss	—	—	—	—	—	—	—	—	(5,084)	—	(5,084)
BALANCE—March 31, 2021	14,179	—	—	1,450,978	1	33,178	—	1,514,544	(269,005)	(264)	1,245,276
Stock-based compensation expense	—	—	—	—	—	—	—	2,579	—	—	2,579
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	(36)	(36)
Net income	—	—	—	—	—	—	—	—	3,816	—	3,816
BALANCE—June 30, 2021	$ 14,179	—	$ —	1,450,978	$ 1	33,178	$—	$1,517,123	$ (265,189)	$ (300)	$ 1,251,635

See notes to condensed consolidated financial statements.

CYPRESS HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY
(In thousands, except number of shares)
(Unaudited)

	Redeemable Non-Controlling Interest	Issued Preferred Stock		Issued Common Stock				Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
				Series A		Series B					
		Number of Shares	Par Value	Number of Shares	Par Value	Number of Shares	Par Value				
BALANCE—December 31, 2019	—	—	$ —	1,450,978	$ 1	27,967	$ —	$1,491,753	$ (112,494)	$ (397)	$ 1,378,863
Issuance of non-controlling interest in subsidiary	14,179	—	—	—	—	—	—	—	—	—	—
Issuance of Series B common stock	—	—	—	—	—	1,000	—	1,560	—	—	1,560
Stock-based compensation expense	—	—	—	—	—	—	—	1,629	—	—	1,629
Exercise of stock options—net of tax	—	—	—	—	—	373	—	268	—	—	268
Repurchase and cancellation of Series B common stock	—	—	—	—	—	(55)	—	(86)	—	—	(86)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	(17)	(17)
Net loss	—	—	—	—	—	—	—	—	(25,252)	—	(25,252)
BALANCE—March 31, 2020	14,179	—	—	1,450,978	1	29,285	—	1,495,124	(137,746)	(414)	1,356,965
Stock-based compensation expense	—	—	—	—	—	—	—	2,272	—	—	2,272
Exercise of stock options—net of tax	—	—	—	—	—	192	—	29	—	—	29
Repurchase and cancellation of Series B common stock	—	—	—	—	—	(83)	—	(127)	—	—	(127)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	(1)	(1)
Net loss	—	—	—	—	—	—	—	—	(1,961)	—	(1,961)
BALANCE—June 30, 2020	$ 14,179	—	$ —	1,450,978	$ 1	29,394	$—	$1,497,298	$ (139,707)	$ (415)	$ 1,357,177

See notes to condensed consolidated financial statements.

CYPRESS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,268)	$ (27,213)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization of software, equipment, and property	10,472	8,543
Amortization of intangible assets	49,315	49,304
Deferred income taxes	(11,068)	(16,685)
Stock-based compensation	15,537	5,601
Amortization of deferred financing fees	2,321	2,146
Amortization of discount on debt	392	327
Change in fair value of interest rate swaps	(6,366)	20,527
Loss on early extinguishment of debt	—	8,615
Non-cash lease expense	3,667	—
Other	34	13
Changes in:		
Accounts receivable—Net	(7,749)	(9,834)
Deferred contract costs	(765)	128
Other current assets	(1,937)	2,757
Deferred contract costs—Non-current	(1,597)	(941)
Other assets	1,699	(10,254)
Operating lease assets	3,410	—
Income taxes	(43)	7,256
Accounts payable	3,613	(115)
Accrued expenses	4,031	(17,324)
Operating lease liabilities	(3,900)	—
Deferred revenues	2,303	1,127
Other liabilities	(2,281)	(202)
Net cash provided by operating activities	59,820	23,776
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of software, equipment, and property	(13,158)	(12,512)
Purchase of equity method investment	(10,189)	—
Purchase of intangible asset	(49)	(560)
Net cash used in investing activities	(23,396)	(13,072)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of non-controlling interest in subsidiary	—	14,179
Principal payments on long-term debt	(6,923)	(381,923)
Proceeds from issuance of long-term debt, net of fees paid to lender	—	369,792
Proceeds from borrowings on revolving lines of credit	—	65,000
Repayment of borrowings on revolving lines of credit	—	(65,000)
Proceeds from issuance of Series B common stock	1,007	—
Payment of fees associated with early extinguishment of long-term debt	—	(29)
Proceeds from exercise of stock options	503	242
Repurchases of Series B common stock	—	(101)
Dividend to stockholders	(134,549)	—
Net cash used in financing activities	(139,962)	2,160
NET EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(74)	(46)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(103,612)	12,818
CASH AND CASH EQUIVALENTS:		
Beginning of period	162,118	93,201
End of period	$ 58,506	$ 106,019
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Unpaid liability related to software, equipment, and property	$ 5,752	$ —
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 35,020	$ 35,470
Cash received (paid) for income taxes—Net	$ (10,409)	$ 283

See notes to condensed consolidated financial statements.

1. BASIS OF PRESENTATION AND NATURE OF OPERATIONS

Basis of Presentation—The condensed consolidated balance sheet as of June 30, 2021 and December 31, 2020, the condensed consolidated statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2021 and 2020, the condensed consolidated statements of mezzanine equity and stockholders' equity for the three and six months ended June 30, 2021 and 2020, and the condensed consolidated statements of cash flows for the six months ended June 30, 2021 and 2020 have been prepared by the Company and have not been audited. In the opinion of management, all adjustments (which include only normal recurring adjustments except where disclosed) necessary for the fair presentation of the financial position, results of operation and cash flows have been made. The results of operations for any interim period are not necessarily indicative of the results to be expected for the full year.

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with GAAP have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Proxy Statement/Prospectus filed on July 6, 2021 by Dragoneer Growth Opportunities Corp. ("Dragoneer").

Company Formation—In April 2017, Cypress Holdings, Inc. (the "Company" or "Cypress Holdings"), a corporation organized by affiliates of Advent International Inc. ("Advent"), through its wholly owned subsidiaries, Cypress Holdings Intermediate Holdings I, Inc., Cypress Holdings Intermediate Holdings II, Inc., and Cypress Merger Sub, Inc. acquired all the outstanding shares and all other assets and liabilities related to the business of Jaguar Holdings Inc. ("Jaguar Holdings") (the "Acquisition"). In connection with the Acquisition, Cypress Merger Sub, Inc., the surviving corporation, was renamed Cypress Intermediate Holdings III, Inc. ("Cypress Intermediate"). Subsequently, Cypress Intermediate and Jaguar Intermediate Holdings Inc. merged with and into CCC Information Services Inc., the operating company, with CCC Information Services Inc. continuing after the merger as the surviving corporation.

Effective June 1, 2021, the Company's wholly-owned subsidiary changed its corporate name from CCC Information Services Inc. to CCC Intelligent Solutions Inc. ("CCC").

On February 2, 2021, the Company entered into a merger agreement (the "Merger") with Dragoneer, a Special Purpose Acquisition Company. The Merger with Dragoneer provided all holders of the Company's common stock with common stock of the continuing public company, Dragoneer. The Merger was completed on July 30, 2021 (see Note 26).

Nature of Operations—The Company is headquartered in Chicago, Illinois. The Company's primary operations are in the United States ("US") and it also has operations in China.

The Company is a leading provider of innovative cloud, mobile, telematics, hyperscale technologies, and applications for the property and casualty ("P&C") insurance economy. Our cloud-based software as a service ("SaaS") platform connects trading partners, facilitates commerce, and supports mission-critical, artificial intelligence enabled digital workflows. Our platform digitizes workflows and connects companies across the P&C insurance economy, including insurance carriers, collision repairers, parts suppliers, automotive manufacturers, financial institutions, and others.

Risk and Uncertainties—In March 2020, the World Health Organization declared the outbreak of the new strain of the coronavirus ("COVID-19") to be a pandemic. The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, financial markets, and business practices. Federal and state governments have implemented measures in an effort to contain the virus, including social distancing, travel restrictions, border closures, limitations on public gatherings, work from home, supply chain logistical changes, and closure of non-essential businesses. To protect the health and well-being of its employees, suppliers, and customers, the Company has made substantial modifications to employee travel policies, implemented office closures as employees are advised to work from home, and cancelled or shifted its conferences and other marketing events to virtual-only through the date the financial statements were issued. The COVID-19 pandemic has impacted and may continue to impact our business operations, including our employees, customers, partners, and communities, and there is substantial uncertainty in the nature and degree of its continued effects over time. COVID-19 and other similar outbreaks, epidemics or pandemics could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects as a result of any of the risks described above and other risks that the Company is not able to predict.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The accompanying condensed consolidated financial statements are prepared in accordance with US generally accepted accounting principles, or GAAP, and include the accounts of the Company and its wholly-owned subsidiaries and majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The condensed consolidated financial statements include 100% of the accounts of wholly-owned and majority-owned subsidiaries and the ownership interest of the minority investor is recorded as a non-controlling interest.

Use of Estimates—The preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts, and the disclosures of contingent amounts in the Company's condensed consolidated financial statements and the accompanying notes. Although the Company regularly assesses these estimates, actual results could differ from those estimates. Changes in estimates are recorded in the period in which they become known. The Company bases its estimates on historical experience and various other assumptions that it believes to be reasonable under the circumstances. Actual results could differ from management's estimates if past experience or other assumptions are not substantially accurate. Significant estimates in these condensed consolidated financial statements include the estimation of contract transaction prices, the determination of the amortization period for contract assets, the valuation of goodwill and intangible assets and the estimates and assumptions associated with stock incentive plans and the fair value of common stock.

