Table of Contents

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

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2024

or

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

For the transition period from _____ to _____

Commission File Number: 001-38993

HEALTH CATALYST, INC.

(Exact name of registrant as specified in its charter)

Delaware	**45-3337483**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

10897 South River Front Parkway #300
South Jordan, UT 84095
(801) 708-6800
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, par value $0.001 per share	**HCAT**	**The Nasdaq Global Select Market**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the common stock held by non-affiliates of the registrant as of June 30, 2024, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $369.0 million based on the closing price of a share of common stock on June 30, 2024 as reported by the Nasdaq Global Select Market, or Nasdaq, for such date.

As of February 18, 2025, the Registrant had 70,210,651 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates information by reference from the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, in connection with the registrant's 2025 Annual Meeting of Stockholders.

HEALTH CATALYST, INC.
Annual Report on Form 10-K
For the Year Ended December 31, 2024

Table of Contents

		Page
	PART I.	
Item 1.	Business	5
Item 1A.	Risk Factors	25
Item 1B.	Unresolved Staff Comments	58
Item 1C.	Cybersecurity	59
Item 2.	Properties	60
Item 3.	Legal Proceedings	60
Item 4.	Mine Safety Disclosures	60
	PART II.	
Item 5.	Market for Registrant's Common Equity, Related Stockholders Matters, and Issuer Purchases of Equity Securities	61
Item 6.	[Reserved]	62
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	63
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	88
Item 8.	Consolidated Financial Statements and Supplementary Data	91
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	141
Item 9A.	Controls and Procedures	141
Item 9B.	Other Information	141
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	142
	PART III.	
Item 10.	Directors, Executive Officers, and Corporate Governance	142
Item 11.	Executive Compensation	142
Item 12.	Security Ownership of Certain Beneficial Owners and Management, and Related Stockholder Matters	142
Item 13.	Certain Relationships and Related Transactions, and Director Independence	142
Item 14.	Principal Accountant Fees and Services	143
	PART IV.	
Item 15.	Exhibits and Financial Statement Schedules	143
Item 16.	Form 10-K Summary	143
	Signatures	146

In this Annual Report on Form 10-K, unless expressly indicated or the context otherwise requires, references to "we," "our," "us," "Health Catalyst," "the Company," and similar references refer to Health Catalyst, Inc. and its consolidated subsidiaries.

PART I

Special Note Regarding Forward-Looking Statements

As used in this Annual Report on Form 10-K, unless expressly indicated or the context otherwise requires, references to "Health Catalyst," "we," "us," "our," "the Company," and similar references refer to Health Catalyst, Inc. and its consolidated subsidiaries. This Annual Report on Form 10-K, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements are only predictions based on our management's beliefs and assumptions and on information currently available to our management. All statements other than statements of historical facts are "forward-looking statements" for purposes of these provisions including those relating to future events or our future financial performance and financial guidance. These forward-looking statements, which are subject to a number of risks, uncertainties, and assumptions, generally relate to future events or our future financial or operating performance. In some cases, you can identify these statements by forward-looking words such as "believe," "may," "will," "estimate," "continue," "anticipate," "design," "intend," "expect," "could," "plan," "potential," "predict," "seek," "should," "would," "target," "project," or "contemplate," the negative of terms like these or other comparable terminology, and other words or terms of similar meaning in connection with any discussion of expectations, projections, plans, strategy, intentions, or future results of operations or financial performance. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about our:

- ability to attract new clients and retain and expand our relationships with existing clients;
- ability to expand our service offerings, develop new platform features, and rollout and migrate existing DOS clients to our new platform, Health Catalyst Ignite;
- future financial performance, including trends in revenue, costs of revenue, gross margin, operating expenses, and cost structure;
- ability to compete successfully in competitive markets;
- ability to respond to rapid technological changes;
- expectations and management of future growth and strategic changes;
- ability to enter new markets and manage our expansion efforts, particularly internationally;
- ability to attract and retain highly-qualified employees, whom we refer to as team members;
- ability to effectively and efficiently protect our brand;
- ability to timely scale and adapt our infrastructure;
- ability to maintain, protect, and enhance our intellectual property and not infringe upon others' intellectual property;
- ability to successfully identify, acquire, and integrate companies and assets;
- expectations regarding our key financial metrics; and
- expectations regarding the impact of any macroeconomic challenges (including high inflationary and/or high interest rate environments, new tariffs or market volatility and measures taken in response thereto), the tight labor market, and any natural disasters or public health crises, on our business and results of operations.

These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in the section titled "Risk Factors" in this Annual Report on Form 10-K and other documents that may be filed by us from time to time with the Securities and Exchange Commission (the SEC). Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the forward-looking events and circumstances discussed in this Annual Report on Form 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements and you should not place undue reliance on our forward-looking statements.

The forward-looking statements made in this Annual Report on Form 10-K relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect new information or the occurrence of unanticipated events, except as required by law.

Summary of Risk Factors

- We operate in a highly competitive industry, and if we are not able to compete effectively, our business and results of operations will be harmed.
- We may be unable to successfully execute on our growth initiatives, business strategies, or operating plans, as well as cost reduction and restructuring initiatives.
- If we fail to effectively manage our growth and organizational change, our business and results of operations could be harmed.
- Macroeconomic challenges (including high inflationary and/or high interest rate environments, new tariffs, or market volatility and measures taken in response thereto), the tight labor market, and any natural disasters or new public health crises could harm our business, results of operations, and financial condition.
- If we do not continue to innovate and provide services that are useful to clients and users, we may not remain competitive, and our revenue and results of operations could suffer.
- Our business could be adversely affected if our clients are not satisfied with our cloud-based data platform, software analytics applications, and expertise (our Solution).
- If our existing clients do not continue or renew their contracts with us, renew at lower fee levels or decline to purchase additional technology and services from us, it could have a material adverse effect on our business, financial condition, and results of operations.
- Our business and operations may suffer in the event of information technology system failures, cyberattacks, or deficiencies in our cybersecurity.
- Actual or perceived failures to comply with applicable data protection, privacy and security laws, regulations, standards and other requirements could adversely affect our business, results of operations, and financial condition.
- Our Solution is dependent on our ability to source data from third parties, and such third parties could take steps to block our access to data, or increase fees or impose fees for such access, which could impair our ability to provide our Solution, limit the effectiveness of our Solution, or adversely affect our financial condition and results of operations.
- Our results of operations have in the past fluctuated and may continue to fluctuate significantly, and if we fail to meet the expectations of securities analysts or investors, our stock price and the value of an investment in our common stock could decline substantially.
- Our term loan facility exposes us to interest rate risks, contains covenants and other provisions that restrict our ability to take certain actions, and may limit our ability to operate or grow our business in the future.
- Our pricing may change over time and our ability to efficiently price our Solution will affect our results of operations and our ability to attract or retain clients.
- If our Solution fails to provide accurate and timely information, or if our content or any other element of our Solution is associated with faulty clinical decisions or treatment, we could be exposed to litigation, investigations or have liability to clients, clinicians, patients, or others, which could adversely affect our results of operations.
- We rely on third-party providers, including Microsoft Azure, for computing infrastructure, network connectivity, and other technology-related services needed to deliver our Solution. Any disruption in the services provided by such third-party providers could adversely affect our business and subject us to liability.
- We rely on Internet infrastructure, bandwidth providers, data center providers, other third parties, and our own systems for providing our Solution to our users, and any failure or interruption in the services provided by these third parties or our own systems could expose us to litigation, potentially require us to issue credits to our clients, and negatively impact our relationships with users or clients, adversely affecting our brand and our business.
- Failure by our clients to obtain proper permissions and waivers may result in claims against us or may limit or prevent our use of data, which could harm our business.

Item 1. Business

Overview

We are a leading provider of data and analytics technology and services to healthcare organizations. Our Solution comprises our cloud-based data and analytics platform, software applications, and expertise. Our clients, which are primarily healthcare providers, use our Solution to manage their data, derive analytical insights to operate their organization, and produce measurable clinical, financial, and operational improvements. We envision a future where all healthcare decisions are data-informed.

The Health Catalyst Way

Our Mission

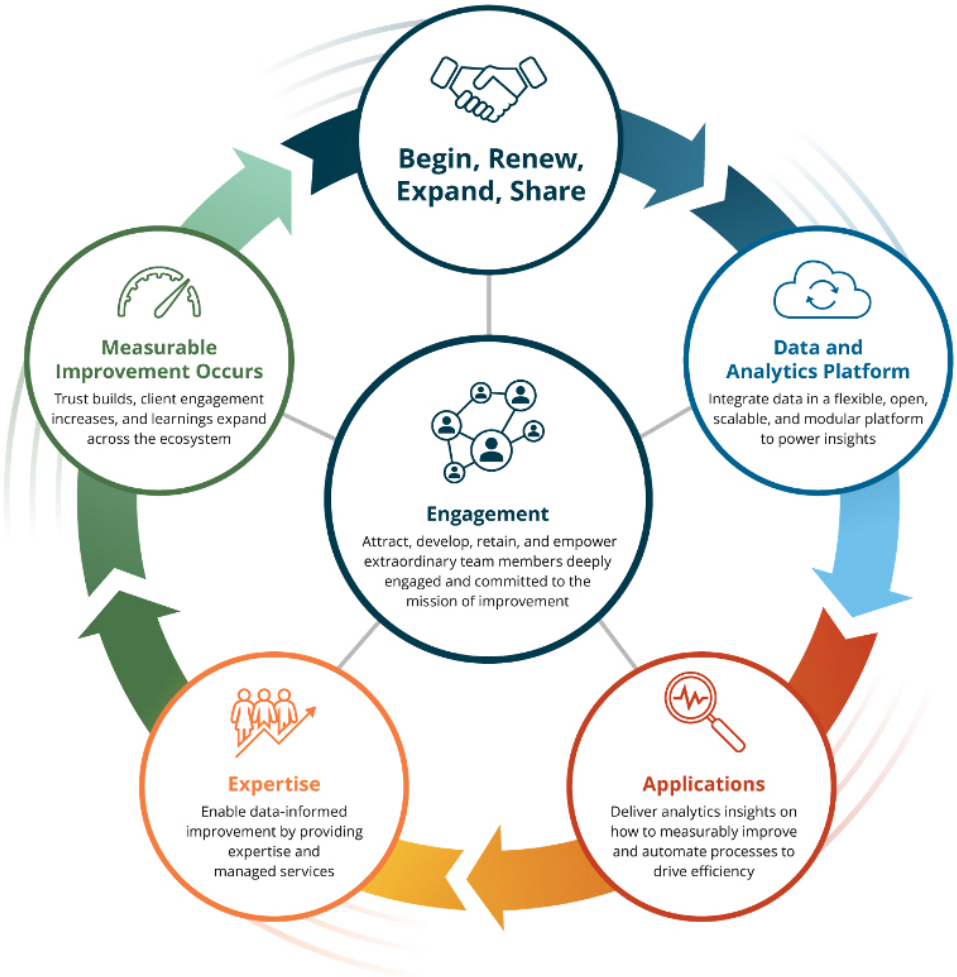
Our **mission** is to be the *catalyst* for massive, measurable, data-informed healthcare improvement. We fulfill our mission through a confluence of the following elements:

- ***Data and Analytics Platform*:** Integrate data in a flexible, open, scalable, and modular platform to power insights;
- ***Applications*:** Deliver analytics insights on how to measurably improve and automate processes to drive efficiency;
- ***Expertise*:** Enable data-informed improvement by providing expertise and managed services;
- ***Measurable Improvement:*** Trust builds, client engagement increases, and learnings expand across the ecosystem; and
- ***Engagement*:** Attract, develop, retain, and empower extraordinary team members deeply engaged and committed to the mission of improvement.

The Health Catalyst Flywheel

We accomplish our mission with each of our clients by following a process and strategy we call the Health Catalyst Flywheel (the Flywheel). This process includes delivering on the three components of our Solution: data and analytics platform, applications, and expertise, which together drive measurable improvements. At the center of the Flywheel is the engagement of our team members. Team member engagement is foundational to everything we do and is the #1 priority of our CEO and broader leadership team. When team members feel connected to our mission and are listened to, cared for, and respected at an extraordinary level, they produce outstanding work, which enables our clients to measurably improve. As clients realize improvements, their trust in Health Catalyst builds, their engagement in our shared work increases, and they choose to renew and expand their relationship with us, while also referring Health Catalyst to key decision-makers at other potential clients. Client renewal, expansion, and referral produce growing, scalable, and predictable financial performance.

The cycle described above creates momentum for our business and is encapsulated in the following diagram:



Given the central importance of team member engagement to our company's long-term success, we have been purposeful in defining and emphasizing operating principles and cultural attributes that reinforce the commitment to our mission and to team member engagement. We consistently focus on our operating principles and cultural attributes, as well as our mission and Flywheel (collectively, the Health Catalyst Way), which we review in all new hire orientations, company-wide meetings, and board of directors' meetings. Furthermore, we regularly measure our team member engagement and adjust our practices based on team member feedback. We have demonstrated an elite, consistent level of team member engagement over time as demonstrated by a 94th to 99th percentile ranking, as measured by Gallup.

We will continue to emphasize the Health Catalyst Way, including our operating principles and cultural attributes, which we believe will be central to our long-term success.

Our Operating Principles

The principles that govern our daily interactions include:

Improvement

- We are deeply committed to enabling our clients to achieve and sustain measurable clinical, financial, and operational improvements
- We nurture deep, long-term client partnerships because achieving and sustaining improvement is a transformational journey (not a quick trip)
- We pragmatically prioritize innovations that accelerate improvement
- We attract, develop, and retain experts who know best practices in their domain, leverage analytics for insight, and accelerate adoption for sustained improvement

Accountability

- We are all accountable to ourselves and to one another to proactively show up every day in support of our company's mission
- We make decisions that balance and optimize the interests of our teammates, clients, patients, and shareholders
- We avoid an entitlement mentality and are good stewards of our assets
- We don't micro-manage and we show trust while also having high expectations of ourselves and of one another

Respect

- We recognize the immeasurable value of every individual
- We listen carefully to one another and learn from each of our colleagues
- We care deeply about our colleagues, including teammates, clients, patients, and shareholders
- We benefit from one another's diverse backgrounds and experiences, and are unified by our company's mission

Transparency

- We are honest and compassionate in our interactions with others and with ourselves, even if the truth is hard
- We strive to live up to the Health Catalyst Way in all settings
- We treat confidential information appropriately, and we protect the private data of our clients' patients
- We recommend the best solutions for our clients, whether or not those solutions come from Health Catalyst

Our Cultural Attributes

The attributes we prioritize in hiring, retention, and promotion include:

Continuous learning

- I can share with and learn from others
- I love to learn, and I am a lifelong student
- I recognize my mistakes and correct them quickly

- I seek and respond favorably to feedback and coaching
- I value my autonomy and use it to gain new knowledge and skills
- I recognize that diversity of perspectives leads to better decisions
- I am self-aware and seek improvement, personally and professionally
- I watch, listen, and learn from others; thank them for their teachings; and apply the teachings to the mastery of my profession; and I do the same for others

Commitment

- I stick to the task until the job is completed
- I recognize that not every part of my job will be fun
- I make personal sacrifices, as needed, to get the work done
- I am willing to contribute more than my fair share to a project
- I have a deep, long-term commitment to healthcare improvement
- I lead a balanced, healthy life that enables me to sustain my pace

Humility

- I listen first
- I serve others without looking for recognition
- My first assumption with others is positive intent
- I often acknowledge others for their contributions
- I am secure in my own abilities (quiet self-confidence)
- I seek to improve myself before trying to improve others
- I am excited when others succeed, and I offer sincere praise
- I empower others to do their best and give proper credit to others
- I frequently express gratitude and appreciation to those around me

Excellence

- I strive for excellence and quality in all aspects of my work; I show up to fulfill my role in the company's mission to the best of my ability
- I recognize the importance of excellence in pursuit of our mission
- I strive to be well informed about events and trends in healthcare, data and analytics, and improvement
- I actively contribute to the company’s pursuit of excellence—in the technology we build, in the services we provide, and in the functions that support this important work
- I recognize and ask for help when I need it

Our Governing Principle: The Golden Rule

Treat others as we would wish to be treated—with kindness, humility, and respect.

Business Overview

Healthcare organizations operate in an environment that is characterized by waste, changing economics, and data complexity. Organizations that leverage analytics to make data-informed decisions will be better positioned to succeed in this environment. Our clients, which are primarily healthcare providers, use our Solution to manage their data, derive analytical insights to operate their organizations, and produce measurable clinical, financial, and operational improvements.

The core elements of our Solution include:

- ***Ignite Data & Analytics Platform.*** Ignite is a healthcare-specific, cloud-based, open, flexible, scalable and self-service ecosystem for analytics, app development and interoperability that provides clients a single comprehensive environment to integrate and organize data from their disparate software systems. Ignite optimizes and adapts industry-agnostic technologies, bridging gaps to ensure that they meet the unique requirements of healthcare data and healthcare organizations. Ignite has amassed large and comprehensive data assets, which enables us to deliver differentiated insights to our clients.

- ***Applications.*** Our software analytics applications are generally built on top of our Ignite platform and are designed to analyze the most common problems our clients face across five focus areas: Clinical Improvement, Revenue & Cost Improvement, Ambulatory Operations, Measures & Registries, and Data & Analytics. These applications enable our clients to pinpoint opportunities for measurable improvement across their entire enterprise and are employed by a broad range of users from healthcare executives to front-line clinicians providing care. Through a combination of internal development and acquisition activity, we built this suite of analytics applications based on thoughtful measurement of the most critical analytics needs faced by our clients. Our applications are further enhanced by a broad range of analytics accelerators, which are pre-built, configurable data models with customizable visualizations that can be tailored to specific client needs.

- ***Expertise.*** Our world-class team consists of both analytics experts, such as data analysts, data engineers, and data scientists, and domain experts, such as healthcare administrators, physicians, and nurses. Our services include data and analytics services, domain expertise, education services, Tech-Enabled Managed Services (TEMS), and implementation services. Our services team members leverage our technology to help our clients shorten time-to-value and achieve sustainable measurable improvements. Examples of the expertise we provide include opportunity analysis and prioritization, data governance, data modeling and analysis, quality and process improvement strategy, cost accounting, data abstraction, and population health strategies. Our approach to integrate data, analytics, and expertise into a holistic Solution is distinctive. Various elements of our Solution have been recognized as industry-leading by multiple third parties, including KLAS.

We have generated over 1,800 documented, client-verified improvements across clinical, financial, and operational domains. Each of these documented improvements is highly valuable to our clients, enabling them to realize substantial clinical improvements, financial savings, or operational efficiencies. As we deliver measurable improvements, trust builds, and our clients engage with us more broadly and refer new business. This is evidenced by a continued increase in improvements achieved by our clients over time. Clients who have recently contracted with us have already started achieving measurable improvements, while longer-standing clients have seen the number of annual improvements meaningfully grow.

We serve the majority of our clients through a subscription-based contract model. As of December 31, 2024, we served 130 Platform Clients (formerly the most similar defined term was DOS Subscription Clients, which we also referred to as Platform Subscription Clients) and over 900 App Clients (formerly the most similar defined term was other clients). Platform Clients are defined as: (i) all Platform Clients as of December 31, 2024 under our historical definition (formerly referred to as DOS Subscription Clients, which we also referred to as Platform Subscription Clients), and (ii) going forward in 2025 and beyond, any client that signs technology contracts with at least $100,000 of incremental total ARR and non-recurring revenue in a given calendar year, inclusive of clients that come through acquisition if we first begin recognizing revenue for the client post-acquisition and that total ARR and non-recurring revenue exceeds $100,000 in that calendar year, so long as such client maintains an active subscription as of the end of the period. The majority of our clients who are not Platform Clients are technology clients resulting from our business acquisitions and typically operate under subscription contracts.

Our clients include academic medical centers, integrated delivery networks, community hospitals, large physician practices, Accountable Care Organizations (ACOs), health information exchanges, health insurers, and other risk-bearing entities. Example clients include Allina Health, AlohaCare, Baylor Scott & White Health, Carle Health, Children's Hospital of Orange County, Community Health Network, Contexture, INTEGRIS Health, Lifepoint Health, Mass General Brigham, MultiCare, Queen's Health System, Temple University Health System, UnityPoint Health, and UPMC.

Our Strengths

Our operational and financial success is based on the following key strengths:

Healthcare-specific, flexible, open, and scalable data platform. Ignite was purpose-built to handle healthcare-specific data management and analytics use cases, including the ingestion of healthcare data sources. By integrating healthcare-specific terminology and standardized data sets with a flexible and adaptable framework, we enable faster and more repeatable analytics. As an open and self-service platform, we support the development of analytics applications on top of Ignite, which can accelerate the adoption and integration of our Ignite platform by our clients. Ignite supports both Health Catalyst solutions as well as client-developed applications, and the flexible ecosystem enables product iteration and deployment at an accelerated pace.

Integrated and comprehensive nature of our Solution creates measurable improvements. Through the delivery of our comprehensive and integrated Solution of data, analytics, and expertise, we enable measurable improvements for our clients. Our Solution has generated over 1,800 documented, client-verified improvements across clinical, financial, and operational domains.

Attractive operating model. We have an attractive operating model due to the recurring nature of the vast majority of our revenue and the modularity and scalability of our Ignite platform and analytics applications. Our recurring revenue subscription model provides a high degree of revenue visibility. The open and flexible nature of Ignite makes it highly scalable, which allows us to deliver additional analytics applications on top of Ignite with limited incremental costs. We expect the benefits of our operating model and cost structure to generate operating leverage in our business.

Unique and differentiated culture focused on team member engagement. Our leadership team's commitment to the team member is central to our long-term success. Our commitment to building and maintaining a culture where team members are highly engaged in our mission directly benefits not only team members, but also our clients and other stakeholders.

The team member experience is the #1 priority of our CEO and other members of our leadership team. On a daily basis, our leadership focuses on the team member experience, by listening carefully to team member feedback and making changes based on this feedback, by erring in favor of the team member, and by working as an advocate for each team member. This focus enables team members to become highly engaged in fulfilling our mission to be the catalyst for massive, measurable, data-informed healthcare improvement.

This deep team member engagement in our mission leads team members to build world-class data and analytics technology and to provide industry-leading expertise. The care that the leadership team shows to team members becomes the same care that team members show to our clients, and through this care and commitment, our clients experience accelerating and measurable improvement, which leads them to renew, expand, and refer. By focusing on the team member experience, our clients realize greater improvements, which leads to a high-growth, predictable business model.

Recognized industry leader by multiple third parties. The strength of our Solution has been recognized by multiple third parties as among the best in the industry. These include KLAS Overall Customer Satisfaction Scores that have often historically been among the highest in the peer group, among others. We recognized early on that healthcare organizations need purpose-built technology products and services to support data-driven insights and have spent more than a decade building and commercializing our healthcare-specific Solution. We invested meaningful time and resources over the last decade to build a comprehensive and differentiated set of products and services for our clients, which is not easily replicated by other healthcare and/or technology companies. Our clients benefit from our technology innovation and expertise which enables them to avoid the significant time, financial resources, and technical proficiency they would need to invest to build similar capabilities in-house. Similarly, the overall complexity and dynamic nature of healthcare require purpose-built products and services to address the challenges our clients face, preventing traditional technology companies from easily leveraging and deploying existing platforms.

Tenured management team with healthcare technology experience. Health Catalyst is led by a team of healthcare and data veterans with many years of combined experience leading digital transformation at health systems. Our founders collaborated for nearly a decade to pioneer and develop a new data warehousing architecture that resolves many of the problems encountered using traditional data warehousing methodologies. The unique combination of talent and experience across healthcare and technology, as well as our management team's commitment to the Health Catalyst Way, underpin everything we do.

Our Growth Strategies

Our growth strategies reflect our mission to be the catalyst for massive, measurable, data-informed healthcare improvement. Our focus on multiple channels, as well as our collaborative company culture, results in high levels of sustainable growth. Our strategic levers to drive growth include:

- ***Grow our overall client base.*** We have a substantial opportunity to continue growing our client base through our active sales and marketing strategy and significant word-of-mouth references. We currently estimate our total core addressable market to include more than 1,200 healthcare organizations, including health systems and risk-bearing entities, as well as other clients such as life science organizations, payers and, with respect to some of our cybersecurity solutions, healthcare technology companies. We believe there is ample room to win new business and deepen market penetration in our core market. Further, healthcare providers outside of the United States face similar challenges to those in the United States and can implement our Solution to address them. We have a presence in Singapore, the UK, Saudi Arabia, and a small number of other countries. We plan to opportunistically pursue entry into and expansion within international markets.

- ***Expand within our current client base.*** We intend to deepen and expand the relationships we have with our existing client base. Our relationship with a new client oftentimes starts through the use of targeted applications and services to pinpoint and achieve a single measurable clinical, financial, or operational improvement. As we deliver measurable improvements, trust builds, and our clients engage with us more broadly and purchase additional applications and services. We strive to achieve Platform Client growth in part through strong client retention and client referrals. Our Dollar-based Retention Rates for Platform Clients has been 100% for each of the years ended December 31, 2024, 2023, and 2022. We will continue to invest in helping clients identify additional uses for our Solution, ensuring they achieve measurable improvements throughout our relationship with them, including through our Tech-Enabled Managed Services (TEMS) offering. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K for more information regarding the definitions of Dollar-based Retention Rate and Platform Clients.

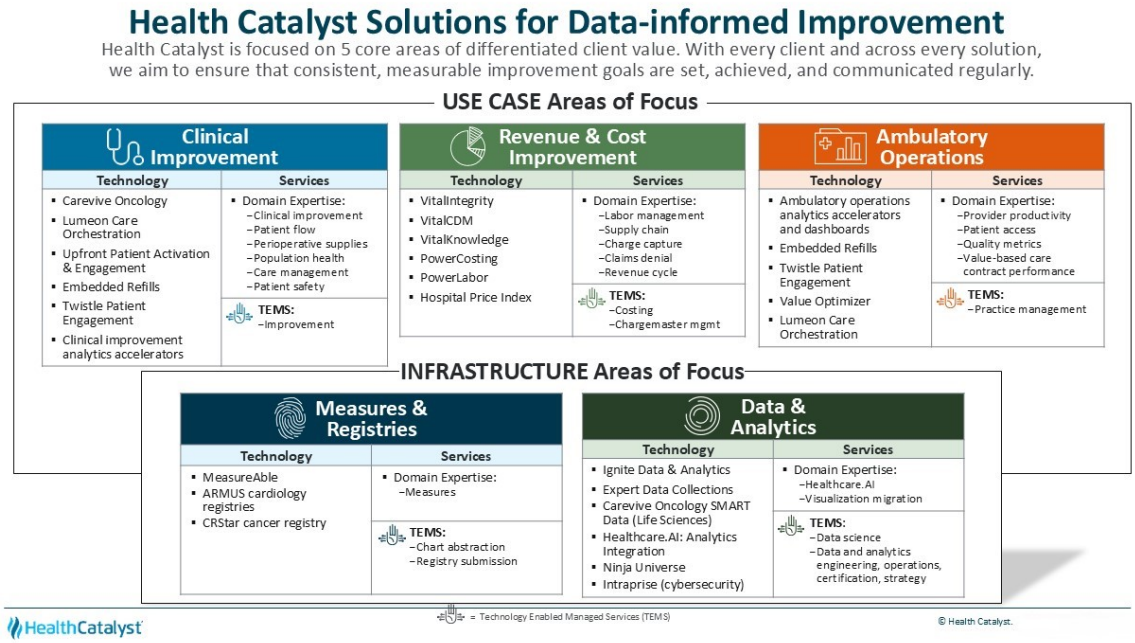
- ***Add new applications and offerings.*** The expansion of our Solution and enhancement of our applications library will accelerate as we deepen our client relationships and add to our dataset. Because our Ignite platform is open and we partner with our clients, we are able to identify new opportunities for further improvements and leverage that insight with other clients across our core market to develop new analytics applications and services offerings. We have used this process to build several new software applications through our history, and we will continue to invest in product development, particularly at the analytics applications layer of our technology stack. Additionally, we have been acquisitive over the last several years at the applications layer, and this acquisition activity has provided additional opportunities to expand our product portfolio.

- ***Grow our addressable market through additional healthcare business segment adjacencies.*** We believe there are significant applications for our Solution outside of our core market, as evidenced by our early efforts to expand into certain international markets and our efforts to expand outside of our core target client of healthcare systems to adjacent markets such as life sciences organizations, health insurance providers, and health information exchanges (HIEs). While we believe there are significant opportunities in our core market, these business segment adjacencies have the potential to significantly grow our addressable market and business over time.

- ***Selectively pursue acquisitions and partnerships.*** While we expect this will be less of a focal area in the near term, we plan to continue evaluating and identifying opportunities where we can leverage our Ignite platform to scale and consolidate both data assets and best-of-breed applications. We believe that competing point solutions vendors will have difficulty growing their offerings into sustainable businesses, which we believe translates into a robust mergers and acquisitions pipeline for us. We have a track record of identifying and integrating new and complementary capabilities, including our acquisitions of Medicity, Able Health, Healthfinch, Vitalware, Twistle, KPI Ninja, ARMUS, ERS, Carevive, Lumeon, and Intraprise. Moreover, we believe the companies we partner with and acquire choose us because of our collaborative, best-in-class culture which we view as a differentiating factor in sourcing acquisitions and partnerships.

Our Solution

Our Solution empowers our clients to run a data-informed business. Our healthcare-specific, open, flexible, scalable, and self-service Ignite Data and Analytics platform, applications, and expertise guide our clients to greater levels of analytics maturity, enabling clinical, financial, and operational improvements. The diagram below illustrates our five core areas of differentiated client value and the offerings within each of those focus areas.



Data and analytics platform - Health Catalyst Ignite™ Data and Analytics

Health Catalyst Ignite is a healthcare-specific, open, flexible, scalable, and self-service data and analytics platform that enables our clients to generate insights across clinical, financial, and operational objectives. It serves as the foundation for data and analytics, enabling clients to extract data from transactional source systems, combine disparate data sets into a unified source of truth, and query the dataset directly. Ignite optimizes and adapts industry-agnostic technologies, bridging gaps to ensure that they meet the unique requirements of healthcare data and organizations.

Ignite has been uniquely designed and purpose-built to handle the complex, ever-evolving nature of healthcare-specific data and analytics. This includes healthcare-specific terminology, data governance, meta-data management, and analytics. By creating healthcare-specific data models to organize industry-specific data, Ignite enables faster and more repeatable analytics and insights. We have developed the capabilities to turn these insights into actions by connecting our analytics into the workflow systems, such as an electronic health record (EHR). Clients may directly access our platform or may indirectly access our platform through use of modular components of Ignite or other parts of our Solution that leverage Ignite.

Differentiating components of Ignite include:

- **Data Management Tools and Functions.**
- **Healthcare source templates.** Library of source starter sets for electronic medical records (EMRs), claims, financial, and operational data sets, enabling our data acquisition team to source healthcare data quickly and efficiently.
- **Integrated job scheduling and monitoring**. Plan and schedule Databricks, Azure Data Factory, API Source, and other source jobs all in one place to populate downstream data marts and dashboards.
- **Data profiling**. Analyze, examine, and summarize client healthcare data to see trends and quality issues; monitor the platform; and watch and report on application and system health within Ignite Data and Analytics.
- **Identity management.** Manage fragmented data across multiple source systems by making mastered patient and provider data broadly accessible from one central location and ingest mastered data from any vendor.

- **Data security:** Sensitive data discovery, security, and access control with activity monitoring.
- **Support and Account Management**
  - **24 x 7 tech support.** Access tech support resources via ticketing system 24 hours a day.
  - **Data management, source marts, and Expert Data Collections (EDCs) support.** Receive routine maintenance for data issues.
  - **Account management.** Access a Program Manager to support onboarding activities, education, collaboration, resourcing, and improvement opportunities.
- **Data Products**
  - **Foundational Expert Data Collections.** Integrate modular data products within key domains (clinical, claims, financial). Designed with out-of-the-box support for an ever-growing library of EMR sources. Can be used as a stand-alone solution or as a set of interoperable data models.
  - **Terminology.** Capitalize on a comprehensive terminology management solution that includes 1) complete, up-to-date code sets for standard terminologies (SNOMED, LOINC, ICD, CPT, etc.) and 2) smart terminology mappings tailored to client's healthcare data that provide normalized content to enhance client's analytic capabilities.
  - **Data quality rules.** Flag basic data quality issues, enabling clients to identify issues upstream and improving time to value with consistent analytics.
- **Self-Service Analytics**
  - **Pop Analyzer.** Enable end users to build population cohorts and run analytics on client's source and normalized data sets.
  - **Data entry.** Load client's files into Ignite Data and Analytics to populate for data mart build and downstream analytics.
  - **Healthcare.AI.** Boosts efficiency with AI-driven support for coding, data exploration, search, and quality. Analytics Integration embeds healthcare-specific insights into existing reports and visualizations.
  - **Visualization tools.** Supports multiple modes of data access. Clients can bring their own Business Intelligence (BI) development and/or AI modeling tools of choice without compromising the user experience.

Applications

We have thoughtfully developed and acquired several scalable applications that enable us to deliver the right data to the right place at the right time. Combining this pioneering technique with our data asset of more than one hundred million patient records, our clients systematically uncover opportunities for actionable interventions. We have organized our applications into robust sets of applications that generate meaningful insights for improvement in key areas: Clinical Improvement, Revenue & Cost Improvement, Ambulatory Operations, Measures & Registries, and Data & Analytics.

Clinical Improvement

- *Patient safety (Patient Safety Monitor).* A trigger-based surveillance system enabled by Ignite. This application monitors patient-level data and applies machine learning algorithms to help clinicians predict whether a patient is currently at risk for a safety event so that the patient's clinicians can intervene as they deem necessary to prevent harm events.
- *EMR embedded Insights (Embedded Refills).* An application that provides embedded medication renewal decision support directly in the EHR workflow, enabling providers and their staff to streamline prescription renewal workflows.
- *Patient engagement (Twistle).* A healthcare patient engagement SaaS technology that, among other uses, helps automate patient-centered, personalized, multi-channel communication between care teams and patients, with the goals of transforming the patient experience, driving better care outcomes, and reducing healthcare costs.

- *Oncology care management and patient engagement (Carevive).* A suite that combines EHR data, electronic patient-reported outcomes (ePROs), and evidence-based guidelines in a single solution that supports capture and sharing of patient data and delivers timely clinical insight and support.

- *Care orchestration (Lumeon).* A platform that delivers personalized care orchestration to help patients navigate their clinical journey. It uses secure, bi-directional data integration and clinical logic to drive patients to the next best clinical action.

- *Clinical accelerators*. Pre-built clinical data models and customizable visualizations that leverage the broad set of integrated data stored within our platform for a specific analytic use case, helping our clients achieve a much faster time-to-value solution compared to building an analytic model from the ground up.

Revenue & Cost Improvement

- *Revenue improvement and chargemaster analytics (VitalCDM).* A revenue workflow optimization and analytics solution that organizes, displays, and manages all chargemaster data within one connected solution, enabling hospital billing departments to operate more transparently, price strategically, and present an accurate bill or claim with consistency.

- *Revenue integrity and auditing (VitalIntegrity).* A comprehensive charge capture solution that efficiently manages hospital charge capture processes, detects compliance issues, and minimizes revenue leakage resulting from under- and over-charging, late or missing coding, mismatched charges and supplies, and a wide range of chargemaster-related issues.

- *Price transparency (Hospital Price Index).* A solution that enables hospitals to address pricing transparency, including complex requirements of the price transparency mandate.

- *Activity-based costing (PowerCosting).* An activity-based costing application that leverages clinical and operational data from our platform to calculate a true cost of clinical processes and patients on the most granular level. Enables CFOs, physicians, service line leaders, and clinical and financial analysts to understand the true cost of providing care and relate those costs to patient outcomes.

- *Labor productivity (PowerLabor).* A labor management solution that allows healthcare decision-makers to predict labor needs, plan for changes in staffing, and optimize staff-to-patient ratios.

Ambulatory Operations

- *Pop health strategy (Value Optimizer).* A solution that provides a comprehensive, quantified view of potential financial improvement opportunities within a value-based care arrangement. These insights help population health leaders optimize their value-based care strategy and make population health efforts profitable.

- *Ambulatory management (Ambulatory Suite).* A solution that includes a comprehensive data model and modular set of data visualizations that work together to provide insights to improve the financial outlook of client ambulatory care practices while increasing the quality of patient care.

Measures & Registries

- *Quality and regulatory measures (MeasureAble).* A foundational product for integrating hundreds of measures across financial, regulatory, and quality departments and reporting those measures to third-party entities like the Centers for Medicare & Medicaid Services (CMS). Enables proactive measures surveillance to enhance outcomes and facilitates monitoring behaviors, interventions, and activities needed to influence, manage, or change outcomes.

- *Cardiology registries (ARMUS Suite).* A cardiology registry solution that combines technology and services offerings, clinical expertise, and customer service—combined with rapid registry development and cloud-based solutions—to provide certified, timely, and comprehensive registry solutions and updates to clients.

- *Cancer registries (CRStar).* A cloud-based cancer registry solution that serves as a knowledge center of actionable insights to help guide key resource and accreditation management, planning, and cancer program growth decisions with an emphasis on quality and research. CRStar provides innovative case-finding, abstracting, data analytics, and informatics capabilities.

Data & Analytics

- *Data and analytics ecosystem (Ignite).* A healthcare-specific, cloud-based, open, flexible, scalable, and self-service ecosystem for analytics, app development, and interoperability that provides clients a single comprehensive environment to integrate and organize data from their disparate software systems. Ignite optimizes and adapts industry-agnostic technologies, bridging gaps to ensure that they meet the unique requirements of healthcare data and healthcare organizations. Ignite has amassed large and comprehensive data assets, which enables us to deliver differentiated insights to our clients.

- *AI (Healthcare.AI).* A suite of real-world, healthcare-specific applications of AI in our solutions, including Generative AI to amplify platform efficiency with generative assistance for coding, exploration, search, and quality; Targeted Patient Communication that uses AI to ensure that patients receive timely, personalized communication, improving care management; AI-Driven Visualization Insights that transform complex data into clear, actionable visual insights; Chart Abstraction Assistance that simplifies the chart abstraction process by providing instant, accurate answers, freeing up time for more complex tasks; and AI Expert Services that offer strategic insights and predictions, helping leaders make better decisions with innovative approaches.

- *Interoperability (Ninja Universe).* A cloud-native platform and a set of applications purpose-built for HIEs. The platform aggregates, normalizes, enriches, and optimizes multi-source, multi-format healthcare data in real time.

- *Cybersecurity (Intraprise).* A cybersecurity platform that revolutionizes how security teams manage risk, transforming scattered data into a cohesive risk register. This powerful platform fosters transparency and accountability, enabling precise risk prioritization. Executives can now dissect complex assessments, make informed trade-off decisions, and uphold stringent compliance standards—all from a single, reliable source of truth.

Services and improvement expertise

We provide a range of high-value-add professional services to help our clients implement and maximize the value of our Solution. Our professional services experts combine industry-leading talent across multiple domain areas with a deep working knowledge of our technology to help our clients achieve a faster time-to-value and drive more meaningful and sustainable measurable improvements. Our expertise can be provided as a supplement to our clients' existing teams or as an outsourced function for our clients. Our team is comprised of over 1,200 analytics experts and domain experts, including several nationally-recognized healthcare and analytics leaders.

Our domain experts provide services across a range of specialties, including:

Infrastructure, data, and analytics expertise:

- *Data engineering services.* Help clients ingest data sources and provide consulting around Ignite best practice and strategy around leveraging new Ignite features.

- *Analytics engineering services.* Partner with clients to generate meaningful insights produced from our technology that lead improvement efforts. Guides best practice and training.

- *Implementation services.* Implement and configure Ignite and analytics applications.

- *Data science services.* Work with client teams to apply scientific methods, processes, algorithms, and systems to ask and answer questions using data. In addition, build software tools to enable self-service capabilities for clients.

- *Analytics strategy services.* Provide agile development workshops, continued data architecture and ETL support, documentation and training, measure reporting efficiency, and prioritization and staff augmentation.

- *Data governance services.* Offer advisory services related to leveraging clients' unique, strategic data assets, managing data access and security, and establishing cross-functional governance structures.