Cash and Cash Equivalents—The Company considers all highly liquid investments purchased with an original maturity of three months or less at the date of purchase to be cash and cash equivalents. Cash and cash equivalents are carried at cost, which approximates fair value. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents. While the Company has deposits that exceed federally insured limits at financial institutions, the Company places its cash and cash equivalents in highly rated institutions. The Company has never experienced any losses related to these balances.

Foreign Currency—The Company's functional currency is the US dollar; however, for operations located in China, the functional currency is the local currency. Assets and liabilities of the foreign operations are translated to US dollars at exchange rates in effect at the condensed consolidated balance sheet date, while statement of operations accounts are translated to US dollars at the average exchange rates for the period. Translation gains and losses are recorded and remain as a component of accumulated other comprehensive loss in stockholders' equity until transactions are settled or the foreign entity is sold or liquidated. Gains and losses resulting from transactions that are denominated in a currency that is not the functional currency are recorded to other income–net, in the condensed consolidated statements of operations and comprehensive income (loss).

Significant Customers and Concentration of Credit Risks—The Company is potentially subject to concentration of credit risk primarily through its accounts receivable. The Company performs ongoing credit evaluations of its customers and maintains allowances for potential credit losses which, when realized, have been within the range of management's expectations. The Company generally does not require collateral. Credit risk on accounts receivables is minimized as a result of the large and diverse nature of the Company's customer base.

Significant customers are those that represent more than 10% of the Company's total revenue or accounts receivable. For each significant customer, revenue as a percentage of total revenue is as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Customer A	*	*	*	*
Customer B	*	10%	*	11%

* Below 10%

For each significant customer, accounts receivable as a percentage of net accounts receivable is as follows:

	June 30, 2021	December 31, 2020
Customer A	10%	12%
Customer B	13%	*

* Below 10%

Revenue Recognition— The Company's revenue recognition policy follows guidance from Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers.*

The Company generates revenue from contracts that are generally billed either on a monthly subscription or transactional basis. Other revenue primarily consists of professional services revenue that is generally transaction-based (where a fee per transaction is charged). Revenues are recognized as control of these services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services.

The Company determines revenue recognition based on the application of the following steps:

- *Identification of the contract, or contracts, with a customer*
- *Identification of the performance obligation(s) in the contract*
- *Determination of the transaction price*
- *Allocation of the transaction price to the performance obligation(s) in the contract*
- *Recognition of revenue when, or as a performance obligation is satisfied*

Software Subscription Revenues-Software services are hosted and provide customers with the right to use the hosted software over the contract period without taking possession of the software and are generally billed on either a monthly subscription or transactional basis. Revenues related to services billed on a subscription basis are recognized ratably over the contract period as this is the time period over which services are transferred to the customer, generally between three and five years.

Revenues from subscription services represent a stand-ready obligation to provide access to the Company's platform. As each day of providing services is substantially the same and the customer simultaneously receives and consumes the benefits as access is provided, subscription arrangements include a series of distinct services. The Company may provide certain of its customers with implementation activities such as basic setup, installation and initial training that the Company must undertake to fulfill the contract. These are considered fulfillment activities that do not transfer the service to the customer.

For contracts with fixed and variable consideration, to the extent that customers' usage exceeds the committed contracted amounts under their subscriptions, they are charged for their incremental usage. For such overage fees, the Company includes an estimate of the amount it expects to receive for the total transaction price if it is probable that a significant reversal of cumulative revenue recognized will not occur. Revenue recognized from overage fees was not material during the three and six months ended June 30, 2021 and 2020. When customers' usage falls below the committed contracted amounts, the customer does not receive any credits or refunds for the shortfall.

For contracts where fees are solely based on transaction volume, the amount invoiced corresponds directly with the value provided to the customer, and revenue is recognized when invoiced using the as-invoiced practical expedient.

Other Revenue-Other revenues are recognized over time as the services are performed and consist of professional services and other non-software services, including the Company's First Party Clinical Services which was divested in December 2020 (see Note 25). Other revenues are generally invoiced monthly in arrears.

Revenues related to such services that are billed on a transactional basis are recognized when the transaction for the related service occurs. Transaction revenue is primarily comprised of fees for professional services applied to the volume of transactions. These are typically based on a per-unit rate and are invoiced for the same period in which the transactions were processed and as the performance obligation is satisfied. For contracts with transaction fees, the amount invoiced corresponds directly with the value provided to the customer, and revenue is recognized when invoiced using the as-invoiced practical expedient.

Contracts with Multiple Performance Obligations-The Company's contracts with customers can include access to different software applications such as CCC workflow, estimating, valuation and analytics, each of which is its own performance obligation. These additional services are either sold on a standalone basis or could be used on their own with readily available resources. For these contracts, the Company accounts for individual performance obligations separately, if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. The standalone selling price for distinct performance obligations is generally based on directly observable pricing. In instances where standalone selling price is not directly observable, the Company determines standalone selling price based on overall pricing objectives, which take into consideration observable data, market conditions and entity-specific factors.

Disaggregation of Revenue-The Company provides disaggregation of revenue based on type of service as it believes these categories best depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The following table summarizes revenue by type of service for the three and six months ended June 30 (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Software subscriptions	$159,841	$138,565	$311,865	$279,039
Other	6,948	12,151	12,713	30,885
Total revenues	$166,789	$150,716	$324,578	$309,924

Transaction Price Allocated to the Remaining Performance Obligations-Remaining performance obligations represent contracted revenue that has not yet been recognized, which includes deferred revenue and amounts that will be invoiced and recognized as revenue in future periods. As of June 30, 2021, approximately $855 million of revenue is expected to be recognized from remaining performance obligations in the amount of approximately $398 million during the following twelve months, and approximately $457 million thereafter. The estimated revenues do not include unexercised contract renewals. The remaining performance obligations exclude future transaction revenue where revenue is recognized as the services are rendered and in the amount to which the Company has the right to invoice.

Contract Liabilities-Contract liabilities consist of deferred revenue and include customer billings in advance of revenues being recognized from subscription contracts and professional services. Deferred revenue that is expected to be recognized during the succeeding twelve-month period is recorded as current, and the remaining portion is recorded as noncurrent and included within other liabilities on the condensed consolidated balance sheets.

Revenue recognized for the three months ended June 30, 2021 from amounts in deferred revenue as of March 31, 2021 was $26.4 million. Revenue recognized for the three months ended June 30, 2020 from amounts in deferred revenue as of March 31, 2020 was $24.4 million.

Revenue recognized for the six months ended June 30, 2021 from amounts in deferred revenue as of December 31, 2020 was $25.6 million. Revenue recognized for the six months ended June 30, 2020 from amounts in deferred revenue as of December 31, 2019 was $24.8 million

Costs to Obtain and Fulfill the Contract-The Company defers costs that are considered to be incremental and recoverable costs of obtaining a contract with a customer, including sales commissions. Costs to fulfill contracts are capitalized when such costs are direct and related to implementation activities for hosted software solutions. Capitalized costs to obtain a contract and costs to fulfill a contract are generally amortized over a period between three and five years, which represents the expected period of benefit of these costs and corresponds to the contract period. In instances where the contract term is significantly less than three years, costs to fulfill are amortized over the contract term which the Company believes best reflects the period of benefit of these costs.

Cost of Revenues—Cost of revenues is primarily composed of personnel costs and costs of external resources used in the delivery of services to customers, including software configuration, integration services, customer support activities, third party costs related to hosting the Company's software for its customers, internal support of production infrastructure, information technology ("IT") security costs, depreciation expense, cost of software production, and license and royalty fees paid to third parties. Cost of revenues also includes amortization of internal use software and acquired technologies.

Research and Development—Research and development expenses consist primarily of personnel-related costs, including share-based compensation, and costs of external development resources involved in the engineering, design and development of new solutions, as well as expenses associated with significant ongoing improvements to existing solutions. Research and development expenses also include costs for certain information technology expenses. Research and development costs, other than software development costs qualifying for capitalization, are expensed as incurred.

Selling and Marketing—Selling and marketing expenses consist primarily of personnel-related costs for our sales and marketing functions, including sales commissions and share-based compensation. Additional expenses include advertising costs, marketing costs and event costs, including the Company's annual industry conference.

The Company expenses advertising and other promotional expenditures as incurred. Advertising expenses were $0.4 million and $0.5 million for the three months ended June 30, 2021, and 2020, respectively. Advertising expenses were $0.5 million and $0.8 million for the six months ended June 30, 2021, and 2020, respectively.

General and Administrative—General and administrative expenses consist primarily of personnel-related costs, including share-based compensation, for our executive management and administrative employees, including finance and accounting, human resources, information technology, facilities and legal functions. Additional expenses include professional service fees, insurance premiums, and other corporate expenses that are not allocated to the above expense categories.

Amortization of Intangible Assets—Amortization of intangible assets consists of the capitalized costs of intangible assets acquired in connection with the Company's Acquisition in April 2017. These intangible assets are amortized on a straight-line basis over their estimated useful lives (Note 10).

Stock-Based Compensation—The Company's stock-based compensation plans are described in Note 19. The Company accounts for stock-based payment awards based on the grant date fair value. Stock-based payment awards that are settled in cash are accounted for as liabilities. The Company recognizes stock-based compensation expense for only the portion of options expected to vest, based on an estimated forfeiture rate.

The Company recognizes stock-based compensation expense for time-based awards on a straight-line basis over the requisite service period, which is generally the vesting period of the respective awards. Stock-based compensation expense for the performance-based awards with a market condition is not recognized until the performance condition is probable of occurring.