- *Tech-Enabled Managed Services*. Managed services solution that enables healthcare organizations to boost efficiencies, capabilities, and savings—and optimize employee experience—through outsourcing specific functions, such as data abstraction or analytics, to Health Catalyst. In many cases, this solution includes re-badging existing health system team members within the applicable functional area as Health Catalyst team members.

Healthcare domain expertise:

- *Quality and process improvement strategy.* Organizational readiness assessments and opportunity analysis. Clinical pathways, best practices, and protocol implementation. Lean methodology and clinical variation reduction recommendations.

- *Patient safety services.* Transition from voluntary under-reporting to proactive prevention using data-driven triggers.

- *Cost accounting services.* Expert analysis of fine-grain activity-based costing methods and cost-saving improvement opportunities.

- *Population health and value-based care services.* Organizational transformation services to enhance abilities to take on cost risk for patient populations.

- *Abstraction data submission services.* Support in collecting quality and regulatory information and submitting it to various associations.

- *Health Catalyst University - educational services.* Hands-on courses, programs, and customizable training opportunities to provide our clients with knowledge, practical skills, and take-home tools needed to drive improvement efforts.

Our Clients

Our clients comprise academic medical centers, integrated delivery networks, community hospitals, large physician practices, ACOs, health information exchanges, health insurers, life science organizations, healthcare technology vendors, and other risk-bearing entities, among others. Today, we help executives, administrators, clinicians, and technicians in hundreds of hospitals and thousands of clinics. We work closely in collaboration with many key stakeholders including chief executive officers, chief financial officers, chief information officers, chief technology officers, population health teams, and IT teams among others. From our perspective, discussions regarding data and analytics strategy have oftentimes transitioned from a discussion with members of the IT department to an enterprise-wide, strategic discussion with the C-suite and other leadership members. No client represented more than 10% of our total revenue for the years ended December 31, 2024, 2023, and 2022.

Team Members and Culture

We currently employ more than 1,500 team members. Our Gallup team member engagement scores demonstrate that we have good relationships with our team members. None of our team members are subject to collective bargaining agreements or are represented by a union.

Our corporate culture is a critical component of our success. We believe that building and maintaining a remarkable culture benefits our clients, team members, and our other stakeholders. Our culture promotes an environment where team members trust each other, strive to continually learn, are motivated to lead hard-working yet balanced lives, make decisions with integrity and humility in mind, communicate openly and honestly, embrace teamwork and collaboration, and enjoy their days at work. Our team members, who strive to uphold our values and live our mission every day, are at the forefront of cultivating and spreading this culture across the healthcare organizations that we serve. This continuous interaction across the entire Health Catalyst community creates a cycle that further reinforces our culture and fuels our growth.

Our team member engagement scores, as measured by Gallup, have consistently ranked in the 94th to 99th percentile. We engage compensation consultants to enable us to make data-informed decisions with respect to our compensation and benefit packages so we continue to attract and retain top talent. Moreover, we have received numerous awards and recognition for our culture and service to our clients. In total, we have been recognized 110 times as a "best place to work" by Glassdoor, Gallup, and Modern Healthcare, among others. Additionally, we have received multiple awards for client satisfaction and excellence from KLAS, among others. For example, our Chargemaster Management product, a revenue analytics product addition through the Vitalware acquisition, was ranked Best in KLAS for 2019 through 2024. We believe that these honors demonstrate the loyalty of our team members and our clients and that our culture is driving the behaviors that will help fuel our future growth.

Sales and Marketing

We market and sell our services to healthcare organizations primarily in the United States and we opportunistically market and sell in other countries and regions. Our dedicated sales team identifies healthcare organizations that would benefit from our Solution. Our sales team works closely with our subject matter experts to foster long-term relationships with our clients' and sales prospects' leadership teams. In August 2025, we will hold our annual Health Catalyst Analytics Summit (HAS), a client event showcasing best practices for driving improvement using data and analytics in healthcare, industry trends, and Health Catalyst strategy. This event also features our annual Catalyst Awards, highlighting the best examples of healthcare improvement amount our clients.

Research and Development

Our ability to compete depends in large part on our continuous commitment to research and development and our ability to rapidly introduce and refine new applications, technologies, features, and functionality. Our research and development organization is responsible for the design, development, and testing of the technology portion of our Solution. Based on client feedback and needs, we focus our efforts on developing or acquiring new products, functionality, applications, and core technologies and further enhancing the usability, functionality, reliability, performance, and flexibility of our Solution.

Intellectual Property

We rely on a combination of patent, trademark, and copyright laws in the United States as well as confidentiality procedures and contractual provisions to protect our intellectual property and trade secrets, including proprietary technology, databases, and our brand. As of December 31, 2024, we had fourteen issued U.S. patents, four issued Canadian patents, one issued Great Britain patent, and one issued European patent, which expire between 2026 and 2038, as well as one utility patent application pending in the United States. These patents and patent applications seek to protect proprietary inventions relevant to our business. We intend to pursue additional patent protection to the extent we believe it would be beneficial to our business and cost-effective.

We have registered "Health Catalyst" and our flame design logo as trademarks in the United States and certain other jurisdictions. We also have filed other trademark applications that are meaningful to our business in the United States and certain other jurisdictions and will pursue additional trademark registrations to the extent we believe it would be beneficial and cost-effective. We are the registered holder of a variety of domain names that include "Health Catalyst" and similar variations.

We maintain our intellectual property and confidential business information in a number of ways. For instance, we have a policy of requiring all employees and consultants to execute confidentiality agreements upon the commencement of an employment or consulting relationship with us. Our employee agreements also require relevant employees to assign to us all rights to any inventions made or conceived during their employment with us in accordance with applicable law. In addition, we have a policy of requiring individuals and entities with which we discuss potential business relationships to sign non-disclosure agreements. Lastly, our agreements with clients include confidentiality and non-disclosure provisions.

Competition

We have experienced, and expect to continue to experience, intense competition from a number of companies. Our primary competitors are industry-agnostic analytics companies, EHR companies, point solution vendors, and healthcare organizations that perform their own analytics using homegrown solutions. Industry-agnostic analytics companies that help healthcare organizations develop homegrown solutions include IBM, Databricks, Snowflake, Microsoft, Tableau CRM, and Qlik. EHR companies include Oracle Health and Epic Systems. Point solution companies include Optum Analytics, Premier, Arcadia.io, Strata Decision Technology, Craneware, Innovaccer, and Intersystems.

The principal competitive factors in our industry include:

- level of client satisfaction;
- ease of deployment and use of solutions and applications;
- breadth and depth of solution and application functionality;
- access to, and ability to glean insights from, large data sets;
- brand awareness and reputation;
- modern and adaptive technology platform;
- capability for customization, configurability, integration, security, scalability, and reliability of applications;
- total cost of ownership;
- ability to innovate and respond to client needs rapidly;
- size of client base and level of user adoption;
- regulatory compliance verification and functionality;
- domain expertise with respect to healthcare; and
- ability to integrate with legacy enterprise infrastructures and third-party applications.

We believe that we compete favorably with our competitors on the basis of these factors. However, many of our competitors and potential competitors have significantly greater financial, technological, and other resources and name recognition than we do and more established distribution networks and relationships with healthcare providers. As a result, many of these companies may respond more quickly to new or emerging technologies and standards and changes in client requirements. These companies may be able to invest more resources in research and development, strategic acquisitions, sales and marketing, patent prosecution, litigation, and financing capital equipment acquisitions for their clients.

Government Regulation

Our business is subject to extensive, complex, and rapidly changing federal and state laws and regulations, as well as international laws with respect to our international clients. Various federal and state agencies have discretion to issue regulations and interpret and enforce healthcare laws. While we believe we comply in all material respects with applicable healthcare laws and regulations, these regulations can vary significantly from jurisdiction to jurisdiction, and interpretation of existing laws and regulations may change periodically. Federal and state legislatures also may enact various legislative proposals that could materially impact certain aspects of our business. The following are summaries of key federal and state laws and regulations that impact our operations:

Data Privacy and Security Laws

Numerous state, federal, and foreign laws, regulations, and standards govern the collection, use, access to, confidentiality, and security of health-related and other personal information, and could apply now or in the future to our operations or the operations of our partners. In the United States, numerous state and federal laws and regulations, including data breach notification laws, health information privacy and security laws, and consumer protection laws and regulations, govern the collection, use, disclosure, and protection of health-related and other personal information and could apply to our operations or the operations of our clients. In addition, certain foreign laws govern the privacy and security of personal data, including health-related data. Privacy and security laws, regulations, and other obligations are constantly evolving, may conflict with each other to complicate compliance efforts, and can result in investigations, proceedings, or actions that lead to significant civil and/or criminal penalties and restrictions on data processing.

Fraud, waste, and abuse

Even though we do not directly order or provide healthcare services that are reimbursable by Medicare, Medicaid, or other third-party payors or submit claims or receive reimbursement from any such payor, certain federal and state healthcare laws and regulations pertaining to fraud, abuse, and waste apply or may apply to our business and to the financial arrangements through which we market, sell, and provide our services to our healthcare provider clients. These laws and regulations include or may include the following:

- The federal Anti-Kickback Statute makes it illegal for any person to knowingly and willfully solicit, receive, offer, or pay any remuneration (including any kickback, bribe, or rebate), directly or indirectly, overtly or covertly, in cash or in kind, in exchange for, or intended to induce or reward, including arranging for or recommending, either the referral of an individual, or the purchase, lease, order, prescription, or recommendation of any good, facility, item or service for which payment may be made, in whole or in part, under a federal healthcare program, such as the Medicare and Medicaid program. A person or entity does not need to have actual knowledge of the federal Anti-Kickback Statute or specific intent to violate it to have committed a violation.

- The federal civil and criminal false claims laws, such as the federal False Claims Act, and civil monetary penalties laws impose criminal and civil penalties and authorize civil whistleblower or qui tam actions, against individuals or entities for, among other things: knowingly presenting, or causing to be presented, to a federal government healthcare program, claims for payment that are false or fraudulent; making, using or causing to be made or used, a false statement or record material to payment of a false or fraudulent claim or obligation to pay or transmit money or property to the federal government; or knowingly concealing or knowingly and improperly avoiding or decreasing an obligation to pay money to the federal government. The government has prosecuted revenue cycle management service providers for causing the submission of false or fraudulent claims in violation of the False Claims Act. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal False Claims Act. Moreover, private individuals have the ability to bring actions on behalf of the U.S. government under the federal False Claims Act as well as under the false claims laws of several states.

- The Health Insurance Portability and Accountability Act of 1996 (HIPAA) also contains a provision that imposes criminal and civil liability for knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program (including private payors) or obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payor (e.g., public or private) and knowingly and willfully falsifying, concealing or covering up by any trick or device a material fact or making any materially false statements in connection with the delivery of, or payment for, healthcare benefits, items, or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. Similarly, the federal false statements statute prohibits knowingly and willfully falsifying, concealing, or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items, or services.

In addition, many states have similar fraud and abuse statutes and regulations that apply regardless of the payor, including commercial payors and self-pay patients. Violations of federal and state fraud and abuse laws may be punishable by criminal and/or civil sanctions, including significant penalties, fines, disgorgement, additional reporting requirements and oversight under a corporate integrity agreement or similar agreement to resolve allegations of noncompliance with these laws, imprisonment and/or exclusion or suspension from federal and state healthcare programs such as Medicare and Medicaid, and debarment from contracting with the U.S. government.

Corporate practice of medicine and fee-splitting laws

In many states, there are laws that prohibit business entities, such as us, from providing professional medical services or directly employing or otherwise exercising control over professional judgment or medical decisions by physicians or other licensed healthcare professionals (such activities generally referred to as the “corporate practice of medicine”). Corporate practice of medicine regulations and other similar laws may also prevent fee-splitting, or the sharing of professional service income with non-professional or business interests. Overseeing care coordination, care management, or ambulatory operations teams could be alleged in some cases to involve treatment or diagnosis of patients which requires a clinic license or other state license or permission.

Any determination that we are acting in the capacity of a healthcare provider and acting improperly as a healthcare provider, exercising undue influence or control over a healthcare provider or impermissibly sharing fees with a healthcare provider, may result in additional compliance requirements, expense, and liability to us, and require us to change or terminate some portions of our contractual arrangements or business.

Patient safety organization certification and other certification requirements

Our patient safety organization (PSO) is certified by the Agency for Healthcare Research and Quality (AHRQ), an agency of the Department of Health and Human Services (HHS). We must meet certain requirements to maintain this certification. In addition, there may be other federal and state certification requirements that we may be required to meet from time to time in connection with our Solution. We cannot be certain that our Solution will continue to meet these standards. The failure to comply with these certification requirements could result in the loss of certification.

Interoperability Standards. The Office of National Coordinator for Health Information Technology (ONC) is charged under the 21st Century Cures Act with developing a Trusted Exchange Framework that establishes governance requirements for trusted health information exchange in the United States. ONC has developed the U.S. Common Data Set for Interoperability which may lay the groundwork for future data exchange requirements for trusted exchange. ONC continues to modify and refine these standards.

We may incur increased software development and administrative expense and delays in delivering technology and services if we need to update our services to conform to these varying and evolving requirements. In addition, delays in interpreting these standards may result in postponement or cancellation of our clients' decisions to purchase our services. If our services are not compliant with these evolving standards, our market position and sales could be impaired, and we may have to invest significantly in changes to our technology and services.

The 21st Century Cures Act includes provisions related to data interoperability, information blocking, and patient access. CMS and the ONC recently issued final rules related to these provisions, which include, among other things, requirements surrounding information blocking, changes to ONC's Health IT Certification Program, and requirements that CMS-regulated payors make relevant claims/care data and provider directory information available through standardized patient access and provider directory APIs that connect to provider EHRs. Any failure to adequately comply with these rules may adversely impact our business and our ability to compete.

In a regulatory climate that is uncertain, our operations may be subject to direct and indirect adoption, expansion or reinterpretation of various federal and state laws and regulations. Compliance with these amended and/or future laws and regulations may require us to change our practices at an undeterminable and possibly significant initial monetary and annual expense. There could be laws and regulations applicable to our business that we have not identified or that, if changed, may apply to our business operations. Additionally, the introduction of new services may require us to comply with additional, yet undetermined, laws and regulations.

U.S. Food and Drug Administration (FDA)

The FDA regulates certain medical or health-related software, including machine learning functionality and predictive algorithms, if such software falls within the definition of a "medical device" under the Federal Food, Drug, and Cosmetic Act (FDCA). Medical devices are subject to extensive and rigorous regulation by the FDA and by other federal, state, and local authorities. The FDCA and related regulations govern the conditions of safety, efficacy, clearance, approval, manufacturing, quality system requirements, labeling, packaging, distribution, storage, recordkeeping, reporting, marketing, advertising, and promotion of medical devices.

However, historically, the FDA has exercised enforcement discretion for certain low-risk software functions, and has issued several guidance documents outlining its approach to the regulation of software as a medical device. In addition, FDCA excludes certain types of software from the definition of a medical device, including certain medical-related software functions used for administrative support at a healthcare facility, software intended for maintaining or encouraging a healthy lifestyle, software designed to store electronic health records, software for transferring, storing, or displaying medical device data or in vitro diagnostic data, and certain clinical decision support software. We believe our currently marketed products are not currently regulated by the FDA as medical devices, or are otherwise subject to the FDA's current enforcement discretion policies.

FDA premarket clearance and approval requirements - Unless an exemption applies, each medical device commercially distributed in the United States requires either FDA clearance of a 510(k) premarket notification, or approval of a premarket approval application (PMA). Under the FDCA, medical devices are classified into one of three classes—Class I, Class II, or Class III—depending on the degree of risk associated with each medical device and the extent of manufacturer and regulatory control needed to ensure its safety and effectiveness. Class I includes devices with the lowest risk to the patient and are those for which safety and effectiveness can be assured by adherence to the FDA's General Controls for medical devices, which include compliance with the applicable portions of the Quality System Regulation (QSR), facility registration and product listing, reporting of adverse medical events, and truthful and non-misleading labeling, advertising, and promotional materials.

Class II devices are subject to the FDA's General Controls, and special controls as deemed necessary by the FDA to ensure the safety and effectiveness of the device. These special controls can include performance standards, post-market surveillance, patient registries, and FDA guidance documents.

While most Class I devices are exempt from the 510(k) premarket notification requirement, manufacturers of most Class II devices are required to submit to the FDA a premarket notification under Section 510(k) of the FDCA requesting permission to commercially distribute the device. The FDA's permission to commercially distribute a device subject to a 510(k) premarket notification is generally known as 510(k) clearance. Devices deemed by the FDA to pose the greatest risks, such as life-sustaining, life-supporting or some implantable devices, or devices that have a new intended use, or use advanced technology that is not substantially equivalent to that of a legally marketed device, are placed in Class III, requiring approval of a PMA. Some pre-amendment devices are unclassified, but are subject to the FDA's premarket notification and clearance process in order to be commercially distributed.

Post-market regulation - After a device is cleared or approved for marketing, numerous and pervasive regulatory requirements continue to apply. These include:

- establishment registration and device listing with the FDA;
- QSR requirements, which require manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation, and other quality assurance procedures during all aspects of the design and manufacturing process;
- labeling and marketing regulations, which require that promotion is truthful, not misleading, fairly balanced, and provides adequate directions for use and that all claims are substantiated, and also prohibit the promotion of products for unapproved or "off-label" uses and impose other restrictions on labeling;
- clearance or approval of product modifications to 510(k)-cleared devices that could significantly affect safety or effectiveness or that would constitute a major change in intended use of one of our cleared devices;
- medical device reporting regulations, which require that a manufacturer report to the FDA if a device it markets may have caused or contributed to a death or serious injury, or has malfunctioned and the device or a similar device that it markets would be likely to cause or contribute to a death or serious injury, if the malfunction were to recur;
- correction, removal, and recall reporting regulations, which require that manufacturers report to the FDA field corrections and product recalls or removals if undertaken to reduce a risk to health posed by the device or to remedy a violation of the FDCA that may present a risk to health;
- complying with requirements governing Unique Device Identifiers on devices and also requiring the submission of certain information about each device to the FDA's Global Unique Device Identification Database;
- the FDA's recall authority, whereby the agency can order device manufacturers to recall from the market a product that is in violation of governing laws and regulations; and
- post-market surveillance activities and regulations, which apply when deemed by the FDA to be necessary to protect the public health or to provide additional safety and effectiveness data for the device.

Manufacturers of medical device products marketed in the United States are required to comply with the applicable portions of the QSR, which cover the methods and the facilities and controls for the design, manufacture, testing, production, processes, controls, quality assurance, labeling, packaging, distribution, installation, and servicing of finished devices intended for human use. The QSR also requires, among other things, maintenance of a device master file, device history file, and complaint files. Device manufacturers are also subject to periodic scheduled or unscheduled inspections by the FDA. The FDA has broad regulatory compliance and enforcement powers.

If the FDA determines that a company has failed to comply with applicable regulatory requirements, including a determination that medical software products require prior FDA clearance or approval to be legally marketed in the United States, it can take a variety of compliance or enforcement actions, which may result in any of the following sanctions: warning letters, untitled letters, fines, injunctions, consent decrees, and civil penalties; recalls, withdrawals, or administrative detentions or seizure of products; operating restrictions or partial suspension or total shutdown of production; refusing or delaying requests for 510(k) marketing clearance or PMA approvals of new products or modified products; withdrawing 510(k) clearances or PMA approvals that have already been granted; refusal to grant export or import approvals; or criminal prosecution.

Foreign regulations

Our subsidiaries in the United Kingdom, India, Singapore, the United Arab Emirates, and Australia are subject to additional regulations by the governments of the United Kingdom, India, Singapore, the United Arab Emirates, and Australia, respectively, as well as their respective subdivisions. These include federal and local corporation requirements, restrictions on exchange of funds, employment-related laws, and qualification for tax status.

Foreign Corrupt Practices Act (FCPA) and foreign anti-bribery laws. The FCPA makes it illegal for U.S. persons, including U.S. companies, and their subsidiaries, directors, officers, employees, and agents, to promise, authorize or make any corrupt payment, or otherwise provide any item of value, directly or indirectly, to any foreign official or any foreign political party or party official to obtain or retain business. Violations of the FCPA can also result in violations of other U.S. laws, including anti-money laundering, mail and wire fraud, and conspiracy laws. There are severe penalties for violating the FCPA. In addition, the Company may also be subject to other non-U.S. anti-corruption or anti-bribery laws, such as the U.K. Bribery Act 2010.

Export controls. Economic and trade sanctions programs that are administered by OFAC prohibit or restrict transactions to or from, and dealings with specified countries, their governments, and in certain circumstances, with individuals and entities that are specially designated nationals of those countries, and other sanctioned persons, including narcotics traffickers and terrorists or terrorist organizations. Further, federal regulations impose authorization, reporting, and/or licensing requirements prior to the export of certain software that incorporates encryption technology. These requirements may apply to our Solution to the extent that our software with encryption functionality is implemented abroad or is hosted on servers in a foreign country to provide services to clients outside the United States. In addition, various countries also regulate the import of certain encryption technology, including through import permitting and licensing requirements, and have enacted laws that could limit our clients' ability to import our technology into those countries.

Corporate Information

Health Catalyst, Inc. (Health Catalyst) was incorporated under the laws of Delaware in September 2011. We were formerly known as HQC Holdings, Inc. In March 2017, we changed our name to Health Catalyst, Inc. Our principal executive offices are located at 10897 South River Front Parkway #300, South Jordan, Utah 84095, and our telephone number is (855) 309-6800. We completed our initial public offering of shares of our common stock, also referred to as our IPO, in July 2019, and our common stock is listed on Nasdaq under the symbol "HCAT." Our corporate website address is www.healthcatalyst.com. Information contained on or accessible through our website is not part of this Annual Report on Form 10-K.

Human Capital Management

At the center of the Flywheel is the engagement of our team members. Team member engagement is foundational to everything we do and is the #1 priority of our CEO and broader leadership team. When team members feel connected to our mission and are listened to, cared for, and respected at an extraordinary level, they produce outstanding work, which enables our clients to measurably improve. As clients realize improvements, their trust in Health Catalyst builds, their engagement in our shared work increases, and they choose to renew and expand their relationship with us, while also referring Health Catalyst to key decision-makers at other potential clients. Client renewal, expansion, and referral produce growing, scalable, and predictable financial performance.

Our key human capital management objectives include, among others: (i) attracting, developing, and retaining a diverse and talented workforce; (ii) providing opportunities for learning, development, career growth, and movement within Health Catalyst; (iii) evaluating compensation and benefits, and rewarding performance; (iv) investing in physical, emotional, and financial health of team members; (v) obtaining team member feedback; (vi) maintaining and enhancing our culture and mission; and (vii) communicating with our board of directors on a routine basis on key topics. We have implemented and continue to develop many programs designed to achieve these priorities, some of which are further described below.

As of December 31, 2024, we had more than 1,500 team members, the vast majority of whom are located in the United States and approximately 10% of whom are located in India. We have not experienced any work stoppages, and our Gallup scores demonstrate that we have high quality team member relations and engagement. We encourage you to review the Environmental, Social and Governance scorecard found on our website at https://ir.healthcatalyst.com/esg/overview (ESG Website) for more detailed information regarding our human capital programs and initiatives, which we intend to update later this year. The information on our website is not incorporated by reference into this Annual Report on Form 10-K.

Team member engagement

We regularly engage with our team members to assess their job satisfaction, including conducting regular team member surveys and hosting monthly all-team-member meetings in which leadership answers questions from team members. We use information from these sources, among others, to improve our ability to attract, develop, and retain talented team members who will help advance our mission.

Compensation, benefits, and wellness

In addition to market-competitive base pay, short-term bonus incentives, and long-term equity incentives, we provide comprehensive team member benefits and a variety of other health and wellness resources. We are committed to fair compensation and opportunity in our workplace.

Pay equity

We are committed to ensuring our team members receive equal pay for equal work. We establish components and ranges of compensation based on market and benchmark data. Within this context, we strive to pay all employees equitably within a reasonable range, taking into consideration factors such as role; market data; internal equity; job location; relevant experience; and individual, business unit, and company performance, among others. We regularly review our compensation practices and analyze the equity of compensation decisions. We institute measures, such as communications and trainings, to recognize, interrupt, and prevent bias in hiring, performance management, and compensation decisions, and we provide resources to further develop managers and leaders to help them make equitable decisions about pay.

Inclusion and Belonging

We are committed to fostering a culture of inclusion and belonging, and to building a workforce to drive innovation and collective growth, which we believe is critical to our success. These inclusion efforts—spearheaded by our Chief People Officer and our six affinity groups in partnership with hundreds of our team members—focus on inclusion and belonging in our workforce, in our workplace, and in healthcare. We continue to focus on inclusive recruitment and hiring practices to source talent and mitigate potential bias throughout the hiring process. We are committed to legally compliant methods for advancing inclusion and belonging efforts.

Growth and development

We invest significant resources to develop talent and actively foster a learning culture where team members are empowered to drive their personal and professional growth. We offer extensive onboarding and regular training programs to prepare our team members at all levels for career progression and individual development. We also offer annual continuing education reimbursement to allow team members to be continuous learners and seek new challenges.

Flexible work environment

We help our team members succeed by providing flexibility in where and how they work. For many years, we have enabled team members to have flexible work arrangements, including a large percentage of remote team members. We believe these arrangements can increase team member's ownership, satisfaction and productivity, as well as enable us to hire from a broader, more diverse pool of talent. Since the COVID-19 pandemic, we have allowed all team members to work remotely to protect their health, safety, and wellness, and we continue to support our workforce with the technology and infrastructure necessary to work from a remote location, including a work equipment and utilities reimbursement program to help our team members improve their dynamic workspaces.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statement, and all amendments to these filings are available free of charge from our investor relations website (https://ir.healthcatalyst.com/financial-information/sec-filings) as soon as reasonably practicable following our filing with or furnishing to the Securities and Exchange Commission, or the SEC, of any of these reports. The SEC's website (https://www.sec.gov) contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Our investors and others should note that we announce material information to the public about our company, products and services, and other matters related to our company through a variety of means, including our website (https://www.healthcatalyst.com/), our investor relations website (https://ir.healthcatalyst.com/), press releases, SEC filings, public conference calls, and social media, including our and our CEO's social media accounts, in order to achieve broad, non-exclusionary distribution of information to the public and to comply with our disclosure obligations under Regulation FD.

We encourage our investors and others to review the information we make public in these locations as such information could be deemed to be material information. Please note that this list may be updated from time to time. The contents of any website referred to in this Annual Report on Form 10-K are not intended to be incorporated into this Annual Report on Form 10-K or in any other report or document we file.

Item 1A. Risk Factors

You should carefully consider the following risk factors, in addition to the other information contained in this Annual Report on Form 10-K, including the section of this report titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes. If any of the events described in the following risk factors and the risks described elsewhere in this report occurs, our business, operating results and financial condition could be seriously harmed. This Annual Report on Form 10-K also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of factors that are described below and elsewhere in this report.

Risks Related to Our Business and Industry

We operate in a highly competitive industry, and if we are not able to compete effectively, our business and results of operations will be harmed.

The market for healthcare solutions is intensely competitive. We compete across various segments within the healthcare market, including with respect to data analytics and technology platforms, healthcare consulting, care management and coordination, population health management, and health information exchange. Competition in our market involves rapidly changing technologies, evolving regulatory requirements and industry expectations, frequent new product introductions, and changes in client requirements. If we are unable to keep pace with the evolving needs of our clients and continue to develop and introduce new applications and services in a timely and efficient manner, demand for our Solution may be reduced and our business and results of operations will be adversely affected.

We face competition from industry-agnostic analytics companies, electronic health records (EHR) companies, such as Epic Systems and Oracle Health, point solution vendors, and healthcare organizations that perform their own analytics. These competitors include large, well-financed, and technologically sophisticated entities. Some of our current large competitors, such as Optum Analytics and IBM, have greater name recognition, longer operating histories, significantly greater resources than we do, and/or more established distribution networks and relationships with healthcare providers. As a result, our current and potential competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, or client requirements. In addition, current and potential competitors have established, and may in the future establish, cooperative relationships with vendors of complementary products or services to increase the availability of their products or services to the marketplace. Current or future competitors may consolidate to improve the breadth of their products, directly competing with our Solution. Accordingly, new competitors may emerge that have greater market share, larger client bases, greater breadth and volume of data, more widely adopted proprietary technologies, broader offerings, greater marketing expertise, greater financial resources, and larger sales forces than we have, which could put us at a competitive disadvantage.

Further, in light of these advantages, even if our Solution is more effective than the product or service offerings of our competitors, current or potential clients might select competitive products and services in lieu of purchasing our Solution. We face competition from niche vendors, who offer stand-alone products and services, and from existing enterprise vendors, including those currently focused on software products, which have information systems in place with clients in our target markets. These existing enterprise vendors may now, or in the future, offer or promise products or services with less functionality than our Solution, but offer ease of integration with existing systems and that leverage existing vendor relationships. Increased competition is likely to result in pricing pressures, which could negatively impact our sales, profitability, or market share.

Our patient engagement, population health, and care coordination services face competition from a wide variety of market participants. For example, certain health systems have developed their own population health and care coordination systems. If we fail to distinguish our offerings from the other options available to healthcare providers, the demand for and market share of those offerings may decrease.

Changes in the healthcare industry could affect the demand for our Solution, cause our existing contracts to be terminated, and negatively impact the process of negotiating future contracts.

As the healthcare industry evolves, changes in our client and vendor bases may reduce the demand for our Solution, result in the termination of existing contracts or certain services provided under existing contracts, and make it more difficult to negotiate new contracts on terms that are acceptable to us. For example, the increasing market share of EHR companies in data analytic services at hospital systems may cause our existing clients to terminate contracts with us in order to engage EHR companies to provide these services. Similarly, client and vendor consolidation results in fewer, larger entities with increased bargaining power and the ability to demand terms that are unfavorable to us. If these trends continue, we cannot assure you that we will be able to continue to maintain or expand our client base, negotiate contracts with acceptable terms, or maintain our current pricing structure, and our revenue may decrease.

General reductions in expenditures by healthcare organizations, or reductions in such expenditures within market segments that we serve, could have similar impacts with regard to our Solution. Such reductions may result from, among other things, reduced governmental funding for healthcare; a decrease in the number of, or the market exclusivity available to, new drugs coming to market; or adverse changes in business or economic conditions affecting healthcare payors or providers, the pharmaceutical industry, or other healthcare companies that purchase our services (e.g., changes in the design of health plans). In addition, changes in government regulation of the healthcare industry could potentially negatively impact our existing and future contracts. Any of these changes could reduce the purchase of our Solution by such clients, reducing our revenue and possibly requiring us to materially revise our offerings. In addition, our clients' expectations regarding pending or potential industry developments may also affect their budgeting processes and spending plans with respect to our Solution.

Macroeconomic challenges (including high inflationary and/or high interest rate environments, new tariffs, or market volatility and measures taken in response thereto), the tight labor market and any natural disasters or new public health crises could harm our business, results of operations, and financial condition.

Recent macroeconomic challenges (including high inflationary and/or high interest rate environments, new tariffs, or market volatility and measures taken in response thereto), and the tight labor market continue to adversely affect workforces, organizations, governments, clients, economies, and financial markets globally and have disrupted the normal operations of many businesses, including our business. These factors have and could further decrease healthcare industry spending, adversely affect demand for our Solution, cause one or more of our clients to file for bankruptcy protection or go out of business, cause one or more of our clients to fail to renew, terminate, or renegotiate their contracts, impact expected spending from new clients, negatively impact collections of accounts receivable, and harm our business, results of operations, and financial condition.

Further, the sales cycle for a new Platform Client, which we estimate to typically be approximately one year, could lengthen, as we experienced in 2022 and 2023, resulting in a potentially longer delay between increasing operating expenses and the generation of corresponding revenue, if any. While we have limited operating history selling Health Catalyst Ignite, we believe its sales cycle generally may be shorter than DOS. We cannot predict with any certainty whether and to what degree the disruption caused by any natural disasters, new public health crises, the high inflationary environment, rising interest rates, new tariffs, market volatility and measures taken in response thereto, and reactions to any of the foregoing will continue and expect to face difficulty accurately predicting our internal financial forecasts. Further, it is not possible for us to predict the duration or magnitude of the adverse results of natural disasters, new public health crises, and macroeconomic challenges (including high inflationary and/or high interest rate environments, and new tariffs), and their effects on our business, results of operations, or financial condition at this time. Further, market volatility could lead to market-wide liquidity shortages, impair the ability of companies to access near-term working capital needs and create additional market and economic uncertainty. In the event of a failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect our business and financial position.

We may be unable to successfully execute on our growth initiatives, business strategies, or operating plans, as well as cost reduction and restructuring initiatives.

We are continually executing a number of growth initiatives, strategies, and operating plans designed to enhance our business, as well as some cost reduction and restructuring initiatives. We may not be able to successfully complete these growth initiatives, strategies, operating plans, and cost reduction and restructuring initiatives, and realize all of the benefits, including growth targets and cost savings, that we expect to achieve or it may be more costly to do so than we anticipate. For example, the migration of existing clients using our DOS Solution to Health Catalyst Ignite involves risk and may cause disruptions to our Solution, difficulties as clients acclimate to a new platform, or other challenges that could impair our clients' use of our technology, any of which could lead to client dissatisfaction, lower revenue, and non-renewals. Further, costs associated with the transition to Health Catalyst Ignite have and may continue to result in higher cost of technology revenue, which may not decrease over time.

A variety of factors could cause us not to realize some or all of the expected benefits of our growth initiatives, strategies, operating plans or cost reduction and restructuring initiatives. These factors include, among others, delays in the anticipated timing of activities related to such growth initiatives, strategies, operating plans, and cost reduction and restructuring initiatives, increased difficulty and cost in implementing these efforts, including difficulties in complying with new regulatory requirements and the incurrence of other unexpected costs associated with operating the business. For example, on October 31, 2023, our board of directors authorized a reduction of our global workforce as part of a restructuring plan intended to optimize our cost structure and focus our investment of resources in key priority areas to align with strategic changes (2023 Restructuring Plan). The 2023 Restructuring Plan reduced our global workforce by approximately 10% during the fourth quarter of 2023 and the first quarter of 2024. Further, on January 25, 2025, our board of directors authorized another reduction of our global workforce as part of a restructuring plan intended to optimize our cost structure and focus our investment of resources in key priority areas to align with strategic changes (2025 Restructuring Plan). The 2025 Restructuring Plan reduced our global workforce by approximately 4% in the first quarter of 2025 and primarily focused on R&D and professional services.

Any other or future restructuring or cost optimizing efforts may disrupt our operations and performance. As a result, we cannot assure you that we will realize these benefits. If, for any reason, the benefits we realize are less than our estimates or the implementation of these growth initiatives, strategies, operating plans, and cost reduction and restructuring initiatives adversely affect our operations or cost more or take longer to effectuate than we expect, or if our assumptions prove inaccurate, our business, financial condition, and results of operations may be materially adversely affected.

If we fail to provide effective professional services and high-quality client support, our business and reputation would suffer.

Our professional services and high-quality, ongoing client support are important to the successful marketing and sale of our products and services and for the renewal of existing client agreements. Providing these services and support requires that our professional services and support personnel have healthcare, technical, and other knowledge and expertise, making it difficult for us to hire qualified personnel and scale our professional services and support operations. The demand on our client support organization will increase as we expand our business and pursue new clients, and such increased support could require us to devote significant development services and support personnel, which could strain our team and infrastructure and reduce our profit margins.

If we do not help our clients quickly resolve any post-implementation issues and provide effective ongoing client support, our ability to sell additional products and services to existing and future clients could suffer and our reputation would be harmed.

Our sales cycles can be long and unpredictable, and our sales efforts require a considerable investment of time and expense. If our sales cycle lengthens or we invest substantial resources pursuing unsuccessful sales opportunities, our results of operations and growth would be harmed.

Our sales process entails planning discussions with prospective clients, analyzing their existing solutions, and identifying how these potential clients can use and benefit from our Solution. The sales cycle for a new Platform Client, from the time of prospect qualification to the completion of the first sale, we estimate to typically be approximately one year and in some cases has exceeded two years. While we have a limited operating history selling Health Catalyst Ignite, we believe its sales cycle generally may be shorter. We spend substantial time, effort, and money in our sales efforts without any assurance that our efforts will result in the sale of our Solution.

In addition, our sales cycle and timing of sales can vary substantially from client to client because of various factors, including the discretionary nature of potential clients' purchasing and budget decisions, the announcement or planned introduction of new analytics applications or services by us or our competitors, and the purchasing approval processes of potential clients. Further, the sales cycles of certain Solutions with a more limited operating history, such as TEMS, can be more difficult to predict and, at times, longer than our typical sales cycle. If our sales cycle lengthens, as we experienced in 2022 and 2023, or we invest substantial resources pursuing unsuccessful sales opportunities, our results of operations and growth would be harmed.

Our Solution may not operate properly, which could damage our reputation, give rise to claims against us, or divert application of our resources from other purposes, any of which could harm our business and results of operations.

Proprietary software development is time-consuming, expensive, and complex. Unforeseen difficulties can arise. We may encounter technical obstacles, and it is possible that we will discover additional problems that prevent our applications from operating properly. If our systems do not function reliably or fail to meet user or client expectations in terms of performance, clients could assert liability claims against us or attempt to cancel their contracts with us, and users of our software could choose to cease their use of our Solution. This could damage our reputation and impair our ability to attract or retain clients.

Information services as complex as those we offer have, in the past, contained, and may in the future develop or contain, undetected defects, vulnerabilities, or errors. We cannot be assured that material performance problems or defects in our software or software provided by our vendors will not arise in the future. Errors may result from sources beyond our control, including the receipt, entry, or interpretation of patient information; the interface of our software with legacy systems or vendor systems that we did not develop; or errors in data provided by third parties. Despite testing, defects or errors may arise in our existing or new software or service processes following introduction to the market.

Clients rely on our Solution to collect, manage, and report clinical, financial, and operational data, and to provide timely and accurate information regarding medical treatment and care delivery patterns. They may have a greater sensitivity to service errors and security vulnerabilities than clients of software products in general. Clinicians may also refer to our predictive models for care delivery prioritization, and to inform treatment protocols. Limitations of liability and disclaimers that purport to limit our liability for damages related to defects in our software or content which we may include in our subscription and services agreements may not be enforced by a court or other tribunal or otherwise effectively protect us from related claims.

In most cases, we maintain liability insurance coverage, including coverage for errors and omissions. However, it is possible that claims could exceed the amount of our applicable insurance coverage or that this coverage may not continue to be available on acceptable terms or in sufficient amounts.

In light of this, defects, vulnerabilities, and errors and any failure by us to identify and address them could result in loss of revenue or market share; liability to clients, clinicians, their patients, or others; failure to achieve market acceptance or expansion; diversion of development and management resources; delays in the introduction of new services; injury to our reputation; and increased service and maintenance costs.

Defects, vulnerabilities, or errors in our software and service processes might discourage existing or potential clients from purchasing services from us. Correction of defects, vulnerabilities, or errors could prove to be impossible or impractical. The costs incurred in correcting any defects, vulnerabilities, or errors or in responding to resulting claims or liability may be substantial and could adversely affect our results of operations.

If we are not able to maintain and enhance our reputation and brand recognition, our business and results of operations will be harmed.

We believe that maintaining and enhancing our reputation and brand recognition is critical to our relationships with existing clients and to our ability to attract new clients. The promotion of our brands may require us to make substantial investments and we anticipate that, as our market becomes increasingly competitive, these marketing initiatives may become increasingly difficult and expensive. Our marketing activities may not be successful or yield increased revenue, and to the extent that these activities yield increased revenue, the increased revenue may not offset the expenses we incur and our results of operations could be harmed.

In addition, any factor that diminishes our reputation or that of our management, including failing to meet the expectations of our clients, or any adverse publicity surrounding one of our investors or clients, could make it substantially more difficult for us to attract new clients. If we do not successfully maintain and enhance our reputation and brand recognition, our business may not grow and we could lose our relationships with clients, which would harm our business, results of operations, and financial condition.

If we do not continue to innovate and provide services that are useful to clients and users, we may not remain competitive, and our revenue and results of operations could suffer.

The market for healthcare in the United States is in the early stages of structural change and is rapidly evolving, including towards a more value-based care model. Our success depends on our ability to keep pace with technological developments, satisfy increasingly sophisticated client and user requirements, and sustain market acceptance. Our future financial performance will depend in part on growth in this market and on our ability to adapt to emerging demands of this market, including adapting to the ways our clients or users access and use our Solution. Although we have built several new software analytics applications in the last few years, we may not be able to sustain this rate of innovation and/or the new software analytics applications may not meet the evolving needs of our clients. Our competitors are constantly developing products and services that may become more efficient or appealing to our clients or users. As a result, we must continue to invest significant resources in research and development in order to enhance our existing services and applications and introduce new high-quality services and applications that clients will want, while offering our Solution at competitive prices. If we are unable to predict user preferences or industry changes, or if we are unable to maintain and improve our Solution on a timely or cost-effective basis, we may lose clients and users. Our results of operations would also suffer if our innovations are not responsive to the needs of our clients, are not appropriately timed with market opportunity, or are not effectively brought to market, including as the result of delayed releases or releases that are ineffective or have errors or defects. As technology continues to develop, our competitors may be able to offer results that are, or that are perceived to be, substantially similar to, or better than, those generated by our Solution. This may force us to compete on additional service attributes and to expend significant resources in order to remain competitive.

Our business could be adversely affected if our clients are not satisfied with our Solution.

We depend on client satisfaction to succeed with respect to our Solution. Our sales organization is dependent on the quality of our offerings, our business reputation, and the strong recommendations from existing clients. If our Solution does not function reliably or fails to meet client expectations in terms of performance and availability, clients could assert claims against us, terminate their contracts with us or publish negative feedback. This could damage our reputation and impair our ability to attract or retain clients. Furthermore, we provide professional services to clients to support their use of our Solution and to achieve measurable clinical, financial, and operational improvements.

Any failure to maintain high-quality professional services, or a market perception that we do not maintain high-quality professional services, could harm our reputation, adversely affect our ability to sell our Solution to existing and prospective clients, and harm our business, results of operations, and financial condition.

If our existing clients do not continue or renew their contracts with us, renew at lower fee levels, or decline to purchase additional technology and services from us, it could have a material adverse effect on our business, financial condition, and results of operations.

We expect to derive a significant portion of our revenue from the renewal of existing client contracts and sales of additional technology and services to existing clients. As part of our growth strategy, for instance, we have recently focused on expanding our Solution among current clients, including Solutions with a more limited operating history such as TEMS. As a result, selling additional technology and services is critical to our future business, revenue growth, and results of operations. Factors that may affect our ability to sell additional technology and services include, but are not limited to, the following:

- the price, performance, and functionality of our Solution;
- the availability, price, performance, and functionality of competing solutions;
- our ability to develop and sell complementary technology and services;
- the stability, performance, and security of our hosting infrastructure and hosting services;
- our ability to continuously deliver measurable improvements;
- health systems' demand for professional services to augment their internal data analytics function;
- changes in healthcare laws, regulations, or trends;
- the business environment of our clients and, in particular, our clients' financial performance and headcount reductions by our clients; and
- the impact of macroeconomic challenges, including the impact of high inflationary and/or high interest rate environments, new tariffs, market volatility and measures taken in response thereto, the tight labor market, and the impact of any natural disasters or public health emergencies upon our clients.

We generally enter into subscription contracts with our clients for access to our Solution. Many of these contracts have initial terms of one to three years. Most of our clients have no obligation to renew their subscriptions for our Solution after the initial term expires. Although we have long-term contracts with many clients, these contracts may be terminated by the client (generally, subject to providing us with prior notice) before their term expires for convenience or for certain specified reasons, including changes in the regulatory landscape, loss of certain third-party licenses, or breach of our contractual obligations, including poor performance by us in areas that include repeated failures by us to provide specified levels of service over certain performance periods, or dissatisfaction with changes in our Solution, such as the deployment of Health Catalyst Ignite and the migration of existing clients utilizing our DOS Solution to Health Catalyst Ignite. We expect that future contracts will contain similar provisions. If any of our contracts with our clients are terminated, we may not be able to recover all fees due under the terminated contract and we will lose future revenue from that client, which may adversely affect our results of operations.

In addition, our clients may negotiate terms less advantageous to us upon renewal, which may reduce our revenue from these clients. Our future results of operations also depend, in part, on our ability to upgrade and enhance our Solution. If our clients fail to renew their contracts, renew their contracts upon less favorable terms, or at lower fee levels or fail to purchase new technology and services from us, our revenue may decline or our future revenue growth may be constrained.

Our results of operations have in the past fluctuated and may continue to fluctuate significantly, and if we fail to meet the expectations of securities analysts or investors, our stock price and the value of an investment in our common stock could decline substantially.

Our results of operations are likely to fluctuate, and if we fail to meet or exceed the expectations of securities analysts or investors, the trading price of our common stock could decline. Moreover, our stock price may be based on expectations of our future performance that may be unrealistic or that may not be met.

Some of the factors that could cause our financial performance and results of operations to fluctuate from quarter to quarter include:

- the extent to which our Solution achieves or maintains market acceptance;
- our ability to introduce new applications, updates, and enhancements to our existing applications on a timely basis;
- new competitors and the introduction of enhanced products and services from new or existing competitors;
- the length of our contracting and implementation cycles and our fulfillment periods for our Solution;
- the mix of revenue generated from professional services as compared to technology subscriptions;
- the extent to which our clients opt for non-recurring project-based work rather than FTE subscription contracts since non-recurring, project-based fees are less predictable than our recurring services and can drive fluctuations in quarterly professional services revenues and in our new Dollar-based Retention Rate metric and in prior period comparisons;
- clients reducing or eliminating their spend with us in response to macroeconomic factors or otherwise;
- the financial condition of our current and future clients;
- changes in client budgets and procurement policies;
- changes in regulations or marketing strategies;
- the impact of macroeconomic challenges, including the high inflationary and/or high interest rate environments, new tariffs, market volatility and measures taken in response thereto, and public health crises and natural disasters on our clients, partners, and business;
- the amount and timing of our investment in research and development activities;
- the amount and timing of our investment in sales and marketing activities;
- technical difficulties or interruptions to our Solution, including related to updates to our technology or technology migrations, in particular, those related to our migration of DOS clients to Health Catalyst Ignite;
- our ability to hire and retain qualified personnel;
- changes in the regulatory environment related to healthcare;
- regulatory compliance costs;
- the timing, size, and integration success of potential future acquisitions;
- unforeseen legal expenses, including litigation and settlement costs; and
- buying patterns of our clients and the related seasonality impacts on our business.

Many of these factors are not within our control, and the occurrence of one or more of them might cause our results of operations to vary widely. For example, we have experienced, and expect that we will continue to experience, seasonality in the number of new clients that subscribe to our Solution; specifically, new clients (Platform Clients in particular) tend to subscribe to our Solution at higher rates in the second and fourth quarters of the year. Seasonality in our business may cause period-to-period fluctuations in certain of our operating results and financial metrics, and thus limit our ability to predict our future results. As such, we believe that quarter-to-quarter comparisons of our revenue and results of operations may not be meaningful and should not be relied upon as an indication of future performance.

A significant portion of our operating expense is relatively fixed in nature in the short term, and planned expenditures are based in part on expectations regarding future revenue and profitability. Accordingly, unexpected revenue shortfalls, lower-than-expected revenue increases as a result of planned expenditures, and longer-than-expected impact on profitability and margins as a result of planned expenditures may decrease our gross margins and profitability and could cause significant changes in our results of operations from quarter to quarter. In addition, our future quarterly results of operations may fluctuate and may not meet the expectations of securities analysts or investors. If this occurs, the trading price of our common stock could fall substantially, either suddenly or over time.

Our pricing may change over time and our ability to efficiently price our Solution will affect our results of operations and our ability to attract or retain clients.

In the past, we have adjusted our prices as a result of offering new applications and services and client demand. For example, in the fourth quarter of 2018, we began to introduce new pricing for our Solution to new clients and, in 2015, we introduced our subscription model, in each case, the full effect of which we expected would be realized in future years. While we determine our prices based on prior experience, feedback from clients, and other factors and information, our assessments may not be accurate and we could be underpricing or overpricing our Solution, which may require us to continue to adjust our pricing model. Furthermore, as our applications and services change, then we may need to, or choose to, revise our pricing as our prior experience in those areas will be limited. Such changes to our pricing model or our inability to efficiently price our Solution could harm our business, results of operations, and financial condition and impact our ability to predict our future performance.

If our Solution fails to provide accurate and timely information, or if our content or any other element of our Solution is associated with faulty clinical decisions or treatment, we could have liability to clients, clinicians, patients, or others, which could adversely affect our results of operations.

Our Solution may be used by clients to support clinical decision-making by providers and interpret information about patient medical histories, treatment plans, medical conditions, and the use of particular medications. If our Solution is associated with faulty clinical decisions or treatment, then clients or their patients could assert claims against us that could result in substantial costs to us, harm our reputation in the industry, and cause demand for our Solution to decline.

In addition, our analytics services may be used by our clients to inform clinical decision-making, provide access to patient medical histories, and assist in creating patient treatment plans. Therefore, if data analyses are presented incorrectly in our Solution or they are incomplete, or if we make mistakes in the capture or input of these data, adverse consequences, including death, may occur and give rise to product liability, medical malpractice liability, and other claims against us by clients, clinicians, patients, or others. We often have little control over data accuracy, yet a court or government agency may take the position that our storage and display of health information exposes us to personal injury liability or other liability for wrongful delivery or handling of healthcare services or erroneous health information. Our clinical guidelines, algorithms, and protocols may be viewed as providing healthcare professionals with guidance on care management, care coordination, or treatment decisions. If our content, or content we obtain from third parties, contains inaccuracies, or we introduce inaccuracies in the process of implementing third-party content, it is possible that patients, clinicians, consumers, the providers of the third-party content, or others may sue us if they are harmed as a result of such inaccuracies. We cannot assure you that our software development, editorial, and other quality control procedures will be sufficient to ensure that there are no errors or omissions in any particular content or our software or algorithms.

The assertion of such claims and ensuing litigation, regardless of its outcome, could result in substantial cost to us, divert management's attention from operations, damage our reputation, and decrease market acceptance of our Solution. We attempt to limit by contract our liability for damages, have our clients assume responsibility for clinical treatment, diagnoses, medical oversight, and dosing decisions, and require that our clients assume responsibility for medical care and approve key algorithms, clinical guidelines, clinical protocols, content, and data. Despite these precautions, the allocations of responsibility and limitations of liability set forth in our contracts may not be enforceable, be binding upon patients, or otherwise protect us from liability for damages.

Furthermore, general liability and errors and omissions insurance coverage and medical malpractice liability coverage may not continue to be available on acceptable terms or may not be available in sufficient amounts to cover one or more large claims against us. In addition, the insurer might disclaim coverage as to any future claim. One or more large claims could exceed our available insurance coverage. If any of these events occur, they could materially adversely affect our business, financial condition, or results of operations.

Although we carry insurance covering medical malpractice claims in amounts that we believe are appropriate in light of the risks attendant to our business, successful medical liability claims could result in substantial damage awards that exceed the limits of our insurance coverage. In addition, professional liability insurance is expensive and insurance premiums may increase significantly in the future, particularly as we expand our Solution. As a result, adequate professional liability insurance may not be available to our providers or to us in the future at acceptable costs or at all.

Any claims made against us that are not fully covered by insurance could be costly to defend against, result in substantial damage awards against us, and divert the attention of our management and our providers from our operations, which could have a material adverse effect on our business, financial condition, and results of operations. In addition, any claims may adversely affect our business or reputation.

Our increasing reliance on AI and machine learning technologies may expose us to significant risks, including development and deployment challenges, regulatory uncertainties, and potential third-party claims, which could adversely affect our reputation, business, results of operations, and financial condition.

We use AI and generative AI, machine learning, and automated decision-making technologies, including proprietary AI and machine learning algorithms and models, (collectively, AI Technologies) throughout our business, and are making investments in this area.

We expect that increased investment will be required in the future to continuously improve our use of AI Technologies. As with many technological innovations, there are significant risks involved in developing, maintaining, and deploying these technologies and there can be no assurance that the usage of or our investments in such technologies will always enhance our Solution, platform and service offerings or be beneficial to our business, including our efficiency or profitability.

AI Technologies have been known to produce false or "hallucinatory" inferences or outputs and may subject us to new or heightened legal, regulatory, ethical, or other challenges. In particular, if the models underlying our AI Technologies are: incorrectly designed or implemented; trained or reliant on incomplete, flawed, inadequate, inaccurate, biased, or otherwise poor quality data, or on data to which we do not have sufficient rights or in relation to which we and/or the providers of such data have not implemented sufficient legal compliance measures; used without sufficient oversight and governance to ensure their responsible use; and/or adversely impacted by unforeseen defects, technical challenges, cybersecurity threats or material performance issues, any of which may not be easily detectable, the performance of our Solution, and business, as well as our reputation and the reputations of our clients, could suffer or we could incur liability resulting from the violation of laws or contracts to which we are a party or civil claims.

In addition, market acceptance, understanding, and valuation of and consumer perceptions of platforms, products, and programs that incorporate AI Technology is uncertain and the perceived value of our AI Technologies could be inaccurate. For example, inappropriate or controversial data practices by developers and end-users, or other factors adversely affecting public opinion of AI Technologies, could impair the acceptance of such AI Technologies, including those incorporated in our Solution. Our failure to successfully develop AI Technologies and apply AI Technologies to our Solution could depress the market price of our stock and impair our ability to: raise capital; expand our business; provide, improve, and diversify our Solution, platform and service offerings; continue our operations and efficiently manage our operating expenses; and respond effectively to competitive developments.

In addition to our proprietary AI Technologies, we use AI Technologies licensed from third parties, including in our Solution, and our ability to continue to use such third-party AI Technologies at the scale we need may be dependent on access to specific third-party software and infrastructure. We cannot control the availability or pricing of such third-party AI Technologies, especially in a highly competitive environment, and we may be unable to negotiate favorable economic terms with the applicable providers. If any such third-party AI Technologies become incompatible with our Solution and programs or unavailable for use, or if the providers of such models unfavorably change the terms on which their AI Technologies are offered or terminate their relationship with us, our Solution may become less appealing to our clients and our business will be harmed.

In addition, to the extent any third-party AI Technologies are used as a hosted service, any disruption, outage, or loss of information through such hosted services could disrupt our operations or solutions, damage our reputation, cause a loss of confidence in our Solution, or result in legal claims or proceedings, for which we may be unable to recover damages from the affected provider.

Moreover, the regulatory framework for AI Technologies is rapidly evolving as many federal, state, and foreign government bodies and agencies have introduced or are currently considering additional laws and regulations. Additionally, existing laws and regulations may be interpreted in ways that would affect the operation of our AI Technologies. As a result, implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future, and we cannot yet determine the impact future laws, regulations, standards, or market perception of their requirements may have on our business and may not always be able to anticipate how to respond to these laws or regulations.

Already, certain existing legal regimes, such as various U.S. governmental and regulatory agencies relating to data privacy, regulate certain aspects of AI Technologies, and various U.S. states and other foreign jurisdictions are applying, or are considering applying, their platform moderation, cybersecurity, and data protection laws to AI Technologies or are considering general legal frameworks for the regulation of AI Technologies. In the United States, the Trump administration has rescinded an executive order relating to the safe and secure development of AI Technologies that was previously implemented by the Biden administration. The Trump administration then issued a new executive order that, among other things, requires certain agencies to develop and submit to the President action plans to "sustain and enhance America's global AI dominance," and to specifically review rulemaking taken pursuant to the rescinded Biden executive order and, if possible, rescind any such rulemaking to the extent it is consistent with, or presents a barrier to, the Trump administration's new executive order. Thus, the Trump administration may continue to rescind other existing federal orders and/or administrative policies relating to AI Technologies, or may implement new executive orders and/or other rule making relating to AI Technologies in the future. Any such changes at the federal level could require us to expend significant resources to modify our products, services, or operations to ensure compliance or remain competitive. Legislation related to AI Technologies has also been introduced at the federal level and is advancing at the state level. For example, the California Privacy Protection Agency is currently in the process of finalizing regulations under the California Consumer Privacy Act, as amended by the California Privacy Rights Acct (collectively, the CCPA) regarding the use of automated decision-making. California also enacted several new laws in 2024 that further regulate use of AI Technologies and provide consumers with additional protections around companies' use of AI Technologies, such as requiring companies to disclose certain uses of generative AI. Other states have also passed AI-focused legislation, such as Colorado's Artificial Intelligence Act, which will require developers and deployers of "high risk" AI systems to implement certain safeguards against algorithmic discrimination, and Utah's Artificial Intelligence Policy Act, which establishes disclosure requirements and accountability measures for the use of generative AI in certain consumer interactions. Such additional regulations may impact our ability to develop and use AI Technologies in the future.

It is possible that further new laws and regulations will be adopted in the United States and in other non-U.S. jurisdictions, or that existing laws and regulations, including competition and antitrust as well as scope of practice laws, may be interpreted in ways that would limit our ability to use AI Technologies for our business, or require us to change the way we use AI Technologies in a manner that negatively affects the performance of our Solution and business and the way in which we use AI Technologies. We may not be able to anticipate how to respond to these rapidly evolving frameworks, and we may need to expend resources to adjust our Solution, platform and service offerings in certain jurisdictions if the laws, regulations, or decisions are not consistent across jurisdictions. Further, because AI Technology itself is highly complex and rapidly developing, it is not possible to predict all of the legal, operational or technological risks that may arise relating to the use of AI. The cost to comply with such laws, regulations, or decisions and/or guidance interpreting existing laws, could be significant and would increase our operating expenses (such as by imposing additional reporting obligations regarding our use of AI Technologies or limiting our use of AI Technologies to support our care team). Such an increase in operating expenses, as well as any actual or perceived failure to comply with such laws and regulations, could harm our business, results of operations, and financial condition.

Future litigation against us could be costly and time-consuming to defend and could result in additional liabilities.

We may from time to time be subject to legal proceedings and claims that arise in the ordinary course of business, such as claims brought by our clients or vendors in connection with commercial disputes, litigation related to intellectual property, and employment claims made by our current or former employees. Claims may also be asserted by or on behalf of a variety of other parties, including government agencies, patients or vendors of our clients, or stockholders. Any litigation involving us may result in substantial costs, operationally restrict our business, and may divert management's attention and resources, which may seriously harm our business, overall financial condition, and results of operations.

Insurance may not cover existing or future claims, be sufficient to fully compensate us for one or more of such claims, or continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs, thereby reducing our results of operations and resulting in a reduction in the trading price of our stock.

We derive a significant portion of our revenue from our largest clients. The loss, termination, or renegotiation of any contract could negatively impact our results.

Historically, we have relied on a limited number of clients for a significant portion of our total revenue and accounts receivable. Our three largest clients during 2024 comprised 5.5%, 4.4%, and 3.9% of our revenue, or 13.8% in the aggregate. Our three largest clients during 2023 comprised 5.5%, 3.6%, and 3.5% of our revenue, or 12.6% in the aggregate. The sudden loss of any of our largest clients or the renegotiation of any of our largest client contracts could adversely affect our results of operations. In the ordinary course of business, we engage in active discussions and renegotiations with our clients in respect of our Solution and the terms of our client agreements, including our fees.

As our clients' businesses respond to market dynamics and financial pressures, and as our clients make strategic business decisions in respect of the lines of business they pursue and programs in which they participate, we expect that certain of our clients will, from time to time, seek to restructure their agreements with us. In the ordinary course, we renegotiate the terms of our agreements with our clients in connection with renewals or extensions of these agreements. These discussions and future discussions could result in reductions to the fees and changes to the scope of services contemplated by our original client contracts and consequently could negatively impact our revenue, business, and prospects.

Because we rely on a limited number of clients for a significant portion of our revenue, we depend on the creditworthiness of these clients. Our clients are subject to a number of risks including reductions in payment rates from governmental payors, higher than expected healthcare costs, and lack of predictability of financial results when entering new lines of business. If the financial condition of our clients declines, our credit risk could increase. Should one or more of our significant clients declare bankruptcy, be declared insolvent, or otherwise be restricted by state or federal laws or regulation from continuing in some or all of their operations, this could adversely affect our ongoing revenue, the collectability of our accounts receivable, our bad debt reserves and net income.

Because we generally recognize technology and professional services revenue ratably over the term of the contract for our services, a significant downturn in our business may not be reflected immediately in our results of operations, which increases the difficulty of evaluating our future financial performance.

We generally recognize technology and professional services revenue ratably over the term of a contract. As a result, a substantial portion of our revenue is generated from contracts entered into during prior periods. Consequently, a decline in new contracts in any quarter may not affect our results of operations in that quarter but could reduce our revenue in future quarters. Additionally, the timing of renewals or non-renewals of a contract during any quarter may only affect our financial performance in future quarters. For example, the non-renewal of a subscription agreement late in a quarter will have minimal impact on revenue for that quarter but will reduce our revenue in future quarters.

Accordingly, the effect of significant declines in sales may not be reflected in our short-term results of operations, which would make these reported results less indicative of our future financial results. By contrast, a non-renewal occurring early in a quarter may have a significant negative impact on revenue for that quarter and we may not be able to offset a decline in revenue due to non-renewal with revenue from new contracts entered into in the same quarter. In addition, we may be unable to quickly adjust our costs in response to reduced revenue.

If we are unable to implement and maintain effective internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be adversely affected.

As a public company, we are required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act requires that we evaluate and determine the effectiveness of our internal controls over financial reporting. We are also required to provide an annual management report on the effectiveness of our internal control over financial reporting. Many of the internal controls we have implemented pursuant to the Sarbanes-Oxley Act are process controls with respect to which a material weakness may be found whether or not any error has been identified in our reported financial statements. This may be confusing to investors and result in damage to our reputation, which may harm our business.

Additionally, the proper design and assessment of internal controls over financial reporting are subject to varying interpretations, and, as a result, application in practice may evolve over time as new guidance is provided by regulatory and governing bodies and as common practices evolve. This could result in continuing uncertainty regarding the proper design and assessment of internal controls over financial reporting and higher costs necessitated by ongoing revisions to internal controls. We must continue to monitor and assess our internal control over financial reporting.

If in the future we have any material weaknesses, we may not detect errors on a timely basis and our financial statements may be materially misstated. Additionally, if we are unable to comply with the requirements of Section 404 of the Sarbanes-Oxley Act, are unable to assert that our internal controls over financial reporting are effective, identify material weaknesses in our internal controls over financial reporting, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, and the market price of our common stock could be adversely affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

We may acquire other companies or technologies, which could divert our management's attention, result in dilution to our stockholders, and otherwise disrupt our operations and we may have difficulty integrating any such acquisitions successfully or realizing the anticipated benefits therefrom, any of which could have an adverse effect on our business, financial condition, and results of operations.

We expect to continue to seek to acquire or invest in businesses, applications, services, or technologies that we believe could complement or expand our Solution, enhance our technical capabilities, or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating, and pursuing suitable acquisitions, whether or not they are consummated. We have in the past and may in the future have difficulty integrating acquired businesses. Between January 1, 2020 and January 31, 2025, we acquired Able Health, Healthfinch, Vitalware, Twistle, ARMUS, KPI Ninja, ERS, Carevive, Lumeon, Intraprise and Upfront. We may have difficulty cross-selling our Solution to acquired clients, and we may have difficulty integrating, or incur integration-related costs associated with, newly acquired team members.

If we acquire additional businesses, we may not be able to integrate the acquired personnel, operations, and technologies successfully, or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including, but not limited to:

- inability to integrate or benefit from acquired technologies or services in a profitable manner;
- unanticipated costs or liabilities associated with the acquisition;
- difficulty integrating the accounting systems, operations, and personnel of the acquired business;
- difficulties and additional expenses associated with supporting legacy products and hosting infrastructure of the acquired business;
- difficulty converting the clients of the acquired business onto our Ignite platform and contract terms, including disparities in the revenue, licensing, support, or professional services model of the acquired business;
- diversion of management's attention from other business concerns;
- adverse effects on our existing business relationships with business partners and clients as a result of the acquisition;
- the potential loss of key employees;
- use of resources that are needed in other parts of our business; and
- use of substantial portions of our available cash to consummate the acquisition.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. If our acquisitions do not yield expected returns or fair value estimates deteriorate, we may be required to take charges to our results of operations based on this impairment assessment process, which could adversely affect our results of operations.

Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our results of operations. In addition, if an acquired business fails to meet our expectations, our business, financial condition, and results of operations may suffer. Also, the anticipated benefit of any acquisition may not materialize or may be prohibited by contractual obligations we may enter into in the future with lenders or other third parties. Additionally, future acquisitions or dispositions could result in potentially dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, or amortization expenses or write-offs of goodwill, any of which could harm our financial condition. We cannot predict the number, timing, or size of future acquisitions, or the effect that any such transactions might have on our results of operations.

Because competition for our target employees is intense, we may not be able to attract and retain the highly skilled employees we need to support our continued growth.

To continue to execute on our growth and operating plan, we must attract and retain highly qualified personnel, and we may modify our compensation program and practices for our team members. Competition for such personnel is intense, especially for senior sales executives and software engineers with high levels of experience in designing and developing applications and consulting and analytics services. We may not be successful in attracting and retaining qualified personnel, including due to changes to our compensation program or practices. We have from time to time in the past experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. For example, the 2023 Restructuring Plan, the 2025 Restructuring Plan and other restructurings may result in attrition beyond our intended reduction in force or may adversely impact our ability to recruit and hire qualified personnel in the future. In addition, our search for replacements for departed employees may cause uncertainty regarding the future of our business, impact employee hiring and retention, and adversely impact our revenue, results of operations, and financial condition. Many of the companies with which we compete for experienced personnel have greater resources than we have. In addition, in making employment decisions, particularly in the Internet and high-technology industries, job candidates often consider the value of the equity awards they may receive in connection with their employment. Volatility in the price of our stock or failure to obtain stockholder approval for increases in the number of shares available for grant under our equity plans may, therefore, adversely affect our ability to attract or retain key employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects could be severely harmed.

We depend on our senior management team, and the loss of one or more of our executive officers or key employees or an inability to attract and retain highly skilled employees could adversely affect our business.

Our success depends largely upon the continued services of our key executive officers and recruitment of additional highly skilled employees. From time to time, there may be changes in our senior management team resulting from the hiring or departure of executives, which could disrupt our business. Several of our senior leaders are active members of the Church of Jesus Christ of Latter-Day Saints. There is a risk that in the future, one or more of these individuals could receive a call to serve in a full-time capacity for the church, which has already occurred, including with our former Chief Operating Officer, Paul Horstmeier, who stepped down from his role of Chief Operating Officer effective March 31, 2023. Hiring executives with needed skills or the replacement of one or more of our executive officers or other key employees would likely involve significant time and costs and may significantly delay or prevent the achievement of our business objectives. In addition, competition for qualified management in our industry is intense. Many of the companies with which we compete for management personnel have greater financial and other resources than we do. We have not entered into term-based employment agreements with our executive officers.

All of our employees are “at-will” employees, and their employment can be terminated by us or them at any time, for any reason. The departure of key personnel could adversely affect the conduct of our business. In such event, we would be required to hire other personnel to manage and operate our business, and there can be no assurance that we would be able to employ a suitable replacement for the departing individual, or that a replacement could be hired on terms that are favorable to us. In addition, volatility or lack of performance in our stock price may affect our ability to attract replacements should key personnel depart. If we are not able to retain any of our key management personnel, our business could be harmed.

Our corporate culture has contributed to our success, and if we cannot maintain this culture as we grow, we could lose the innovation, creativity, and teamwork fostered by our culture, which could harm our business.

We believe that our corporate culture has been an important contributor to our success, which we believe fosters innovation, teamwork, and passion for providing high levels of client satisfaction. As we continue to grow, we must effectively integrate, develop, and motivate a growing number of new employees. As a result, we may find it difficult to maintain our corporate culture, which could limit our ability to innovate and operate effectively. Any failure to preserve our culture could also negatively affect our ability to retain and recruit personnel, maintain our performance, or execute on our business strategy.

If we fail to effectively manage our growth and organizational change, our business and results of operations could be harmed.

We have experienced, and may continue to experience, rapid growth and organizational change, which has placed, and may continue to place, significant demands on our management, operational, and financial resources. In addition, if we fail to successfully integrate new team members or fail to effectively manage organizational changes, it could harm our culture, business, financial condition and results of operations. For example, the expense reduction measures taken in connection with the 2023 Restructuring Plan or 2025 Restructuring Plan may result in unintended consequences and costs, including costs associated with attrition beyond our intended reduction in force, a decrease in morale among team members following the completion of the 2023 Restructuring Plan or 2025 Restructuring Plan, adverse impacts in our ability to recruit and hire qualified personnel in the future, and the loss of institutional knowledge and expertise, which could result in losses in future periods or otherwise prevent us from realizing, in full or in part, the anticipated benefits and savings from the 2023 Restructuring Plan or 2025 Restructuring Plan. In addition, we must continue to maintain, and may need to enhance, our information technology infrastructure and financial and accounting systems and controls, as well as manage expanded operations in geographically distributed locations, which may include offshore and near shore, which will place additional demands on our resources and operations. We also must attract, train, and retain a significant number of qualified sales and marketing personnel, professional services personnel, software engineers, technical personnel, service offering personnel, and management personnel. At times, this will require us to invest in and commit significant financial, operational, and management resources to grow and change in these areas without undermining the corporate culture that has been critical to our growth so far. If we do not achieve the benefits anticipated from these investments or organizational changes, or if the realization of these benefits is delayed, our results of operations may be adversely affected. If we fail to provide effective client training on our Solution and high-quality client support, our business and reputation could suffer.

Failure to effectively manage our growth or organizational changes could lead us to over-invest or under-invest in technology and operations; result in weaknesses in our infrastructure, systems, or controls; give rise to operational mistakes, losses, or loss of productivity or business opportunities; reduce client or user satisfaction; limit our ability to respond to competitive pressures; and result in loss of team members and reduced productivity of remaining team members. Our growth or organizational changes could require significant capital expenditures and may divert financial resources and management attention from other projects, such as the development of new or enhanced services or the acquisition of suitable businesses or technologies. If our management is unable to effectively manage our growth or organizational changes, our expenses may increase more than expected, cost savings may not be realized, our revenue could decline or may grow more slowly than expected, and we may be unable to implement our business strategy, and may adversely affect our business, financial condition and results of operations.

We may not grow at the rates we historically have achieved or at all, even if our key metrics may indicate growth.

We have experienced periods of significant growth, including in the last five years. At times, our growth has moderated. Future revenue may not grow at the same rates experienced during times of significant growth or may decline. Further, revenue opportunities that include portions of our Solution with less operating history could cause our growth to become less predictable and/or choppier relative to prior periods. Our future growth will depend, in part, on our ability to grow our revenue from existing clients, to complete sales to potential future clients, to expand our client and member bases, to prevent churn of existing clients, and to develop new solutions, as well as our ability to acquire other companies, as we have done from time to time in the past. Our future growth may also be driven by expansion into adjacent markets and/or international expansion. We can provide no assurances that we will be successful in executing on these growth strategies or that we will continue to grow our revenue or to generate net income. Our historical results may not be indicative of future performance.

Our ability to execute on our existing sales pipeline, create additional sales pipelines, and expand our client base depends on, among other things, the attractiveness of our Solution relative to those offered by our competitors, our ability to demonstrate the value of our existing and future services, and our ability to attract and retain a sufficient number of qualified sales and marketing leadership and support personnel. In addition, our existing clients may be slower to adopt our Solution than we currently anticipate, which could adversely affect our results of operations and growth prospects.

Our estimates of market opportunity and forecasts of market growth may prove to be inaccurate, and even if the markets in which we compete achieve the forecasted growth, our business may not grow at similar rates, or at all.

Our market opportunity estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates which may not prove to be accurate. The estimates and forecasts relating to the size and expected growth of our target market may prove to be inaccurate. Even if the markets in which we compete meet the size estimates and growth forecasts, our business may not grow at similar rates, or at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties.

Risks Related to Data and Intellectual Property

Failure by our clients to obtain proper permissions and waivers may result in claims against us or may limit or prevent our use of data, which could harm our business.

We require our clients to provide necessary notices and to obtain necessary permissions and waivers for use and disclosure of the information that we receive, and we require contractual assurances from them that they have done so and will do so. If they do not obtain necessary permissions and waivers, then our use and disclosure of information that we receive from them or on their behalf may be restricted or prohibited by state, federal, or international privacy or data protection laws, or other related privacy and data protection laws. This could impair our functions, processes, and databases that reflect, contain, or are based upon such data and may prevent the use of such data, including our ability to provide such data to third parties that are incorporated into our service offerings.

Furthermore, this may cause us to breach obligations to third parties to whom we may provide such data, such as third-party service or technology providers that are incorporated into our service offerings. In addition, this could interfere with or prevent data sourcing, data analyses, or limit other data-driven activities that benefit us. Moreover, we may be subject to claims, civil and/or criminal liability or government or state attorneys general investigations for use or disclosure of information by reason of lack of valid notice, permission, or waiver. These claims, liabilities or government or state attorneys general investigations could subject us to unexpected costs and adversely affect our financial condition and results of operations.

Our business and operations may suffer in the event of information technology system failures, cyberattacks, or deficiencies in our cybersecurity.

Our Solution involves the storage and transmission of our clients' proprietary information, including personal or identifying information regarding patients and their protected health information (PHI). Despite the implementation of security measures, our information technology systems and those of our clients, contractors, consultants, and collaborators are vulnerable to attack, damage and interruption from cyberattacks, "phishing" attacks, computer viruses and malware (e.g., ransomware), natural disasters, terrorism, war, telecommunication and electrical failures, employee theft or misuse, human error, fraud, denial or degradation of service attacks, sophisticated nation-state and nation-state-supported actors or unauthorized access or use by persons inside our organization, or persons with access to systems inside our organization. Attacks upon information technology systems are increasing in their frequency, levels of persistence, sophistication, and intensity, and are being conducted by sophisticated and organized groups and individuals with a wide range of motives and expertise.

We may also face increased cybersecurity risks due to our reliance on internet technology and the number of our employees who are working remotely, which may create additional opportunities for cybercriminals to exploit vulnerabilities. Further, political and international uncertainty, competition and disputes, including the war involving Russia and Ukraine, could create tension that results in cyber-attacks or cybersecurity incidents that could either directly or indirectly impact our operations. Because the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. We may also experience security breaches that may remain undetected for an extended period.

Moreover, the detection, prevention, and remediation of known or unknown security vulnerabilities, including those arising from third-party hardware or software, may result in additional direct or indirect costs and management time. Even if identified, we may be unable to adequately investigate or remediate incidents or breaches due to attackers increasingly using tools and techniques that are designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence.

As a result, unauthorized access or security breaches as a result of third-party action, employee error, malfeasance, or otherwise could result in the loss or inappropriate use of information, litigation, indemnity obligations, damage to our reputation, and other liability such as government or state Attorney General investigations.

We and certain of our service providers are from time to time subject to cyberattacks and security incidents. While we do not believe that we have experienced any significant system failure, accident, or security breach to date, if such an event were to occur and cause interruptions in our operations, it could adversely affect our ability to attract new clients, cause existing clients to elect to not renew their subscriptions, result in reputational damage, or subject us to third-party lawsuits, regulatory fines, mandatory disclosures, or other action or liability, which could adversely affect our results of operations.

Our general liability insurance may not be adequate to cover all potential claims to which we are exposed and may not be adequate to indemnify us for liability that may be imposed or the losses associated with such events, and in any case, such insurance may not cover all of the specific costs, expenses, and losses we could incur in responding to and remediating a security breach. A security breach of another significant provider of cloud-based solutions may also negatively impact the demand for our Solution.

Our Solution is dependent on our ability to source data from third parties, and such third parties could take steps to block our access to data, or increase fees or impose fees for such access, which could impair our ability to provide our Solution, limit the effectiveness of our Solution, or adversely affect our financial condition and results of operations.

Our data platform requires us to source data from multiple clinical, financial, and operational data sources, which sources are also typically third-party vendors of our clients. The functioning of our analytics applications and our ability to perform analytics services is predicated on our ability to establish interfaces that download the relevant data from these source systems on a repeated basis and in a reliable manner. We may encounter vendors that engage in information blocking practices that may inhibit our ability to access the relevant data on behalf of clients or impose new or additional costs.

In 2020, the U.S. Department of Health and Human Services' Office of the National Coordinator for Health Information Technology (ONC) and the Centers for Medicare and Medicaid Services promulgated final rules to support access, exchange, and use of electronic health information (EHI), referred to as the Final Rule. The Final Rule is intended to clarify provisions of the 21st Century Cures Act regarding interoperability and information blocking, and, subject to the interpretations of the Final Rule, and exceptions to what constitutes information blocking, may create significant new requirements for healthcare industry participants. The Final Rule requires certain electronic health record technology to incorporate standardized application programming interfaces to allow individuals to securely and easily access structured EHI using smartphone applications, provides patients with certain rights to electronic access to their EHI (structured and/or unstructured) at no cost and implements the information blocking provisions of the 21st Century Cures Act, subject to eight exceptions that will not be considered information blocking as long as specific conditions are met. In April 2023, the ONC issued a notice of proposed rulemaking that would modify certain components of the Final Rule, including modifying and expanding certain exceptions to the information blocking regulations, which are intended to support information sharing. The impact of the Final Rule on our business is unclear at this time, due to, among other things, uncertainty regarding the interpretation of safe harbors and exceptions to the Final Rule by industry participants and regulators.

The Final Rule focuses on health plans, payors, and healthcare providers and proposes measures to enable patients to move from health plan to health plan, provider to provider, and have both their clinical and administrative information travel with them. It is unclear whether the Final Rule may benefit us in that certain EHR vendors will no longer be permitted to interfere with our attempts at integration, but the rules may also make it easier for other similar companies to enter the market, creating increased competition, and reducing our market share. It is unclear at this time what the costs of compliance with the proposed rules, if adopted, would be, and what additional risks there may be to our business. If we face limitations on the development of data interfaces and other information blocking practices, including the imposition of increased fees, our data access and ability to download relevant data may be limited, which could adversely affect our ability to provide our Solution as effectively as possible. Any steps we take to enforce the anti-information blocking provisions of the 21st Century Cures Act could be costly, could distract management attention from the business, and could have uncertain results.

We rely on third-party providers, including Microsoft Azure, for computing infrastructure, network connectivity, and other technology-related services needed to deliver our Solution. Any disruption in the services provided by such third-party providers could adversely affect our business and subject us to liability.

Our Solution is generally hosted from and uses computing infrastructure provided by third parties, including Microsoft Azure and other computing infrastructure service providers. We have migrated and expect to continue to migrate a significant portion of our DOS and analytics application computing infrastructure needs to Microsoft Azure. We have made and expect to continue to make substantial investments in transitioning DOS clients from our own managed data center to Microsoft Azure and the migration of clients to the next iteration of our DOS platform. This transition has increased and we anticipate it will continue to increase the cost of hosting our technology and negatively impact our technology gross margin. Such migrations are risky and may cause disruptions to our Solution, service outages, downtime, or other problems and may increase our costs. Despite precautions taken during such transitions, any unsuccessful transition of technology may impair clients' use of our technology which may cause greater costs or downtime and which may lead to, among other things, client dissatisfaction and non-renewals.

Our computing infrastructure service providers have no obligation to renew their agreements with us on commercially reasonable terms or at all. If we are unable to renew these agreements on commercially reasonable terms, or if one of our computing infrastructure service providers is acquired, we may be required to transition to a new provider and we may incur significant costs and possible service interruption in connection with doing so. Problems faced by our computing infrastructure service providers, including those operated by Microsoft, could adversely affect the experience of our clients. Microsoft Azure and other infrastructure vendors have had and may in the future experience significant service outages. Additionally, if our computing infrastructure service providers are unable to keep up with our growing needs for capacity, this could have an adverse effect on our business. For example, a rapid expansion of our business could affect our service levels or cause our third-party hosted systems to fail. Our agreements with third-party computing infrastructure service providers may not entitle us to service level credits that correspond with those we offer to our clients.

Any changes in third-party service levels at our computing infrastructure service providers, or any related disruptions or performance problems with our Solution, could adversely affect our reputation and may damage our clients' data, information and/or stored files, result in lengthy interruptions in our services, or result in potential losses of client data. Interruptions in our services might reduce our revenue, cause us to issue refunds to clients for prepaid and unused subscriptions, subject us to service level credit claims and potential liability, allow our clients to terminate their contracts with us, or adversely affect our renewal rates.