The fair value of the Company’s awards with only a time-based component is estimated using the Black Scholes option pricing model. The fair value of the Company’s performance-based awards with a market condition is estimated using the Monte Carlo simulation method. The assumptions utilized under these methods require judgments and estimates. Changes in these inputs and assumptions could affect the measurement of the estimated fair value of the related compensation expense of these stock-based payment awards.

Accounts Receivable—Net—Accounts receivable, as presented in the condensed consolidated balance sheets, are net of customer sales allowances and doubtful accounts. The Company determines allowances for its sales reserves and doubtful accounts based on specific identification of customer accounts and historical experience to the remaining accounts receivable balance. The Company’s assessment of doubtful accounts includes using historical information and the probability of collection from customers. Doubtful accounts are charged to general and administrative expenses in the condensed consolidated statements of operations and comprehensive income (loss).

Software, Equipment, and Property—Net—Software, equipment, and property are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization are computed on a straight-line basis over the asset’s estimated useful lives, which are as follows:

Software, equipment, and property	Estimated Useful Life
Software and licenses	2-5 years
Computer equipment	3 years
Leasehold improvements	3-15 years
Furniture and other equipment	5 years
Database	25 years
Building	39 years
Land	Indefinite

Maintenance and repairs are expensed as incurred. Major betterments are capitalized.

Internal Use Software—The Company capitalizes the direct costs incurred in developing or obtaining internal use software, including platform development, infrastructure and tools, as well as certain payroll and payroll-related costs of employees who are directly associated with internal use computer software projects. The amount of capitalized payroll costs with respect to these employees is limited to the time directly spent on such projects. The costs associated with preliminary project stage activities, training, maintenance, and all other post-implementation activities are expensed as incurred. Additionally, the Company expenses internal costs related to minor upgrades and enhancements as it is impractical to separate these costs from normal maintenance activities. Capitalized internal use software costs are recorded within software, equipment, and property on the Company’s condensed consolidated balance sheets.

Goodwill and Intangible Assets— Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subjected to an annual impairment test as of September 30 of each fiscal year, or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. Testing goodwill and intangible assets for impairment involves comparing the fair value of the reporting unit or intangible asset to its carrying value. If the carrying amount of a reporting unit or intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to the excess, up to the carrying value of the goodwill or intangible asset. There were no events or changes in circumstances that indicated the carrying value may not be recoverable and no impairment charges were recognized during the three and six months ended June 30, 2021 and 2020.

Long-Lived Assets—Long-lived assets, other than goodwill, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset or asset group to estimated undiscounted future cash flows expected to be generated by such assets. If the carrying amount of the assets exceeds their estimated future cash flows, an impairment charge is recognized equal to the amount by which the carrying amount of the assets exceeds their fair value. There were no events or changes in circumstances that indicated the carrying value may not be recoverable and no impairment charges were recognized during the three and six months ended June 30, 2021 and 2020.

Deferred Financing Costs—Deferred financing costs are capitalized and amortized over the life of the underlying financing agreement (see Note 14).

Equity Method Investment—The Company accounts for its 7% investment in a limited partnership using the equity method of accounting. Under the equity method of accounting, the investee's accounts are not reflected within the Company's condensed consolidated balance sheets and condensed consolidated statements of operations and comprehensive income (loss). The Company's investment is initially recognized at cost and adjusted thereafter for the post acquisition changes in the Company's share of the investee's earnings.

The Company's share of the investee's earnings is reported within other income (loss) in the Company's condensed consolidated statements of operations and comprehensive income (loss).

Fair Value of Financial Instruments and Fair Value Measurements—Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value.

Level 1—Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2—Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3—Valuations based on unobservable inputs reflecting the Company's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

The Company has interest rate swaps that are recognized as either assets or liabilities and are measured at fair value. The interest rate swaps are not designated as hedges and the gains and losses from changes in fair value are recognized in earnings in the period incurred. The carrying amounts reported in the condensed consolidated financial statements approximate the fair value for cash equivalents, trade accounts receivable, trade payables, and accrued expenses, due to their short-term nature.

Income Taxes—Deferred income tax assets and liabilities are recognized for the expected future tax effects of temporary differences between the financial and income tax reporting basis of assets and liabilities using tax rates in effect for the years in which the differences are expected to reverse. Deferred income taxes relate to the timing of recognition of certain revenue and expense items, and the timing of the deductibility of certain reserves and accruals for income tax purposes that differs from the timing for financial reporting purposes. The Company establishes a tax valuation allowance to the extent that it is more likely than not that a deferred tax asset will not be realizable against future taxable income.

A tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation process, based on its technical merits. Income tax positions must meet a more-likely-than-not recognition threshold to be recognized.

Accrual for Self-Insurance Costs—The Company maintains a self-insured group medical program. The program contains stop loss thresholds with amounts in excess of the self-insured levels fully insured by third-party insurers. Liabilities associated with this program are estimated in part by considering historical claims experience and medical cost trends.

Leases—Effective January 1, 2021, the Company adopted Accounting Standards Update 2016-02 (ASU 2016-02) which created a new topic, ASC 842 "Leases."

In accordance with ASC 842, the Company, at the inception of the contract, determines whether a contract is or contains a lease. For leases with terms greater than 12 months, the Company records the related operating or finance right of use asset and lease liability at the present value of lease payments over the lease term. The Company is generally not able to readily determine the implicit rate in the lease and therefore uses the determined incremental borrowing rate at lease commencement to determine the present value of lease payments. The incremental borrowing rate represents an estimate of the market interest rate the Company would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of a lease. Renewal options are not included in the measurement of the right of use assets and lease liabilities unless the Company is reasonably certain to exercise the optional renewal periods. Some leases also include early termination options, which can be exercised under specific conditions. Additionally, certain leases contain incentives, such as construction allowances from landlords. These incentives reduce the right-of-use asset related to the lease.

Some of the Company's leases contain rent escalations over the lease term. The Company recognizes expense for operating leases on a straight-line basis over the lease term. The Company's lease agreements contain variable lease payments for increases in rental payment as a result of common area maintenance, utility, tax, and equipment maintenance charges. The Company has elected the practical expedient to combine lease and non-lease components for all asset categories. Therefore, the lease payments used to measure the lease liability for these leases include fixed minimum rentals along with fixed non lease component charges. The Company does not have significant residual value guarantees or restrictive covenants in the lease portfolio.

For periods prior to the adoption of ASC 842, the Company recorded rent expense on a straight-line basis over the term of the related lease. The difference between the straight-line rent expense and the payments made in accordance with the operating lease agreements were recognized as a deferred rent liability within other liabilities on the accompanying condensed consolidated balance sheets.

Recently Adopted Accounting Pronouncements—In February 2016, FASB issued Accounting Standards Update 2016-02 (ASU 2016-02) which created a new topic, ASC 842 "Leases," which requires companies to recognize on the consolidated balance sheet assets and liabilities for the rights and obligations created by the leases.

The Company adopted ASC 842 effective January 1, 2021 using the modified retrospective transition method as allowed under ASU 2018-11 which includes the ability to recognize the cumulative effect of the adoption being recorded as an adjusted to retained earnings on January 1, 2021. Prior period results will continue to be presented under ASC 840 as it was the accounting standards in effect for such periods. The Company elected to apply the package of practical expedients that allows entities to forgo reassessing at the transition date: (1) whether any expired or existing contracts are or contain leases; (2) lease classification for any expired or existing leases; and (3) whether unamortized initial direct costs for existing leases meet the definition of initial direct costs under the new guidance. The Company did not elect the hindsight practical expedient. The Company also elected to use the practical expedient that allows the combination of lease and non-lease contract components in all of its underlying asset categories.

Due to the adoption of this guidance, the Company recognized operating right-of-use assets and operating lease liabilities of $47.1 million and $53.0 million, respectively, as of the date of adoption. The difference between the right-of-use assets and lease liabilities on the accompanying condensed consolidated balance sheet is primarily due to the accrual for lease payments as a result of straight-line lease expense and unamortized tenant incentive liability balances. The Company did not have any impact to opening retained earnings as a result of the adoption of the guidance. The adoption of this new guidance did not have a material impact on the Company's results of operations and comprehensive income (loss), cash flows, liquidity, or the Company's covenant compliance under its existing credit agreement.

As an "emerging growth company," the Jumpstart Our Business Startups Act, or the JOBS Act, allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company has elected to use the adoption dates applicable to private companies. As a result, the Company's financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective date for new or revised accounting standards that are applicable to public companies.

Recently Issued Accounting Pronouncements—In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments — Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*, and subsequent amendments to the initial guidance: ASU 2018-19, ASU 2019-04, ASU 2019-05, and ASU

2020-03. The guidance amends the current accounting guidance and requires the measurements of all expected losses based on historical experience, current conditions and reasonable and supportable forecasts. The new guidance replaces the existing incurred loss impairment model with an expected credit loss model and requires a financial asset measured at amortized cost to be presented at the net amount expected to be collected. The guidance is effective for the Company on January 1, 2023 and early adoption is permitted. The Company is currently assessing the impact of this update on its condensed consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04"), and in January 2021 subsequently issued ASU 2021-01 ("ASU 2021-01"), which refines the scope of Topic 848. These ASUs provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. Adoption of the expedients and exceptions is permitted upon issuance of ASU 2020-04 through December 31, 2022. The Company is evaluating the impact of the adoption of this guidance on its condensed consolidated financial statements.

3. REVENUE

The opening and closing balances of the Company's receivables, contract assets and contract liabilities from contracts with customers are as follows (in thousands):

	June 30, 2021	December 31, 2020
Accounts receivables-Net of allowances	$ 81,817	$ 74,107
Deferred contract costs	12,681	11,917
Long-term deferred contract costs	15,986	14,389
Deferred revenues	28,824	26,514
Other liabilities (deferred revenues, non-current)	1,932	2,001

A summary of the activity impacting deferred revenue balances during the three and six months ended June 30, 2021 and 2020, is presented below (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Balance at beginning of period	$ 30,109	$ 27,874	$ 28,515	$ 26,256
Revenue recognized[1]	(82,159)	(71,159)	(163,121)	(148,065)
Additional amounts deferred[1]	82,806	71,963	165,362	150,487
Balance at end of period	$ 30,756	$ 28,678	$ 30,756	$ 28,678

1 Amounts include total revenue deferred and recognized during each respective period.

The Company may occasionally recognize an adjustment in revenue in the current period for performance obligations partially or fully satisfied in the previous periods resulting from changes in estimates for the transaction price, including any changes to the Company's assessment of whether an estimate of variable consideration is constrained. For the three and six months ended June 30, 2021 and 2020, the impact on revenue recognized in the current period, from performance obligations partially or fully satisfied in the previous period, was not significant.

A summary of the activity impacting the deferred contract costs during the three and six months ended June 30, 2021 and 2020 is presented below (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Balance at beginning of period	$26,554	$23,608	$26,361	$23,270
Costs amortized	(3,612)	(2,957)	(7,317)	(6,053)
Additional amounts deferred	5,725	3,433	9,623	6,867
Balance at end of period	$28,667	$24,084	$28,667	$24,084
Classified as:				
Current	$12,681	$10,679	$12,681	$10,679
Non-current	15,986	13,405	15,986	13,405
Total deferred contract costs	$28,667	$24,084	$28,667	$24,084

4. FAIR VALUE MEASUREMENTS

Assets and Liabilities Measured at Fair Value on a Recurring Basis—As of June 30, 2021 and December 31, 2020, the Company has interest rate swaps recognized as either assets or liabilities and are measured at fair value on a recurring basis.

The fair value is estimated using inputs that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the fair value hierarchy as of June 30, 2021 and December 31, 2020. At June 30, 2021, the interest rate swaps had a fair value liability of $12.0 million and are classified as interest rate swap derivatives within current liabilities in the accompanying condensed consolidated balance sheet. At December 31, 2020, the interest rate swaps had a fair value liability of $18.4 million and are classified within other liabilities in the accompanying condensed consolidated balance sheet.

The following table presents the fair value of the assets and liabilities measured at fair value on a recurring basis at June 30, 2021 (in thousands):

	Fair Value	Level 1	Level 2	Level 3
Liabilities				
Interest rate swaps	$ 11,993	$ —	$11,993	$ —
Total	$ 11,993	$ —	$11,993	$ —

The following table presents the fair value of the assets and liabilities measured at fair value on a recurring basis at December 31, 2020 (in thousands):

	Fair Value	Level 1	Level 2	Level 3
Liabilities				
Interest rate swaps	$ 18,359	$ —	$18,359	$ —
Total	$ 18,359	$ —	$18,359	$ —

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis—The Company has assets that under certain conditions are subject to measurement at fair value on a nonrecurring basis. These assets include those associated with acquired businesses, including goodwill and other intangible assets. For these assets, measurement at fair value in periods subsequent to their initial recognition is applicable if one or more is determined to be impaired. During the three and six months ended June 30, 2021 and the year ended December 31, 2020, the Company recognized no impairment related to these assets.

Fair Value of Other Financial Instruments—The following table presents the carrying amounts, net of debt discount, and estimated fair values of the Company's financial instruments that are not recorded at fair value on the condensed consolidated balance sheets (in thousands):

	June 30, 2021		December 31, 2020	
Description	**Carrying Amount**	**Estimated Fair Value**	**Carrying Amount**	**Estimated Fair Value**
First Lien Term Loan, including current portion	$1,326,835	$1,328,228	$1,333,366	$1,332,433

The fair value of the Company's long-term debt, including current maturities, was estimated based on the quoted market prices for the same or similar instruments and fluctuates with changes in applicable interest rates among other factors. The fair value of long-term debt is classified as a Level 2 measurement in the fair value hierarchy and is established based on observable inputs in less active markets.

5. INCOME TAXES

The Company's effective tax rate for the three months ended June 30, 2021 was 38.4% compared to the effective tax rate for the three months ended June 30, 2020 of 14.4%.

The effective tax rate for the three months ended June 30, 2021 was higher than the June 30, 2020 effective tax rate primarily due to a higher tax expense from enacted state apportionment and rate changes in the current period versus the prior period, as well as the prior period benefit being limited to the amount that would be recognized if the year-to-date ordinary loss were the anticipated ordinary loss for the fiscal year.

The Company made income tax payments of $6.5 million and $1.1 million for the three months ended June 30, 2021 and 2020, respectively. The Company received negligible refunds from the Internal Revenue Service and various states for the three months ended June 30, 2021, and $1.4 million for the three months ended June 30, 2020.

The Company's effective tax rate for the six months ended June 30, 2021 was 35.6% compared to the effective tax rate for the six months ended June 30, 2020 of 26.3%.

The effective tax rate for the six months ended June 30, 2021 was higher than the June 30, 2020 effective tax rate primarily due to higher tax benefits from enacted state apportionment and rate changes in the current period versus the prior period, as well as the prior period benefit being limited to the amount that would be recognized if the year-to-date ordinary loss were the anticipated ordinary loss for the fiscal year.

The Company made income tax payments of $10.4 million and $1.1 million for the six months ended June 30, 2021 and 2020, respectively. The Company received refunds from the Internal Revenue Service and various states totaling $16 thousand and $1.4 million for the six months ended June 30, 2021, and 2020, respectively.

As of June 30, 2021, unrecognized tax benefits were materially consistent with the amount at December 31, 2020. We anticipate this amount will increase to $3.6 million by December 31, 2021; however, due to the various jurisdictions in which the Company files tax returns, it is possible that there could be significant changes in the amount of unrecognized tax benefits in 2021.

6. ACCOUNTS RECEIVABLE

Accounts receivable–net as of June 30, 2021 and December 31, 2020, consists of the following (in thousands):

	June 30, 2021	December 31, 2020
Accounts receivable	$86,035	$ 78,331
Allowance for doubtful accounts and sales reserves	(4,218)	(4,224)
Accounts receivable–net	$81,817	$ 74,107

Changes to the allowance for doubtful accounts and sales reserves during the three and six months ended June 30, 2021 and 2020, consists of the following (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Balance at beginning of period	$ 3,931	$ 4,482	$ 4,224	$ 3,970
Charges to bad debt and sales reserves	640	618	1,706	1,863
Write-offs, net	(353)	(1,182)	(1,712)	(1,915)
Balance at end of period	$ 4,218	$ 3,918	$ 4,218	$ 3,918

7. OTHER CURRENT ASSETS

Other current assets as of June 30, 2021 and December 31, 2020, consist of the following (in thousands):

	June 30, 2021	December 31, 2020
Prepaid software and equipment maintenance	$ 5,824	$ 7,499
Prepaid SaaS costs	4,740	4,290
Prepaid service fees	3,105	3,969
Non-trade receivables	8,137	9,095
Deferred business combination costs	2,950	—
Other	8,768	6,733
Total	$33,524	$ 31,586

On December 31, 2020, the Company executed an Asset Purchase Agreement with a third-party buyer to transfer its obligation of providing certain services included within existing customer contracts to the third-party buyer. The Company recognized a gain on divestiture of $3.8 million, included within non-trade receivables (see Note 25). The Company received payments of $1.8 million, $0.4 million and $0.7 million from the third-party buyer in January 2021, April 2021 and August 2021, respectively.

8. SOFTWARE, EQUIPMENT, AND PROPERTY

Software, equipment, and property as of June 30, 2021 and December 31, 2020, consist of the following (in thousands):

	June 30, 2021	December 31, 2020
Software, licenses and database	$125,269	$ 109,967
Computer equipment	29,510	27,733
Leasehold improvements	14,005	13,397
Furniture and other equipment	4,982	5,000
Building and land	4,910	4,910
Total software, equipment, and property	178,676	161,007
Less accumulated depreciation and amortization	(70,036)	(59,569)
Net software, equipment, and property	$108,640	$ 101,438

Depreciation and amortization expense related to software, equipment and property was $5.3 million and $4.2 million for the three months ended June 30, 2021 and 2020, respectively. Depreciation and amortization expense related to software, equipment and property was $10.5 million and $8.5 million for the six months ended June 30, 2021 and 2020, respectively.

9. LEASES

The Company leases real estate in the form of office space and data center facilities. The Company additionally leases equipment in the form of information technology equipment. Generally, the term for real estate leases ranges from 1 to 17 years at inception of the contract. Generally, the term for equipment leases is 1 to 3 years at inception of the contract. Some real estate leases include options to renew that can extend the original term by 5 to 10 years.

Operating lease costs are included within cost of revenues, exclusive of amortization of acquired technologies, research and development and general and administrative expenses on the condensed consolidated statements of operations and comprehensive income (loss). The Company does not have any finance leases.

The components of lease expense for the three and six months ended June 30, 2021 were as follows (in thousands):

	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2021
Operating lease costs	$ 4,542	$ 9,136
Variable lease costs	461	1,063
Total lease costs	$ 5,003	$ 10,199

The lease term and discount rate consisted of the following at June 30, 2021:

Weighted-average remaining lease term (years)	11.1
Weighted-average discount rate	6.1%

Supplemental cash flow and other information related to leases for the three and six months ended June 30, 2021 were as follows (in thousands):

	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2021
Cash payments for operating leases	$ 3,030	$ 5,998
Operating lease assets obtained in exchange for lease liabilities	2,365	2,365

The table below reconciles the undiscounted future minimum lease payments (in thousands) under noncancelable operating leases with terms of more than one year to the total operating lease liabilities recognized on the condensed consolidated balance sheet as of June 30, 2021.