We rely on Internet infrastructure, bandwidth providers, data center providers, other third parties, and our own systems for providing our Solution to our users, and any failure or interruption in the services provided by these third parties or our own systems could expose us to litigation, potentially require us to issue credits to our clients, and negatively impact our relationships with users or clients, adversely affecting our brand and our business.

In addition to the services we provide from our offices, we serve our clients primarily from third-party data-hosting facilities. These facilities are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures, and similar events. They are also subject to break-ins, sabotage, intentional acts of vandalism, and similar misconduct.

Their systems and servers could also be subject to hacking, spamming, ransomware, computer viruses or other malicious software, denial of service attacks, service disruptions, including the inability to process certain transactions, phishing attacks, and unauthorized access attempts, including third parties gaining access to users' accounts using stolen or inferred credentials or other means, and may use such access to prevent use of users' accounts.

Despite precautions taken at these facilities, the occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice, or other unanticipated problems at two or more of the facilities could result in lengthy interruptions in our services. Even with our disaster recovery arrangements, our Solution could be interrupted.

Our ability to deliver our Internet- and telecommunications-based services is dependent on the development and maintenance of the infrastructure of the Internet and other telecommunications services by third parties. This includes maintenance of a reliable network backbone with the necessary speed, data capacity, and security for providing reliable Internet access and services and reliable mobile device, telephone, facsimile, and pager systems, all at a predictable and reasonable cost. We have experienced and expect that we will experience interruptions and delays in services and availability of our Solution from time to time.

We rely on internal systems as well as third-party vendors, including data center, bandwidth, and telecommunications equipment or service providers, to provide our Solution. We do not maintain redundant systems or facilities for portions of our Solution. In the event of a catastrophic event with respect to one or more of these systems or facilities, we may experience an extended period of system unavailability, which could negatively impact our relationship with users or clients. To operate without interruption, both we and our service providers must guard against:

- damage from fire, power loss, and other natural disasters;
- communications failures;
- software and hardware errors, failures, and crashes;
- security breaches, computer viruses, ransomware, and similar disruptive problems; and
- other potential interruptions.

Any disruption in the network access, telecommunications, or co-location services provided by these third-party providers or any failure of or by these third-party providers or our own systems to handle the current or higher volume of use could significantly harm our ability to deliver our Solution and our business. We exercise limited control over these third-party vendors, which increases our vulnerability to problems with the services they provide.

Any errors, failures, interruptions, or delays experienced in connection with these third-party technologies and information services or our own systems could negatively impact our relationships with users and clients, adversely affect our brands and business, and expose us to third-party liabilities. The insurance coverage under our policies may not be adequate to compensate us for all losses that may occur. In addition, we cannot provide assurance that we will continue to be able to obtain adequate insurance coverage at an acceptable cost.

The reliability and performance of the Internet may be harmed by increased usage or by denial-of-service attacks. The Internet has experienced a variety of outages and other delays as a result of damages to portions of its infrastructure, and it could face outages and delays in the future. These outages and delays could reduce the level of Internet usage as well as the availability of the Internet to us for delivery of our Internet-based services. We typically provide service level commitments under our client contracts. If we fail to meet these contractual commitments, we could be obligated to provide credits or refunds for prepaid amounts related to unused subscription services or face contract terminations, which could adversely affect our results of operations. Finally, recent changes in law could impact the cost and availability of necessary Internet infrastructure. Increased costs and/or decreased availability would negatively affect our results of operations.

Our business could be adversely impacted by changes in laws and regulations related to the Internet or changes in access to the Internet generally.

The future success of our business depends upon the continued use of the Internet as a primary medium for communication, business applications, and commerce. Federal or state government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the Internet as a commercial medium. Legislators, regulators, or government bodies or agencies may also make legal or regulatory changes or interpret or apply existing laws or regulations that relate to the use of the Internet in new and materially different ways. Changes in these laws, regulations, or interpretations could require us to modify our Solution in order to comply with these changes, to incur substantial additional costs or divert resources that could otherwise be deployed to grow our business, or expose us to unanticipated civil or criminal liability, among other things. In addition, government agencies and private organizations have imposed, and may in the future impose, additional taxes, fees, or other charges for accessing the Internet or commerce conducted via the Internet. Internet access is frequently provided by companies that have significant market power and could take actions that degrade, disrupt, or increase the cost of our clients' use of our Solution, which could negatively impact our business. Net neutrality rules, which were designed to ensure that all online content is treated the same by Internet service providers and other companies that provide broadband services were repealed by the Federal Communications Commission effective June 2018. The repeal of the net neutrality rules could force us to incur greater operating expenses or our clients' use of our Solution could be adversely affected, either of which could harm our business and results of operations.

These developments could limit the growth of Internet-related commerce or communications generally or result in reductions in the demand for Internet-based platforms and services such as ours, increased costs to us or the disruption of our business. In addition, as the Internet continues to experience growth in the numbers of users, frequency of use, and amount of data transmitted, the use of the Internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of Internet activity, security, reliability, cost, ease-of-use, accessibility, and quality of service. The performance of the Internet and its acceptance as a business tool has been adversely affected by "viruses," "worms," and similar malicious programs and the Internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the Internet generally, or our Solution specifically, is adversely affected by these or other issues, we could be forced to incur substantial costs, demand for our Solution could decline, and our results of operations and financial condition could be harmed.

Our Solution utilizes open-source software, and any failure to comply with the terms of one or more of these open-source licenses could adversely affect our business.

We use software modules licensed to us by third-party authors under "open-source" licenses in our Solution. Some open-source licenses contain affirmative obligations or restrictive terms that could adversely impact our business, such as restrictions on commercialization or obligations to make available modified or derivative works of certain open-source code. If we were to combine our proprietary software with certain open-source software subject to these licenses in a certain manner, we could, under certain open-source licenses, be required to release or otherwise make available the source code to our proprietary software to the public. This would allow our competitors to create similar products with lower development effort and time and ultimately could result in a loss of product sales for us. Although we employ practices designed to manage our compliance with open-source licenses and protect our proprietary source code, we may inadvertently use open-source software in a manner we do not intend and that could expose us to claims for breach of contract and intellectual property infringement. If we are held to have breached the terms of an open-source software license, we could be required to, among other things, seek licenses from third parties to continue offering our products on terms that are not economically feasible, pay damages to third parties, to re-engineer our products, to discontinue the sale of our products if re-engineering cannot be accomplished on a timely basis, or to make generally available, in source code form, a portion of our proprietary code, any of which could adversely affect our business, results of operations, and financial condition. The terms of many open-source licenses have not been interpreted by U.S. courts, and, as a result, there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to commercialize our Solution.

We employ third-party licensed software and software components for use in or with our Solution, and the inability to maintain these licenses or the presence of errors in the software we license could limit the functionality of our Solution and result in increased costs or reduced service levels, which would adversely affect our business.

Our software applications might incorporate or interact with certain third-party software and software components (other than open-source software), such as data visualization software, obtained under licenses from other companies. We pay these third parties a license fee or royalty payment. We anticipate that we will continue to use such third-party software in the future. Although we believe that there are commercially reasonable alternatives to the third-party software we currently make available, this may not always be the case, or it may be difficult or costly to replace. Furthermore, these third parties may increase the price for licensing their software, which could negatively impact our results of operations. Our use of additional or alternative third-party software could require clients to enter into license agreements with third parties. In addition, if the third-party software we make available has errors or otherwise malfunctions, or if the third-party terminates its agreement with us, the functionality of our Solution may be negatively impacted and our business may suffer.

Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brand.

Our success and ability to compete depend in part upon our intellectual property. As of December 31, 2024, we had filed applications for a number of patents, and we have fourteen issued U.S. patents, four issued Canadian patents, one issued Great Britain patent, and one issued European patent, as well as one utility patent application pending in the United States. We also had thirty-nine registered trademarks in the United States, Singapore, United Arab Emirates, and China. We also rely on copyright and trademark laws, trade secret protection, and confidentiality or license agreements with our employees, clients, partners, and others to protect our intellectual property rights. However, the steps we take to protect our intellectual property rights may be inadequate. For example, other parties, including our competitors, may independently develop similar technology, duplicate our services, or design around our intellectual property and, in such cases, we may not be able to assert our intellectual property rights against such parties.

Further, our contractual arrangements may not effectively prevent disclosure of our confidential information or provide an adequate remedy in the event of unauthorized disclosure of our confidential information, and we may be unable to detect the unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. We make business decisions about when to seek patent protection for a particular technology and when to rely upon trade secret protection, and the approach we select may ultimately prove to be inadequate. Even in cases where we seek patent protection, there is no assurance that the resulting patents will effectively protect every significant feature of our Solution, technology, or proprietary information, or provide us with any competitive advantages. Moreover, we cannot guarantee that any of our pending patent applications will issue or be approved. The United States Patent and Trademark Office and various foreign governmental patent agencies also require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process and after a patent has issued.

There are situations in which noncompliance can result in abandonment or lapse of the patent, or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. If this occurs, our competitors might be able to enter the market, which would have a material adverse effect on our business. Effective trademark, copyright, patent, and trade secret protection may not be available in every country in which we conduct business. Further, intellectual property law, including statutory and case law, particularly in the United States, is constantly developing, and any changes in the law could make it harder for us to enforce our rights.

In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming, and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights.

An adverse determination of any litigation proceedings could put our intellectual property at risk of being invalidated or interpreted narrowly and could put our related pending patent applications at risk of not issuing. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential or sensitive information could be compromised by disclosure in the event of litigation. In addition, during the course of litigation, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock.

Negative publicity related to a decision by us to initiate such enforcement actions against a client or former client, regardless of its accuracy, may adversely impact our other client relationships or prospective client relationships, harm our brand and business, and could cause the market price of our common stock to decline. Our failure to secure, protect, and enforce our intellectual property rights could adversely affect our brand and our business.

We may be sued by third parties for alleged infringement of their proprietary rights or misappropriation of intellectual property.

There is considerable patent and other intellectual property development activity in our industry. Our future success depends in part on not infringing upon the intellectual property rights of others. Our competitors, as well as a number of other entities and individuals, including so-called non-practicing entities (NPEs), may own or claim to own intellectual property relating to our Solution. From time to time, third parties have claimed or may claim that we are infringing upon their intellectual property rights or that we have misappropriated their intellectual property.

For example, in some cases, very broad patents are granted that may be interpreted as covering a wide field of healthcare data storage and analytics solutions or machine learning and predictive modeling methods in healthcare. As competition in our market grows, the possibility of patent infringement, trademark infringement, and other intellectual property claims against us increases. In the future, we expect others to claim that our Solution and underlying technology infringe or violate their intellectual property rights. In a patent infringement claim against us, we may assert, as a defense, that we do not infringe the relevant patent claims, that the patent is invalid or both. The strength of our defenses will depend on the patents asserted, the interpretation of these patents, and our ability to invalidate the asserted patents. However, we could be unsuccessful in advancing non-infringement and/or invalidity arguments in our defense. In the United States, issued patents enjoy a presumption of validity, and the party challenging the validity of a patent claim must present clear and convincing evidence of invalidity, which is a high burden of proof. Conversely, the patent owner need only prove infringement by a preponderance of the evidence, which is a lower burden of proof.

We may be unaware of the intellectual property rights that others may claim cover some or all of our technology or services. Because patent applications can take years to issue and are often afforded confidentiality for some period of time there may currently be pending applications, unknown to us, that later result in issued patents that could cover one or more aspects of our technology and services. Any claims or litigation could cause us to incur significant expenses and, whether or not successfully asserted against us, could require that we pay substantial damages, ongoing royalty or license payments, or settlement fees, prevent us from offering our Solution or using certain technologies, require us to re-engineer all or a portion of our platform, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our clients or business partners or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licenses, modify applications, or refund fees, which could be costly. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations.

Risks Related to Governmental Regulation

Risks Related to Healthcare and Data Privacy and Security Regulation

Actual or perceived failures to comply with applicable data protection, privacy and security laws, regulations, standards and other requirements could adversely affect our business, results of operations, and financial condition.

- *Health information privacy and security laws*. There are numerous federal and state laws and regulations that govern the privacy and security of health information. In particular, HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, and regulations implemented thereunder (collectively, HIPAA) imposes, among other things, certain standards relating to the privacy, security, transmission and breach reporting of PHI, as defined under HIPAA. By processing and maintaining PHI on behalf of our covered entity clients, we are a HIPAA business associate and are required to enter into business associate agreements (BAAs) with our covered entity clients to safeguard PHI, as well as BAAs with our subcontractors that access or otherwise process PHI on our behalf.

  We may not be able to adequately address the business risks created by HIPAA implementation. Furthermore, we are unable to predict what changes to HIPAA or other laws or regulations might be made in the future or how those changes could affect our business or the costs of compliance. We are unable to predict what, if any, impact the changes in such standards will have on our compliance costs or our Solution. Penalties for failure to comply with a requirement of HIPAA vary significantly depending on the nature of violation and could include civil monetary or criminal penalties. HIPAA also authorizes state attorneys general to file suit under HIPAA on behalf of state residents. Courts can award damages, costs and attorneys' fees related to violations of HIPAA in such cases.

While HIPAA does not create a private right of action allowing individuals to sue us in civil court for HIPAA violations, its standards have been used as the basis for a duty of care claim in state civil suits such as those for negligence or recklessness in the misuse or breach of PHI. Certain states have also adopted privacy and security laws and regulations, some of which may be more stringent than HIPAA. Such laws and regulations will be subject to interpretation by various courts and other governmental authorities, thus creating potentially complex compliance issues for us and our future clients and strategic partners.

Some of our analytics applications, including, for example, one of our benchmarking applications, require that we obtain permissions consistent with HIPAA to provide "data aggregation services" and the right to create de-identified information and to use and disclose such de-identified information. We may require large sets of de-identified information to enable us to continue to develop machine learning algorithms that enhance our Solution. If we are unable to secure these rights in client BAAs or as a result of any future changes to HIPAA or other applicable laws, we may face limitations on the use of PHI and our ability to use de-identified information that could negatively affect the scope of our Solution as well as impair our ability to provide upgrades and enhancements to our Solution.

We outsource important aspects of the storage and transmission of client information and PHI, and thus rely on third parties to manage functions that have material cybersecurity risks. We attempt to address these risks by requiring outsourcing subcontractors who handle client information to sign BAAs contractually requiring those subcontractors to adequately safeguard PHI in a similar manner that applies to us and in some cases by requiring such outsourcing subcontractors to undergo third-party security examinations as well as to protect the confidentiality of other sensitive client information. In addition, we periodically hire third-party security experts to assess and test our security measures. However, we cannot be assured that these contractual measures and other safeguards will adequately protect us from the risks associated with the storage and transmission of our clients' confidential and proprietary information and PHI.

- *Consumer protection laws.* Furthermore, the Federal Trade Commission (FTC) also has authority to initiate enforcement actions against entities that mislead customers about HIPAA compliance, make deceptive statements about privacy and data sharing in privacy policies, fail to limit third-party use of personal health information, fail to implement policies to protect personal health information or engage in other unfair practices that harm customers or that may violate Section 5(a) of the FTC Act. According to the FTC, failing to take appropriate steps to keep consumers' personal information secure can also constitute unfair acts or practices in or affecting commerce in violation of Section 5(a) of the FTC Act. The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Additionally, federal and state consumer protection laws are increasingly being applied by FTC and states' attorneys general to regulate the collection, use, storage, and disclosure of personal or personally identifiable information, through websites or otherwise, and to regulate the presentation of website content.

- *State data protection laws*. Certain states have also adopted privacy and security laws and regulations, which govern the privacy, processing, and protection of health-related and other personal information. Such laws and regulations will be subject to interpretation by various courts and other governmental authorities, thus creating potentially complex compliance issues for us and our future clients and strategic partners. For example, the CCPA requires covered businesses that process the personal information of California residents to, among other things: (i) provide certain disclosures to California residents regarding the business's collection, use, and disclosure of their personal information; (ii) receive and respond to requests from California residents to access, delete, and correct their personal information, or to opt out of certain disclosures of their personal information; and (iii) enter into specific contractual provisions with service providers that process California resident personal information on the business's behalf. Additional compliance investment and potential business process changes may be required. Similar laws have passed in other states, and are continuing to be proposed at the state and federal level, reflecting a trend toward more stringent privacy legislation in the United States. If we fail to comply with any of these privacy laws that apply to us, and are subject to the aforementioned penalties, our business and financial results could be adversely affected.

- *GDPR and foreign data privacy protection laws*. In addition, many foreign governments have established or are in the process of establishing privacy and data security legal frameworks governing the collection, use and disclosure of personal information obtained from their residents. For example, in Europe, the GDPR went into effect on May 25, 2018. The GDPR imposes data protection requirements for processing the personal data of individuals within the European Economic Area (EEA) relating to the consent of the individuals to whom the personal data relates, the information provided to the individuals, the documentation we must retain, the security and confidentiality of the personal data, data breach notification and the use of third-party processors in connection with the processing of personal data.

Companies that must comply with the GDPR face increased compliance obligations and risk, including more robust regulatory enforcement of data protection requirements and potential fines for noncompliance of up to €20 million or 4% of the annual global revenues of the noncompliant company, whichever is greater. The GDPR has increased our responsibility and potential liability in relation to personal data that we process, and we may be required to put in place mechanisms to ensure compliance with GDPR. In addition, the GDPR increases the scrutiny of transfers of personal data from the EEA to the United States and other jurisdictions that the European Commission does not recognize as having "adequate" data protection laws and the efficacy and longevity of current transfer mechanisms between the EEA, and the United States remain uncertain. Case law from the Court of Justice of the European Union (CJEU) states that reliance on the standard contractual clauses - a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism - alone may not necessarily be sufficient in all circumstances and that transfers must be assessed on a case-by-case basis. On July 10, 2023, the European Commission adopted its Adequacy Decision in relation to the new EU-US Data Privacy Framework (DPF), rendering the DPF effective as a GDPR transfer mechanism to U.S. entities self-certified under the DPF.

We expect the existing legal complexity and uncertainty regarding international personal data transfers to continue. In particular, we expect the DPF Adequacy Decision to be challenged and international transfers to the United States and to other jurisdictions more generally to continue to be subject to enhanced scrutiny by regulators. As a result, we may have to make certain operational changes and we will have to implement revised standard contractual clauses. As supervisory authorities issue further guidance on personal data export mechanisms, including circumstances where the SCCs cannot be used, and/or start taking enforcement action, we could suffer additional costs, complaints and/or regulatory investigations or fines, and/or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results. Any failure by us to comply with GDPR could result in proceedings or actions against us by governmental entities or others, which may subject us to significant penalties and negative publicity, require us to change our business practices, and increase our costs and severely disrupt our business. Further, from January 1, 2021, companies have had to comply with the GDPR and also the UK GDPR, which, together with the amended UK Data Protection Act 2018, retains the GDPR in UK national law.

The UK GDPR mirrors the fines under the GDPR, e.g., fines up to the greater of €20 million (£17.5 million) or 4% of global turnover. On October 12, 2023, the UK Extension to the DPF came into effect (as approved by the UK Government), as a UK GDPR data transfer mechanism to U.S. entities self-certified under the UK Extension to the DPF. As we continue to expand into other foreign countries and jurisdictions, we may be subject to additional laws and regulations that may affect how we conduct business.

- *Canadian data privacy protection laws*. Similarly, Canada's Personal Information Protection and Electronic Documents Act provides Canadian residents with privacy protections in regard to transactions with businesses and organizations in the private sector and sets out ground rules for how private-sector organizations may collect, use, and disclose personal information in the course of commercial activities. Foreign governments may attempt to apply such laws extraterritorially or through treaties or other arrangements with U.S. governmental entities.

- *Other jurisdictions* besides the EU and Canada are similarly introducing or enhancing laws and regulations relating to privacy and data security, which enhances risks relating to compliance with such laws. Furthermore, as we enter into business arrangements in countries outside of the United States, we will need to be prepared to comply with applicable local privacy laws. The GDPR and other changes in laws or regulations associated with the enhanced protection of certain types of personal data, such as health-related data or other sensitive information, could greatly increase our cost of providing our products and services or even prevent us from offering certain services in jurisdictions that we operate.

- *AI Technologies:* In addition, we use AI Technologies in our business. The regulatory framework for AI Technologies is rapidly evolving as many federal, state, and foreign government bodies and agencies have introduced or are currently considering additional laws and regulations. Additionally, existing laws and regulations may be interpreted in ways that would affect the operation of AI Technologies. As a result, implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future, and we cannot yet determine the impact future laws, regulations, standards, or market perception of their requirements may have on our business and may not always be able to anticipate how to respond to these laws or regulations. It is possible that new laws and regulations will be adopted in the United States and in other non-U.S. jurisdictions, or that existing laws and regulations, including competition and antitrust laws, may be interpreted in ways that would limit our ability to use AI Technologies for our business, or require us to change the way we use AI Technologies in a manner that negatively affects the performance of our products, services, and business and the way in which we use AI Technologies.

We may need to expend resources to adjust our Solution or services in certain jurisdictions if the laws, regulations, or decisions are not consistent across jurisdictions. Further, the cost to comply with such laws, regulations, or decisions and/or guidance interpreting existing laws, could be significant and would increase our operating expenses (such as by imposing additional reporting obligations regarding our use of AI Technologies). Such an increase in operating expenses, as well as any actual or perceived failure to comply with such laws and regulations, could adversely affect our business, financial condition and results of operations.

We cannot be certain that the privacy policies and other statements regarding our practices will be found sufficient to protect us from liability or adverse publicity relating to the privacy and security of personal information. There is ongoing concern from privacy advocates, regulators, and others regarding data protection and privacy issues, and the number of jurisdictions with data protection and privacy laws has been increasing. Also, there are ongoing public policy discussions regarding whether the standards for de-identified, anonymous, or pseudonymized health information are sufficient, and the risk of re-identification sufficiently small, to adequately protect patient privacy. We expect that there will continue to be new proposed laws, regulations, and industry standards concerning privacy, data protection, and information security in the United States, including the CCPA, and we cannot yet determine the impact such laws, regulations, and standards may have on our business. Future laws, regulations, standards, and other obligations, and changes in the interpretation of existing laws, regulations, standards, and other obligations could impair our or our clients' ability to collect, use, or disclose information relating to consumers, which could decrease demand for our Solution, increase our costs, and impair our ability to maintain and grow our client base and increase our revenue. Any failure or perceived failure by us to comply with international, federal or state laws or regulations, industry standards, or other legal obligations, or any actual or suspected security incident, whether or not resulting in unauthorized access to, or acquisition, release, or transfer of personally identifiable information or other data, may result in governmental enforcement actions and prosecutions, private litigation, fines, and penalties or adverse publicity and could cause our clients to lose trust in us, which could have an adverse effect on our reputation and business.

We may be unable to make such changes and modifications in a commercially reasonable manner or at all, and our ability to develop new products and features could be limited. Any of these developments could harm our business, financial condition, and results of operations. Privacy and data security concerns, whether valid or not valid, may inhibit market adoption of our Solution.

Government regulation of healthcare creates risks and challenges with respect to our compliance efforts and our business strategies.

Many healthcare laws are complex, and their application to specific services and relationships may not be clear. In particular, many existing healthcare laws and regulations, when enacted, did not anticipate the data analytics and improvement services that we provide, and these laws and regulations may be applied to our Solution in ways that we do not anticipate, particularly as we develop and release new and more sophisticated solutions. Our failure to accurately anticipate the application of these laws and regulations, or our other failure to comply with them, could create significant liability for us, result in adverse publicity, and negatively affect our business. Some of the risks we face or may face from healthcare regulation are described below.

The federal Anti-Kickback Statute prohibits, among other things, the offering, paying, soliciting, or receiving anything of value, directly or indirectly, for the referral of patients covered by Medicare, Medicaid, and other federal healthcare programs or the leasing, purchasing, ordering, or arranging for or recommending the lease, purchase, or order of any item, good, facility, or service covered by these programs. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. Some enforcement activities focus on below or above market payments for federally reimbursable healthcare items or services as evidence of the intent to provide a kickback. Many states also have similar anti-kickback laws that are not necessarily limited to items or services for which payment is made by a federal healthcare program. Moreover, both federal and state laws prohibit bribery and similar behavior. We do not believe we directly order or provide healthcare services that are reimbursable by Medicare, Medicaid or other third-party payors or submit claims or receive reimbursement from any such payor.

However, nonetheless, in addition to direct enforcement action against us, if our advisory services or our Solution offered to clients are associated with action by clients that is determined or alleged to be in violation of these laws and regulations, it is possible that an enforcement agency would also try to hold us liable and, as a result of such attempt to hold us liable, our results of operations and financial condition may be negatively impacted, even if we are ultimately found not liable.

There are also numerous federal and state laws that prohibit the submission of false information, or the failure to disclose information, in connection with submission and payment of claims for healthcare items and services by healthcare providers. For example, the federal civil False Claims Act prohibits, among other things, individuals or entities from knowingly presenting, or causing to be presented, to the U.S. federal government, claims for payment or approval that are false or fraudulent, or knowingly making, using or causing to be made or used, a false record or statement material to a false or fraudulent claim.

The government has prosecuted revenue cycle management service providers for causing the submission of false or fraudulent claims in violation of the False Claims Act. In addition, the government may assert that a claim including items and services resulting from a violation of the U.S. federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act.

HIPAA also created new federal criminal statutes that prohibit knowingly and willfully executing, or attempting to execute, a scheme to defraud or to obtain, by means of false or fraudulent pretenses, representations or promises, any money or property owned by, or under the control or custody of, any healthcare benefit program, including private third-party payors, and knowingly and willfully falsifying, concealing or covering up by trick, scheme or device, a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. Any determination by a court or regulatory agency that we or any of our clients, vendors, or partners have violated these laws could subject us to significant civil or criminal penalties, invalidate all or portions of some of our client contracts, require us to change or terminate some portions of our business, require us to refund portions of our services fees, subject us to additional reporting requirements and oversight under a corporate integrity agreement or similar agreement to resolve allegations of noncompliance with these laws, cause us to be disqualified from serving clients doing business with government payors, and have an adverse effect on our business.

Our clients' failure to comply with these laws and regulations in connection with our services could result in substantial liability (including, but not limited to, criminal liability), adversely affect demand for our Solution, and force us to expend significant capital, research and development, and other resources to address the failure. Even an unsuccessful challenge by regulatory authorities of our activities could result in adverse publicity, distract management attention from our business, require a costly response from us, and negatively impact the price of our common stock.

If our arrangements with clinicians and other healthcare professionals are found to constitute the improper rendering of professional medical services or fee splitting under applicable state laws, our business, financial condition, and our ability to operate in those states could be adversely impacted.

We employ and contract with physicians and other licensed healthcare professionals who assist our clients with the clients' care coordination, care management, population health management, and patient safety activities. Although we do not intend to provide medical care, treatment, or advice, our relationships with such healthcare professionals may implicate certain state laws in the United States in which we operate that generally prohibit non-professional entities from providing licensed medical services, exercising control over licensed physicians or other licensed healthcare professionals, or engaging in certain practices such as fee-splitting with such licensed professionals. There can be no assurance that these laws will be interpreted in a manner consistent with our practices or that other laws or regulations will not be enacted in the future that could have a material and adverse effect on our business, financial condition, and results of operations.
Regulatory authorities, state boards of medicine, state attorneys general, and other parties may assert that we are engaged in the provision of professional medical services, and/or that our arrangements with our affiliated physicians and other licensed healthcare professionals constitute unlawful fee-splitting. If a jurisdiction's prohibition on the corporate practice of medicine or fee-splitting is interpreted in a manner that is inconsistent with our practices, we may be required to restructure or terminate some portions of our business, which may in turn require us to refund portions of our services fees, which would have an adverse effect on our business. Even an unsuccessful challenge by regulatory authorities of our activities could result in adverse publicity, distraction of management attention from our business, a costly response from us, and a substantial negative impact upon the price of our common stock.

The FDA may modify its enforcement policies with respect to medical software products, and our software products may become subject to extensive regulatory requirements, which may increase the cost of conducting, or otherwise harm, our business.

We develop and offer certain analytical software applications in connection with our business. The FDA may regulate medical or health-related software, including machine learning functionality and predictive algorithms, if such software falls within the definition of a "medical device" under the Federal Food, Drug, and Cosmetic Act (FDCA). Medical devices are subject to extensive and rigorous regulation by the FDA and by other federal, state, and local authorities.

The FDCA and related regulations govern the conditions of safety, efficacy, clearance, approval, manufacturing, quality system requirements, labeling, packaging, distribution, storage, recordkeeping, reporting, marketing, advertising, and promotion of medical devices. However, historically, the FDA has exercised enforcement discretion for certain low-risk software functions, and has issued several guidance documents outlining its approach to the regulation of software as a medical device.

In addition, the 21st Century Cures Act amended the FDCA to exclude from the definition of "medical device" certain medical-related software, including software used for administrative support functions at a healthcare facility, software intended for maintaining or encouraging a healthy lifestyle, software designed to store electronic health records, software for transferring, storing, or displaying medical device data or in vitro diagnostic data, and certain clinical decision support software. We believe our currently marketed products provide functionality that is exempt from the FDCA's definition of a "medical device," and therefore that our software products are not currently regulated by the FDA as medical devices, or that our products are otherwise subject to FDA's current enforcement discretion policies applicable to software products. However, there is a risk that the FDA could disagree with our determination, or that the FDA could alter its enforcement discretion policies, and in either case, subject our software to more stringent medical device regulations.

If the FDA determines that any of our current or future analytics applications are regulated as medical devices and not otherwise subject to enforcement discretion, we would become subject to various requirements under the FDCA and the FDA's implementing regulations. If this occurs, we may be required to cease marketing or to recall our product until we obtain the requisite clearances or approvals, which would entail significant cost and could harm our reputation, business, financial condition, and results of operations.

Our failure to comply with applicable regulatory requirements could result in enforcement action by the FDA, or comparable state or foreign regulatory authorities, including: untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties, recalls, termination of distribution, administrative detentions, seizure of our products, operating restrictions, partial suspension or total shutdown of production, delays in or refusal to grant clearances or approvals, prohibitions on sales of our products, and criminal prosecution. Any of these sanctions could result in higher than anticipated costs or lower than anticipated sales and have a material adverse effect on our reputation, business, financial condition, and results of operations.

The healthcare regulatory and political framework is uncertain and evolving.

Existing and new laws and regulations affecting the healthcare industry, or changes to existing laws and regulations could create unexpected liabilities for us, cause us to incur additional costs, and/or restrict our operations. Reforming the healthcare industry has been a priority for U.S. politicians, and key members of the legislative and executive branches have proposed a wide variety of potential changes and policy goals. Certain changes to laws impacting our industry, or perceived intentions to do so, could affect our business and results of operations. By way of example, in March 2010, the Affordable Care Act (ACA), was enacted, which substantially changed the way healthcare is financed by both governmental and private insurers and has significantly impacted our industry and, to some degree, our business. Since its enactment, there have been judicial, executive, and Congressional challenges to certain aspects of the ACA. On June 17, 2021, the U.S. Supreme Court dismissed the most recent judicial challenge to the ACA brought by several states without specifically ruling on the constitutionality of the ACA. Thus, the ACA will remain in effect in its current form. We anticipate that new cost containment measures or other healthcare reforms will continue to be implemented at both the federal and state level, any of which could harm our business, financial condition, and results of operations.

Due to the particular nature of certain services we provide or the manner in which we provide them, we may be subject to additional government regulation and foreign government regulation.

While our Solution is primarily subject to government regulations pertaining to healthcare, certain aspects of our Solution may require us to comply with regulatory schema from other areas. Examples of such regulatory schema include:

- *Antitrust laws*. Our national cloud-based network allows us access to cost and pricing data for a large number of providers in most regional markets, as well as to the contracted rates for third-party payors. To the extent that our Solution enables providers to compare their cost and pricing data with those of their competitors, those providers could collude to increase the pricing for their services, to reduce the compensation they pay their employees, or to collectively negotiate agreements with third parties. Similarly, if payors are able to compare their contracted rates of payment to providers, those payors may seek to reduce the amounts they might otherwise pay. Such actions may be deemed to be anti-competitive and a violation of federal antitrust laws. To the extent that we are deemed to have enabled such activities, we could be subject to fines and penalties imposed by the U.S. Department of Justice or the FTC and be required to curtail or terminate the services that permitted such collusion.

- *Foreign Corrupt Practices Act (FCPA) and foreign anti-bribery laws*. Subject to the February 2025 executive order ceasing enforcement of the FCPA, the FCPA makes it illegal for U.S. persons, including U.S. companies, and their subsidiaries, directors, officers, employees, and agents, to promise, authorize or make any corrupt payment, or otherwise provide anything of value, directly or indirectly, to any foreign official, any foreign political party or party official, or candidate for foreign political office to obtain or retain business.

To the extent it is enforced, violations of the FCPA can also result in violations of other U.S. laws, including anti-money laundering, mail and wire fraud, and conspiracy laws. There are severe penalties for violating the FCPA. In addition, the Company may also be subject to other non-U.S. anti-corruption or anti-bribery laws, such as the U.K. Bribery Act 2010. If our employees, contractors, vendors, or partners fail to comply with the FCPA and/or foreign anti-bribery laws, we may be subject to penalties or sanctions, and our ability to develop new prospects and retain existing clients could be adversely affected.

- *Economic sanctions and export controls*. Economic and trade sanctions programs that are administered by the U.S. Treasury Department's Office of Foreign Assets Control prohibit or restrict transactions to or from, and dealings with specified countries and territories, their governments, and in certain circumstances, with individuals and entities that are specially designated nationals of those countries, and other sanctioned persons, including narcotics traffickers and terrorists or terrorist organizations. As federal, state and foreign legislative regulatory scrutiny and enforcement actions in these areas increase, we expect our costs to comply with these requirements will increase as well. Failure to comply with any of these requirements could result in the limitation, suspension or termination of our services, imposition of significant civil and criminal penalties, including fines, and/or the seizure and/or forfeiture of our assets. Further, our Solution incorporates encryption technology. This encryption technology may be exported from the United States only with the required export authorizations, including by a license, a license exception, or other appropriate government authorizations. Such solutions may also be subject to certain regulatory reporting requirements. Various countries also regulate the import of certain encryption technology, including through import permitting and licensing requirements, and have enacted laws that could limit our clients' ability to import our Solution into those countries. Governmental regulation of encryption technology and of exports and imports of encryption products, or our failure to obtain required approval for our Solution, when applicable, could harm our international sales and adversely affect our revenue. Compliance with applicable regulatory requirements regarding the provision of our Solution, including with respect to new applications, may delay the introduction of our Solution in various markets or, in some cases, prevent the provision of our Solution to some countries altogether.

- *Regulatory certification*. We must obtain certification from governmental agencies, such as the Agency for Healthcare Research and Quality (AHRQ) to sell certain of our analytics applications and services in the United States. We cannot be certain that our Solution will continue to meet these standards. The failure to comply with these certification requirements could result in the loss of certification, which could restrict our Solution offerings and cause us to lose clients.

Risks Related to Tax Regulation

Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, value-added or similar transactional taxes, and we could be subject to liability with respect to past or future sales, which could adversely affect our results of operations.

We do not collect sales and use, value-added, and similar transactional taxes in all jurisdictions in which we have sales, based on our belief that such taxes are not applicable or that we are not required to collect such taxes with respect to the jurisdiction. Sales and use, value-added, and similar tax laws and rates vary greatly by jurisdiction. Certain jurisdictions in which we do not collect such taxes may assert that such taxes are applicable, which could result in tax assessments, penalties, and interest, and we may be required to collect such taxes in the future. Such tax assessments, penalties, interest or future requirements, increase in tax rates, or a combination of the foregoing may result in an increase in our sales and similar transactional taxes, increase administrative burdens or costs, or otherwise adversely affect our business, results of operations, or financial condition.

Unanticipated changes in our effective tax rate and additional tax liabilities, including as a result of our international operations or implementation of new tax rules, could harm our future results.

We are subject to income taxes in the United States and are expanding into various foreign jurisdictions that are subject to income tax. Our domestic and international tax liabilities are subject to the allocation of expenses in differing jurisdictions and complex transfer pricing regulations administered by taxing authorities in various jurisdictions. Tax rates in the jurisdictions in which we operate may change as a result of factors outside of our control or relevant taxing authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. In addition, changes in tax and trade laws, treaties or regulations, or their interpretation or enforcement, have become more unpredictable and may become more stringent, which could materially adversely affect our tax position.

Forecasting our estimated annual effective tax rate is complex and subject to uncertainty, and there may be material differences between our forecasted and actual effective tax rate. Our effective tax rate could be adversely affected by changes in the mix of earnings and losses in countries with differing statutory tax rates, certain non-deductible expenses, the valuation of deferred tax assets and liabilities, adjustments to income taxes upon finalization of tax returns, changes in available tax attributes, decision to repatriate non-U.S. earnings for which we have not previously provided for U.S. taxes, and changes in federal, state, or international tax laws and accounting principles. Finally, we may be subject to income tax audits throughout the world. An adverse resolution of one or more uncertain tax positions in any period could have a material impact on our results of operations or financial condition for that period.

Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations.

As of December 31, 2024, we had net operating loss (NOL) carryforwards for federal and state income tax purposes of approximately $680.7 million and $571.6 million, respectively, which may be available to offset taxable income in the future, and which expire in various years beginning in 2032 for federal purposes if not utilized. The state NOLs will expire depending upon the various rules in the states in which we operate.

A lack of future taxable income would adversely affect our ability to utilize these NOLs before they expire. In general, under Section 382 of the Internal Revenue Code of 1986, as amended (the Code), a corporation that undergoes an "ownership change" (as defined under Section 382 of the Code and applicable Treasury Regulations) is subject to limitations on its ability to utilize its pre-change NOLs to offset its future taxable income.

We may experience a future ownership change under Section 382 of the Code that could affect our ability to utilize the NOLs to offset our income. Furthermore, our ability to utilize NOLs of companies that we have acquired or may acquire in the future may be subject to limitations. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to reduce future income tax liabilities, including for state income tax purposes. Certain provisions of the Tax Act (as defined below), as amended by the CARES Act, also limit the use of NOLs, as discussed further below. For these reasons, we may not be able to utilize a material portion of our NOLs, even if we attain profitability, which could potentially result in increased future tax liability to us and could adversely affect our results of operations and financial condition.

Comprehensive tax reform legislation could adversely affect our business and financial condition.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the Tax Act) was signed into law. The Tax Act contains, among other things, significant changes to corporate taxation, including (i) a reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, (ii) a limitation of the tax deduction for interest expense to 30% of adjusted earnings (except for certain small businesses) (increased to 50% by the CARES Act for taxable years beginning in 2019 and 2020), (iii) a limitation of the deduction for NOLs in taxable years beginning after December 31, 2020 to 80% of current year taxable income in respect of NOLs generated during or after 2018 and elimination of net operating loss carrybacks for NOLs arising in tax years ending after December 31, 2020, (iv) a one-time tax on offshore earnings at reduced rates regardless of whether they are repatriated, (v) immediate deductions for certain new investments instead of deductions for depreciation expense over time, and (vi) a modification or repeal of many business deductions and credits. For federal NOLs arising in tax years beginning after December 31, 2017, the Tax Act (as modified by the CARES Act) limits a taxpayer's ability to utilize federal NOL carryforwards in taxable years beginning after December 31, 2020 to 80% of taxable income. In addition, federal NOLs arising in tax years ending after December 31, 2017 can be carried forward indefinitely, but carryback of federal NOLs arising in tax years ending after December 31, 2020 is generally prohibited. It is uncertain if and to what extent various states will conform to the newly enacted federal tax law.

Beginning in 2022, the Tax Act eliminated the option to currently deduct research and development expenditures in the period incurred and requires taxpayers to capitalize and amortize such domestic and foreign expenditures over five or fifteen years, respectively, pursuant to Section 174 of the Code. We will continue to examine the impact the Tax Act and CARES Act may have on our results of operations and financial condition.

Risks Related to Our Indebtedness

Our indebtedness could adversely affect our financial condition and prevent us from fulfilling our existing or future debt obligations, and we may not generate sufficient cash flow from our business to pay our debt.