Years Ending December 31:	
Remainder of 2021	$ 5,506
2022	8,599
2023	6,092
2024	7,195
2025	7,243
Thereafter	68,416
Total Lease Payments	103,051
Less: Interest	(35,299)
Less: Lease incentive recognized as offset to lease liability	(16,868)
Total	$ 50,884

During the year ended December 31, 2020, the Company entered into a new operating lease agreement for its corporate headquarters in Chicago, Illinois. The lease term commenced in January 2021 and included a landlord provided tenant improvement allowance of up to $16.9 million to be applied to the costs of the construction of leasehold improvements. The Company determined that it owns the leasehold improvements, and as such, reflects the $16.9 million lease incentive as a reduction of the rental payments used to measure the operating lease liability and operating lease asset as of the lease commencement date in January 2021. The Company will record an increase to the operating lease liability and to leasehold improvements as and when such leasehold improvements are paid for by the lessor.

Under ASC 840, rent expense was $2.2 million during the three months ended June 30, 2020 and $4.5 million during the six months ended June 30, 2020. The Company's noncancelable operating lease agreements required future minimum cash lease payments as follows at December 31, 2020 (in thousands):

Years Ending December 31:	
2021	$ 7,143
2022	6,090
2023	5,180
2024	7,059
2025	7,243
Thereafter	68,415
Total	$101,130

10. GOODWILL AND INTANGIBLE ASSETS

Goodwill—Goodwill was recorded in connection with the Acquisition of the Company in 2017.

No goodwill impairments were recorded during the three and six months ended June 30, 2021 and 2020.

For the year ended December 31, 2020, the Company performed its annual impairment assessment as of September 30, 2020, which indicated no impairment and there was no change to the carrying amount of goodwill.

Intangible Assets—The Company's intangible assets are primarily the result of the Acquisition of the Company in 2017.

During the three and six months ended June 30, 2021 and 2020, the Company did not record an impairment charge.

The intangible assets balance as of June 30, 2021, is reflected below (in thousands):

	Estimated Useful Life (Years)	Weighted-Average Remaining Useful Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets:					
Customer relationships	16–18	13.8	$1,299,750	$ (301,699)	$ 998,051
Acquired technologies	3–7	2.8	183,160	(109,158)	74,002
Favorable lease terms	6	1.8	280	(195)	85
Subtotal			1,483,190	(411,052)	1,072,138
Trademarks—indefinite life			190,470	—	190,470
Total intangible assets			$1,673,660	$ (411,052)	$1,262,608

The intangible assets balance as of December 31, 2020, is reflected below (in thousands):

	Estimated Useful Life (Years)	Weighted-Average Remaining Useful Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets:					
Customer relationships	16–18	14.3	$1,299,750	$ (265,567)	$1,034,183
Acquired technologies	3–7	3.3	183,154	(95,998)	87,156
Favorable lease terms	6	2.3	280	(172)	108
Subtotal			1,483,184	(361,737)	1,121,447
Trademarks—indefinite life			190,470	—	190,470
Total intangible assets			$1,673,654	$ (361,737)	$1,311,917

Amortization expense for intangible assets was $24.7 million for the three months ended June 30, 2021 and 2020. Amortization expense for intangible assets was $49.3 million for the six months ended June 30, 2021 and 2020.

Future amortization expense for the remainder of the year ended December 31, 2021 and the following four years ended December 31 and thereafter for intangible assets as of June 30, 2021, is as follows (in thousands):

Years Ending December 31:	
2021	$ 49,318
2022	98,627
2023	98,333
2024	80,731
2025	72,263
Thereafter	672,866
Total	$1,072,138

11. EQUITY METHOD INVESTMENT

In June 2021, the Company completed an investment in a technology company (the "Investee"). The Company invested $10.2 million, including related fees and expenses, for an approximately 7% interest of a limited partnership, which is affiliated with one of the Company's private equity sponsors, and indirectly holds an interest in the Investee.

As of June 30, 2021, the change in the carrying value of the investment is summarized below as follows (in thousands):

	Equity Method Investment
Equity method investment carrying value at December 31, 2020	$ —
Cash contributions	10,228
Share of net income (loss) from the Investee	—
Equity method investment carrying value at June 30, 2021	$ 10,228

12. ACCRUED EXPENSES

Accrued expenses as of June 30, 2021 and December 31, 2020, consist of the following (in thousands):

	June 30, 2021	December 31, 2020
Compensation	$32,439	$ 37,696
Professional services	13,530	2,753
Royalties and licenses	2,602	2,301
Sales tax	2,503	2,294
Employee insurance benefits	2,130	1,979
Software license agreement	1,917	—
Other	3,272	5,964
Total	$58,393	$ 52,987

13. OTHER LIABILITIES

Other liabilities as of June 30, 2021 and December 31, 2020, consist of the following (in thousands):

	June 30, 2021	December 31, 2020
Phantom stock incentive plan	$ 4,338	$ 3,217
Payroll tax deferment	3,152	3,152
Software license agreement	2,168	234
Deferred revenue-non-current	1,932	2,001
Deferred rent	—	4,461
Fair value of interest rate swaps	—	18,359
Other	121	1,346
Total	$11,711	$ 32,770

14. LONG-TERM DEBT

In connection with the Acquisition of the Company in April 2017, the Company entered into the 2017 First Lien Credit Agreement ("First Lien Credit Agreement") and 2017 Second Lien Credit Agreement ("Second Lien Credit Agreement").

In February 2020, the Company refinanced its long-term debt ("2020 Refinancing") and entered into the First Amendment to the First Lien Credit Agreement ("First Lien Amendment"). The First Lien Amendment provided an incremental term loan, amended the amount of commitments and the maturity dates of the First Lien Credit Agreement's revolving credit facilities. The proceeds of the incremental term loan were used to repay all outstanding borrowings under the Second Lien Credit Agreement.

The repayment of outstanding borrowings under the Second Lien Credit Agreement was determined to be a debt extinguishment and the Company recognized an $8.6 million loss on early extinguishment of debt in the condensed consolidated statements of operations and comprehensive income (loss) during the six months ended June 30, 2020.

First Lien Credit Agreement— The First Lien Credit Agreement initially consisted of a $1.0 billion term loan ("First Lien Term Loan"), a $65.0 million dollar revolving credit facility ("Dollar Revolver"), and a $35.0 million multicurrency revolving credit facility ("Multicurrency Revolver" and together with the Dollar Revolver, the "First Lien Revolvers"), with a sublimit of $30.0 million for letters of credit under the First Lien Revolvers. The Company received proceeds of $997.5 million, net of debt discount of $2.5 million, related to the First Lien Term Loan.

The First Lien Amendment provided an incremental term loan in the amount of $375.0 million. The Company received proceeds from the incremental term loan of $373.1 million, net of debt discount of $1.9 million. At June 30, 2021 and December 31, 2020, the unamortized debt discount was $2.4 million and $2.8 million, respectively.

In addition, the First Lien Amendment reduced the amount of commitments under each of the Dollar Revolver and the Multicurrency Revolver to $59.3 million and $32.0 million, respectively, and extended the maturity of a portion of the commitments under each revolving credit facility. Pursuant to the First Lien Amendment, the non-extended Dollar Revolver and non-extended Multicurrency Revolver consist of commitments of $8.1 million and $4.4 million, respectively, which mature on April 27, 2022. The extended Dollar Revolver and extended Multicurrency Revolver consist of commitments of $51.2 million and $27.6 million, respectively, which mature on October 27, 2023. The First Lien Revolvers continue to have a sublimit of $30.0 million for letters of credit.

The Company incurred $27.6 million and $3.4 million in financing costs related to the First Lien Credit Agreement and First Lien Amendment, respectively. These costs were recorded to a contra debt account and are being amortized to interest expense over the term of the First Lien Credit Agreement using the effective interest method. At June 30, 2021 and December 31, 2020, the unamortized financing costs were $13.2 million and $16.1 million, respectively.

The First Lien Term Loan requires (after giving effect to the First Lien Amendment) quarterly principal payments of approximately $3.5 million until March 31, 2024, with the remaining outstanding principal amount required to be paid on the maturity date, April 27, 2024. The First Lien Term Loan requires a prepayment of principal, subject to certain exceptions, in connection with the receipt of proceeds from certain asset sales, casualty events, and debt issuances by the Company, and up to 50% of annual excess cash flow, as defined in and as further set forth in the First Lien Credit Agreement. When a principal prepayment is required, the prepayment offsets the future quarterly principal payments of the same amount. As of December 31, 2020, a principal prepayment of $1.5 million was required and paid in April 2021.

As of June 30, 2021, the amount outstanding on the First Lien Term Loan was $1,329.2 million, of which, $13.8 million was classified as current in the accompanying condensed consolidated balance sheet. As of December 31, 2020, the amount outstanding on the First Lien Term Loan was $1,336.2 million, of which, $25.4 million was classified as current in the accompanying condensed consolidated balance sheet.

Amounts outstanding under the First Lien Credit Agreement bear interest at a variable rate of LIBOR, plus up to 3.00% per annum based upon the Company's leverage ratio, as defined in the First Lien Credit Agreement. At June 30, 2021, outstanding borrowings under the First Lien Term Loan bore interest at 4.00%. A quarterly commitment fee of up to 0.50% is payable on the unused portion of the Dollar Revolver and Multicurrency Revolver credit facilities.

During the three months ended June 30, 2021 and 2020, weighted-average interest rate on the outstanding borrowings under the First Lien Term Loan was 4.1% and 4.1%, respectively. The Company made interest payments of $13.5 million and $13.2 million during the three months ended June 30, 2021 and 2020, respectively.

During the six months ended June 30, 2021 and 2020, weighted-average interest rate on the outstanding borrowings under the First Lien Term Loan was 4.1% and 4.3%, respectively. The Company made interest payments of $26.8 million and $26.2 million during the six months ended June 30, 2021 and 2020, respectively.

In March 2020, the Company borrowed $65.0 million on its First Lien Revolvers. The borrowings were fully repaid in June 2020 and there were no outstanding borrowings on the First Lien Revolvers at June 30, 2021 and December 31, 2020.

In May 2020, the Company issued a standby letter of credit for $0.7 million in lieu of a security deposit upon entering into a lease agreement for its new corporate headquarters. The standby letter of credit reduces the amount available to be borrowed under the First Lien Revolvers and at June 30, 2021 and December 31, 2020, $90.6 million was available to be borrowed.

Borrowings under the First Lien Credit Agreement are guaranteed by Cypress Holdings Intermediate Holdings II, Inc., and certain of its US subsidiaries by a perfected first priority lien on the stock of CCC and substantially all of its assets, subject to various limitations and exceptions.

The First Lien Credit Agreement contains representations and warranties, and affirmative and negative covenants, that among other things, restrict, subject to certain exceptions, our ability to: incur additional indebtedness, incur liens, engage in mergers, consolidations, liquidations or dissolutions; pay dividends and distributions on, or redeem, repurchase or retire our capital stock; and make certain investments, acquisitions, loans, or advances.

In addition, the terms of the First Lien Credit Agreement include a financial covenant which requires that, at the end of each fiscal quarter, if the aggregate amount of borrowings under the First Lien Revolvers over the prior four fiscal quarters exceeds 35% of the aggregate commitments under those revolving credit facilities, the Company's leverage ratio cannot exceed 8.30 to 1.00. The Company was in compliance with its financial covenant as of the quarter ended March 31, 2020. Borrowings under the First Lien Revolvers did not exceed 35% of the aggregate commitments and the Company was not subject to the leverage test for all fiscal quarters ending after March 31, 2020.

Second Lien Credit Agreement—The Second Lien Credit Agreement consisted of a $375.0 million term loan ("Second Lien Term Loan"). The Company received proceeds of $372.2 million, net of discount of $2.8 million. The discount was recorded to a contra debt account and was being amortized to interest expense over the life of the Second Lien Term Loan using the effective interest method. At the time of the 2020 Refinancing, the debt discount was written off to loss on early extinguishment of debt.

The Company incurred $8.9 million in financing costs related to the Second Lien Credit Agreement. These costs were recorded to a contra debt account and were being amortized to interest expense over the term of the Second Lien Term Loan using the effective interest method. At the time of the 2020 Refinancing, there were $6.6 million of unamortized financing costs which were written off to loss on early extinguishment of debt.

The Second Lien Term Loan required no principal payments and all outstanding principal was scheduled to be due upon maturity on April 25, 2025.

Amounts outstanding under the Second Lien Term Loan bore interest at a variable rate of LIBOR, plus 6.75%. Prior to extinguishment in February 2020, the weighted-average interest rate on the Second Lien Term Loan was 8.6% and the Company made interest payments of $4.0 million.

The Second Lien Term Loan was guaranteed by Cypress Holdings Intermediate Holdings II, Inc., and certain of its US subsidiaries by a perfected second priority lien on the stock of CCC and substantially all of its assets, subject to various limitations and exceptions.

The Second Lien Credit Agreement contained representations and warranties, and affirmative and negative covenants, that among other things, restrict, subject to certain exceptions, the Company's ability to: incur additional indebtedness, incur liens, engage in mergers, consolidations, liquidations or dissolutions; pay dividends and distributions on, or redeem, repurchase or retire out capital stock; and make certain investments, acquisitions, loans, or advances. The Second Lien Credit Agreement had no financial covenants.

Long-term debt as of June 30, 2021 and December 31, 2020, consists of the following (in thousands):

	June 30, 2021	December 31, 2020
First Lien Term Loan	$1,329,231	$1,336,154
First Lien Term Loan—discount	(2,396)	(2,788)
First Lien Term Loan—deferred financing fees	(13,215)	(15,388)
First Lien Term Loan—net of discount & fees	1,313,620	1,317,978
Less: Current portion	(13,846)	(25,381)
Total long-term debt—net of current portion	$1,299,774	$1,292,597

As of June 30, 2021, and December 31, 2020, the deferred financing fees asset balance included $0.6 million and $0.7 million, respectively, in relation to the Dollar Revolver and Multicurrency Revolver, which is being amortized to interest expense over the term of the underlying agreements.

Interest Rate Swaps—The Company has previously entered into three floating to fixed interest rate swap agreements ("Swap Agreements") to reduce its exposure to variability from future cash flows resulting from interest rate risk related to its long-term debt. The notional amount of the Swap Agreements total $777.7 million at June 30, 2021 and December 31, 2020. The Swap Agreements expire in June 2022.

15. LONG-TERM LICENSING AGREEMENT

During 2018, the Company entered into a licensing agreement with a third party to obtain a perpetual software license ("Licensing Agreement") for a database structure, tools, and historical data used within the Company's software. The Company has included the present value of the future payments required as a long-term licensing agreement within the accompanying condensed consolidated balance sheets. The present value of the future payments was computed using an effective annual interest rate of 6.25%, and the Licensing Agreement requires the Company to make quarterly principal and interest installment payments of approximately $1.2 million through December 2031.

The present value of the future cash flows upon execution of the agreement was $45.6 million, which included an original discount of $23.2 million. At June 30, 2021, the remaining liability, net of the discount was $37.6 million, with $2.6 million classified as current. At December 31, 2020, the remaining liability, net of the discount was $38.9 million, with $2.5 million classified as current.

The discount was recorded to a contra liability account and is being amortized to interest expense over the term of the agreement using the effective interest method. During the three months ended June 30, 2021 and 2020, the Company recognized $0.6 million in interest expense related to the Licensing Agreement. During the six months ended June 30, 2021 and 2020, the Company recognized $1.2 million and $1.3 million, respectively, in interest expense related to the Licensing Agreement. At June 30, 2021 and December 31, 2020, $14.0 million and $15.2 million, respectively, of the discount was not yet amortized.

16. REDEEMABLE NON-CONTROLLING INTEREST

On March 12, 2020 (the "Close Date"), the Company closed a Stock Purchase Agreement with a third-party investor (the "Investor") for purchase by the Investor of Series A Preferred Stock in CCCIS Cayman Holdings Limited ("CCC Cayman"), the parent of the Company's China operations. On the Close Date, CCC Cayman, a subsidiary of the Company, issued 1,818 shares of Series A Preferred Stock (the "Preferred Shares") at $7,854 per share to the Investor for net proceeds of $14.2 million. On an as-converted basis, the Preferred Shares represent an aggregate 10.7% initial ownership interest of the issued and outstanding capital stock of CCC Cayman, or 9.1% on a fully-diluted basis if all shares reserved for issuance under the Company's CCC Cayman employee incentive plan were issued and outstanding.

The Preferred Shares are entitled to non-cumulative dividends at an annual rate of 8.0%, when and if declared.

At the option of the Investor, the Preferred Shares are convertible into Ordinary Shares of CCC Cayman, initially on a one-for-one basis but subject to potential adjustment, as defined by the Stock Purchase Agreement, at any time, or automatically upon the closing of an initial public offering.

The Preferred Shares are redeemable upon an actual or deemed redemption event as defined in the Stock Purchase Agreement or at the option of the Investor beginning on the five-year anniversary of the Close Date, if an actual or deemed redemption event has not yet occurred. The redemption price, as defined by the Stock Purchase Agreement, is equal to the original issue price of the Preferred Shares, plus 10.0% compound interest per annum on the Preferred Share issue price, plus any declared but unpaid dividends on the Preferred Shares.

The Preferred Shares are entitled to distributions upon the occurrence of a sale or liquidation of CCC Cayman representing an amount that is equal to the original issue price of the Preferred Shares, plus 10.0% compound interest per annum on the Preferred Share issue price, plus any declared but unpaid dividends.

The Preferred Shares do not participate in net income or losses.

As of June 30, 2021 and December 31, 2020, the Investor's ownership in CCC Cayman is classified in mezzanine equity as a redeemable non-controlling interest, because it is redeemable on an event that is not solely in the control of the Company. The Investor's non-controlling interest is not remeasured to fair value because it is currently not probable that the non-controlling interest will become redeemable. If the Investor's non-controlling interest becomes probable of being redeemable, the Company will be required to remeasure the non-controlling interest at fair value with changes in the carrying value recognized in additional paid-in capital.

At June 30, 2021 and December 31, 2020, the carrying value of the redeemable non-controlling interest was $14.2 million.

17. CAPITAL STOCK

Cypress Holdings has the authority to issue 5,000,000 shares for all classes of stock with a par value of $0.001 per share, of which 3,000,000 shares are designated as Class A common stock, 500,000 shares are designated as Class B common stock, and 1,500,000 shares are designated as preferred stock. The shares of the Class A common stock and Class B common stock are identical, except with regard to voting. Each holder of Class A common stock is entitled to a number of votes equal to the number of shares of Class A common stock held by such stockholder. The Class B common stock does not entitle its holder to any voting rights other than the right to designate one director to the board as a class. The common stock is subject to various other rights and restrictions relating to transfers customary for privately held entities. Holders of common stock are entitled to receive any dividends as may be declared from time to time by the board of directors.