On April 14, 2020, we issued $230.0 million in aggregate principal amount of 2.50% Convertible Senior Notes due April 15, 2025 (unless earlier converted, redeemed, or repurchased), pursuant to an Indenture dated April 14, 2020, with U.S. Bank National Association, as trustee, in a private offering to qualified institutional buyers (the Notes). The Notes are governed by an indenture (Indenture) between us, as the issuer, and U.S. Bank National Association, as trustee. The Notes are our senior, unsecured obligations and accrue interest payable semiannually in arrears on April 15 and October 15 of each year, beginning on October 15, 2020, at a rate of 2.50% per year. The Indenture does not contain any financial covenants or restrictions on the payments of dividends, the incurrence of indebtedness, or the issuance or repurchase of securities by us or any of our subsidiaries.

We may repurchase the Notes from time to time prior to the maturity date. A holder may convert all or any portion of its Notes, at its option, subject to certain conditions and during certain periods, into cash, shares of our common stock or a combination of cash and shares of our common stock, with the form of consideration determined at our election. Noteholders have the right to require us to repurchase all or a portion of their notes at 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the repurchase date, upon the occurrence of certain events. The conversion rate is initially 32.6797 shares of our common stock per $1,000 principal amount of Notes (which is equivalent to an initial conversion price of approximately $30.60 per share of our common stock). If the Notes have not previously been converted, redeemed or repurchased, we will be required to repay the Notes in cash at maturity. We have the intent and ability to settle the Notes fully in cash upon the maturity date in April 2025.

In addition, on July 16, 2024, we entered into the Credit Agreement, which provides for a five-year term loan facility (the Term Loan Facility) in an aggregate principal amount of up to $225 million, consisting of an initial term loan in the aggregate principal amount of $125 million, which was funded in full at closing, and a delayed draw term loan facility in the aggregate principal amount of $100 million, which was undrawn as of the closing. We had the option to draw up to $40.0 million under the delayed draw facility within six months after the Closing Date and on October 29, 2024, we drew an additional principal amount of $37.7 million. We also have the option to draw up to an additional $60.0 million under the delayed draw facility within eighteen months after the Closing Date, subject to satisfaction of certain conditions, including a minimum liquidity threshold, and a maximum recurring revenue/leverage ratio. Borrowings under the Credit Agreement are expected to bear interest at a rate per annum equal to the secured overnight financing rate (SOFR) plus 6.5%.

Our outstanding and any future debt obligations could make us more vulnerable to adverse changes in general U.S. and worldwide economic conditions, including rising interest rates, regulatory, and competitive conditions. We may not use the cash proceeds from the Notes and/or the Term Loan Facility in an optimally productive and profitable manner. Our ability to satisfy our debt obligations will depend on market conditions and our future performance, which is subject to economic, financial, competitive, and other factors, including those described in these risk factors, many of which are beyond our control.

In the case of the Notes, that includes our ability to make required cash payments in connection with redemptions or conversions of the Notes, repurchase the Notes upon the occurrence of certain events, or to repay or refinance the Notes at maturity. For example, we maintain cash balances with financial institutions in excess of insured limits, and there can be no assurance that we will be able to access uninsured funds in a timely manner or at all in the event of a failure of these financial institutions. In addition, our ability to satisfy our debt obligations may be limited by law or regulatory authority or by other agreements governing our future indebtedness.

Since inception, our business has generated net losses, and we may continue to incur significant losses. As a result, we may not have enough available cash or be able to obtain financing at the time we are required to make payments owed under the Notes and/or the Term Loan Facility. If we are unable to satisfy our debt obligations, we may be required to seek funds from external sources, which may not be available on acceptable terms, if at all, and which could intensify the risks related to our indebtedness and further restrict our operating and financial flexibility. Further, any repayment of our debt with equity would dilute the ownership interests of our existing stockholders. In the event of a default on our debt obligations, we may be required to repurchase the Notes, amounts owed under our Term Loan Facility may be accelerated, and assets serving as collateral under our Term Loan Credit Facility may be subject to foreclosure. Any default under the Indenture or the Credit Agreement could also lead to a default under our future indebtedness and could have a material adverse effect on our business, results of operations, and financial condition. Further, if we are liquidated, the lender’s rights to repayment would be senior to the rights of the holders of our common stock to receive any proceeds from the liquidation.

Our Credit Agreement contains covenants and other provisions that restrict our ability to take certain actions and may limit our ability to operate or grow our business in the future.

The Credit Agreement contains certain affirmative covenants and negative covenants, including covenants that restrict our ability to take certain actions including, among other things and subject to certain exceptions, the incurrence of debt, the granting of liens, engaging in mergers and other fundamental changes, the making of investments, entering into transactions with affiliates, the payment of dividends and other restricted payments, the prepayment of other indebtedness and the sale of assets.

The Credit Agreement also requires us to comply with a minimum liquidity threshold, a maximum recurring revenue-based ratio and a maximum EBITDA-based net leverage ratio. In addition, payments of amounts owed under the Term Loan Facility will require us to dedicate cash flow from operations or cash on hand, which will reduce the amounts available to fund working capital, capital expenditures, transactions (including pursuing strategic initiatives), and other general corporate purposes. Such limitations could limit our flexibility to plan for or react to changes in our business or industry; place us at a disadvantage compared to our competitors that have less debt; limit our ability to borrow or otherwise raise additional capital as needed; or otherwise have a material adverse effect on our business, results of operations, and financial condition.

We are exposed to interest rate risks with regard to our Term Loan Facility and any future refinancing thereof.

Outstanding principal amounts under our Term Loan Facility are expected to accrue interest at a floating rate equal to SOFR plus 6.5% per year. In the event that SOFR is unavailable, interest will accrue at a floating rate equal to the alternate base rate plus 5.5% per year. Accordingly, whenever we have amounts outstanding under our Term Loan Facility, our cash flows and results of operations will be subject to interest rate risk exposure associated with the debt balance outstanding. We currently are not a party to an interest rate swap contract or other derivative instrument designed to hedge our exposure to interest rate fluctuation risk.

Our Capped Calls may affect the value of our common stock and subject us to counterparty risk.

On April 8, 2020, concurrently with the pricing of our Notes, in a private placement to qualified institutional buyers exempt from registration under the Securities Act (Note Offering), we entered into privately negotiated capped call transactions (Base Capped Calls) with certain financial institutions (the option counterparties). In addition, in connection with the initial purchasers' exercise in full of their option to purchase additional Notes, on April 9, 2020, we entered into additional capped call transactions (Additional Capped Calls, and, together with the Base Capped Calls, the Capped Calls) with each of the option counterparties. We used approximately $21.6 million of the net proceeds from the Note Offering to pay the cost of the Capped Calls and allocated issuance costs.

The Capped Calls have initial cap prices of $42.00 per share, subject to certain adjustments. The Capped Calls are expected generally to reduce the potential dilution to our common stock upon any conversion of Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted Notes, as the case may be, with such reduction and/or offset subject to the cap price. The Capped Calls are separate transactions that we entered into with the option counterparties, and are not part of the terms of the Notes. The option counterparties are financial institutions or affiliates of financial institutions, and we will be subject to the risk that one or more of such option counterparties may default under the Capped Calls.

From time to time, the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivative transactions with respect to our common stock and/or purchasing or selling our common stock or our other securities in secondary market transactions prior to the maturity of the Notes. This activity could cause or avoid an increase or a decrease in the market price of our common stock. In addition, our exposure to the credit risk of the option counterparties will not be secured by any collateral. If any option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the Capped Calls. Our exposure will depend on many factors but, generally, the increase in our exposure will be correlated to the increase in our common stock market price and in the volatility of the market price of our common stock. In addition, upon a default by any option counterparty, we may suffer adverse tax consequences and dilution with respect to our common stock. We can provide no assurance as to the financial stability or viability of any option counterparty.

Risks Related to Ownership of Our Common Stock

Risks Related to an Investment in Our Securities

We have a limited operating history in an evolving industry which makes it difficult to evaluate our current business future prospects and increases the risk of your investment.

We launched operations in 2008 and we acquired Able Health, Healthfinch, Vitalware, Twistle, ARMUS, KPI Ninja, ERS, Carevive, Lumeon, Intraprise and Upfront between February 2020 and January 2025. Our limited operating history, in particular with respect to the businesses we have recently acquired, makes it difficult to effectively assess or forecast our future prospects. You should consider our business and prospects in light of the risks and difficulties we encounter or may encounter. These risks and difficulties include our ability to cost-effectively acquire new clients and retain existing clients, maintain the quality of our technology infrastructure that can efficiently and reliably handle the requirements of our clients and deploy new features and solutions, and successfully compete with other companies that are currently in, or may enter, the healthcare solution space.

Additional risks include our ability to effectively manage growth, achieve synergies, responsibly use the data that clients share with us, process, store, protect, and use personal data, including PHI, in compliance with governmental regulation, contractual obligations, and other legal obligations related to privacy and security and avoid interruptions or disruptions in our service or slower than expected load times for our Solution. If we fail to address the risks and difficulties that we face, including those associated with the challenges listed above, our business and our results of operations will be adversely affected.

We have experienced significant net losses since inception, we expect to incur losses in the future, and we may not be able to generate sufficient revenue to achieve and maintain profitability.

We have incurred significant net losses in the past, including net losses of $69.5 million and $118.1 million in the years ended December 31, 2024 and 2023, respectively. We had an accumulated deficit of $1,186.7 million as of December 31, 2024. We expect our costs will increase over time as we continue to invest to grow our business and build relationships with clients, develop our Solution, develop new solutions, and operate as a public company. These efforts may prove to be more expensive than we currently anticipate and external factors, such as macroeconomic challenges, including the high inflationary environment and rising interest rates, could cause an increase in our expenses, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses.

As a result, we may need to raise additional capital through equity and debt financings in order to fund our operations. To date, we have financed our operations principally from the proceeds we received through private sales of equity securities, payments received from sales of our Solution, borrowings under our loan and security agreements, our IPO in July 2019, the Note Offering in April 2020, and an underwritten public offering of 4,882,075 shares (inclusive of the underwriters' over-allotment option to purchase 636,792 shares) of our common stock at $53.00 per share in August 2021, from which we received net proceeds of $245.2 million, after deducting the underwriting discounts and commissions and other offering costs (the Secondary Public Equity Offering).

We may also fail to improve the gross margins of our business. If we are unable to effectively manage these risks and difficulties as we encounter them, our business, financial condition, and results of operations would be adversely affected. Our failure to achieve or maintain profitability could negatively impact the value of our common stock.

The market price of our common stock may be volatile and may decline regardless of our operating performance, and you may lose all or part of your investments.

The market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- overall performance of the equity markets and/or publicly-listed technology companies;
- actual or anticipated fluctuations in our net revenue or other operating metrics;
- changes in the financial projections we provide to the public or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet the estimates or the expectations of investors;

- the economy as a whole and market conditions in our industry;
- rumors and market speculation involving us or other companies in our industry;
- announcements by us or our competitors of significant innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- lawsuits or investigations threatened or filed against us;
- recruitment or departure of key personnel; and
- other events or factors, including those resulting from macroeconomic challenges (including high inflationary and/or high interest rate environments), war, bank or financial institution failures, incidents of terrorism, public health crises, or responses to these events.

In addition, extreme price and volume fluctuations in the stock markets have affected and continue to affect many technology companies' stock prices. Often, their stock prices have fluctuated in ways unrelated or disproportionate to the companies' operating performance. In the past, stockholders have filed securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business, and harm our business. Moreover, because of these fluctuations, comparing our results of operations on a period-to-period basis may not be meaningful. You should not rely on our past results as an indication of our future performance. This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our net revenue or results of operations fall below the expectations of analysts or investors or below any forecasts we may provide to the market, or if the forecasts we provide to the market are below the expectations of analysts or investors, the price of our common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated net revenue or earnings forecasts that we may provide.

If securities or industry analysts do not continue to publish research, or publish inaccurate or unfavorable research, about our business, the price of our common stock and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. If industry analysts cease coverage of us, the trading price for our common stock could be negatively affected. If one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, our common stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us on a regular basis, demand for our common stock could decrease, which might cause our common stock price and trading volume to decline.

We cannot guarantee that the Share Repurchase Plan will be fully consummated or will enhance stockholder value, and share repurchases could affect the price of our common stock.

On August 2, 2022, our board of directors authorized and approved the Share Repurchase Plan, pursuant to which we may repurchase up to $40.0 million of our outstanding shares of common stock. We repurchased shares of common stock under this program during the third quarter of 2022 and first quarter of 2023. There were no repurchases made during 2024 and we had $29.8 million available to purchase under the Share Repurchase Plan as of December 31, 2024. Repurchases of shares of common stock under the Share Repurchase Plan may be made from time to time, in the open market, in privately negotiated transactions or otherwise, with the amount and timing of repurchases to be determined at the discretion of our management, depending on market conditions and corporate needs.

Open market repurchases will be structured to occur in accordance with applicable federal securities laws, including within the pricing and volume requirements of Rule 10b-18 under the Exchange Act. We may also, from time to time, enter into Rule 10b5-1 plans to facilitate repurchases of our shares of common stock under this authorization. The timing, pricing, and sizes of these repurchases will depend on a number of factors, including the market price of our common stock and general market and economic conditions. The Share Repurchase Plan could affect the price of our common stock, increase volatility, and diminish our cash reserves.

Our management has broad discretion in the use of proceeds from our IPO, the Note Offering, and the Secondary Public Equity Offering and our use may not produce a positive rate of return.

The principal purposes of our IPO were to increase our capitalization and financial flexibility, create a public market for our stock and thereby enable access to the public equity markets by our employees and stockholders, obtain additional capital, and strengthen our position in the healthcare data analytics applications and services market. We used a portion of the Note Offering proceeds to pay the cost of the Capped Call transactions and to prepay in full all outstanding indebtedness under our credit agreement with OrbiMed. We cannot specify with certainty our plans for the use of the net proceeds we received from these offerings. However, we intend to use the net proceeds we received from our IPO, the Note Offering, and our Secondary Public Equity Offering for working capital and other general corporate purposes. We may also use a portion of the net proceeds from these offerings for the acquisition of, or investment in, technologies, solutions or businesses that complement our business. Our management has broad discretion over the specific use of the net proceeds we received in these offerings and might not be able to obtain a significant return, if any, on investment of these net proceeds. Investors will need to rely upon the judgment of our management with respect to the use of proceeds. If we do not use the net proceeds that we received in our IPO, the Note Offering, and our Secondary Public Equity Offering effectively, our business, results of operations, and financial condition could be harmed.

Our issuance of additional capital stock in connection with financings, acquisitions, investments, our stock incentive plans, or otherwise will dilute all other stockholders.

We expect to issue additional capital stock in the future that will result in dilution to all other stockholders. We expect to grant equity awards to employees, directors, and consultants under our stock incentive plans. We may also raise capital through equity financings in the future, including through offerings similar to our Secondary Public Equity Offering during the third quarter of 2021.

As part of our business strategy, we may acquire or make investments in complementary companies, products, or technologies and issue equity securities to pay for any such acquisition or investment, such as our issuance of equity securities in connection with our acquisitions. Any such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the per-share value of our common stock to decline.

The requirements of being a public company may strain our resources, divert management's attention, and affect our ability to attract and retain executive management and qualified board members.

As a public company, we are subject to the reporting requirements of the Exchange Act, the listing standards of Nasdaq, and other applicable securities rules and regulations. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming, and costly, and place significant strain on our personnel, systems, and resources. For example, the Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and results of operations. As a result of the complexity involved in complying with the rules and regulations applicable to public companies, our management's attention may be diverted from other business concerns, which could harm our business, results of operations, and financial condition.

Although we have already hired additional employees to assist us in complying with these requirements, we may need to hire more employees in the future or engage outside consultants, which will increase our operating expenses. In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs, and making some activities more time-consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest substantial resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from business operations to compliance activities. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

We also expect that being a public company and these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

As a result of disclosure of information in filings required of a public company, our business and financial condition is more visible, which may result in an increased risk of threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and results of operations could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business, results of operations, and financial condition.

The individuals who now constitute our senior management team have limited experience managing a publicly-traded company and limited experience complying with the increasingly complex laws pertaining to public companies. Our senior management team may not successfully or efficiently manage our transition to a public company that is subject to significant regulatory oversight and reporting obligations.

We do not intend to pay dividends on our common stock and, consequently, the ability of common stockholders to achieve a return on investment will depend on appreciation, if any, in the price of our common stock.

You should not rely on an investment in our common stock to provide dividend income. We have never declared or paid any dividends on our capital stock. We intend to retain any earnings to finance the operation and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. In addition, the terms of any future credit facility or financing we obtain may contain, terms prohibiting or limiting the amount of dividends that may be declared or paid on our common stock. As a result, common stockholders may only receive a ROI if the market price of our common stock increases.

We could be subject to securities class action litigation.

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because technology and healthcare technology companies have experienced significant stock price volatility in recent years. If we face such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business.

Risks Related to Our Charter and Bylaws

Provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current board of directors, and limit the market price of our common stock.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws, include provisions that:

- provide that our board of directors is classified into three classes of directors with staggered three-year terms;
- permit the board of directors to establish the number of directors and fill any vacancies and newly-created directorships;
- require super-majority voting to amend some provisions in our amended and restated certificate of incorporation and amended and restated bylaws;
- authorize the issuance of "blank check" preferred stock that our board of directors could use to implement a stockholder rights plan;
- provide that only a majority of our board of directors will be authorized to call a special meeting of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter, or repeal our bylaws; and
- advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

Moreover, Section 203 of the Delaware General Corporation Law may discourage, delay, or prevent a change in control of our company. Section 203 imposes certain restrictions on mergers, business combinations, and other transactions between us and holders of 15% or more of our common stock.

Our amended and restated bylaws designate a state or federal court located within the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit stockholders' ability to obtain a favorable judicial forum for disputes with us.

Our amended and restated bylaws include an exclusive forum provision that provides that the Court of Chancery of the State of Delaware will be the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on our behalf;
- any action asserting a breach of fiduciary duty owed to us or our stockholders by any of our current or former directors, officers or other employees;
- any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our amended and restated bylaws; or
- any action that is governed by the internal affairs doctrine and asserts a claim against us or any of our current or former directors, officers or other employees or stockholders.

This exclusive forum provision will not apply to any causes of action arising under the Securities Act. Further, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, both state and federal courts have jurisdiction to entertain such Securities Act claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause or causes of action arising under the Securities Act; however, a court may not enforce such provision.

This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or other employees, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision which will be contained in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations, and financial condition.

General Risks

Changes in accounting principles may cause previously unanticipated fluctuations in our financial results, and the implementation of such changes may impact our ability to meet our financial reporting obligations.

We prepare our financial statements in accordance with U.S. GAAP which are subject to interpretation or changes by the Financial Accounting Standards Board (FASB), the SEC, and other various bodies formed to promulgate and interpret appropriate accounting principles. New accounting pronouncements and changes in accounting principles have occurred in the past and are expected to occur in the future which may have a significant effect on our financial results. Furthermore, any difficulties in implementation of changes in accounting principles, including the ability to modify our accounting systems, could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us.

Economic uncertainties or downturns in the general economy or the industries in which our clients operate could disproportionately affect the demand for our Solution and negatively impact our results of operations.

General worldwide economic conditions have experienced significant downturns during the last ten or more years, and market volatility and uncertainty remain widespread, making it potentially very difficult for our clients and us to accurately forecast and plan future business activities.

During challenging economic times, our clients may have difficulty gaining timely access to sufficient credit or obtaining credit on reasonable terms, increased costs, and/or other negative financial impacts, each of which could impair their ability to make timely payments to us, reduce client expansion and new client acquisition, increase client churn, and adversely affect our revenue.
If that were to occur, our financial results could be harmed. Further, challenging economic conditions may impair the ability of our clients to pay for the applications and services they already have purchased from us and, as a result, our write-offs of accounts receivable could increase. We cannot predict the timing, strength, or duration of any economic slowdown or recovery. If the condition of the general economy or markets in which we operate worsens, our business could be harmed.

Investors' expectations of our performance relating to environmental, social, and governance factors may impose additional costs and expose us to new risks.

There is an increasing focus from certain investors, employees, and other stakeholders concerning corporate responsibility, specifically related to environmental, social, and governance factors.

In addition, some investors may use these factors to guide their investment strategies and, in some cases, may choose not to invest in us if they believe our policies relating to corporate responsibility are inadequate. Third-party providers of corporate responsibility ratings and reports on companies have increased to meet growing investor demand for measurement of corporate responsibility performance. For example, increasingly there have been disclosure regulations focused on environmental, social and sustainability matters. The SEC recently adopted final climate change disclosure regulation that, if it survives the litigation it is currently subject to, will require us to make certain disclosures that may be costly for our company. We are currently evaluating this regulation to determine its impact on us.

The criteria by which companies' corporate responsibility practices are assessed may change, which could result in greater expectations of us and cause us to undertake costly initiatives to satisfy such new criteria. If we elect not to or are unable to satisfy such new criteria, investors may conclude that our policies with respect to corporate responsibility are inadequate. We may face reputational damage in the event that our corporate responsibility procedures or standards do not meet the standards set by various constituencies.

Furthermore, if our competitors' corporate responsibility performance is perceived to be greater than ours, potential or current investors may elect to invest with our competitors instead. In addition, in the event that we communicate certain initiatives and goals regarding environmental, social and governance matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. If we fail to satisfy the expectations of investors, employees, and other stakeholders, or, if our initiatives are not executed as planned, our reputation and business, operating results, and financial condition could be adversely impacted.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

We believe cybersecurity is critical to advancing our company's mission to be the *catalyst* for massive, measurable, data-informed healthcare improvement. We face a multitude of cybersecurity threats that range from attacks common to most industries, such as ransomware and denial-of-service, to attacks from more advanced and persistent, highly organized groups and challenges specific to the healthcare industry. Our clients and suppliers face similar cybersecurity threats, and a cybersecurity incident impacting us or any of these entities could materially adversely affect our operations, performance, and results of operations.

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information. Our cybersecurity risk management program includes a cybersecurity incident response plan, which outlines the steps to be followed from incident detection to mitigation, recovery, and notification, including notifying functional areas (e.g., legal and compliance), as well as senior leadership and the board of directors, as appropriate.

Our cybersecurity program incorporates industry-standard frameworks (including third-party certification), policies, and practices designed to protect the privacy and security of our sensitive information. Our third-party certifications for certain Solutions include a HITRUST Common Security Framework certification (which includes standards from frameworks such as HIPAA, ISO, EU, GDPR, NIST, and PCI to provide risk-based certification for companies in the healthcare supply chain) and a Statement on Standards for Attestation Engagements 18 (SSAE 18) System and Organization Control (SOC) 2 report that evaluates our security program.

Assessing, identifying and managing cybersecurity related risks are integrated into our overall enterprise risk management process. Cybersecurity related risks are included in the risk universe that the enterprise risk management function evaluates to assess top risks to the enterprise on an annual basis. To the extent the enterprise risk management process identifies a heightened cybersecurity related risk, risk owners are assigned to develop risk mitigation plans, which are then tracked to completion. The enterprise risk management's annual risk assessment is presented to the board of directors.

Our cybersecurity risk management program is integrated into our overall enterprise risk management program, and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas. Key elements of our cybersecurity risk management program include but are not limited to the following:

- risk assessments designed to help identify material risks from cybersecurity threats to our critical systems and information;
- an information security team principally responsible for managing (i) our cybersecurity risk assessment processes, (ii) our security controls, and (iii) our response to cybersecurity incidents;
- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security processes;
- cybersecurity awareness training of our employees, including incident response personnel, and senior management;
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents; and
- a third-party risk management process for key service providers, suppliers, and vendors based upon our assessment of their criticality to our operations and respective risk profile.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition. We face risks from cybersecurity threats that, if realized, are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition. Despite the implementation of our cybersecurity program, our security measures cannot guarantee that a significant cyberattack will not occur. A successful attack on our information technology systems could have significant consequences to the business. While we devote resources to our security measures to protect our systems and information, these measures cannot provide absolute security. See "Risk Factors—Risks Related to Data and Intellectual Property" for additional information about the risks to our business associated with a breach or compromise to our information technology systems.

Cybersecurity Governance

Our board of directors (Board) oversees management's processes for identifying and mitigating risks, including cybersecurity risks, to help align our risk exposure with our strategic objectives. Our cybersecurity program is led by our Chief Information Security Officer (CISO) and includes a team of cybersecurity and security compliance professionals. The cybersecurity program is further strengthened through support of our General Counsel and Chief Compliance and Data Privacy Officer. Our legal and cybersecurity teams work closely together to support and bolster our cybersecurity program. Our cybersecurity team reports to our Audit Committee quarterly on information security and cybersecurity matters, or as needed. Our Audit Committee has oversight responsibility for our data security practices and we believe the Audit Committee has the requisite skills and visibility into the design and operation of our data security practices to fulfill this responsibility effectively. The Audit Committee reports to the full Board regarding its activities, including those related to cybersecurity, as appropriate. The full Board also receives briefings from management on our cyber risk management program. From time to time, Board members receive presentations on cybersecurity topics from our CISO, internal cybersecurity team or external experts as part of the Board's continuing education on topics that impact public companies.

The company's current CISO has more than two decades of IT leadership experience and holds several relevant IT and healthcare specific certifications including CISSP, CISM, CRISC, CCSK and CCSP, and has a Bachelor of Science in Computer Information Systems and a Master of Science in Medical Informatics. Our management team, including our CISO, is responsible for assessing and managing our material risks from cybersecurity threats. The team has primary responsibility for our overall cybersecurity risk management program and supervises both our internal cybersecurity personnel and our retained external cybersecurity consultants. Our Information Security team's experience includes more than 75 years of combined IT experience, 35 of which are focused specifically on Information Security. The broader Information Security team's accredited industry certifications include Certified Information Systems Security Professional (CISSP), Certified Information Security Manager (CISM), Certified in Risk and Information Systems Control (CRISC), Certified Information Systems Auditor (CISA), Certificate of Cloud Security Knowledge (CCSK), Certified Cloud Security Professional (CCSP), and Blue Team Level II.

Our management team takes steps to stay informed about and monitor efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in the information technology environment.

Item 2. Properties

Our principal executive offices are located in South Jordan, Utah where we lease facilities totaling approximately 128,037 square feet under a lease agreement that expires on December 31, 2031, of which 74,354 square feet is currently subleased. We use this facility for administration, sales and marketing, technology and development, and professional services. We also lease offices elsewhere for sales, research and development, professional services, and other personnel, including offices in Minneapolis, Minnesota and Hyderabad, India.

We believe that our facilities are adequate to meet our needs for the immediate future, and that, should it be needed, suitable additional space will be available to accommodate any such expansion of our operations.

Item 3. Legal Proceedings

We are, and from time to time may be, party to litigation and subject to claims incident to the ordinary course of business. As our growth continues, we may become party to an increasing number of litigation matters and claims. The outcome of litigation and claims cannot be predicted with certainty, and the resolution of these matters could materially affect our future results of operations, cash flows, or financial position. We are not presently party to any other legal proceedings that in the opinion of management, if determined to adversely affect us, may individually or taken together have a material adverse effect on our business, operating results, financial condition, or cash flows.

For information regarding a recent legal proceeding that was dismissed with prejudice on June 20, 2023, refer to Note 16, "Contingencies" to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

Market information for our common stock

Our common stock began trading on the Nasdaq Global Select Market under the symbol "HCAT" on July 25, 2019. Prior to that date, there was no public trading market for our common stock.

Holders of record

As of December 31, 2024, there were 143 holders of record of our common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

Dividend policy

We do not intend to pay cash dividends in the foreseeable future.

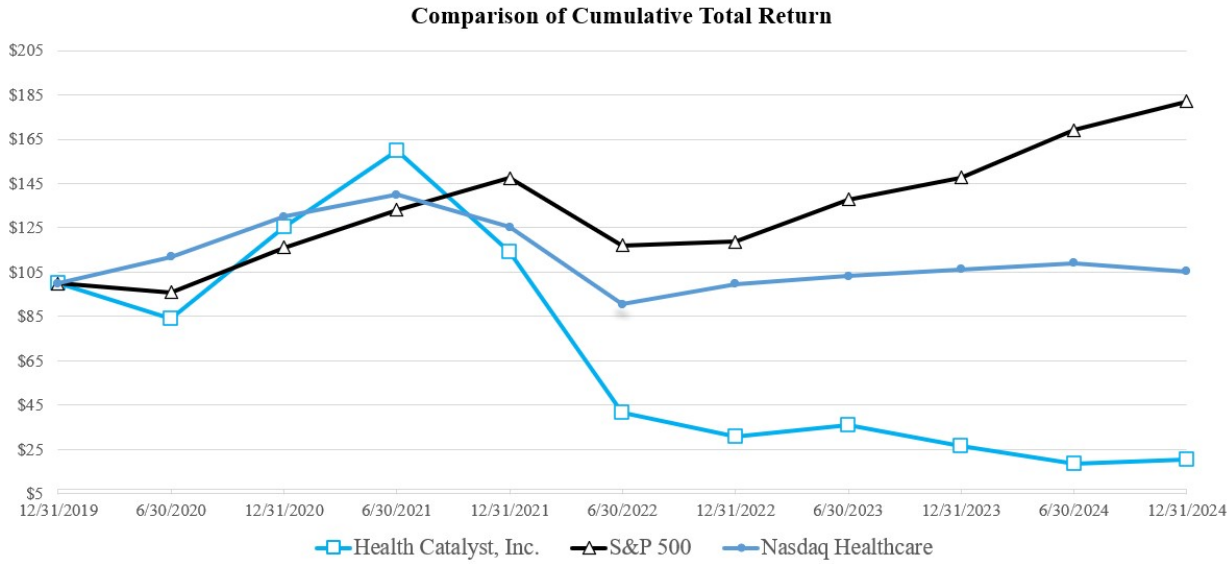
Securities authorized for issuance under equity compensation plans

The information required by this item with respect to our equity compensation plans is incorporated by reference in our proxy statement for the 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the year ended December 31, 2024.

Stock performance graph

The following performance graph and related information is "furnished" and shall not be deemed to be "soliciting material" or "filed" for purposes of Section 18 of the Exchange Act and Regulation 14A under the Exchange Act nor shall such information be incorporated by reference into any filing of Health Catalyst, Inc. under the Exchange Act or the Securities Act, except to the extent we specifically incorporate it by reference in such filing.

The graph set forth below compares the cumulative total return to stockholders on our common stock relative to the cumulative total returns of the S&P 500 Index and Nasdaq Healthcare Index through December 31, 2024. All values assume a $100 initial investment and data for the S&P 500 and Nasdaq Healthcare indices assume reinvestment of dividends. The comparisons are based on historical data and are not indicative of, nor intended to forecast, the future performance of our common stock.



Company/Index	12/31/2019[1]	Dec 31, 2020	Dec 31, 2021	Dec 31, 2022	Dec 31, 2023	Dec 31, 2024
Health Catalyst, Inc.	$ 100	$ 125	$ 114	$ 31	$ 27	$ 20
S&P 500	$ 100	$ 116	$ 148	$ 119	$ 148	$ 182
Nasdaq Healthcare	$ 100	$ 130	$ 125	$ 100	$ 106	$ 105

(1) Base period

Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered sales of equity securities

During the year ended December 31, 2024, we did not issue or sell any unregistered securities not previously disclosed in a Quarterly Report on Form 10-Q or in a Current Report on Form 8-K.

Issuer purchases of equity securities

None.

Item 6. [Reserved]

Item 7. 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 in conjunction with our consolidated financial statements, the accompanying notes, and other financial information included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results could differ materially from those forward-looking statements below. Factors that could cause or contribute to those differences include, but are not limited to, those identified below and those discussed in the sections titled "Risk Factors" and "Special Note Regarding Forward-Looking Statements" included elsewhere in this Annual Report on Form 10-K.

A discussion regarding our financial condition and results of operations for the year ended December 31, 2024 compared to the year ended December 31, 2023 is presented below. A discussion regarding our financial condition and results of operations for the year ended December 31, 2023 compared to the year ended December 31, 2022 is included under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our prior year Form 10-K filed on February 22, 2024.

Overview

We are a leading provider of data and analytics technology and services to healthcare organizations. Our Solution comprises our cloud-based data platform, applications, and expertise. Our clients, which are primarily healthcare providers, use our Solution to manage their data, derive analytical insights to operate their organization, and produce measurable clinical, financial, and operational improvements. We envision a future where all healthcare decisions are data-informed.

Health Catalyst was founded in 2008 by healthcare analytics industry pioneers. Our founders and team developed the initial version of our Solution, consisting of an early version of our data platform, select analytics accelerators, and professional services expertise. From the beginning, our Solution has been focused on enabling our mission: to be the catalyst for massive, measurable, data-informed healthcare improvement. We currently employ more than 1,500 team members.

Highlights from the years ended December 31, 2024, 2023, and 2022 include:

- For the years ended December 31, 2024, 2023, and 2022, our total revenue was $306.6 million, $295.9 million, and $276.2 million, respectively. The growth in revenue was primarily due to revenue from new clients, including clients of our recent acquired entities, and existing clients paying higher technology access fees from contractual, annual escalators.

- For the years ended December 31, 2024, 2023, and 2022, we incurred net losses of $69.5 million, $118.1 million, and $137.4 million, respectively.

- For the years ended December 31, 2024, 2023, and 2022, our Adjusted EBITDA was $26.1 million, $11.0 million, and $(2.5) million, respectively.

See "Reconciliation of Non-GAAP Financial Measures" below for more information about Adjusted EBITDA, including the limitations of Adjusted EBITDA and a reconciliation to the most directly comparable measure calculated in accordance with GAAP. See "Key Factors Affecting Our Performance" for more information about important opportunities and challenges related to our business.

Macroeconomic Environment and Strategic Operating Plan

Recent macroeconomic challenges (including high levels of inflation and high interest rates) and the tight labor market continue to adversely affect workforces, organizations, governments, clients, economies, and financial markets globally. These factors have disrupted the normal operations of many businesses, including our business. These factors have also placed the national healthcare system under significant operational and budgetary strain.

The health system end market, in particular, has experienced meaningful financial strain over the last few years, in which it has realized significant increases in labor and supply costs without a commensurate increase in revenue, leading to a deterioration in operating margins across many of our clients and prospective clients. We are encouraged that, in general, the operating margins of our health system end market improved in 2024 relative to 2022 and 2023. If this trend with the end-markets continues, we expect it to be a tailwind in the medium-to-long-term.

While we have seen that this financial strain has continued to pressure health system budgets, we have continued to hear a strong acknowledgement that our offering includes solutions that directly reduce health systems' financial pressure, especially related to the segments of our offering that have a clear, near-term financial return on investment (ROI). With the improvement in the end market in 2024, we have started to see interest throughout our broader portfolio as clients and prospective clients were more open to discussing solutions that might not offer a clear near-term financial ROI. We anticipate this trend will continue in 2025.

With respect to other near-term implications of the challenging macroeconomic environment, we continue to anticipate that a higher proportion of our gross bookings will come from our existing client base as compared to historical levels, inclusive of upsells to both our Platform Client base, as well as upsells to our over 900 App Clients. This expectation is driven by our belief that many existing clients that have already realized a strong ROI, and are aligned on a long-term partnership framework, will be more receptive to expansion conversations, as compared to discussions with prospective clients. We have collected data internally that shows we are more than twice as effective at selling into organizations where we have an existing relationship compared to those where there is no prior relationship, which gives us additional confidence in our ability to drive cross-selling within our broad client base.

Our 2024 net new Platform Clients had a lower average starting annual recurring revenue (ARR) and non-recurring revenue as compared to historical levels. Our average ARR and non-recurring revenue for net new Platform Clients signed in the year ended December 31, 2024 (new 2024 Platform Clients), was toward the low end of the historical average expected range of $400,000 to $1,000,000, driven primarily by Platform module components, such as Healthcare.AI, that result in ARR that is significantly lower than ARR derived from a contract that includes access to all of the Platform components and analytic applications. This average ARR and non-recurring revenue range is comprised of new 2024 Platform Clients with (i) ARR and non-recurring revenue in the expected average range or significantly above the expected average range driven by the size of the client organization and the bundle of technology and services included in their subscription and (ii) ARR and non-recurring revenue meaningfully below the low-end of the expected range driven by stand-alone Platform module components, which we believe may provide an opportunity to expand our relationship with these Platform Clients in the future.

We benefit from a highly recurring revenue model, in which greater than 90% of our revenue is recurring in nature, and a high level of technology revenue predictability, especially within our Platform Clients whose contracts, when sold as a bundle with our analytics applications, often have built-in, contractual technology revenue escalators.

As previously described, within our professional services segment, a subset of clients have reduced the number of FTEs engaged in their initiatives, while in the technology segment, a subset of modular clients and smaller Platform Clients have lowered their application and analytics spend. We will continue to monitor migrations from DOS to Ignite, and we have observed that clients have a few options as part of this migration. These options include expanding their relationship and spend by purchasing additional applications and services; experiencing immediate savings while maintaining the same functionality through a price reduction as part of the migration; or maintaining existing spend and realizing improvement in operations and functionality from the enhanced capabilities of Ignite. Over the course of the next few years, we anticipate our clients will continue to fall along the spectrum of these three options.

We continue to proactively respond to the challenging macroeconomic environment with a strategic operating plan that emphasizes our offerings and go-to-market approach in the areas where we have the most competitive differentiation and where clients are most likely to achieve measurable financial and operational ROI both in the near term and over time. We believe this focus will enable us to move forward in a position of continued competitive and financial strength. We will continue to refine this strategic operating plan and are continuing to make several investments in research and development, primarily in enhancing the capabilities within Health Catalyst Ignite, in order to maintain our position as a market-leading data platform over the long term.

Our Business Model

We offer our Solution to a variety of healthcare organizations, primarily in the United States, including academic medical centers, integrated delivery networks, community hospitals, large physician practices, ACOs, health information exchanges, health insurers, and other risk-bearing entities among others. We categorize our client count into two primary categories: Platform Clients and App Clients. As discussed further in "Key Business Metrics and Non-GAAP Financial Measures" below, we are shifting from what we formerly called DOS Subscription Clients to Platform Clients, and what we formerly referred to as other clients to App Clients, which include all other clients that are not Platform Clients. Platform Clients are defined as: (i) all Platform Clients as of December 31, 2024 under our historical definition (formerly referred to as DOS Subscription Clients, which we also referred to as Platform Subscription Clients), and (ii) going forward in 2025 and beyond, any technology client that signs contracts with at least $100,000 of incremental total ARR and non-recurring revenue in a given calendar year, inclusive of clients that come through acquisition if we first begin recognizing revenue for the client post-acquisition and that total ARR and non-recurring revenue exceeds $100,000 in that calendar year, so long as such client maintains an active subscription as of the end of the period. See "Key Business Metrics and Non-GAAP Financial Measures" below for more information about our Platform Clients. App Clients generally include technology clients and other clients from historical acquisitions and typically operate under subscription contracts. As of December 31, 2024, 2023, and 2022, we had 130, 109, and 98 Platform Clients with active subscriptions, respectively. As of December 31, 2024, we served over 900 App Clients compared to over 525 other clients as of December 31, 2023. The increase in other clients from December 31, 2023 to App Clients as of December 31, 2024 was primarily due to our 2024 acquisitions.

We derive substantially all of our revenue through subscriptions for use of our technology and professional services on a recurring basis. In 2024, greater than 90% of our total revenue was recurring in nature. Clients pay for our technology primarily on a subscription basis for our entire technology suite or for pieces of our technology (e.g., Platform-only or modular portions of the Platform). We generally provide access to our technology and deliver professional services to clients on a recurring basis, with our technology invoiced upfront annually or quarterly and our professional services invoiced monthly. As we increase the use cases we address at a given client, we have the opportunity to upsell incremental technology and services. We have demonstrated an ability to upsell technology and services to our client base over time. We saw a Dollar-based Retention Rate of 100% for each of the years ended December 31, 2024, 2023, and 2022, respectively, based on our legacy definition. Under an updated Dollar-based Retention rate described in more detail in the "Key Business Metrics and Non-GAAP Financial Measures" section the rate was 102% for the year ended December 31, 2024.