As of June 30, 2021, and December 31, 2020, total Class A common stock issued and outstanding was 1,450,978 shares. As of June 30, 2021, and December 31, 2020, total Class B common stock issued and outstanding was 33,178 and 29,785, respectively. As of June 30, 2021, no shares of preferred stock have been issued.

In March 2021, a dividend of $134.5 million was declared and paid to the Company's Class A and Class B stockholders.

In February 2021, the Company issued 2,595 shares of Class B common stock to an executive and recorded stock-based compensation expense of $8.0 million, equal to the fair value of the Class B common shares at the time of issuance.

In January 2021, the Company issued 325 shares of Class B common stock to a board member for aggregate cash proceeds of $1.0 million, equal to the fair value of the Class B common shares at the time of issuance.

In February 2020, the Company issued 1,000 shares of Class B common stock to an executive and recorded stock-based compensation expense of $1.6 million, equal to the fair value of the Class B common stock at the time of issuance.

18. EMPLOYEE BENEFIT PLANS

The Company sponsors a tax-qualified defined contribution savings and investment plan, CCC 401(k) Retirement Savings and Investment Plan (the "Savings Plan"). Participation in the Savings Plan is voluntary with substantially all domestic employees eligible to participate. Expenses related to the Savings Plan consist primarily of the Company's contributions that are based on percentages of employees' contributions. The defined contribution expense for the three months ended June 30, 2021 and 2020 was $1.5 million and $1.2 million, respectively. The defined contribution expense for the six months ended June 30, 2021 and 2020 was $2.8 million and $2.2 million, respectively.

19. STOCK INCENTIVE PLANS

General—On April 27, 2017, Cypress Holdings adopted the 2017 Stock Option Plan of Cypress Holdings, Inc. (the "2017 Plan"). The purpose of the 2017 Plan is to enable the Company to attract, retain, and motivate employees and consultants of the Company and its subsidiaries by allowing them to become owners of common stock enabling them to benefit directly from the growth, development, and financial successes of the Company.

Pursuant to the 2017 Plan, the number of shares of Series B common stock that may be subject to stock incentives should not exceed 201,445 shares in the aggregate. At June 30, 2021, the Company has 20,770 shares available for grant under the plan.

Options have time-based vesting or performance-based with a market condition vesting requirements. Options expire on the tenth anniversary of the grant date.

For time-based awards, the Company records stock compensation expense on a straight-line basis over the service-vesting period. Time-based awards generally vest ratably over a five-year period based on continued service. Vesting of the time-based awards can be accelerated in certain circumstances, such as an initial public offering or sale of the Company.

For performance-based awards with a market condition, the Company does not currently recognize stock compensation expense. The awards will vest and the Company will recognize stock compensation expense when all three of the following are probable of occurring:

- an occurrence of a liquidity event related to the common stock (for example, sale of the Company or an initial public offering),
- the Company meets its principal equity owners' return target of at least 2 times their initial investment, and

- the employee is employed or the consultant is actively engaged by the Company.

Stock Options— During the six months ended June 30, 2021, the Company granted 8,288 stock options, of which 8,088 have time-based vesting and 200 have performance-based with a market condition vesting. The exercise price of all stock options granted during the six months ended June 30, 2021 is equal to the fair value of the underlying shares at the grant date.

The valuation of time-based stock options granted during the six months ended June 30, 2021 was determined using the Black-Scholes option valuation model using the following assumptions:

Expected term (in years)	6.5
Expected volatility	40%
Expected dividend yield	0%
Risk-free interest rate	0.62 - 0.67%
Fair value at valuation date	$ 1,250

For performance-based awards with a market condition, the market condition is required to be considered when calculating the grant date fair value. ASC Topic 718 requires the Company to select a valuation technique that best fits the circumstances of an award. In order to reflect the substantive characteristics of the performance-based awards with a market condition, a Monte Carlo simulation valuation model was used to calculate the grant date fair value of such stock options. Monte Carlo approaches are a class of computational algorithms that rely on repeated random sampling to compute their results. This approach allows the calculation of the fair value of such stock options based on a large number of possible scenarios. Stock-based compensation expense for the performance-based awards with a market condition is not recognized until the performance condition is probable of occurring. The valuation of the performance-based awards with a market condition granted during the six months ending June 30, 2021 was determined through the Monte Carlo simulation model using the following assumptions:

Expected term (in years)	5.5
Expected volatility	33%
Expected dividend yield	0%
Risk-free interest rate	0.44%
Fair value at valuation date	$ 298

Expected Term—The expected term represents the period that the stock-based awards are expected to be outstanding. The Company uses the simplified method to determine the expected term for its option grants. The simplified method calculates the expected term as the average of the time-to-vesting and the contractual life of the options. The Company uses the simplified method to determine its expected term because of its limited history of stock option exercise activity.

Expected Volatility—Since the Company is privately held and does not have any trading history for its common stock, the expected volatility is estimated based on the average volatility for comparable publicly traded companies over a period equal to the expected term of the stock option grants.

Expected Dividend—Historically, the Company has not paid regular dividends on its common stock and has no plans to pay dividends on common stock on a regular basis. The Company does not have a dividend policy. Therefore, the Company used an expected dividend yield of zero.

Risk-Free Interest Rate—The risk-free interest rate is based on the US Treasury zero coupon issues in effect at the time of grant for periods corresponding with the expected term of awards.

The Company used a pre-vesting forfeiture rate to estimate the number of options that are expected to vest that was based on the Company's historical turnover rate.

Stock-based compensation expense has been recorded in the accompanying condensed consolidated statements of operations and comprehensive income (loss) as follows for the three and six months ended June 30, 2021 and 2020 (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Cost of revenues	$ 176	$ 160	$ 394	$ 239
Research and development	700	416	1,275	621
Sales and marketing	735	696	1,289	1,075
General and administrative	1,272	999	12,579	3,526
Total stock-based compensation expense	$ 2,883	$ 2,271	$ 15,537	$ 5,461

Option activity for the six months ended June 30, 2021, is summarized below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Options outstanding—December 31, 2020	163,177	1,033	6.9	337,358
Granted	8,288	3,100		
Exercised	(479)	971		
Forfeited and canceled	(750)	1,542		
Options outstanding—June 30, 2021	170,236	1,131	6.6	402,520
Options exercisable—June 30, 2021	57,485	1,036	6.3	141,418
Options vested and expected to vest—June 30, 2021	153,913	1,123	6.6	365,110

The weighted-average grant-date fair value for time-based options granted during the six months ended June 30, 2021 was $1,250. The weighted-average grant-date fair value for performance-based and market-based options granted during the six months ended June 30, 2021 was $298.

During the six months ended June 30, 2021, the Company issued 473 shares of Class B Common Stock upon exercise of 479 stock options. As part of cashless exercises, 6 shares were applied to the exercise price and tax obligations of the option holders.

The aggregate intrinsic value of options exercised during the six months ended June 30, 2021 was $1.0 million.

The fair value of the options vested during the six months ended June 30, 2021 was $8.7 million.

As of June 30, 2021, there was $18.0 million of unrecognized stock compensation expense related to non-vested time-based awards which is expected to be recognized over a weighted-average period of 3.2 years. As of June 30, 2021, there was $17.1 million of unrecognized stock compensation expense related to non-vested performance-based awards with a market condition.

Phantom Stock Plan—During the year ended December 31, 2018, the Company adopted a Phantom Stock Plan, which provides for the issuance of phantom shares of the Company's Series B common stock ("Phantom Shares") to eligible employees under the 2017 Plan. Awards under the Phantom Stock Plan are settled in cash and thus accounted for as liability awards. The shares issued under the Phantom Stock Plan reduce the number of shares available for issuance under the 2017 Plan.

Phantom shares vest under the same time-based or performance-based with a market condition as the stock options granted under the 2017 Plan.

No Phantom Shares were granted during the six months ended June 30, 2021. At June 30, 2021, 3,900 phantom shares are outstanding.

The valuation of Phantom Shares is measured based on the fair value per share of our Class B common stock.

During the three months ended June 30, 2021 and 2020, the Company recognized stock-based compensation expense of $0.3 million and $0.1 million, respectively, related to the Phantom Shares. During the six months ended June 30, 2021 and 2020, the Company recognized stock-based compensation expense of $1.1 million and $0.1 million, respectively. At June 30, 2021 and December 31, 2020, the outstanding liability for the outstanding phantom shares is $4.3 million and $3.2 million, respectively, and is classified within other liabilities in the accompanying condensed consolidated balance sheets.

20. COMMITMENTS

Purchase Obligations—The Company has long-term agreements with suppliers and other parties related to licensing data used in its products and services, outsourced data center, disaster recovery, and software as a service that expire at various dates through 2031.

During February 2021, the Company entered into a purchase agreement with a supplier. The agreement includes minimum purchase commitments of $15.5 million, $7.1 million, and $6.9 million during the twelve-month periods ending February 28, 2022, February 28, 2023, and February 29, 2024, respectively. As of June 30, 2021, there were no other material changes from the amounts disclosed as of December 31, 2020.

Employment Agreements—The Company is a party to employment agreements with key employees that provide for compensation and certain other benefits. These agreements also provide for severance payments and bonus under certain circumstances.

21. LEGAL PROCEEDINGS AND CONTINGENCIES

In the ordinary course of business, the Company is from time to time, involved in various pending or threatened legal actions. The litigation process is inherently uncertain, and it is possible that the resolution of such matters might have a material adverse effect upon the Company's condensed consolidated financial condition and/or results of operations. The Company's management believes, based on current information, matters currently pending or threatened are not expected to have a material adverse effect on the Company's condensed consolidated financial position or results of operations.

22. RELATED PARTIES

The Company reimburses its principal equity owners for services and any related travel and out-of-pocket expenses. During the three months ended June 30, 2021, and 2020, the Company had expenses for services, travel and out-of-pocket expenses to its principal equity owners of $50 thousand and $47 thousand, respectively. During the six months ended June 30, 2021 and 2020, the Company had expenses for services, travel and out-of-pocket expenses to its principal equity owners of $0.1 million.

The Company has engaged in transactions within the ordinary course of business with entities affiliated with one of its principal equity owners. The Company incurred expenses for human resource support services of $0.1 million and $0.05 million during the three and six months ended June 30, 2021 and 2020, respectively. The associated payable for the human resource support services was de minimis at June 30, 2021 and December 31, 2020.

Additionally, the Company incurred expenses for employee health insurance benefits of $0.8 million during the three months ended June 30, 2021 and $1.6 million during the six months ended June 30, 2021. At June 30, 2021, the associated payable was $0.2 million. The affiliated entity providing employee health insurance benefits was not a related party prior to January 2021.

The Company recognized revenue from a customer that is affiliated with one of its principal equity owners. The Company recognized revenue of $0.1 million during the three and six months ended June 30, 2021. Revenue recognized during the three and six months ended June 30, 2020 was de minimis. At June 30, 2021 and 2020, the associated receivables were de minimis.

In June 2021, the Company completed a strategic investment in a technology company (the "Investee") in which the Company invested $10.0 million, plus related fees and expenses, for approximately 7% interest of a limited partnership. The limited partnership is affiliated with one of the Company's principal equity owners, and indirectly holds an interest in the Investee (see Note 11). The Company reimbursed its principal equity owner $0.2 million for its pro rata portion of related fees and expenses.

In January 2021, the Company issued 325 shares of Class B common stock to a board member for aggregate cash proceeds of $1.0 million.

During the year ended December 31, 2020, the Company entered into a note receivable for $0.7 million with an executive. The outstanding balance was repaid in full during February 2021. Prior to repayment, the note receivable bore interest at 1.58% per annum and required semiannual interest payments through the maturity date in February 2023. At December 31, 2020, the note receivable balance was $0.7 million and was recorded within other assets on the Company's condensed consolidated balance sheet.

23. NET INCOME (LOSS) PER SHARE

The Company calculates basic earnings per share by dividing the net income (loss) by the weighted average number of shares of common stock outstanding for the period. The diluted earnings per share is computed by assuming the exercise, settlement and vesting of all potential dilutive common stock equivalents outstanding for the period using the treasury stock method. We exclude common stock equivalent shares from the calculation if their effect is anti-dilutive. In a period where the Company is in a net loss position, the diluted loss per share is calculated using the basic share count.

The following table sets forth a reconciliation of the numerator and denominator used to compute basic earnings per share of common stock (in thousands, except for share and per share data).

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Numerator				
Net income (loss)	$ 3,816	$ (1,961)	$ (1,268)	$ (27,213)
Denominator				
Weighted average shares of common stock - basic	1,484,156	1,480,262	1,483,634	1,479,918
Dilutive effect of stock options	53,611	—	—	—
Weighted average shares of common stock - diluted	1,537,767	1,480,262	1,483,634	1,479,918
Net income (loss) per share:				
Basic	$ 2.57	$ (1.32)	$ (0.85)	$ (18.39)
Diluted	$ 2.48	$ (1.32)	$ (0.85)	$ (18.39)

No common stock equivalent shares were excluded from the computation of diluted per share amounts for the three months ended June 30, 2021. Common stock equivalent shares of approximately 18,081 were excluded from the computation of diluted per share amounts for the three months ended June 30, 2020, because their effect was anti-dilutive.

Common stock equivalent shares of approximately 53,402 and 17,795 were excluded from the computation of diluted per share amounts for the six months ended June 30, 2021 and 2020, respectively, because their effect was anti-dilutive.

24. SEGMENT INFORMATION AND INFORMATION ABOUT GEOGRAPHIC AREAS

The Company operates in one operating segment. The chief operating decision maker for the Company is the chief executive officer. The chief executive officer reviews financial information presented on a consolidated basis, accompanied by information about revenue by type of service and geographic region, for purposes of allocating resources and evaluating financial performance.

Revenues by geographic area presented based upon the location of the customer are as follows (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
United States	$165,502	$148,845	$321,487	$306,423
China	1,287	1,871	3,091	3,501
Total revenues	$166,789	$150,716	$324,578	$309,924

Software, equipment and property, net by geographic area are as follows (in thousands):

	June 30, 2021	December 31, 2020
United States	$108,581	$ 101,370
China	59	68
Total software, equipment and property-net	$108,640	$ 101,438

25. DIVESTITURE

On December 31, 2020 the Company closed an Asset Purchase Agreement (the "APA") with a third-party buyer (the "Buyer") to transfer its obligation of providing certain services and related assets and liabilities to the Buyer for total consideration of $3.8 million, including $1.8 million of contingent consideration. The Company received payments of $1.8 million, $0.4 million and $0.7 million from the Buyer in January 2021, April 2021 and August 2021, respectively.

The divestiture did not constitute a discontinued operation or the sale of a business.

The Company recognized a gain on disposition of $3.8 million during the year ended December 31, 2020 within general and administrative expenses in the condensed consolidated statement of operations and comprehensive income (loss).

26. SUBSEQUENT EVENTS

Business Combination Transaction—On July 30, 2021, the Company consummated the previously announced Merger pursuant to the business combination agreement dated February 2, 2021, as amended, between the Company and Dragoneer.

Upon the closing of the Merger, Dragoneer was renamed "CCC Intelligent Solutions Holdings Inc." ("New CCC") and the Company became a wholly owned subsidiary of New CCC.

The Merger will be accounted for as a reverse recapitalization in which Dragoneer is treated as the acquired company. A reverse recapitalization does not result in a new basis of accounting, and the consolidated financial statements of the combined entity will represent the continuation of the consolidated financial statements of the Company in many respects. The Company will be deemed the accounting predecessor and New CCC will be the successor SEC registrant.

As a result of the Merger, New CCC received aggregate gross proceeds of $806 million from the Dragoneer trust account, funds received for issuance of New CCC common stock pursuant to forward purchase agreements and funds received for issuance of New CCC common stock pursuant to subscription agreements for private investments in public equity.

The Company's outstanding and authorized shares of common stock were exchanged for shares of New CCC at a ratio of 340.5507-for-1 (the "Exchange"). After the Exchange, the number of New CCC's issued and outstanding shares of common stock was 505,430,378, all with a par value of $0.0001. The effective date of the Exchange was July 30, 2021. The Exchange affects all stockholders uniformly and will not alter any stockholder's percentage interest in the Company's common stock, except for adjustments that may result from the treatment of fractional shares as follows: (i) no fractional shares will be issued as a result of the Exchange; and (ii) stockholders who would have been entitled to a fractional share as a result of the Exchange will instead receive a cash payment in an amount equal to the fractional share multiplied by the closing price of our common stock the day before the Exchange became effective.

Dividend—On July 29, 2021, the Board of Directors declared a cash dividend of $90.71 per share of Class A and Class B common stock issued and outstanding as of the close of business on July 29, 2021. The aggregate cash dividend of $134.6 million was paid on August 2, 2021.

Modification of Equity Incentive Awards—To reflect the reduction to the Company's enterprise value resulting from the cash dividends of $90.71 per share and $90.66 per share, declared on July 29, 2021 and March 17, 2021, respectively, the Company modified the exercise price of its outstanding stock based awards. As part of the modification, the Company paid a cash settlement totaling $9.0 million to certain award holders in lieu of modifying the exercise price.

In connection with the Merger, the Company modified the vesting terms of its performance-based awards with a market condition granted under the 2017 Plan such that the awards would vest upon the closing of the Merger. Accordingly, at the time of closing, the awards vested and were settled. This modification to the performance-based awards with a market condition resulted in additional stock-based compensation expense recognized upon closing at July 30, 2021.

In addition, the Company modified the vesting terms of the phantom shares granted under the 2017 Plan such that the awards would vest upon the closing of the Merger. Accordingly, at the time of closing, the phantom shares vested and were settled. This modification to the phantom shares resulted in additional stock-based compensation expense recognized upon closing at July 30, 2021.

Equity Incentive Plan—Upon completion of the Merger, the Company's outstanding stock options were assumed by New CCC and settled in cash or became exercisable for shares of New CCC Common Stock under the 2021 Incentive Equity Plan (the "2021 Plan"). The 2021 Plan was adopted by the shareholders of Dragoneer on July 29, 2021. Upon completion of the Merger, the 2017 Plan was cancelled, and no new stock options will be issued.

The purpose of the 2021 Plan is to enable the Company to attract, retain, and motivate employees and consultants of the Company and its subsidiaries by allowing them to become owners of common stock enabling them to benefit directly from the growth, development, and financial successes of the Company.

The 2021 Plan provides the Company with the ability to grant stock-based compensation awards, including without limitation, stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, other stock or cash-based awards and dividend equivalent awards.

Pursuant to the 2021 Plan, at closing on July 30, 2021, the number of shares of common stock that may be subject to stock incentives should not exceed 147,053,215 shares in the aggregate.

Vesting conditions will be determined by the plan administrator and may apply to each award and may include continued service, performance and/or other conditions.

Long-Term Debt—On July 30, 2021, using proceeds from the Merger, the Company made a prepayment of $525.0 million on its First Lien Term Loan. After prepayment, the First Lien Term Loan's outstanding balance was $804.2 million.

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