The primary costs incurred to deliver our technology are hosting fees and headcount-related costs associated with our cloud services and support teams. Hosting fees are related to providing our technology through a cloud-based environment hosted primarily by Microsoft Azure. We have experienced and expect to continue to experience operational inefficiencies associated with managing multiple hosting providers, resulting in a headwind against Adjusted Technology Gross Margin. Additionally, we are in the process of migrating our Platform Client base to Health Catalyst Ignite. We expect that these investments in our Platform will provide additional capabilities for our clients as well as improve our ability to drive cost efficiencies in our hosting and support costs per client over time. However, in the near-to-medium-term, we will incur some migration costs associated with deploying the updated architecture across Platform Clients, resulting in a headwind for our Technology Gross Margin. The primary costs incurred to deliver our professional services are the salaries, benefits, and other headcount-related costs of our team members.

We delineate our sales organization by new client acquisition and existing client retention and expansion. Selling efforts to new clients vary. Many of our new clients engage with us broadly for multiple use cases, requiring buy-in during the sales cycle across the C-suite. Alternatively, in some instances, we engage with a client in a single-use case. After we demonstrate measurable improvements, we work with our clients to expand the utilization of our Solution to other use cases or enterprise-wide. The average sales cycle for a new Platform Client is estimated to be approximately one year, but that timeline can vary materially. Because of our vertical focus on the healthcare industry, we believe our sales and marketing resources can be deployed more efficiently than at horizontally-focused companies that provide technology and services to multiple industries. Additionally, with our increased focus on driving expansion within our existing client base through our TEMS offering, we believe that our sales and marketing infrastructure is positioned well to generate meaningful leverage and growth within our services offerings without the need for the same level of incremental investment as in prior years. This operating leverage primarily stems from the fact that we already have an existing relationship with the client, inclusive of having invested in client success initiatives and having provided account management services to the client since the beginning of our contractual relationship. Over the past few years, we have invested in growth infrastructure and our sales operations and marketing teams are built to help us scale over the long term.

We have demonstrated a consistent track record of innovation through research and development over time as evidenced by our new product features and new product offerings. This innovation is driven by feedback we glean from our clients, professional services teams, and the market generally. Our investments in product development have been focused on increasing the capabilities of our Solution and expanding the number of use cases we address for our clients.

Financial Measures and Key Business Metrics

We regularly review a number of metrics, including the following key financial measures, to manage our business and evaluate our operating performance compared to that of other companies in our industry:

	Year Ended December 31,		
	2024	2023	2022
GAAP Financial Measures:	(in thousands, except percentages)		
Total revenue	$ 306,584	$ 295,938	$ 276,236
Gross profit	$ 114,503	$ 104,002	$ 102,942
Gross margin	37 %	35 %	37 %
Net loss	$ (69,502)	$ (118,147)	$ (137,403)
Non-GAAP Financial Measures:			
Adjusted Gross Profit	$ 149,533	$ 144,060	$ 145,849
Adjusted Gross Margin	49 %	49 %	53 %
Adjusted EBITDA	$ 26,105	$ 11,021	$ (2,487)

We monitor the key financial measures set forth in the preceding table to help us evaluate trends, establish budgets, measure the effectiveness and efficiency of our operations, and determine team member incentives. We discuss Adjusted Gross Profit, Adjusted Gross Margin, and Adjusted EBITDA in more detail below.

Adjusted gross profit and adjusted gross margin

Gross profit is a GAAP financial measure that is calculated as revenue less cost of revenue, including depreciation and amortization of capitalized software development costs and acquired technology. We calculate gross margin as gross profit divided by our revenue. Adjusted Gross Profit is a non-GAAP financial measure that we define as gross profit, adjusted for (i) depreciation and amortization, (ii) stock-based compensation, (iii) acquisition-related costs, net, and (iv) restructuring costs, as applicable. We define Adjusted Gross Margin as our Adjusted Gross Profit divided by our revenue. We believe Adjusted Gross Profit and Adjusted Gross Margin are useful to investors as they eliminate the impact of certain non-cash expenses and allow a direct comparison of these measures between periods without the impact of non-cash expenses, as well as certain other non-recurring operating expenses.

We present both of these measures for our technology and professional services business. We believe these non-GAAP measures are useful in evaluating our operating performance compared to that of other companies in our industry, as these metrics generally eliminate the effects of certain items that may vary from company to company for reasons unrelated to overall profitability. See “Reconciliation of Non-GAAP Financial Measures” below for information regarding the limitations of using our Adjusted Gross Profit and Adjusted Gross Margin as financial measures and for a reconciliation of revenue to our Adjusted Gross Profit, the most directly comparable financial measure calculated in accordance with GAAP.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that we define as net loss adjusted for (i) interest and other (income) expense, net, (ii) income tax provision (benefit), (iii) depreciation and amortization, (iv) stock-based compensation, (v) acquisition-related costs, net, (vi) litigation costs, (vii) restructuring costs, and (viii) non-recurring lease-related charges. We view acquisition-related expenses when applicable, such as transaction costs and changes in the fair value of contingent consideration liabilities that are directly related to business combinations, as costs that are unpredictable, dependent upon factors outside of our control, and are not necessarily reflective of operational performance during a period. We believe that excluding restructuring costs, litigation costs, and non-recurring lease-related charges allows for more meaningful comparisons between operating results from period to period as these are separate from the core activities that arise in the ordinary course of our business and are not part of our ongoing operations.

We believe Adjusted EBITDA provides investors with useful information on period-to-period performance as evaluated by management and a comparison with our past financial performance, and is useful in evaluating our operating performance compared to that of other companies in our industry, as this metric generally eliminates the effects of certain items that may vary from company to company for reasons unrelated to overall operating performance.

See "Reconciliation of Non-GAAP Financial Measures" below for information regarding the limitations of using our Adjusted EBITDA as a financial measure and for a reconciliation of our net loss to Adjusted EBITDA, the most directly comparable financial measure calculated in accordance with GAAP.

Other Key Metrics

We also regularly monitor and review the number of Platform Clients and Dollar-based Retention Rate as shown in the following tables:

Platform Clients

	As of December 31,		
	2024	2023	2022
Platform Clients[1]	130	109	98

(1) We have updated the name and definition of this key metric to Platform Clients from DOS Subscription Clients to better reflect the deep, long-standing, multi-faceted relationships we strive to build with the entities we serve.

Since 2016, our primary contracting model is a subscription-based contract for our platform, analytics applications, and professional services. Given how fundamental our platform is to our Solution and because the vast majority of our total revenue is derived from Platform Clients, we believe our Platform Client count is a strong indicator of our market penetration and the growth of our business. For 2025, we have updated the name and definition of this key metric to Platform Clients. In the past, we have referred to this metric as DOS Subscription Clients and Platform Subscription Clients.

Platform Clients have historically been defined as clients who directly or indirectly access our platform via a technology subscription contract. Direct access to our platform has included access to our DOS platform, Ignite platform, or Ninja Universe. Indirect access to our platform has included platform module components such as Ignite connectors, Healthcare.AI, Pop Analyzer, IDEA, and other platform components. Given the modularity of our Ignite platform, we anticipate Ignite infrastructure will be included in all of our technology Solutions in the near future and many of our Solutions already include Ignite components. Accordingly, beginning in 2025, Platform Clients will be defined as: (i) all Platform Clients as of December 31, 2024 under our historical definition (i.e., these clients will be included in our Platform Client count going forward until they cease to have an active subscription as of the end of the period), and (ii) going forward in 2025 and beyond, any technology client that signs contracts with at least $100,000 of incremental total ARR and non-recurring revenue in a given calendar year, inclusive of clients that come through acquisition if we first begin recognizing revenue for the client post-acquisition and that total ARR and non-recurring revenue exceeds $100,000 in that calendar year, so long as such client maintains an active subscription as of the end of the period. Once a client is designated as a Platform Client, it will continue to be a Platform Client unless it is no longer a client with an active subscription as of the end of the period. There are some clients that became Platform Clients before 2025 with total ARR and non-recurring revenue of less than $100,000, including some net new 2024 Platform Clients.

Given the variety of ways to access our platform and the mix of specific technology Solutions included in a subscription contract, average total ARR and non-recurring revenue for net new Platform Clients can greatly vary, particularly with our new definition of this metric. In a given calendar year, our net new Platform Clients have included clients with (i) total ARR and non-recurring revenue in the expected average range for such year or significantly above the expected average range, driven by the size of the client organization and the bundle of technology and services included in their subscription, and (ii) total ARR and non-recurring revenue meaningfully below the low-end of the expected range for such year, driven primarily by sales of applications bundled with platform module components or with lower starting price points. We expect this trend will continue. For example, in 2024, the highest incremental total ARR and non-recurring revenue from a net new Platform Client was approximately $2 million and some Platform Clients were below our new threshold of $100,000 total ARR and non-recurring revenue. As previously shared, we sometimes pursue lower total ARR and non-recurring revenue contracts as a pilot and/or with the strategy that we can later expand our relationship with these Platform Clients, including through cross-selling efforts.

For 2024, we shared an expected aggregated average total ARR and non-recurring revenue for all net new Platform Clients (2024 Platform Clients) to range between $400,000 and $1,000,000. Our actual aggregated average total ARR and non-recurring revenue from 2024 Platform Clients was toward the low end of the expected range, driven primarily by lower priced, single application Ignite platform components and standalone application sales bundled with platform module components, such as Healthcare.AI. Our total net new Platform Clients was 21, which is higher than any prior years. We believe the higher number of net new Platform Clients was driven by an improved end market, an improved and more modular platform product in Ignite and its platform components, which can be sold on a standalone basis or easily bundled with applications, and a lower average starting price point, which removes barriers to entry for many health systems.

For 2025, while health systems are on a spectrum of financial stability and improvement, we are encouraged to see that average health system operating margins did improve in 2024 compared to 2023 and 2022. Supported by the improvement in the operating environment of our end market and continued progress in our rollout of Ignite and its platform modules, we anticipate net new Platform Clients additions will have an aggregated average total ARR and non-recurring revenue range of $300,000 and $700,000 in 2025, and such range reflects the update to the definition of Platform Clients.

Dollar-based Retention Rate - New Definition

	Year Ended December 31,
	2024
Dollar-based Retention Rate (Tech + TEMS)	102 %

We calculate our Dollar-based Retention Rate as of a period end by starting with the sum of the technology and Tech-Enabled Managed Services (TEMS) ARR from our Platform Clients as of the date 12 months prior to such period end (prior period ARR). This calculation excludes professional services ARR and non-recurring revenue. We then calculate the sum of the ARR from these same clients as of the current period end (Current period ARR). Current period ARR includes any upsells and also reflects contraction or attrition over the trailing twelve months but excludes ARR from new Platform Clients added in the current period who were not clients at the beginning of such period. This Current period ARR may include acquired ARR from clients (i.e., through acquisition of a company) that overlap with the Platform Clients in a given calendar year. We then divide the Current period ARR by the prior period ARR to arrive at our Dollar-Based Retention Rate for Technology and TEMS. We calculate applicable ARR for each Platform Client as the expected monthly recurring revenue of our clients as of the last day of a period multiplied by 12. Because our primary business model is to contract for our Platform, analytics applications, and TEMS, our Dollar-Based Retention Rate calculated above only includes our Platform Clients. App Clients that do not meet the definition of a Platform Client, which are primarily legacy Medicity, Able Health, Healthfinch, Vitalware, Twistle, KPI Ninja, ARMUS, ERS, Carevive, Lumeon, and Intraprise clients, are not included in the Dollar-Based Retention Rate metrics. As it relates to TEMS, we define this cohort of clients as Platform Clients who subscribe to a Tech-Enabled Managed Services contract with the exception of our pilot ambulatory TEMS offering related to specific ambulatory services agreements, which we expect to sunset in 2025 and which will be excluded from Dollar-Based Retention Rate calculations in prior, current and future periods. This cohort of technology and TEMS ARR from our Platform Clients represents the majority of our ARR as of December 31, 2024.

As noted, our Dollar-based Retention Rate Key Metric excludes App Clients who are not Platform Clients, including clients added through acquisition, as the go-forward technology revenue growth profiles of these businesses may vary from our core Platform Clients. For example, Medicity clients have generated a lower Dollar-based Retention Rate than Platform Clients and we expect flat to declining revenue from Medicity clients in the foreseeable future.

Dollar-based Retention Rate - Legacy Definition

	Year Ended December 31,		
	2024	2023	2022
Dollar-based Retention Rate (legacy)	100 %	100 %	100 %

Historically we have calculated our legacy Dollar-based Retention Rate as of a period end by starting with the sum of the technology and professional services ARR from our Platform Clients as of the date 12 months prior to such period end (prior period ARR). We then calculated the sum of the ARR from these same clients as of the current period end (Current period ARR).

As shown above, under the updated Dollar-based Retention Rate definition, the result was 102% in 2024. This improvement compared to the legacy definition is primarily due to isolating the technology and TEMS portions of our business which are more recurring in nature compared to our non-TEMS professional services contracts.

We determined it was appropriate to make this change as a result of changing trends in the structure of our professional services contracts. For example, in 2024, we saw a dynamic where some of our clients were moving their spend from recurring FTE based subscriptions to project-based work that is more non-recurring in nature. This shift had a negative impact on non-TEMS professional services Dollar-based Retention Rate. We anticipate clients will, in many cases, continue to opt for more non-recurring project-based work rather than FTE subscription contracts, however we anticipate that many clients will opt to continue to engage in these types of non-recurring work over time. These non-recurring, project-based fees are less predictable than our recurring services and can drive fluctuations in quarterly professional services revenues and in our prior definition of the Dollar-based Retention Rate metric as well as in prior period comparisons.

Reconciliation of Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we believe the following non-GAAP measures are useful in evaluating our operating performance. For example, we exclude stock-based compensation expense because it is non-cash in nature and excluding this expense provides meaningful supplemental information regarding our operational performance and allows investors the ability to make more meaningful comparisons between our operating results and those of other companies. We use the following non-GAAP financial information to evaluate our ongoing operations, as a component in determining employee bonus compensation, and for internal planning and forecasting purposes. We believe that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance. However, non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool, and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In addition, other companies, including companies in our industry, may calculate similarly-titled non-GAAP measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. A reconciliation is provided below for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business.

Adjusted gross profit and adjusted gross margin

Gross profit is a GAAP financial measure that is calculated as revenue less cost of revenue, including depreciation and amortization of capitalized software development costs and acquired technology. We calculate gross margin as gross profit divided by our revenue. Adjusted Gross Profit is a non-GAAP financial measure that we define as gross profit, adjusted for (i) depreciation and amortization, (ii) stock-based compensation, (iii) acquisition-related costs, net, and (iv) restructuring costs, as applicable. We define Adjusted Gross Margin as our Adjusted Gross Profit divided by our revenue. We believe Adjusted Gross Profit and Adjusted Gross Margin are useful to investors as they eliminate the impact of certain non-cash expenses and allow a direct comparison of these measures between periods without the impact of non-cash expenses and certain other non-recurring operating expenses.

We present both of these measures for our technology and professional services business. We believe these non-GAAP measures are useful in evaluating our operating performance compared to that of other companies in our industry, as these metrics generally eliminate the effects of certain items that may vary from company to company for reasons unrelated to overall profitability.

The following is a reconciliation of our Adjusted Gross Profit and Adjusted Gross Margin, in total and for technology and professional services, to gross profit and gross margin, the most directly comparable financial measures calculated in accordance with GAAP, for the years ended December 31, 2024, 2023, and 2022:

	Year Ended December 31, 2024 (in thousands, except percentages)		
	Technology	Professional Services	Total
Revenue	$ 194,852	$ 111,732	$ 306,584
Cost of revenue, excluding depreciation and amortization	(67,812)	(97,993)	(165,805)
Amortization of intangible assets, cost of revenue	(16,150)	—	(16,150)
Depreciation of property and equipment, cost of revenue	(10,126)	—	(10,126)
Gross profit	100,764	13,739	114,503
Gross margin	52 %	12 %	37 %
Add:			
Amortization of intangible assets, cost of revenue	16,150	—	16,150
Depreciation of property and equipment, cost of revenue	10,126	—	10,126
Stock-based compensation	1,700	6,041	7,741
Acquisition-related costs, net[1]	320	433	753
Restructuring costs[2]	79	181	260
Adjusted Gross Profit	$ 129,139	$ 20,394	$ 149,533
Adjusted Gross Margin	66 %	18 %	49 %

(1) Acquisition-related costs, net include deferred retention expenses attributable to the Lumeon, Carevive, ARMUS, and KPI Ninja acquisitions.
(2) Restructuring costs include severance and other team member costs from workforce reductions.

	Year Ended December 31, 2023 (in thousands, except percentages)		
	Technology	Professional Services	Total
Revenue	$ 187,583	$ 108,355	$ 295,938
Cost of revenue, excluding depreciation and amortization	(62,474)	(101,631)	(164,105)
Amortization of intangible assets, cost of revenue	(18,742)	—	(18,742)
Depreciation of property and equipment, cost of revenue	(9,089)	—	(9,089)
Gross profit	97,278	6,724	104,002
Gross margin	52 %	6 %	35 %
Add:			
Amortization of intangible assets, cost of revenue	18,742	—	18,742
Depreciation of property and equipment, cost of revenue	9,089	—	9,089
Stock-based compensation	1,866	7,369	9,235
Acquisition-related costs, net[1]	273	391	664
Restructuring costs[2]	496	1,832	2,328
Adjusted Gross Profit	$ 127,744	$ 16,316	$ 144,060
Adjusted Gross Margin	68 %	15 %	49 %

(1) Acquisition-related costs, net includes deferred retention expenses following the ARMUS, KPI Ninja, and Twistle acquisitions.
(2) Restructuring costs include severance and other team member costs from workforce reductions.

	Year Ended December 31, 2022 (in thousands, except percentages)		
	Technology	Professional Services	Total
Revenue	$ 176,288	$ 99,948	$ 276,236
Cost of revenue, excluding depreciation and amortization	(56,642)	(86,407)	(143,049)
Amortization of intangible assets, cost of revenue	(22,832)	—	(22,832)
Depreciation of property and equipment, cost of revenue	(7,413)	—	(7,413)
Gross profit	89,401	13,541	102,942
Gross margin	51 %	14 %	37 %
Add:			
Amortization of intangible assets, cost of revenue	22,832	—	22,832
Depreciation of property and equipment, cost of revenue	7,413	—	7,413
Stock-based compensation	2,058	8,230	10,288
Acquisition-related costs, net[1]	351	655	1,006
Restructuring costs[2]	229	1,139	1,368
Adjusted Gross Profit	$ 122,284	$ 23,565	$ 145,849
Adjusted Gross Margin	69 %	24 %	53 %

(1) Acquisition-related costs, net includes deferred retention expenses following the ARMUS, KPI Ninja, and Twistle acquisitions.
(2) Restructuring costs include severance and other team member costs from workforce reductions.

Technology gross margin remained constant at 52% for the years ended December 31, 2023 and 2024. Adjusted Technology Gross Margin decreased from 68% for the year ended December 31, 2023 to 66% for the year ended December 31, 2024. The year-over-year result was mainly driven by continued costs associated with transitioning a portion of our client base to Azure-hosted environments, as well as from costs associated with migrating Platform Clients to Health Catalyst Ignite, and Ninja Universe deployment costs incurred prior to the commencement of revenue recognition, partially offset by existing clients paying higher technology access fees from contractual, built-in escalators, without a corresponding increase in hosting costs.

We expect Adjusted Technology Gross Margin to fluctuate and potentially decline in the near term, primarily due to additional costs associated with the ongoing transition of Platform Clients to Health Catalyst Ignite and Ninja Universe deployment costs incurred prior to the commencement of revenue recognition, which typically begins six months or more following contract signing. The potential decline is also attributable to a small subset of App Clients reducing their software analytics application costs, which tend to be higher margin offerings.

Professional services gross margin increased from 6% for the year ended December 31, 2023 to 12% for the year ended December 31, 2024. Adjusted Professional Services Gross Margin increased from 15% for the year ended December 31, 2023 to 18% for the year ended December 31, 2024, primarily due to higher utilization rates and cost management efforts, driven in large part by the reduction in force that primarily occurred late in the fourth quarter of 2023 and early 2024.

In the fourth quarter of 2023, our board of directors approved workforce reductions as part of a restructuring plan intended to optimize our cost structure and focus our investment of resources in key priority areas to align with strategic changes (2023 Restructuring Plan). These reductions enabled significant improvement in our Adjusted Professional Services Gross Margin for the year ended December 31, 2024, compared to the year ended December 31, 2023. The majority of our professional services revenue is generated from data and analytics services and domain expertise services, which are also our highest gross margin professional services offerings. However, we expect that our Adjusted Professional Services Gross Margin will continue to fluctuate on a quarterly basis due to changes in our service mix, including data and analytics services, domain expertise services, TEMS, and implementation services, as well as variations in operational overhead and client-driven factors such as service delays or reductions amid macroeconomic uncertainty.

Specifically, in the near term, we expect our mix of services to include more TEMS which have minimal initial services gross margins that gradually increase over time as we drive efficiencies in service delivery through the use of our technology. As part of our TEMS contracts, we often re-badge existing health system team members within the applicable functional area as Health Catalyst team members. We often provide a client with a near-term discount relative to their existing costs for the scope of the TEMS opportunity, and we drive incremental gross margin over time by leveraging our technology and know-how to make processes more efficient and reduce the client's labor costs.

While there will be a headwind to gross margin from these TEMS in the near term, we believe this model will benefit our mid and long-term Adjusted EBITDA and profitability targets due to improved direct margin on these services over time, our ability to drive operating leverage with lower relative incremental operating expense investment required, and the fact that these contracts typically result in long-term technology subscription contract renewals or expansions.

Total gross margin increased from 35% for the year ended December 31, 2023, to 37% for the year ended December 31, 2024. Total Adjusted Gross Margin remained constant at 49% for the years ended December 31, 2023 and 2024. We expect total Adjusted Gross Margin to fluctuate and decline in the near term, primarily due to anticipated growth in professional services, including TEMS.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that we define as net loss adjusted for (i) interest and other (income) expense, net, (ii) income tax provision (benefit), (iii) depreciation and amortization, (iv) stock-based compensation, (v) acquisition-related costs, net, (vi) litigation costs, (vii) restructuring costs, and (viii) non-recurring lease-related charges. We view acquisition-related expenses when applicable, such as transaction costs and changes in the fair value of contingent consideration liabilities that are directly related to business combinations, as costs that are unpredictable, dependent upon factors outside of our control, and are not necessarily reflective of operational performance during a period.

We believe that excluding restructuring costs, litigation costs, and non-recurring lease-related charges allows for more meaningful comparisons between operating results from period to period as this is separate from the core activities that arise in the ordinary course of our business and are not part of our ongoing operations. We believe Adjusted EBITDA provides investors with useful information on period-to-period performance as evaluated by management and a comparison with our past financial performance, and is useful in evaluating our operating performance compared to that of other companies in our industry, as this metric generally eliminates the effects of certain items that may vary from company to company for reasons unrelated to overall operating performance.

Our Adjusted EBITDA improved year-over-year as a result of our revenue growth and cost reduction initiatives as well as the timing of some non-headcount expenses. We generally expect Adjusted EBITDA to continue to improve going forward, although it may fluctuate from quarter to quarter as a result of the timing of non-recurring revenue and the seasonality of certain operating costs, including costs related to our HAS event, which we plan to hold next during the third quarter of 2025.

The following is a reconciliation of our Adjusted EBITDA to net loss, the most directly comparable financial measure calculated in accordance with GAAP, for the years ended December 31, 2024, 2023, and 2022:

	Year Ended December 31,		
	2024	2023	2022
	(in thousands)		
Net loss	$ (69,502)	$ (118,147)	$ (137,403)
Add:			
Interest and other (income) expense, net	(637)	(9,106)	1,678
Income tax provision (benefit)	333	356	(4,280)
Depreciation and amortization	41,431	42,223	48,297
Stock-based compensation	40,128	55,756	72,104
Acquisition-related costs, net[1]	10,064	5,757	4,894
Litigation costs[2]	—	21,279	—
Restructuring costs[3]	2,088	8,822	8,425
Non-recurring lease-related charges[4]	2,200	4,081	3,798
Adjusted EBITDA	$ 26,105	$ 11,021	$ (2,487)

(1) Acquisition-related costs, net includes third-party fees associated with due diligence, deferred retention expenses, post-acquisition restructuring costs incurred as part of business combinations, and changes in fair value of contingent consideration liabilities for potential earn-out payments. For additional details refer to Notes 1, 2, and 7 in our consolidated financial statements.

(2) Litigation costs include costs related to litigation that are outside the ordinary course of our business. For additional details, refer to Note 16 in our consolidated financial statements.

(3) Restructuring costs include severance and other team member costs from workforce reductions, impairment of discontinued capitalized software projects, and other miscellaneous charges. For additional details, refer to Note 11 in our consolidated financial statements.

(4) Non-recurring lease-related charges includes lease-related impairment charges for the subleased portion of our corporate headquarters. For additional details refer to Note 9 in our consolidated financial statements.

Key Factors Affecting Our Performance

We believe that our future growth, success, and performance are dependent on many factors, including those set forth below. While these factors present significant opportunities for us, they also represent the challenges that we must successfully address in order to grow our business and improve our results of operations.

- ***Impact of challenging macroeconomic environment, including high inflation and high interest rates.*** Recent macroeconomic challenges (including the high levels of inflation and high interest rates, new tariffs or market volatility and measures taken in response thereto) and the tight labor market continue to adversely affect workforces, organizations, governments, clients, economies, and financial markets globally, leading to an economic downturn and increased market volatility. These challenges have also disrupted the normal operations of many businesses, including ours. Our health system end market recently experienced meaningful financial strain from significant inflation. In particular, the health system end market experienced increases in labor and supply costs without a commensurate increase in revenue, leading to significant margin pressure. We are encouraged that, in general, the operating margins of our health system end market improved in 2024 relative to 2022 and 2023. If this trend with the end-markets continues, we expect it to be a tailwind in the medium-to-long-term.

- ***Add new clients.*** We believe our ability to increase our client base will enable us to drive growth. Our potential client base is generally in the early stages of data and analytics adoption and maturity. We expect to further penetrate the market over time as potential clients invest in commercial data and analytics solutions. As one of the first data platform and analytics vendors focused specifically on healthcare organizations, we have an early-mover advantage and strong brand awareness. Our clients are large, complex organizations who typically have long procurement cycles, which, as a result, may lead to challenges with adding new Platform Clients.

- ***Leverage recent product and services offerings to drive expansion.*** We believe that our ability to expand within our client base will enable us to drive growth. Over the last few years, we have developed and deployed several new analytics applications, including PowerCosting (formerly known as CORUS), PowerLabor, Touchstone, Patient Safety Monitor, Pop Analyzer (formerly known as Population Builder), Value Optimizer, and others. Because we are in the early stages of certain of our applications' lifecycles and maturity, we do not have enough information to know the impact on revenue growth by upselling these applications and associated services to current and new clients.

- ***Impact of acquisitions.*** We have acquired multiple companies over the last few years, including Medicity in June 2018, Able Health in February 2020, Healthfinch in July 2020, Vitalware in September 2020, Twistle in July 2021, KPI Ninja in February 2022, ARMUS in April 2022, ERS in October 2023, Carevive in May 2024, Lumeon in August 2024, Intraprise in November 2024, and Upfront in January 2025. The historical and go-forward revenue growth profiles of these businesses may vary from our core Platform Clients, which can positively or negatively impact our overall growth rate. For example, Medicity clients have generated a lower dollar-based retention rate than Platform Clients and we expect declining revenue from Medicity clients in the foreseeable future. As we integrate the teams acquired via our recent acquisitions, we have also incurred integration-related costs and duplicative costs that could impact our operating cost profile in the near term.

- ***Changing revenue mix***. Our technology and professional services offerings have materially different gross margin profiles. While our professional services offerings help our clients achieve measurable improvements and make them stickier, they have lower gross margins than our technology revenue. In 2024, our technology revenue and professional services revenue represented 64% and 36% of total revenue, respectively. Changes in our percentage of revenue attributable to Technology and Professional Services would impact future gross margin and Adjusted Gross Margin.

  Furthermore, changes within the types of professional services we offer over time can have a material impact on our Adjusted Professional Services Gross Margin, impacting our future gross margin and Total Adjusted Gross Margin. See "Reconciliation of Non-GAAP Financial Measures" above for more information.

- ***Migration to Health Catalyst Ignite.*** We are in the process of migrating our Platform Clients from our DOS platform to Health Catalyst Ignite. These transitions have and will continue to result in higher cost of technology revenue, which will negatively impact Adjusted Technology Gross Margin. We anticipate Ignite migrations will be completed in mid-2026.

Recent Acquisitions

Upfront Healthcare, Inc.

On January 22, 2025, we acquired Upfront Healthcare Services, Inc. ("Upfront"), a next-generation patient engagement platform provider, for preliminary consideration of approximately $41.5 million in cash and $32.1 million of our common stock, plus a potential recurring revenue-based earn-out of up to $33.4 million that, if achieved, would be paid 62.5% in common stock and 37.5% in cash. Certain Upfront shareholders also received shares of Health Catalyst common stock subject to revesting that are accounted for as post-acquisition stock-based compensation. Given the recent timing of the closing of this business combination, we are in the process of identifying and measuring the value of the assets acquired and liabilities assumed, including the acquisition-date fair value of the earn-out contingent consideration liability.

Intraprise Health, LLC.

On November 8, 2024, we acquired Intraprise Health, LLC. (Intraprise), a leading provider of data and analytics technology and services to healthcare organizations. The acquisition consideration transferred was $44.9 million and was comprised of net cash consideration of $25.4 million and shares of Health Catalyst common stock with a fair value of $19.5 million.

Lumeon Ltd.

On August 1, 2024, we acquired Lumeon Ltd. (Lumeon), a digital health company dedicated to helping provider organizations mend broken care coordination processes through automated care orchestration. The acquisition consideration transferred was $39.8 million and was comprised of net cash consideration of $36.2 million, shares of Health Catalyst common stock with a fair value of $2.9 million, and contingent consideration based on certain earn-out performance targets for Lumeon during an earn-out period ending on June 30, 2025, with an acquisition-date fair value of $0.7 million.

Carevive Systems, Inc.

On May 24, 2024, we acquired Carevive Systems, Inc. (Carevive), a leading oncology-focused health technology company centered on understanding and improving the experience of patients with cancer. The acquisition consideration transferred was $22.1 million and was comprised of net cash consideration of $18.6 million, shares of Health Catalyst common stock with a fair value of $2.6 million, and contingent consideration based on certain earn-out performance targets for Carevive during an earn-out period ending on June 30, 2025, with an acquisition-date fair value of $0.9 million.

Electronic Registry Systems, Inc. (ERS)

On October 2, 2023, we acquired Electronic Registry Systems, Inc. (ERS), a cloud-based provider of clinical registry development and data management software focused on oncology with advanced data analytics expertise. The acquisition consideration transferred was comprised of net cash consideration of $11.4 million. The ERS shareholders also received Health Catalyst common shares subject to revesting that are accounted for as post-acquisition stock-based compensation.

ARMUS Corporation

On April 29, 2022, we acquired ARMUS, a clinical registry development and data management technology company based in Foster City, California. ARMUS provides data abstraction, data validation, data management, data submission, and data reporting services to support participation in clinical quality registries for healthcare institutions around the world, including health systems, payers, medical device companies, and premier medical societies.

The acquisition consideration transferred was $9.4 million and was comprised of net cash consideration of $9.3 million and shares of Health Catalyst common stock with a fair value of $0.1 million, net of shares subject to revesting that are accounted for as post-acquisition stock-based compensation.

KPI Ninja, Inc.

On February 24, 2022, we acquired KPI Ninja, a leading provider of interoperability, enterprise analytics, and value-based care solutions based in Lincoln, Nebraska. KPI Ninja is known for its powerful capabilities, flexible configurations, and comprehensive applications designed to fulfill the promise of data-driven healthcare. The acquisition consideration transferred was $21.4 million and was comprised of net cash consideration of $18.5 million and shares of Health Catalyst common stock with a fair value of $2.9 million, net of shares subject to revesting that are accounted for as post-acquisition stock-based compensation.

Components of Our Results of Operations

Revenue

We derive our revenue from sales of technology and professional services. For the years ended December 31, 2024, 2023, and 2022, technology revenue represented 64%, 63%, and 64% of total revenue, respectively, and professional services revenue represented 36%, 37%, and 36% of total revenue, respectively.

Technology revenue. Technology revenue primarily consists of subscription fees charged to clients for access to use our Platform and analytics applications. We provide clients access to our technology through either an all-access or limited-access, modular subscription. Most of our subscription contracts are cloud-based and generally have a three or five-year term, of which many are terminable after one year upon 90 days' notice. The vast majority of our Platform Client subscription contracts have built-in annual escalators for technology access fees. Also included in technology revenue is the maintenance and support we provide, which generally includes updates and support services.

Professional services revenue. Professional services revenue primarily includes analytics services, domain expertise services, TEMS, and implementation services. Professional services arrangements typically include a fee for making FTE services available to our clients on a monthly basis. FTE services generally consist of a blend of analytic engineers, analysts, and data scientists based on the domain expertise needed to best serve our clients.

Deferred revenue

Deferred revenue consists of client billings in advance of revenue being recognized from our technology and professional services arrangements. We primarily invoice our clients for technology arrangements annually or quarterly in advance. Amounts anticipated to be recognized within one year of the balance sheet date are recorded as deferred revenue and the remaining portion is recorded as deferred revenue, net of current portion on our consolidated balance sheets.

Cost of revenue, excluding depreciation and amortization

Cost of technology revenue. Cost of technology revenue primarily consists of costs associated with hosting and supporting our technology, including third-party cloud computing and hosting costs, license and revenue share fees, contractor costs, and salary and related personnel costs for our cloud services and support teams.

Although we expect cost of technology revenue to increase in absolute dollars as we increase headcount, cloud computing, and hosting costs to accommodate growth, and as we continue to transition clients to third-party hosted data centers with Microsoft Azure and migrate clients to Health Catalyst Ignite, we anticipate cost of technology revenue as a percentage of technology revenue will generally decrease over the long term. We expect cost of technology revenue as a percentage of technology revenue to fluctuate and potentially increase in the near term, primarily due to additional costs associated with transitioning a small number of clients from on-premise deployments to Microsoft Azure-hosted environments and migrating clients to Health Catalyst Ignite.

Cost of professional services revenue. Cost of professional services revenue consists primarily of costs related to delivering our team's expertise in analytics, strategic advisory, improvement, and implementation services. These costs primarily include salary and related personnel costs, travel-related costs, and outside contractor costs. The 2023 Restructuring Plan has reduced our ongoing cost of professional services revenue. However, we expect that the future savings from the reduced headcount may be offset by continued growth in our professional services, including TEMS. Our cost of professional services revenue may fluctuate as a percentage of our revenue from period to period due to the timing and extent of non-recurring professional services arrangements.

Operating expense

Sales and marketing. Sales and marketing expenses primarily include salary and related personnel costs for our sales, marketing, and account management teams, lead generation, marketing events, including our HAS, marketing programs, and outside contractor costs associated with the sale and marketing of our offerings. We plan to continue to invest in sales and marketing to grow our client base, expand in new markets, and increase our brand awareness. The trend and timing of sales and marketing expenses will depend in part on the timing of our expansion into new markets and marketing campaigns. Our sales and marketing expenses may fluctuate as a percentage of our revenue from period to period due to the timing and extent of these expenses.

Research and development. Research and development expenses primarily include salary and related personnel costs for our data platform and analytics applications teams, subscriptions, and outside contractor costs associated with the development of products. We have developed an open, flexible, and scalable data platform. We plan to continue to invest in research and development to develop new solutions and enhance our applications library. The 2023 Restructuring Plan increased our research and development expenses in the fourth quarter of 2023 until midway through 2024 due to severance costs, but we expect that the reduction in headcount will reduce future, ongoing research and development expenses. Our research and development expenses may fluctuate as a percentage of our revenue from period to period due to the nature, timing, and extent of these expenses.

General and administrative. General and administrative expenses primarily include salary and related personnel costs for our legal, finance, people operations, IT, and other administrative teams, including certain executives. General and administrative expenses also include facilities, subscriptions, corporate insurance, outside legal, accounting, directors' fees, and the change in fair value of contingent consideration liabilities. Our general and administrative expenses may fluctuate as a percentage of our revenue from period to period due to the timing and extent of these expenses, including due to restructuring initiatives.

Depreciation and amortization. Depreciation and amortization expenses are primarily attributable to our capital investment and consist of fixed asset depreciation, amortization of intangibles considered to have definite lives, and amortization of capitalized internal-use software costs.

Interest and other income (expense), net

Interest and other income (expense), net primarily consists of income from our investment holdings offset by interest expense. Interest expense is primarily attributable to the Convertible Senior Notes and Credit Agreement and also includes the amortization of deferred financing costs related to our debt arrangements.

Income tax benefit

Income tax benefit consists of U.S. federal, state, and foreign income taxes. Because of the uncertainty of the realization of the deferred tax assets, we have a full valuation allowance for our net deferred tax assets, including net operating loss carryforwards (NOLs) and tax credits related primarily to research and development.

As of December 31, 2024, we had federal and state NOLs of $680.7 million and $571.6 million, respectively, which will begin to expire for federal and state tax purposes in 2032 and 2025, respectively. Our existing NOLs may be subject to limitations arising from ownership changes and, if we undergo an ownership change in the future, our ability to utilize our NOLs and tax credits could be further limited by Sections 382 and 383 of the Code. Future changes in our stock ownership, many of which are outside of our control, could result in an ownership change under Sections 382 and 383 of the Code. Our NOLs and tax credits may also be limited under similar provisions of state law.

On August 16, 2022, the Inflation Reduction Act of 2022 (IRA) was enacted and signed into U.S. law. The IRA includes provisions imposing a 1% excise tax on share repurchases in excess of the fair value of stock issuances, including compensatory stock issuances, that occur after December 31, 2022 and introduces a 15% corporate alternative minimum tax on adjusted financial statement income. We do not expect the tax provisions of the IRA to have a material impact on our consolidated financial statements.

Results of Operations

The following tables set forth our consolidated results of operations data and such data as a percentage of total revenue for each of the periods indicated:

	Year Ended December 31,		
	2024	2023	2022
	(in thousands)		
Revenue:			
Technology	$ 194,852	$ 187,583	$ 176,288
Professional services	111,732	108,355	99,948
Total revenue	306,584	295,938	276,236
Cost of revenue, excluding depreciation and amortization shown below:			
Technology[(1)(2)(3)]	67,812	62,474	56,642
Professional services[(1)(2)(3)]	97,993	101,631	86,407
Total cost of revenue, excluding depreciation and amortization	165,805	164,105	143,049
Operating expenses:			
Sales and marketing[(1)(2)(3)]	54,387	67,321	87,514
Research and development[(1)(2)(3)]	57,950	72,627	75,680
General and administrative[(1)(2)(3)(4)(5)]	56,817	76,559	61,701
Depreciation and amortization	41,431	42,223	48,297
Total operating expenses	210,585	258,730	273,192
Loss from operations	(69,806)	(126,897)	(140,005)
Interest and other income (expense), net	637	9,106	(1,678)
Loss before income taxes	(69,169)	(117,791)	(141,683)
Income tax provision (benefit)	333	356	(4,280)
Net loss	$ (69,502)	$ (118,147)	$ (137,403)

(1) Includes stock-based compensation expense, as follows:

	Year Ended December 31,		
	2024	2023	2022
Stock-Based Compensation Expense:	(in thousands)		
Cost of revenue, excluding depreciation and amortization:			
Technology	$ 1,700	$ 1,866	$ 2,058
Professional services	6,041	7,369	8,230
Sales and marketing	12,120	20,982	28,082
Research and development	7,696	11,213	12,938
General and administrative	12,571	14,326	20,796
Total	$ 40,128	$ 55,756	$ 72,104

(2) Includes acquisition-related costs, net, as follows:

	Year Ended December 31,		
	2024	2023	2022
Acquisition-related costs, net:	(in thousands)		
Cost of revenue, excluding depreciation and amortization:			
Technology	$ 320	$ 273	$ 351
Professional services	433	391	655
Sales and marketing	791	697	1,894
Research and development	703	787	3,045
General and administrative	7,817	3,609	(1,051)
Total	$ 10,064	$ 5,757	$ 4,894

(3) Includes restructuring costs, as follows:

	Year Ended December 31,		
	2024	2023	2022
Restructuring costs:		(in thousands)	
Cost of revenue, excluding depreciation and amortization:			
Technology	$ 79	$ 496	$ 229
Professional services	181	1,832	1,139
Sales and marketing	449	2,415	3,023
Research and development	443	3,337	3,410
General and administrative	936	742	624
Total	$ 2,088	$ 8,822	$ 8,425

(4) Includes litigation costs, as follows:

	Year Ended December 31,		
	2024	2023	2022
Litigation costs:		(in thousands)	
General and administrative	$ —	$ 21,279	$ —

(5) Includes non-recurring lease-related charges, as follows:

	Year Ended December 31,		
	2024	2023	2022
Non-recurring lease-related charges:		(in thousands)	
General and administrative	$ 2,200	$ 4,081	$ 3,798

	Year Ended December 31,		
	2024	2023	2022
Revenue:			
Technology	64 %	63 %	64 %
Professional services	36	37	36
Total revenue	100	100	100
Cost of revenue, excluding depreciation and amortization shown below:			
Technology	22	21	21
Professional services	32	34	31
Total cost of revenue, excluding depreciation and amortization	54	55	52
Operating expenses:			
Sales and marketing	18	23	32
Research and development	19	25	27
General and administrative	19	26	22
Depreciation and amortization	14	14	18
Total operating expenses	70	88	99
Loss from operations	(24)	(43)	(51)
Interest and other income (expense), net	1	3	(1)
Loss before income taxes	(23)	(40)	(52)
Income tax provision (benefit)	—	—	(2)
Net loss	(23)%	(40)%	(50)%

Discussion of the Years Ended December 31, 2024 and 2023

Revenue

	Year Ended December 31,			
	2024	2023	$ Change	% Change
	(in thousands, except percentages)			
Revenue:				
Technology	$ 194,852	$ 187,583	$ 7,269	4 %
Professional services	111,732	108,355	3,377	3 %
Total revenue	$ 306,584	$ 295,938	$ 10,646	4 %
Percentage of revenue:				
Technology	64 %	63 %		
Professional services	36 %	37 %		
Total	100 %	100 %		

Total revenue was $306.6 million for the year ended December 31, 2024, compared to $295.9 million for the year ended December 31, 2023, an increase of $10.6 million, or 4%.

Technology revenue was $194.9 million, or 64% of total revenue, for the year ended December 31, 2024, compared to $187.6 million, or 63% of total revenue, for the year ended December 31, 2023. The technology revenue growth was primarily from new Platform Clients, revenue from existing clients paying higher technology access fees from contractual, annual escalators, and new offerings of expanded support services partially offset by elevated churn levels.

Professional services revenue was $111.7 million, or 36% of total revenue, for the year ended December 31, 2024, compared to $108.4 million, or 37% of total revenue, for the year ended December 31, 2023. The professional services revenue growth is primarily due to implementation, analytics, and other improvement services being provided to new Platform Clients, which includes TEMS.

Cost of revenue, excluding depreciation and amortization

	Year Ended December 31,			
	2024	2023	$ Change	% Change
	(in thousands, except percentages)			
Cost of revenue, excluding depreciation and amortization:				
Technology	$ 67,812	$ 62,474	$ 5,338	9 %
Professional services	97,993	101,631	(3,638)	(4)%
Total cost of revenue, excluding depreciation and amortization	$ 165,805	$ 164,105	$ 1,700	1 %
Percentage of total revenue	54 %	55 %		

Cost of technology revenue, excluding depreciation and amortization, was $67.8 million for the year ended December 31, 2024, compared to $62.5 million for the year ended December 31, 2023, an increase of $5.3 million, or 9%. The increase was primarily due to a $5.7 million increase in cloud computing and hosting costs largely from the expanded use of Microsoft Azure to serve existing and new clients, partially offset by a $0.5 million decrease in salary and related personnel costs, including stock-based compensation and restructuring costs.

Cost of professional services revenue was $98.0 million for the year ended December 31, 2024, compared to $101.6 million for the year ended December 31, 2023, a decrease of $3.6 million, or 4%. This decrease was primarily due to a $1.5 million decrease in contractor and outside service fees, a $1.3 million decrease in stock-based compensation, and a $0.8 million decrease in salary and related personnel costs, including restructuring costs.

Operating Expenses

Sales and marketing

	Year Ended December 31,			
	2024	2023	$ Change	% Change
	(in thousands, except percentages)			
Sales and marketing	$ 54,387	$ 67,321	$ (12,934)	(19)%
Percentage of total revenue	18 %	23 %		

Sales and marketing expenses were $54.4 million for the year ended December 31, 2024, compared to $67.3 million for the year ended December 31, 2023, a decrease of $12.9 million, or 19%. The decrease was primarily due to a $8.9 million decrease in stock-based compensation and a $5.0 million decrease in salary and related personnel costs, including restructuring costs. These decreases were partially offset by a $1.4 million increase in contractor and outside service provider fees.

Sales and marketing expense as a percentage of total revenue decreased from 23% in the year ended December 31, 2023 to 18% in the year ended December 31, 2024.

Research and development

	Year Ended December 31,			
	2024	2023	$ Change	% Change
	(in thousands, except percentages)			
Research and development	$ 57,950	$ 72,627	$ (14,677)	(20)%
Percentage of total revenue	19 %	25 %		

Research and development expenses were $58.0 million for the year ended December 31, 2024, compared to $72.6 million for the year ended December 31, 2023, a decrease of $14.7 million, or 20%. The decrease was primarily due to a $9.0 million decrease in salary and related personnel costs, including restructuring costs, a $3.5 million decrease in stock-based compensation, and a $2.0 million decrease in contractor and outside service provider fees.

Research and development expense as a percentage of revenue decreased from 25% in the year ended December 31, 2023 to 19% in the year ended December 31, 2024.

General and administrative

	Year Ended December 31,			
	2024	2023	$ Change	% Change
	(in thousands, except percentages)			
General and administrative	$ 56,817	$ 76,559	$ (19,742)	(26)%
Percentage of total revenue	19 %	26 %		

General and administrative expenses were $56.8 million for the year ended December 31, 2024, compared to $76.6 million for the year ended December 31, 2023, a decrease of $19.7 million, or 26%. The decrease was primarily due to a $21.3 million decrease in litigation costs compared to those that occurred in the prior-year period, a $1.9 million decrease in lease-related impairment charges, and a $1.8 million decrease in stock-based compensation. These decreases were partially offset by a $4.2 million net increase in acquisition-related costs.

General and administrative expense as a percentage of revenue decreased from 26% in the year ended December 31, 2023 to 19% in the year ended December 31, 2024.

Depreciation and amortization

	Year Ended December 31,			
	2024	2023	$ Change	% Change
	(in thousands, except percentages)			
Depreciation and amortization	$ 41,431	$ 42,223	$ (792)	(2)%
Percentage of total revenue	14 %	14 %		

Depreciation and amortization expenses were $41.4 million for the year ended December 31, 2024, compared to $42.2 million for the year ended December 31, 2023, a decrease of $0.8 million, or 2%. This decrease was primarily due to certain intangible assets from our business combinations becoming fully amortized.

Depreciation and amortization expense as a percentage of revenue remained constant at 14% for the years ended December 31, 2024, and 2023.

Interest and other income (expense), net

	Year Ended December 31,			
	2024	2023	$ Change	% Change
	(in thousands, except percentages)			
Interest income	$ 17,982	$ 16,389	$ 1,593	10 %
Interest expense	(17,086)	(7,287)	(9,799)	(134)%
Other income (expense)	(259)	4	(263)	n/m[(1)]
Total interest and other expense, net	$ 637	$ 9,106	$ (8,469)	93 %

(1) Not meaningful

Interest and other income (expense), net decreased $8.5 million, or 93%, for the year ended December 31, 2024 compared to the year ended December 31, 2023. This change is primarily due to a $9.8 million increase in interest expense related to our new credit agreement with Silver Point Finance, partially offset by a $1.6 million increase in interest income on our short-term investments, primarily due to higher market interest rates.

Income tax provision

	Year Ended December 31,			
	2024	2023	$ Change	% Change
	(in thousands, except percentages)			
Income tax provision	$ 333	$ 356	$ (23)	(6)%

Income tax provision was largely consistent in the year ended December 31, 2024 compared to the year ended December 31, 2023. Our income tax provision consists of current and deferred taxes for U.S. federal, state, and foreign income taxes. As we have a full valuation allowance on our net deferred tax assets, our income tax provision typically consists primarily of minimal state and foreign income taxes, which is the case for the years ended December 31, 2024 and 2023.

Liquidity and Capital Resources

As of December 31, 2024, we had cash, cash equivalents, and short-term investments of $392.0 million, which were held for working capital and other general corporate purposes, which may include acquisitions and strategic transactions. Our cash equivalents and short-term investments are comprised primarily of money market funds, U.S. treasury notes, commercial paper, corporate bonds, and U.S. agency securities.

Since inception, we have financed our operations primarily from the proceeds we received through private sales of equity securities, payments received from clients under technology and professional services arrangements, borrowings under our loan and security agreements, our IPO, the Note Offering, and the Secondary Public Equity Offering. Our future capital requirements will depend on many factors, including our pace of new client growth and expanded client relationships, technology and professional services renewal activity, and the timing and extent of spend to support the expansion of sales, marketing, development, share repurchases, and acquisition-related activities. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us, or at all. If we are unable to raise additional capital when desired, our business, results of operations, and financial condition would be adversely affected.

We believe our existing cash, cash equivalents and marketable securities will be sufficient to meet our working capital and capital expenditure needs over at least the next 12 months, though we may require additional capital resources in the future.

Credit Agreement

On July 16, 2024 (the Closing Date), we entered into a credit agreement with Silver Point Finance, LLC as administrative agent and collateral agent, and the lenders from time to time party thereto (Credit Agreement). The Credit Agreement provides a five-year term loan facility in an aggregate principal amount of up to $225 million, consisting of an initial term loan in the aggregate principal amount of $125 million, which was funded on the Closing Date, and a delayed draw term loan facility in the aggregate principal amount of $100 million, which was undrawn on the Closing Date.

We had the option to draw up to $40.0 million under the delayed draw facility within six months after the Closing Date and on October 29, 2024, we drew an additional principal amount of $37.7 million. We also have the option to draw up to an additional $60.0 million under the delayed draw facility within eighteen months after the Closing Date, subject to satisfaction of certain conditions, including a minimum liquidity threshold, and a maximum recurring revenue/leverage ratio. Borrowings under the Credit Agreement are expected to bear interest at a rate per annum equal to the secured overnight financing rate (SOFR) plus 6.5%. Commencing with the quarter ending on December 31, 2024, we are required to make quarterly principal payments in an amount equal to 0.25% of the aggregate original principal amount. The final maturity date of the term loans is July 16, 2029.

We expect the net proceeds from the initial term loan to be used, together with cash on hand, (i) to repurchase, repay and/or pay amounts of cash due upon conversion of any or all of our Notes at any time on or prior to the maturity of the Notes and (ii) for working capital and general corporate purposes. The proceeds from the delayed draw term loan facility, if any, will be used to fund our inorganic growth strategy through permitted acquisitions (including deferred purchase price or similar arrangements related thereto) and to pay fees, costs, and expenses in connection therewith.

Refer to “Note 10-Debt” of our consolidated financial statements for additional details regarding the Credit Agreement.

Share repurchase plan

In August 2022, our Board of Directors authorized a share repurchase program to repurchase up to $40.0 million of our outstanding shares of common stock (Share Repurchase Plan). During the year ended December 31, 2024 there were no share repurchases. The total remaining authorization for future shares of common stock repurchases under our Share Repurchase Plan is $29.8 million as of December 31, 2024.

Convertible senior notes

On April 14, 2020, we issued $230.0 million in aggregate principal amount of 2.50% Convertible Senior Notes due 2025 (the Notes), pursuant to an Indenture dated April 14, 2020, with U.S. Bank National Association, as trustee, in a private offering to qualified institutional buyers. We received net proceeds from the sale of the Notes of $222.5 million, after deducting the initial purchasers’ discounts and offering expenses payable by us. The Notes are senior, unsecured obligations and will accrue interest payable semiannually in arrears on April 15 and October 15 of each year, beginning on October 15, 2020, at a rate of 2.50% per year. The Notes will mature on April 15, 2025, unless earlier converted, redeemed, or repurchased. The Notes are convertible into cash, shares of our common stock, or a combination of cash and shares of our common stock, with the form of consideration determined at our election. The conversion rate is initially 32.6797 shares of our common stock per $1,000 principal amount of Notes (which is equivalent to an initial conversion price of approximately $30.60 per share of our common stock). We have the intent and ability to settle the Notes fully in cash upon the maturity date in April 2025.

Capped Calls

On April 8, 2020, concurrently with the pricing of the Notes, we entered into privately negotiated capped call transactions (Base Capped Calls) with certain financial institutions, or option counterparties. In addition, in connection with the initial purchasers’ exercise in full of their option to purchase additional Notes, on April 9, 2020, we entered into additional capped call transactions (Additional Capped Calls, and, together with the Base Capped Calls, the Capped Calls) with each of the option counterparties. We used approximately $21.6 million of the net proceeds from the Note Offering to pay the option premium cost of the Capped Calls. The Capped Calls have initial cap prices of $42.00 per share, subject to certain adjustments. The Capped Calls are expected generally to reduce the potential dilution to our common stock upon any conversion of Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted Notes, as the case may be, with such reduction and/or offset subject to the cap price.

Refer to “Note 10-Debt” of our consolidated financial statements for additional details regarding the private offering of the Notes and the Capped Calls.

Cash Flows

The following table summarizes our cash flows for the years ended December 31, 2024, 2023, and 2022:

	Year Ended December 31,		
	2024	2023	2022
	(in thousands)		
Net cash provided by (used in) operating activities	$ 14,559	$ (33,080)	$ (35,270)
Net cash (used in) provided by investing activities	(22,902)	20,293	(39,021)
Net cash provided by (used in) financing activities	151,746	2,730	(2,613)
Effect of exchange rate changes on cash and cash equivalents	(34)	21	(11)
Net increase (decrease) in cash and cash equivalents	$ 143,369	$ (10,036)	$ (76,915)

Operating activities

Our largest source of operating cash flows is cash collections from our clients for technology and professional services arrangements. Our primary uses of cash from operating activities are for employee-related expenses, marketing expenses, and technology costs.

For the year ended December 31, 2024, net cash provided by operating activities was $14.6 million, which included a net loss of $69.5 million. Non-cash charges primarily consisted of $41.4 million in depreciation and amortization, $40.1 million in stock-based compensation, $3.3 million related to the amortization of debt discount, issuance costs, and deferred financing costs, and $2.2 million in impairment of long-lived assets, reduced by $4.8 million of investment discount accretion.

For the year ended December 31, 2023, net cash used in operating activities was $33.1 million, which included a net loss of $118.1 million. Non-cash charges primarily consisted of $55.8 million in stock-based compensation, $42.2 million in depreciation and amortization, and $4.1 million in impairment of long-lived assets, reduced by $9.7 million of investment discount accretion.

For the year ended December 31, 2022, net cash used in operating activities was $35.3 million, which included a net loss of $137.4 million. Non-cash charges primarily consisted of $72.1 million in stock-based compensation, $48.3 million in depreciation and amortization of property, equipment, and intangible assets, $5.0 million in impairment of long-lived assets, reduced by a $4.7 million net decrease in fair value of contingent consideration liabilities, and a $4.5 million deferred tax benefit. The $3.2 million of payments in excess of the acquisition date fair value to settle the cash-based portion of contingent consideration liabilities was included in the net cash used in operating activities.

Investing activities

Net cash used in investing activities for the year ended December 31, 2024 of $22.9 million was primarily due to the purchases of short-term investments of $168.3 million, offset by the sale and maturity of short-term investments of $242.1 million. The net investing cash inflows provided by our short-term investment activity were offset by investing cash outflows of $80.3 million in the acquisition of businesses, $14.3 million of capitalized internal-use software development costs, and $2.1 million in purchases of property, equipment, and intangible assets.

Net cash provided by investing activities for the year ended December 31, 2023 of $20.3 million was primarily due to the sale and maturity of short-term investments of $336.8 million, reduced by the purchases of short-term investments of $290.8 million. The net investing cash inflows provided by our short-term investment activity was partially offset by investing cash outflows of $11.4 million used to acquire ERS, $12.0 million of capitalized internal-use software development costs, and $2.4 million in purchases of property, equipment, and intangible assets.

Net cash used in investing activities for the year ended December 31, 2022 of $39.0 million was primarily due to $27.8 million used to acquire KPI Ninja and ARMUS, $13.0 million of capitalized internal-use software development costs, and $4.4 million in purchases of property, equipment, and intangible assets. These investing cash outflows were partially offset by the sale and maturity of short-term investments of $315.2 million, reduced by the purchases of short-term investments of $309.0 million.

Financing activities

Net cash provided by financing activities for the year ended December 31, 2024 of $151.7 million was primarily the result of $152.3 million of proceeds related to our Credit Agreement and drawing on the delayed draw facility, net of issuance costs, $2.4 million in proceeds from our ESPP and $0.2 million in stock option exercise proceeds, reduced by $2.2 million for the payment of deferred financing costs and $1.0 million in debt repayments.

Net cash provided by financing activities for the year ended December 31, 2023 of $2.7 million was primarily the result of $3.6 million in proceeds from our ESPP and $1.0 million in stock option exercise proceeds, partially offset by $1.8 million in repurchases of common stock.

Net cash used in financing activities for the year ended December 31, 2022 of $2.6 million was primarily the result of $8.4 million in repurchases of common stock and $1.3 million in payments of acquisition-related obligations, partially offset by $4.0 million in stock option exercise proceeds and $3.2 million in proceeds from our ESPP.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires management to make estimates, assumptions, and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the applicable periods. We base our estimates, assumptions, and judgments on our knowledge and experience about past and current events and on various other factors that we believe to be reasonable under the circumstances. Different assumptions and judgments would change the estimates used in the preparation of our consolidated financial statements, which, in turn, could change the results from those reported. We evaluate our estimates, assumptions, and judgments on an ongoing basis.

The critical accounting estimates, assumptions, and judgments that we believe have the most significant impact on our consolidated financial statements are described below.

Revenue recognition

We derive our revenues primarily from technology subscriptions and professional services. We determine revenue recognition by applying the following steps:

- Identification of the contract, or contracts, with a client;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, we satisfy the performance obligation.

We recognize revenue net of any taxes collected from clients and subsequently remitted to governmental authorities.

Technology revenue

Technology revenue primarily consists of subscription fees charged to clients for access to use our technology. We provide clients access to our technology through either an all-access or limited-access, modular subscription.

The majority of our subscription arrangements are cloud-based and do not provide clients the right to take possession of the technology or contain a significant penalty if the client were to take possession of the technology. Revenue from cloud-based subscriptions is recognized ratably over the contract term beginning on the date that the service is made available to the client. Our subscription contracts generally have a three or five-year term, of which many are terminable after one year upon 90 days' notice. Subscriptions that allow the client to take software on-premise without significant penalty are treated as time-based licenses. These arrangements generally include access to technology, access to unspecified future products, and maintenance and support. Revenue for upfront access to our technology library is recognized at a point in time when the technology is made available to the client. Revenue for access to unspecified future products included in time-based license subscriptions is recognized ratably over the contract term beginning on the date that the access is made available to the client.

Professional services revenue

Professional services revenue primarily includes data and analytics services, domain expertise services, TEMS, and implementation services. Professional services arrangements typically include a fee for making full-time equivalent (FTE) services available to our clients on a monthly basis. FTE services generally consist of a blend of analytic engineers, analysts, and data scientists based on the domain expertise needed to best serve our clients. Professional services are typically considered distinct from the technology offerings and revenue is generally recognized as the service is provided using the "right to invoice" practical expedient.

Contracts with multiple performance obligations

Many of our contracts include multiple performance obligations. We account for performance obligations separately if they are capable of being distinct within the context of the contract. In these circumstances, the transaction price is allocated to separate performance obligations on a relative standalone selling price basis. We determine standalone selling prices based on the observable price a good or service is sold for separately when available. In cases where standalone selling prices are not directly observable, based on information available, we utilize the expected cost plus a margin, adjusted market assessment, or residual estimation method. We consider all information available including our overall pricing objectives, market conditions, and other factors, which may include client demographics and the types of users. Standalone selling prices are not directly observable for our all-access and limited-access technology arrangements, which are composed of cloud-based subscriptions, time-based licenses, and perpetual licenses. For these technology arrangements, we generally use the residual estimation method due to a limited number of standalone transactions and/or prices that are highly variable.

Variable consideration

We have also entered into at-risk and shared savings arrangements with certain clients whereby we receive variable consideration based on the achievement of measurable improvements which may include cost savings or performance against metrics. For these arrangements, we estimate revenue using the most likely amount that we will receive. Estimates are based on our historical experience and best judgment at the time to the extent it is probable that a significant reversal of revenue recognized will not occur. Due to the nature of our arrangements, certain estimates may be constrained until the uncertainty is further resolved.

Business combinations

The results of businesses acquired in a business combination are included in our consolidated financial statements from the date of the acquisition. Purchase accounting results in assets and liabilities of an acquired business generally being recorded at their estimated fair value on the acquisition date. Any excess consideration over the fair value of the identifiable assets acquired and liabilities assumed is recognized as goodwill.

We perform valuations of assets acquired and liabilities assumed on each acquisition accounted for as a business combination in order to record the tangible and intangible assets acquired and liabilities assumed based on our best estimate of fair value. Determining the fair value of assets acquired and liabilities assumed requires management to use significant judgment and estimates including the selection of valuation methodologies, estimates of future revenue and cash flows, discount rates, and selection of comparable companies. Significant estimation is required in determining the fair value of the client-related intangible assets and technology-related intangible assets. The significant estimation is primarily due to the judgmental nature of the inputs to the valuation models used to measure the fair value of these intangible assets, as well as the sensitivity of the respective fair values to the underlying significant assumptions. We typically use the income approach or cost approach to measure the fair value of intangible assets. The significant assumptions used to form the basis of the estimates included the number of engineer hours required to develop technology, expected revenue including revenue growth rates, rate and timing of obsolescence, royalty rates and earnings before interest, taxes, depreciation and amortization (EBITDA) margin used in the estimate for client relationships, and backlog.

Many of these significant assumptions are forward-looking and could be affected by future economic and market conditions. We engage the assistance of valuation specialists in concluding on fair value measurements in connection with determining fair values of material assets acquired and liabilities assumed in a business combination. Transaction costs associated with business combinations are expensed as incurred and are included in general and administrative expense in our consolidated statements of operations and comprehensive loss.

Contingent consideration liabilities

Our acquisition consideration in business combinations may include an estimate for contingent consideration that will be paid if certain earn-out performance targets are met. The resulting contingent consideration liabilities are categorized as a Level 3 fair value measurement because we estimate projections during the earn-out period utilizing unobservable inputs, including various potential pay-out scenarios based on billings and revenue-related earn-out targets. Changes to the unobservable inputs could have a material impact on our consolidated financial statements.

We generally value the expected contingent consideration and the corresponding liabilities using a probability model such as the Monte Carlo method or Black-Scholes Model based on estimates of potential payment scenarios. Probabilities are applied to each potential scenario and the resulting values are discounted using a rate that considers weighted average cost of capital as well as a specific risk premium associated with the riskiness of the earn-out itself, the related projections, projected payment dates, and volatility in the fair value of our common stock. The fair value of the contingent consideration is remeasured each reporting period. As applicable, the portion of the contingent consideration liabilities that will be settled in shares of our common stock is classified as a component of non-current liabilities in our consolidated balance sheets, while the portion to be paid in cash is classified as a component of current liabilities. Changes to the contingent consideration liabilities are reflected as part of general and administrative expense in our consolidated statements of operations.

Goodwill

We record goodwill as the difference between the aggregate consideration paid for a business combination and the fair value of the identifiable net tangible and intangible assets acquired. Goodwill includes the know-how of the assembled workforce, the ability of the workforce to further improve technology and product offerings, client relationships, and the expected cash flows resulting from these efforts. Goodwill may also include expected synergies resulting from the complementary strategic fit these businesses bring to existing operations. Goodwill is assessed for impairment annually on October 31 or more frequently if indicators of impairment are present or circumstances suggest that impairment may exist.

Our first step in the goodwill impairment test is a qualitative analysis of factors that could be indicators of potential impairment. Judgment in the assessment of qualitative factors of impairment may include changes in business climate, market conditions, or other events impacting the reporting unit.

Next, if a quantitative analysis is necessary, we compare the fair value of the reporting unit with its carrying amount, including goodwill. Performing a quantitative goodwill impairment test includes the determination of the fair value of a reporting unit, which requires management to use significant judgment and estimation. The significant estimation is primarily due to the judgmental nature of the inputs to the valuation models used to measure the fair value of the reporting units, as well as the sensitivity of the respective fair values to the underlying significant assumptions. We typically use the income or market approach to measure the fair value of reporting units. The significant assumptions used to form the basis of the estimates include, among others, the selection of valuation methodologies, estimates of expected revenue, including revenue growth rates, and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, and the selection of appropriate market comparable companies. Many of these significant assumptions are forward-looking and could be affected by future economic and market conditions. When a quantitative analysis is necessary, we typically engage the assistance of valuation specialists in concluding on fair value measurements in connection with determining the fair values of our reporting units.

If the fair value of the reporting unit exceeds its carrying amount, the goodwill of the reporting unit is not considered impaired. If the carrying amount of the reporting unit exceeds its fair value, we would recognize a goodwill impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value.

Stock-based compensation

Stock-based awards, including stock options, restricted stock units (RSUs), performance-based restricted stock units (PRSUs), and restricted shares are measured and recognized in the consolidated financial statements based on the fair value of the award on the grant date or, when applicable, the modification date. The grant date fair value of our stock-based awards is typically determined using the market closing price of our common stock on the date of grant; however, we also consider whether any adjustments are required when the market closing price does not reflect certain material non-public information that we know but is unavailable to marketplace participants on the date of grant. The expense is recognized straight-line over the vesting period for awards with a service condition. The accelerated attribution method is used for PRSUs. We record forfeitures of stock-based awards as the actual forfeitures occur.

For awards subject to performance conditions, we record expense when the performance condition becomes probable. Each reporting period, we evaluate the probability of achieving the performance criteria, estimate the number of shares that are expected to vest, and adjust the related compensation expense accordingly. For awards subject to market conditions, we estimate the fair value as of the grant date using a Monte Carlo simulation valuation model which requires the use of various assumptions, including historic stock price volatility and risk-free interest rates as of the valuation date corresponding to the length of time remaining in the performance period. Stock-based compensation expense for awards with market conditions is recognized over the requisite service period using the accelerated attribution method and is not reversed if the market condition is not met.

Stock-based compensation expense related to purchase rights issued under the 2019 Health Catalyst Employee Stock Purchase Plan (ESPP) is based on the Black-Scholes option-pricing model fair value of the estimated number of awards as of the beginning of the offering period. Stock-based compensation expense is recognized using the straight-line method over the offering period. We will continue to use judgment in evaluating the assumptions related to our stock-based compensation on a prospective basis. As we continue to accumulate additional data related to our common stock, we may have refinements to our estimates, which could materially impact our future stock-based compensation expense.

Recent Accounting Pronouncements

See “Description of Business and Summary of Significant Accounting Policies” in Note 1 to our audited consolidated financial statements included within Item 8 in this Annual Report on Form 10-K for more information.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to certain market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in interest rates but may include foreign currency exchange risk and inflation in the future.

Interest rate risk

We had cash, cash equivalents, and short-term investments of $392.0 million and $317.7 million as of December 31, 2024 and 2023, respectively, which are held for working capital and other general corporate purposes, which may include acquisitions and strategic transactions.

We do not make investments for trading or speculative purposes. Our cash equivalents and short-term investments are subject to market risk due to changes in interest rates. Fixed-rate securities may have their market value adversely affected due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Due in part to these factors, our future investment income may fluctuate due to changes in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates. However, because we classify our investments as "available for sale," no gains or losses are recognized due to changes in interest rates unless such securities are sold prior to maturity or declines in fair value are determined to be other-than-temporary.

As of December 31, 2024 and 2023, a hypothetical 100 basis point change in interest rates would not have had a material impact on the value of our cash equivalents or investment portfolio. Fluctuations in the value of our cash equivalents and investment portfolio caused by a change in interest rates (gains or losses on the carrying value) are recorded in other comprehensive income and are realized only if we sell the underlying securities prior to maturity.

On April 14, 2020, we issued $230.0 million in aggregate principal amount Convertible Senior Notes due 2025 (Notes), in a private placement to qualified institutional buyers exempt from registration under the Securities Act (Note Offering). The Notes have a fixed annual interest rate of 2.50%, and, therefore, we do not have economic interest rate exposure on the Notes. However, the values of the Notes are exposed to interest rate risk. Generally, the fair value of our fixed interest rate Notes will increase as interest rates fall and decrease as interest rates rise. We carry the Notes as face value less unamortized discount on our Consolidated Balance Sheets, and we present the fair value for required disclosure purposes only.

On July 16, 2024, we entered into the Credit Agreement consisting of a $125 million funded term loan and a delayed draw term loan facility in the aggregate principal amount of $100 million, which was undrawn as of the Closing Date. as of December 31, 2024, $37.7 million of the delayed draw term loan had been drawn upon. The maturity date of the term loans is July 16, 2029. The interest that accrues on outstanding principal of the term loans is payable in cash on a quarterly basis, which portion accrues at a floating rate equal to SOFR plus 6.5% per year. In the event that SOFR is unavailable, interest will accrue at a floating rate equal to the alternate base rate (as described in the Credit Agreement) plus 5.5% per year. Commencing with the quarter ending on December 31, 2024, we are required to make quarterly principal payments in an amount equal to 0.25% of the aggregate original principal amount, and the final maturity date of the term loans is July 16, 2029.

In addition to the floating interest rate, we are required to pay a commitment fee on the unutilized commitments under the delayed draw facility ranging from 1.5% to 2.5% per year depending upon the year and the unutilized delayed draw term loan.

Interest rate risk also reflects our exposure to movements in interest rates associated with our borrowings. As of the time of this filing a hypothetical change in interest rates of 100 basis points would not have a material impact on the fair value of our outstanding debt.

Foreign currency exchange risk

Our reporting currency is the U.S. dollar, and the functional currency of our international subsidiaries is typically their local currency. Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the British Pound, Indian Rupee, and Singapore Dollar. Due to the relatively small size of our international operations to date, our foreign currency exposure has been fairly limited and not material to our business. Accordingly, we have not instituted a hedging program. We are considering the costs and benefits of initiating such a program and may in the future hedge balances and transactions denominated in currencies other than the U.S. dollar as we expand international operations.

Today, our international sales contracts are denominated in U.S. dollars or local currencies, while our international operating expenses are primarily denominated in local currencies. In the future, an increasing portion of our international sales contracts may be denominated in local currencies. Additionally, as we expand our international operations a larger portion of our operating expenses will be denominated in local currencies. Therefore, fluctuations in the value of the U.S. dollar and foreign currencies may affect our results of operations when translated into U.S. dollars.

Inflation risk

The recently high inflationary environment has adversely affected workforces, organizations, governments, clients, economies, and financial markets globally, leading to an economic downturn and increased market volatility. It has also disrupted the normal operations of many businesses, including ours.

Our health system end market recently experienced meaningful financial strain from significant inflation with increases in labor and supply costs without a commensurate increase in revenue, leading to significant margin pressure. We are encouraged that, in general, the operating margins of our health system end market improved in 2024 relative to 2022 and 2023. However, it is possible that inflation could negatively impact clients in the future. If our costs, including labor costs, were to become subject to significant inflationary pressures on an ongoing basis, we may not be able to fully offset such higher costs by increasing fees for our Solution. Our inability or failure to do so could harm our business, results of operations, or financial condition.

Contractual Obligations and Commitments

The contractual commitment amounts summarized below are associated with agreements that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, fixed, minimum or variable price provisions, and the approximate timing of the transaction. In the ordinary course of business, we enter into agreements of varying scope and terms pursuant to which we agree to indemnify clients or business partners and other parties with respect to certain matters, including, but not limited to, losses arising out of the breach of such agreements, services to be provided by us or from data breaches, or intellectual property infringement claims made by third parties. No demands have been made upon us to provide indemnification under such agreements and there are no claims that we are aware of that could have a material effect on our consolidated financial statements.

Convertible senior notes

On April 14, 2020, we issued $230.0 million in aggregate principal amount of 2.50% Convertible Senior Notes due in 2025. The Notes are senior, unsecured obligations and accrue interest payable semiannually in arrears on April 15 and October 15 of each year, beginning on October 15, 2020, at a rate of 2.50% per year. The Notes will mature on April 15, 2025, unless earlier converted, redeemed, or repurchased. The Notes are convertible into cash, shares of our common stock, or a combination of cash and shares of our common stock, with the form of consideration determined at our election. The conversion rate is initially 32.6797 shares of our common stock per $1,000 principal amount of Notes (which is equivalent to an initial conversion price of approximately $30.60 per share of our common stock).

Credit Agreement

On July 16, 2024 (the Closing Date), we entered into a credit agreement with Silver Point Finance, LLC, as administrative agent and collateral agent, and the lenders from time-to-time party thereto (the Credit Agreement). The Credit Agreement provides a five-year term loan facility in an aggregate principal amount of up to $225.0 million, consisting of an initial term loan of $125.0 million, which was funded in full on the Closing Date, and a delayed draw term loan facility in an aggregate principal amount of up to $100.0 million, which was undrawn as of the Closing Date.

We had the option to draw up to $40.0 million under the delayed draw facility within six months after the Closing Date and on October 29, 2024, we drew an additional principal amount of $37.7 million. We also have the option to draw up to an additional $60.0 million under the delayed draw facility within eighteen months after the Closing Date, subject to satisfaction of certain conditions, including a minimum liquidity threshold, and a maximum recurring revenue/leverage ratio. We are required to pay a commitment fee on the unutilized commitments under the delayed draw term loan facility ranging from 1.5% to 2.5% per year depending on the year and the amount of the unutilized delayed draw term loan. The deferred financing costs related to the delayed draw facility, including the directly attributable debt discount, have been capitalized to other assets on our consolidated balance sheets, and amortized to interest expense in the consolidated statement of operations, in each case over the respective terms.

Borrowings under the initial term loan bear interest at a rate per annum equal to the secured overnight financing rate (SOFR) plus 6.5%. Commencing with the quarter ending on December 31, 2024, we are required to make quarterly principal payments in an amount equal to 0.25% of the aggregate original principal amount. The final maturity date of the term loans is July 16, 2029.

Refer to Note 10-Debt of our audited consolidated financial statements included within Item 8 in this Annual Report on Form 10-K for more information regarding our contractual obligations related to debt.

Operating lease obligations

We lease office space under operating leases that expire between 2025 and 2031. As of December 31, 2024, we had total future operating lease payment obligations of $23.7 million, with $3.6 million payable within the next 12 months.

Refer to Note 9-Leases of our audited consolidated financial statements included within Item 8 in this Annual Report on Form 10-K for more information regarding our operating lease obligations.

Purchase commitments

As of December 31, 2024, we had $32.7 million of remaining non-cancelable contractual commitments related to our third-party cloud infrastructure agreements, under which we committed to spend an aggregate of at least $45.8 million between February 2023 and January 2028. We expect to fully consume these contractual commitments in the ordinary course of operations.

Restructuring liabilities

During the year ended December 31, 2023, we initiated a restructuring plan to optimize our cost structure and focus our investment of resources in key priority areas to align with strategic changes. As of December 31, 2024, we had no restructuring liabilities payable within the next 12 months.

Refer to Note 11-Restructuring Costs of our audited consolidated financial statements included within Item 8 in this Annual Report on Form 10-K for more information regarding our restructuring liabilities.

Off-balance sheet arrangements

As of December 31, 2024, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Item 8. Financial Statements and Supplementary Data.

HEALTH CATALYST, INC.

Index to Consolidated Financial Statements

Reports of Independent Registered Public Accounting Firm (PCAOB ID: 42)	92
Health Catalyst, Inc. Consolidated Balance Sheets	96
Health Catalyst, Inc. Consolidated Statements of Operations	97
Health Catalyst, Inc. Consolidated Statements of Comprehensive Loss	98
Health Catalyst, Inc. Consolidated Statements Stockholders' Equity	99
Health Catalyst, Inc. Consolidated Statements of Cash Flows	100
Health Catalyst, Inc. Notes to the Consolidated Financial Statements	102

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Health Catalyst, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Health Catalyst, Inc. (the Company) as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 26, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue Recognition – identification of and accounting for performance obligations

Description of the Matter

As described in Note 1 and Note 3 to the consolidated financial statements, the Company primarily derives its revenues from recurring technology and professional services subscriptions. When the Company's contracts contain multiple performance obligations that are determined to be distinct, the performance obligations are accounted for separately. In such cases, the transaction price is allocated to the distinct performance obligations on a standalone selling price basis and the timing of revenue recognition is determined separately for each performance obligation.

Auditing the Company's determination of distinct performance obligations, the allocation of the transaction price based on a standalone selling price and the timing of revenue recognition can be challenging. Judgment is involved to determine the distinct performance obligations, standalone selling price, and the timing of revenue recognition. For example, there may be nonstandard terms and conditions or changes in management's business practices that can have a material effect on the distinct performance obligations, the appropriate standalone selling price and the timing of revenue recognition.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process to determine the distinct performance obligations and standalone selling prices for each performance obligation, allocate the transaction price to the performance obligations and determine the appropriate timing of revenue recognition for each distinct performance obligation.

Our audit procedures included, among others, testing a sample of contracts. For each contract selection, we read the executed contract to assess management's evaluation of significant nonstandard terms and conditions and tested the appropriateness of the determination of distinct performance obligations. We also tested the allocation of the transaction price and management's determination of standalone selling price for performance obligations by assessing the appropriateness of the methodology applied, testing the calculations for mathematical accuracy and testing selections to corroborate the data underlying the Company's calculations. To test the timing of revenue recognition and the appropriateness of the methodology employed for each distinct performance obligation, we tested the amounts recognized as revenue or recorded as deferred revenue. Additionally, we performed an analytical procedure to verify the appropriateness of the timing of revenue recognition and tested the completeness and accuracy of relevant underlying data utilized in the analytical procedure.

Business Combinations

Description of the Matter

As discussed in Note 2 to the consolidated financial statements, during 2024, the Company completed the acquisitions of Carevive Systems, Inc., Lumeon Ltd. and Intraprise Health, LLC. for net consideration of $22 million, $40 million and $45 million, respectively. These transactions were accounted for as business combinations.

Auditing the Company's accounting for these acquisitions was complex when considered in aggregate due to the significant estimation inherent in determining the fair values of the developed technologies and customer relationships intangible assets, which totaled $20 million and $19 million in aggregate, respectively. The significant estimation was primarily due to the sensitivity of the aggregated fair values to the underlying revenue growth rate assumption utilized in the valuation of the developed technologies and customer relationships intangible assets for the period after the initial acquisition year and prior to the application of a long-term growth rate ("discrete revenue growth rates"). As the discrete revenue growth rates are forward-looking, this assumption could be impacted by the future performance of the acquired businesses and affected by future economic and market conditions.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's controls that address the risk of material misstatement related to the Company's accounting for these acquisitions, in particular the determination of the discrete revenue growth rates utilized in the estimation of the fair value of developed technologies and customer relationships intangible assets. Specifically, we tested controls over the development of and management's review of the forecasted discrete revenue growth rates utilized in the valuation of the developed technologies and customer relationships intangible assets of each acquisition.

To test the estimated fair value of the developed technologies and customer relationships intangible assets, we performed audit procedures that included, among others, evaluating the valuation methodology and testing the reasonableness of the discrete revenue growth rates used by the Company's valuation specialist, and evaluating the completeness and accuracy of the underlying data supporting the estimated fair values. We involved our valuation specialists to assist with our assessment of the appropriateness of the valuation methodology applied by the Company.

We also tested the reasonableness of the discrete revenue growth rates included in the fair value estimates. For example, we compared the discrete revenue growth rates to current industry, market and economic trends, revenue growth rates used to value similar assets in other acquisitions, historical results of the acquired businesses, and the Company's budgets and forecasts. In addition, we performed sensitivity analyses over these growth rates. Additionally, we performed a benchmarking analysis to determine that the acquired intangible assets as a percentage of total purchase consideration were within a reasonable range in relation to other recent industry business combinations.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2012.

Salt Lake City, Utah
February 26, 2025

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Health Catalyst, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Health Catalyst, Inc.'s internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Health Catalyst, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes and our report dated February 26, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying management's report on internal control over financial reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Salt Lake City, Utah
February 26, 2025

HEALTH CATALYST, INC.

Consolidated Balance Sheets
(in thousands, except share and per share data)

	As of December 31,	
	2024	**2023**
Assets		
Current assets:		
Cash and cash equivalents	$ 249,645	$ 106,276
Short-term investments	142,355	211,452
Accounts receivable, net[(1)]	57,182	60,290
Prepaid expenses and other assets	16,468	15,379
Total current assets	465,650	393,397
Property and equipment, net	29,394	25,712
Intangible assets, net	86,052	73,384
Operating lease right-of-use assets	12,058	13,927
Goodwill	259,759	190,652
Other assets	6,016	4,742
Total assets	$ 858,929	$ 701,814
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 11,433	$ 6,641
Accrued liabilities	26,340	23,282
Deferred revenue[(1)]	53,281	55,753
Operating lease liabilities	3,614	3,358
Current portion of long-term debt	231,182	—
Total current liabilities	325,850	89,034
Long-term debt, net of current portion	151,178	228,034
Deferred revenue, net of current portion	249	77
Operating lease liabilities, net of current portion	16,291	17,676
Other liabilities	154	74
Total liabilities	493,722	334,895
Commitments and contingencies (Notes 9 and 16)		
Stockholders' equity:		
Preferred stock, $0.001 par value per share; 25,000,000 shares authorized and no shares issued and outstanding as of December 31, 2024 and 2023	—	—
Common stock, $0.001 par value per share, and additional paid-in capital; 500,000,000 shares authorized as of December 31, 2024 and 2023; 64,043,799 and 58,295,491 shares issued and outstanding as of December 31, 2024 and 2023, respectively	1,552,714	1,484,056
Accumulated deficit	(1,186,672)	(1,117,170)
Accumulated other comprehensive (loss) income	(835)	33
Total stockholders' equity	365,207	366,919
Total liabilities and stockholders' equity	$ 858,929	$ 701,814

(1) Includes amounts attributable to related party transactions. See Note 18 for further details.

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

HEALTH CATALYST, INC.

Consolidated Statements of Operations
(in thousands, except per share data)

	Year Ended December 31,		
	2024	**2023**	**2022**
Revenue[(1)]:			
Technology	$ 194,852	$ 187,583	$ 176,288
Professional services	111,732	108,355	99,948
Total revenue	306,584	295,938	276,236
Cost of revenue, excluding depreciation and amortization[(1)]:			
Technology	67,812	62,474	56,642
Professional services	97,993	101,631	86,407
Total cost of revenue, excluding depreciation and amortization	165,805	164,105	143,049
Operating expenses:			
Sales and marketing	54,387	67,321	87,514
Research and development	57,950	72,627	75,680
General and administrative	56,817	76,559	61,701
Depreciation and amortization	41,431	42,223	48,297
Total operating expenses	210,585	258,730	273,192
Loss from operations	(69,806)	(126,897)	(140,005)
Interest and other income (expense), net	637	9,106	(1,678)
Loss before income taxes	(69,169)	(117,791)	(141,683)
Income tax provision (benefit)	333	356	(4,280)
Net loss	$ (69,502)	$ (118,147)	$ (137,403)
Net loss per share, basic	$ (1.15)	$ (2.09)	$ (2.56)
Net loss per share, diluted	$ (1.15)	$ (2.09)	$ (2.63)
Weighted-average shares outstanding used in calculating net loss per share, basic	60,185	56,418	53,722
Weighted-average shares outstanding used in calculating net loss per share, diluted	60,185	56,418	54,080

(1) Includes amounts attributable to related party transactions. See Note 18 for further details.

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

HEALTH CATALYST, INC.

Consolidated Statements of Comprehensive Loss
(in thousands)

	Year Ended December 31,		
	2024	**2023**	**2022**
Net loss	$ (69,502)	$ (118,147)	$ (137,403)
Other comprehensive gain (loss):			
Change in net unrealized gains (losses) on available for sale investments	(13)	662	(487)
Change in foreign currency translation adjustment	(855)	19	(94)
Comprehensive loss	$ (70,370)	$ (117,466)	$ (137,984)

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

HEALTH CATALYST, INC.
Consolidated Statements of Stockholders' Equity
(in thousands, except share data)

	Common Stock and Additional Paid-In Capital		Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount			
Balance as of Balance as of January 1, 2022	52,622,080	$ 1,401,025	$ (878,860)	$ (67)	$ 522,098
Cumulative effect of adoption of ASU 2020-06	—	(61,213)	17,240	—	(43,973)
Vesting of restricted stock units and restricted shares	2,060,836	—	—	—	—
Issuance of common stock under ESPP	303,685	3,153	—	—	3,153
Exercise of stock options	353,499	3,969	—	—	3,969
Stock-based compensation	—	73,082	—	—	73,082
Issuance of common stock for settlement of contingent consideration	517,575	10,052	—	—	10,052
Issuance of common stock as acquisition consideration	113,386	3,006	—	—	3,006
Repurchase of common stock	(709,139)	(8,393)	—	—	(8,393)
Net loss	—	—	(137,403)	—	(137,403)
Other comprehensive loss	—	—	—	(581)	(581)
Balance as of Balance as of December 31, 2022	55,261,922	$ 1,424,681	$ (999,023)	$ (648)	$ 425,010
Vesting of restricted stock units and restricted shares	2,628,206	—	—	—	—
Issuance of common stock under ESPP	419,680	3,588	—	—	3,588
Exercise of stock options	130,710	950	—	—	950
Stock-based compensation	—	56,645	—	—	56,645
Repurchase of common stock	(145,027)	(1,808)	—	—	(1,808)
Net loss	—	—	(118,147)	—	(118,147)
Other comprehensive income	—	—	—	681	681
Balance as of Balance as of December 31, 2023	58,295,491	$ 1,484,056	$ (1,117,170)	$ 33	$ 366,919
Vesting of restricted stock units and restricted shares	2,292,131	—	—	—	—
Issuance of common stock under ESPP	453,463	2,411	—	—	2,411
Exercise of stock options	26,668	169	—	—	169
Stock-based compensation	—	41,146	—	—	41,146
Issuance of common stock as acquisition consideration	2,976,046	24,932	—	—	24,932
Net loss	—	—	(69,502)	—	(69,502)
Other comprehensive loss	—	—	—	(868)	(868)
Balance as of Balance as of December 31, 2024	64,043,799	$ 1,552,714	$ (1,186,672)	$ (835)	$ 365,207

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

HEALTH CATALYST, INC.

Consolidated Statements of Cash Flows

(in thousands)

	Year Ended December 31,		
	2024	**2023**	**2022**
Cash flows from operating activities			
Net loss	$ (69,502)	$ (118,147)	$ (137,403)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Stock-based compensation expense	40,128	55,756	72,104
Depreciation and amortization	41,431	42,223	48,297
Investment discount and premium accretion	(4,757)	(9,720)	(2,236)
Impairment of long-lived assets	2,200	4,081	5,023
Non-cash operating lease expense	2,685	2,990	3,231
Provision for expected credit losses	1,202	1,821	691
Amortization of debt discount, issuance costs, and deferred financing costs	3,256	1,511	1,500
Deferred tax provision (benefit)	77	8	(4,523)
Change in fair value of contingent consideration liabilities	(1,642)	—	(4,668)
Payment of acquisition-related contingent consideration	—	—	(3,234)
Other	141	67	(145)
Change in operating assets and liabilities:			
Accounts receivable, net	4,281	(13,663)	788
Prepaid expenses and other assets	(50)	164	(478)
Accounts payable, accrued liabilities, and other liabilities	5,581	4,868	(4,702)
Deferred revenue	(7,012)	(1,487)	(5,997)
Operating lease liabilities	(3,460)	(3,552)	(3,518)
Net cash provided by (used in) operating activities	14,559	(33,080)	(35,270)
Cash flows from investing activities			
Proceeds from the sale and maturity of short-term investments	242,067	336,801	315,171
Purchases of short-term investments	(168,307)	(290,836)	(308,961)
Capitalization of internal-use software	(14,274)	(11,957)	(12,987)
Acquisition of businesses, net of cash acquired	(80,277)	(11,392)	(27,846)
Purchases of property and equipment	(1,616)	(1,236)	(2,167)
Purchases of intangible assets	(508)	(1,118)	(2,260)
Proceeds from the sale of property and equipment	13	31	29
Net cash provided by (used in) investing activities	(22,902)	20,293	(39,021)
Cash flows from financing activities			
Proceeds from issuance of long-term debt, net of issuance costs	152,277	—	—
Payment of deferred financing costs	(2,152)	—	—
Repayment of debt	(959)	—	—
Proceeds from employee stock purchase plan	2,411	3,588	3,153
Proceeds from exercise of stock options	169	950	3,969
Repurchase of common stock	—	(1,808)	(8,393)
Payments of acquisition-related consideration	—	—	(1,342)
Net cash provided by (used in) financing activities	151,746	2,730	(2,613)
Effect of exchange rate changes on cash and cash equivalents	(34)	21	(11)
Net increase (decrease) in cash and cash equivalents	143,369	(10,036)	(76,915)
Cash and cash equivalents at beginning of period	106,276	116,312	193,227
Cash and cash equivalents at end of period	$ 249,645	$ 106,276	$ 116,312

Supplemental disclosures of cash flow information			
Cash paid for interest	$ 10,119	$ 5,750	$ 5,750
Cash paid for income taxes, net	269	266	297
Supplemental disclosures of non-cash investing and financing information			
Common stock issued in connection with business acquisitions	$ 24,932	$ —	$ 3,006
Operating lease right-of-use assets obtained in exchange for operating lease obligations	1,267	2,033	169
Stock-based compensation capitalized as internal-use software	1,018	889	976
Capitalized internal-use software included in accounts payable and accrued liabilities	265	169	448
Purchase of property and equipment included in accounts payable and accrued liabilities	13	7	213
Purchase of intangible assets included in accounts payable and accrued liabilities	—	1,310	488
Common stock issued for settlement of contingent consideration	—	—	10,052

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

Notes to the Consolidated Financial Statements

1. Description of Business and Summary of Significant Accounting Policies

Nature of operations

Health Catalyst, Inc. (Health Catalyst) was incorporated under the laws of Delaware in September 2011. We are a leading provider of data and analytics technology and services to healthcare organizations. Our Solution comprises our cloud-based data platform, software analytics applications, and expertise. Our clients, which are primarily healthcare providers, use our Solution to manage their data, derive analytical insights to operate their organization, and produce measurable clinical, financial, and operational improvements.

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP).

Principles of consolidation

The consolidated financial statements include the accounts of Health Catalyst and its wholly-owned subsidiaries. Intercompany balances and transactions have been eliminated.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. On an on-going basis, we evaluate our estimates, including those related to revenue recognition, reserve for expected credit losses, useful lives of property and equipment, capitalization and estimated useful life of internal-use software, impairment assessments of goodwill, intangible assets, and other long-lived assets, fair value of financial instruments, deferred tax assets, stock-based compensation, contingent consideration, the period of benefit for deferred contract acquisition costs, the incremental borrowing rate used for operating leases, and tax uncertainties. Actual results could differ significantly from those estimates.

Segment reporting

Operating segments are identified as components of an enterprise about which separate discrete financial information is evaluated by our Chief Executive Officer, who we have concluded is our chief operating decision maker (CODM) in assessing performance and making decisions regarding resource allocation. We operate our business in two operating segments that also represent our reportable segments. Our segments are (1) technology and (2) professional services.

The CODM is regularly provided with and uses Adjusted Gross Profit as the measure of our profit used to assess performance and allocate resources between the two operating segments. This measure is utilized during our budgeting and forecasting process to assess profitability and enable decision making regarding strategic initiatives, capital investments, and personnel across our two operating segments. Refer to Note 20-Segments for additional details.

Net loss per share

Basic net loss per share is calculated by dividing net loss by the weighted average number of shares of common stock outstanding. Diluted net loss per share is calculated by giving effect to all potentially dilutive common stock equivalents outstanding for the period, when dilutive, including the effect of shares issuable as acquisition-related contingent consideration. For purposes of this calculation, stock options, restricted stock units (RSUs), performance-based restricted stock units (PRSUs), convertible senior notes, restricted shares, and purchase rights committed under the employee stock purchase plan are considered to be common stock equivalents but have been excluded from the calculation of diluted net loss per share attributable to common stockholders as the effect is anti-dilutive.

Revenue recognition

We derive our revenue primarily from technology subscriptions and professional services. We determine revenue recognition by applying the following steps:

- Identification of the contract, or contracts, with a client;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, we satisfy the performance obligation.

We recognize revenue net of any taxes collected from clients and subsequently remitted to governmental authorities.

Technology revenue

Technology revenue primarily consists of subscription fees charged to clients for access to use our technology. We provide clients access to our technology through either an all-access or limited-access, modular subscription.

The majority of our subscription arrangements are cloud-based and do not provide clients the right to take possession of the technology or contain a significant penalty if the client were to take possession of the technology. Revenue from cloud-based subscriptions is recognized ratably over the contract term beginning on the date that the service is made available to the client. Our subscription contracts generally have a three or five-year term, of which many are terminable after one year upon 90 days' notice.

Subscriptions that allow the client to take software on-premise without significant penalty are treated as time-based licenses. These arrangements generally include access to technology, access to unspecified future products, and maintenance and support. Revenue for upfront access to our technology library is recognized at a point in time when the technology is made available to the client. Revenue for access to unspecified future products included in time-based license subscriptions is recognized ratably over the contract term beginning on the date that the access is made available to the client.

Professional services revenue

Professional services revenue primarily includes data and analytics services, domain expertise services, TEMS, and implementation services. Professional services arrangements typically include a fee for making full-time equivalent (FTE) services available to our clients on a monthly basis. FTE services generally consist of a blend of analytic engineers, analysts, and data scientists based on the domain expertise needed to best serve our clients. Professional services are typically considered distinct from the technology offerings and revenue is generally recognized as the service is provided using the "right to invoice" practical expedient.

Contracts with multiple performance obligations

Many of our contracts include multiple performance obligations. We account for performance obligations separately if they are capable of being distinct within the context of the contract. In these circumstances, the transaction price is allocated to separate performance obligations on a relative standalone selling price basis. We determine standalone selling prices based on the observable price a good or service is sold for separately when available. In cases where standalone selling prices are not directly observable, based on information available, we utilize the expected cost plus a margin, adjusted market assessment, or residual estimation methods. We consider all information available including our overall pricing objectives, market conditions, and other factors, which may include client demographics and the types of users.

Standalone selling prices are not directly observable for our all-access and limited-access technology arrangements, which are composed of cloud-based subscriptions, time-based licenses, and perpetual licenses. For these technology arrangements, we generally use the residual estimation method due to a limited number of standalone transactions and/or prices that are highly variable.

Variable consideration

We have also entered into at-risk and shared savings arrangements with certain clients whereby we receive variable consideration based on the achievement of measurable improvements that may include cost savings or performance against metrics. For these arrangements, we estimate revenue using the most likely amount that we will receive. Estimates are based on our historical experience and best judgment at the time to the extent it is probable that a significant reversal of revenue recognized will not occur. Due to the nature of our arrangements, certain estimates may be constrained until the uncertainty is further resolved.

Contract balances

Contract assets resulting from services performed prior to invoicing clients are recorded as unbilled accounts receivable and are presented on the consolidated balance sheets in aggregate with accounts receivable. Unbilled accounts receivable generally become billable at contractually specified dates or upon the attainment of contractually defined milestones.

We record contract liabilities as deferred revenue when cash payments are received or due in advance of performance. Deferred revenue includes advance consideration received from the client and billings in excess of revenue recognized.

Refer to Note 17-Contract Balances and Remaining Performance Obligations for additional details.

Deferred costs

We capitalize sales commissions, and associated fringe costs, such as benefits and payroll taxes, paid to direct sales personnel and other incremental costs of obtaining contracts with clients, provided we expect to recover those costs. We determine that costs should be deferred based on our sales compensation plans when the commissions are incremental and would not have occurred absent the client contract. As of December 31, 2024 and 2023, $2.1 million and $2.2 million, respectively, of deferred contract acquisition costs are expected to be amortized within the next 12 months and are included in prepaid expenses and other assets on the consolidated balance sheets. As of December 31, 2024 and 2023, the remaining $2.9 million and $3.3 million, respectively, of deferred contract acquisition costs are included in non-current other assets.

Commissions paid upon the initial acquisition of a contract are amortized on a straight-line basis over an estimated period of benefit of four years. Amortization is recognized on a straight-line basis commensurate with the pattern of revenue recognition. The period of benefit was estimated by considering factors such as estimated average client life, the rate of technological change in our subscription service, and the impact of competition in our industry. As our average client life significantly exceeded the rate of change in our technology, we concluded that the rate of change in the technology underlying our subscription service was the most significant factor in determining the period of benefit for which the asset relates. In evaluating the rate of change in our technology, we considered the competition in our industry, our commitment to continuous innovation, and the frequency of product, platform, and technology updates. We determined that the impact of competition in our industry is reflected in the period of benefit through the rate of technological change. Amortization of deferred contract acquisition costs was $2.7 million, $2.3 million, and $2.1 million for the years ended December 31, 2024, 2023, and 2022, respectively, which is included within sales and marketing expense in the consolidated statements of operations.

We defer certain costs to fulfill a contract when the costs are expected to be recovered, are directly related to in-process contracts, and enhance resources that will be used in satisfying performance obligations in the future. These deferred fulfillment costs primarily consist of employee compensation incurred as part of the implementation of new contracts. Amortization of deferred fulfillment costs is included within cost of revenue in the consolidated statements of operations.

We periodically review these deferred costs to determine whether events or changes in circumstances have occurred that could impact the period of benefit. There were no impairment losses recorded during the periods presented.

Cost of revenue, excluding depreciation and amortization

Cost of technology revenue primarily consists of costs associated with hosting and supporting our technology, including third-party cloud computing and hosting costs, license and revenue share fees, contractor costs, and salary and related personnel costs for our cloud services and support teams. Cost of professional services revenue primarily consists of salary and related personnel costs, travel-related costs, and independent contractor costs. Cost of revenue excludes costs related to depreciation and amortization.

Cash and cash equivalents

We consider all highly liquid investments purchased with a remaining maturity of three months or less at the time of acquisition to be cash equivalents.

Short-term investments

Our investment policy limits investments to highly-rated instruments. We classify and account for our short-term investments as available for sale securities as we may sell these securities at any time for use in our current operations or for other purposes, even prior to maturity. As a result, we classify our short-term investments, including securities with contractual maturities beyond twelve months, within current assets in the consolidated balance sheets.

Accounts receivable

Accounts receivable are non-interest bearing and are recorded at the original invoiced amount less an allowance for credit losses based on the probability of future collections. Our allowance is based on our estimate of expected credit losses for outstanding trade accounts receivables and unbilled receivables. We determine expected credit losses based on historical write-off experience, an analysis of the aging of outstanding receivables, client payment patterns, the establishment of specific reserves for clients in an adverse financial condition, and our expectations of changes in macroeconomic conditions, including high interest rates and high inflation, that may impact the collectability of outstanding receivables.

We reassess the adequacy of the allowance for credit losses each reporting period. The following table presents a rollforward of the allowance for credit losses (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Balance at beginning of period	$ 4,105	$ 2,300	$ 1,600
Current period provision for expected credit losses	1,202	1,821	691
Write-offs, net of recoveries	(1,107)	(16)	9
Balance at end of period	$ 4,200	$ 4,105	$ 2,300

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. Repairs and maintenance costs that do not extend the useful life or improve the related assets are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful life of each asset category is as follows:

Computer equipment	2-3 years
Furniture and fixtures	3-5 years
Leasehold improvements	Lesser of lease term or estimated useful life
Computer software	2-5 years
Capitalized internal-use software costs	2-3 years

When there are indicators of potential impairment, we evaluate the recoverability of the carrying values by comparing the carrying amount of the applicable asset group to the estimated undiscounted future cash flows expected to be generated by the asset group over the remaining useful life of the primary asset, plus any terminal value, in the asset group. If the carrying amount of the asset group exceeds those estimated future net cash flows, an impairment charge is recognized based on the amount by which the carrying value of the long-lived assets exceeds the fair value of the assets.

Intangible assets

Intangible assets include developed technologies, client relationships, client contracts, and trademarks that were acquired in business combinations and asset acquisitions. Intangible assets also include the purchase of third-party computer software. The intangible assets are amortized using the straight-line method over the assets' estimated useful lives. The estimated useful life of each asset category is as follows:

Developed technologies	3-10 years
Client relationships and contracts	2-7 years
Computer software licenses	1-5 years
Trademarks	1-5 years

Goodwill

We record goodwill as the difference between the aggregate consideration paid for a business combination and the fair value of the identifiable net tangible and intangible assets acquired. Goodwill includes the know-how of the assembled workforce, the ability of the workforce to further improve technology and product offerings, client relationships, and the expected cash flows resulting from these efforts. Goodwill may also include expected synergies resulting from the complementary strategic fit these businesses bring to existing operations. Goodwill is assessed for impairment annually on October 31 or more frequently if indicators of impairment are present or circumstances suggest that impairment may exist.

Our first step in the goodwill impairment test is a qualitative analysis of factors that could be indicators of potential impairment. Judgment in the assessment of qualitative factors of impairment may include changes in business climate, market conditions, or other events impacting the reporting unit.

Next, if a quantitative analysis is necessary, we compare the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, the goodwill of the reporting unit is not considered impaired. Performing a quantitative goodwill impairment test includes the determination of the fair value of a reporting unit, which requires management to use significant judgment and estimation. The significant estimation is primarily due to the judgmental nature of the inputs to the valuation models used to measure the fair value of the reporting units, as well as the sensitivity of the respective fair values to the underlying significant assumptions. Typical methods to estimate the fair value of reporting units include using the income and market approaches. The significant assumptions used to form the basis of the estimates include, among others, the selection of valuation methodologies, estimates of expected revenue, including revenue growth rates, and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, and the selection of appropriate market comparable companies. Many of these significant assumptions are forward-looking and could be affected by future economic and market conditions. If a quantitative analysis is necessary, we typically engage the assistance of a valuation specialist in concluding on fair value measurements in connection with determining the fair values of our reporting units.

If the carrying amount of the reporting unit exceeds its fair value, we would recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. There was no impairment of goodwill for the years ended December 31, 2024, 2023, and 2022.

Business combinations

The results of businesses acquired in a business combination are included in our consolidated financial statements from the date of the acquisition. Purchase accounting results in assets and liabilities of an acquired business generally being recorded at their estimated fair value on the acquisition date. Any excess consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed is recognized as goodwill.

We perform valuations of assets acquired and liabilities assumed on each acquisition accounted for as a business combination in order to record the tangible and intangible assets acquired and liabilities assumed based on our best estimate of fair value. Determining the fair value of assets acquired and liabilities assumed requires management to use significant judgment and estimates including the selection of valuation methodologies, estimates of future revenue and cash flows, discount rates, and selection of comparable companies. Significant estimation is required in determining the fair value of the client-related intangible assets and technology-related intangible assets.

The significant estimation is primarily due to the judgmental nature of the inputs to the valuation models used to measure the fair value of these intangible assets, as well as the sensitivity of the respective fair values to the underlying significant assumptions. We typically use the income approach or cost approach to measure the fair value of intangible assets. The significant assumptions used to form the basis of the estimates included the number of engineer hours required to develop technology, expected revenue including revenue growth rates, rate and timing of obsolescence, royalty rates and earnings before interest, taxes, depreciation and amortization (EBITDA) margin used in the estimate for client relationships, and backlog. Many of these significant assumptions were forward-looking and could be affected by future economic and market conditions. We engage the assistance of valuation specialists in concluding on fair value measurements in connection with determining fair values of material assets acquired and liabilities assumed in a business combination.

For the years ended December 31, 2024, 2023, and 2022, we expensed $8.0 million, $3.5 million and $2.3 million, respectively, of transaction costs associated with business combinations. The costs were expensed as incurred and are included in general and administrative expense in our consolidated statements of operations.

Contingent consideration liabilities

Our acquisition consideration in business combinations may include an estimate for contingent consideration that will be paid if certain earn-out performance targets are met. The resulting contingent consideration liabilities are categorized as a Level 3 fair value measurement because we estimate projections during the earn-out period utilizing unobservable inputs, including various potential pay-out scenarios based on billings and revenue-related earn-out targets. Changes to the unobservable inputs could have a material impact on our consolidated financial statements.

We generally value the expected contingent consideration and the corresponding liabilities using a probability model such as the Monte Carlo method or Black-Scholes Model based on estimates of potential payment scenarios. Probabilities are applied to each potential scenario and the resulting values are discounted using a rate that considers weighted average cost of capital as well as a specific risk premium associated with the riskiness of the earn-out itself, the related projections, projected payment dates, and volatility in the fair value of our common stock. The fair value of the contingent consideration is remeasured each reporting period.

As applicable, the portion of the contingent consideration liabilities that will be settled in shares of our common stock is classified as a component of non-current liabilities in our consolidated balance sheets, while the portion to be paid in cash is classified as a component of current liabilities. Changes to the contingent consideration liabilities are reflected as part of general and administrative expense in our consolidated statements of operations. Refer to Note 7-Fair Value of Financial Instruments for additional details related to contingent consideration liabilities outstanding during the year ended December 31, 2024.

Advertising costs

All advertising costs are expensed as incurred. For the years ended December 31, 2024, 2023, and 2022, we incurred $5.1 million, $2.6 million, and $5.7 million in advertising costs, respectively.

Development costs and internal-use software

For technology products that are developed to be sold externally or installed on premise, we determined that technological feasibility is reached shortly before the products are ready for general release. Any costs associated with software development between the time technological feasibility is reached and general release are not material.

We capitalize certain development costs incurred in connection with our internal-use software. These capitalized costs are primarily related to the software platforms that are hosted by us and accessed by our clients on a subscription basis. Costs incurred in the preliminary stages of development are expensed as incurred as research and development costs. Once an application has reached the development stage, internal and external costs, if direct and incremental, are capitalized until the software is substantially complete and ready for its intended use.

We also capitalize costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Capitalized costs are recorded as part of property and equipment. Maintenance and training costs are expensed as incurred. Internal-use software is amortized on a straight-line basis over its estimated useful life with amortization included in depreciation and amortization expense in our consolidated statements of operations.

Stock-based compensation

Stock-based awards, including stock options, restricted stock units, performance-based restricted stock units, and restricted shares are measured and recognized in the consolidated financial statements based on the fair value of the award on the grant date or, when applicable, the modification date. The grant date fair value of our stock-based awards is typically determined using the market closing price of our common stock on the date of grant; however, if necessary we also consider whether any adjustments are required when the market closing price does not reflect certain material non-public information that we know but is unavailable to marketplace participants on the date of grant. We record forfeitures of stock-based awards as the actual forfeitures occur. The measurement date for non-employee awards is the date of grant. The compensation expense for non-employees is recognized, without changes in the fair value of the award, in the same period and in the same manner as though we had paid cash for the services, which is typically the vesting period of the respective award.

For awards subject to performance conditions, we record expense when the performance condition becomes probable. Each reporting period, we evaluate the probability of achieving the performance criteria, estimate the number of shares that are expected to vest, and adjust the related compensation expense accordingly. For awards subject to market conditions, we estimate the fair value as of the grant date using a Monte Carlo simulation valuation model which requires the use of various assumptions, including historic stock price volatility and risk-free interest rates as of the valuation date corresponding to the length of time remaining in the performance period. Stock-based compensation expense for awards with market conditions is recognized over the requisite service period using the accelerated attribution method and is not reversed if the market condition is not met.

Stock-based compensation expense related to purchase rights issued under the 2019 Health Catalyst Employee Stock Purchase Plan (ESPP) is based on the Black-Scholes option-pricing model fair value of the estimated number of awards as of the beginning of the offering period. Stock-based compensation expense is recognized using the straight-line method over the offering period.

Concentrations of credit risk

Financial instruments that potentially subject us to a concentration of credit risk consist principally of cash and cash equivalents, short-term investments, and accounts receivable. We deposit cash with high credit quality financial institutions which at times may exceed federally insured amounts. We have not experienced any losses on our deposits.

We perform ongoing credit evaluations of our clients' financial condition and require no collateral from clients. We review the expected collectability of accounts receivable and record an allowance for credit losses based on the probability of future collections. There were no clients with more than 10% of total outstanding accounts receivable as of December 31, 2024 and 2023. There were no clients with revenue as a percentage of total revenue greater than 10% for the years ended December 31, 2024, 2023, and 2022.

Restructuring costs

We define restructuring costs as expenses directly associated with restructuring activities. Such costs include severance and related tax and benefit expenses from workforce reductions, impairment of discontinued capitalized software projects, and other miscellaneous charges. We record team member-related severance costs when there is a substantive plan in place and the related costs are probable and estimable. For one-time termination benefits for team members (i.e., no substantive plan or future service requirement), the cost is recorded when the terms of the one-time termination benefits are communicated to the impacted team members and the amount can be reasonably estimated.

Income taxes

Deferred income tax balances are accounted for using the asset and liability method and reflect the effects of temporary differences between the financial reporting and tax bases of our assets and liabilities using enacted tax rates expected to apply when taxes are actually paid or recovered. In addition, deferred tax assets and liabilities are recorded for net operating loss (NOL) and tax credit carryforwards. A valuation allowance is provided against deferred tax assets unless it is more likely than not that they will be realized based on all available positive and negative evidence. Such evidence includes, but is not limited to, recent cumulative earnings or losses, expectations of future taxable income by taxing jurisdiction, and the carry-forward periods available for the utilization of deferred tax assets.

We use a two-step approach to recognize and measure uncertain income tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained upon audit. The second step is to measure the tax benefit as the largest amount, which is more than 50% likely of being realized upon ultimate settlement. We do not currently accrue interest and penalties related to unrecognized tax benefits within the provision for income taxes because the impact would be immaterial due to our net operating losses and tax credit carryforwards. Significant judgment is required to evaluate uncertain tax positions.

Although we believe that we have adequately reserved for our uncertain tax positions, we can provide no assurance that the final tax outcome of these matters will not be materially different. We evaluate our uncertain tax positions on a regular basis and evaluations are based on a number of factors, including changes in facts and circumstances, changes in tax law, correspondence with tax authorities during the course of an audit, and effective settlement of audit issues. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on our financial condition and results of operations.

We are subject to an income tax requirement whereby certain income earned by foreign subsidiaries, referred to as Global Intangible Low-Taxed Income (GILTI), must be included in our taxable gross income for U.S. federal income tax reporting purposes. GAAP provides for an accounting policy election of either recognizing deferred taxes for temporary differences expected to reverse as GILTI in future years or recognizing such taxes as a current period expense when incurred. We have elected to treat GILTI as a current period expense when incurred.

Fair value of financial instruments

The carrying amounts reported in the consolidated balance sheets for cash, receivables, accounts payable, and current accrued expenses approximate fair values because of the immediate or short-term maturity of these financial instruments. The carrying value of contingent consideration liabilities, operating lease liabilities, and convertible senior notes approximate fair value based on interest rates available for debt with similar terms at December 31, 2024 and 2023. Money market funds and short-term investments are measured at fair value on a recurring basis. On a quarterly basis we evaluate unrealized losses on our available-for-sale debt securities and the related accrued interest receivables to determine whether a decline in the fair value below the amortized cost basis is due to credit-related factors or noncredit-related factors. Contingent consideration liabilities are measured at fair value on a recurring basis based primarily on significant inputs not observable in the market.

Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1- Quoted prices in active markets for identical assets or liabilities.
- Level 2- Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3- Inputs that are generally unobservable and typically reflect management’s estimate of assumptions that market participants would use in pricing the asset or liability.

All of our financial instruments are valued using quoted prices in active markets or based on other observable inputs. For Level 2 securities, we use a third-party pricing service which provides documentation on an ongoing basis that includes, among other things, pricing information with respect to reference data, methodology, inputs summarized by asset class, pricing application, and corroborative information. Our contingent consideration liabilities are categorized as a Level 3 fair value measurement because we estimate projections during the earn out period utilizing various potential pay-out scenarios.

Leases

We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, operating lease liabilities, and operating lease liabilities, net of current portion in our consolidated balance sheets. We have adopted the short-term lease recognition exemption policy. All of our leasing commitments are classified either as operating leases or otherwise qualify as short-term leases with lease terms of 12 months or less.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As our lease contracts do not have a readily determinable implicit rate, we use our incremental borrowing rate based on the information available at the commencement date to determine the present value of lease payments. The incremental borrowing rate is the estimated rate incurred to borrow on a collateralized basis over a similar term and amount equal to the lease payments in a similar economic environment. The operating lease ROU asset also includes any lease payments made and excludes lease executory costs. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the applicable option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Variable costs related to our leased office space, such as maintenance and utilities based on actual usage, are not included in the measurement of right-of-use assets and lease liabilities, but are expensed as incurred.

Foreign currency

The functional currency of our international subsidiaries is generally their local currency. We translate these subsidiaries' financial statements into U.S. dollars using month-end exchange rates for assets and liabilities and average exchange rates for revenue and expenses. We record translation gains and losses in accumulated other comprehensive loss in stockholders' equity. We record foreign exchange gains and losses in interest and other expense, net. Our net foreign exchange gains and losses were not material for the periods presented.

Accounting pronouncements adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-07, *Improvements to Reportable Segment Disclosures (Topic 280)*. This ASU updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the CODM and included within each reported measure of a segment's profit or loss. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment's profit or loss in assessing segment performance and deciding how to allocate resources. The ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. We adopted this ASU for the year ended December 31, 2024 and the amendments have been applied retrospectively to all prior periods presented in the notes to the consolidated financial statements.

Recent accounting pronouncements not yet adopted

In December 2023, the FASB issued ASU No. 2023-09, *Improvements to Income Tax Disclosures (Topic 740)*. The ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is permitted. This ASU will result in the required additional disclosures being included in our consolidated financial statements, once adopted. We are currently evaluating the provisions of this ASU and expect to adopt them for the year ending December 31, 2025.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires disclosure in the notes to the financial statements of specified information about certain costs and expenses. The amendments are effective for fiscal years beginning after December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The amendments should be applied either prospectively to financial statements issued for reporting periods after the effective date of this ASU or retrospectively to any or all prior periods presented in the financial statements. We are currently evaluating the provision of this ASU to determine the impact it may have on our consolidated financial statements and related disclosures, and we expect additional disclosures upon adoption.

Notes to the Consolidated Financial Statements

2. Business Combinations

The business acquisitions discussed below are included in our results of operations from their respective dates of acquisition.

2024 Acquisitions

Intraprise Health, LLC

On November 8, 2024, we acquired Intraprise Health, LLC (Intraprise), a leading provider of data and analytics technology and security services to healthcare organizations. We accounted for the acquisition of Intraprise as a business combination. The acquisition consideration transferred was $44.9 million and was comprised of net cash consideration of $25.4 million and Health Catalyst common shares with a fair value of $19.5 million. The purchase resulted in Health Catalyst acquiring 100% ownership in Intraprise.

The following table summarizes the preliminary acquisition-date fair value of consideration transferred and the identifiable assets purchased and liabilities assumed as part of our acquisition of Intraprise (in thousands):

Assets acquired:		
Accounts receivable, net	$	1,344
Prepaid expenses and other assets		118
Client relationships		12,400
Developed technology		4,200
Trademarks		300
Total assets acquired		18,362
Less liabilities assumed:		
Accrued and other current liabilities		199
Deferred revenue		2,877
Total liabilities assumed		3,076
Total assets acquired, net		15,286
Goodwill		29,598
Total consideration transferred, net of cash acquired	$	44,884

The acquired intangible assets were valued utilizing either an income approach or a cost approach as deemed most applicable, and include enterprise client relationships, small and medium business client relationships, developed technology, and trademarks that will be amortized on a straight-line basis over their estimated useful lives of seven years, three years, three years, and three years, respectively. The resulting goodwill from the Intraprise acquisition was allocated $23.7 million to the technology reporting unit and $5.9 million to the professional services reporting unit, and $21.5 million of acquired goodwill is deductible for income tax purposes.

The preliminary allocation of the consideration transferred is subject to potential adjustments. Balances subject to adjustment are primarily tax-related matters, including the tax basis of assets acquired and liabilities assumed. During the measurement period, we may record adjustments to the provisional amounts recognized in our initial accounting for the acquisition. We expect the allocation of the consideration transferred to be final within the measurement period (up to one year from the acquisition date). There were no measurement period adjustments recorded during the year ended December 31, 2024.

The amount of revenue attributable to the acquired business of Intraprise was not material to our consolidated statement of operations for the year ended December 31, 2024. Income (loss) information for Intraprise after the acquisition date through December 31, 2024 is not presented as the Intraprise business was integrated into our operations immediately following the acquisition and is impracticable to quantify.

Lumeon Ltd.

On August 1, 2024, we acquired Lumeon Ltd. (Lumeon), a digital health company dedicated to helping provider organizations mend broken care coordination processes through automated care orchestration. We accounted for the acquisition of Lumeon as a business combination. The acquisition consideration transferred was $39.8 million and was comprised of net cash consideration of $36.2 million, Health Catalyst common shares with a fair value of $2.9 million, and contingent consideration based on certain earn-out performance targets for Lumeon during an earn-out period ending on June 30, 2025, with an acquisition-date fair value of $0.7 million. The purchase resulted in Health Catalyst acquiring 100% ownership in Lumeon.

The following table summarizes the preliminary acquisition-date fair value of consideration transferred and the identifiable assets purchased and liabilities assumed as part of our acquisition of Lumeon (in thousands):

Assets acquired:		
Accounts receivable, net	$	967
Prepaid expenses and other assets		795
Property and equipment, net		165
Client relationships		3,700
Developed technology		11,400
Trademarks		1,300
Total assets acquired		18,327
Less liabilities assumed:		
Accrued and other current liabilities		1,131
Deferred revenue		1,759
Total liabilities assumed		2,890
Total assets acquired, net		15,437
Goodwill		24,393
Total consideration transferred, net of cash acquired	$	39,830

The acquired intangible assets were valued utilizing either an income approach or a cost approach as deemed most applicable, and include client relationships, developed technology, and trademarks that will be amortized on a straight-line basis over their estimated useful lives of seven years, four years, and five years, respectively. The resulting goodwill from the Lumeon acquisition was fully allocated to the technology reporting unit and is not deductible for income tax purposes.

As of December 31, 2024, we recorded a measurement period adjustment as a result of the completion of a UK historic loss analysis that concluded that no limitation is required related to Lumeon's historic UK tax loss carryforwards as a result of a major change in nature or conduct of trade. The measurement period adjustment increased the deferred tax assets acquired and we have provided a valuation allowance for the net deferred tax assets acquired. The measurement period adjustment decreased acquired goodwill by $3.7 million.

The preliminary allocation of the consideration transferred is subject to other potential adjustments. Balances subject to adjustment are primarily tax-related matters, including the tax basis of assets acquired and liabilities assumed. During the measurement period, we may record adjustments to the provisional amounts recognized in our initial accounting for the acquisition. We expect the allocation of the consideration transferred to be final within the measurement period (up to one year from the acquisition date).

The amount of revenue attributable to the acquired business of Lumeon was not material to our consolidated statement of operations for the year ended December 31, 2024. Income (loss) information for Lumeon after the acquisition date through December 31, 2024 is not presented as the Lumeon business was integrated into our operations immediately following the acquisition and is impracticable to quantify.

In addition to the purchase price, we agreed to make cash retention payments in an aggregate amount of up to $5.0 million to continuing Lumeon team members, a portion of which is variable based upon the achievement of earn-out performance targets. The retention payments are generally subject to vesting based upon continued employment over a required service period. Such amounts are recorded as post-combination compensation expense and recognized on a straight-line basis over the relevant vesting terms. During the year ended December 31, 2024, we recognized compensation expense of $1.1 million related to these retention payments.

Carevive Systems, Inc.

On May 24, 2024, we acquired Carevive Systems, Inc. (Carevive), a leading oncology-focused health technology company centered on understanding and improving the experience of patients with cancer. We accounted for the acquisition of Carevive as a business combination. Oncology providers and life science researchers use Carevive's flagship platform and/or Carevive data in routine clinical practice for treatment care planning, clinical trial screening, care coordination, remote patient monitoring, and/or post-treatment care. The acquisition consideration transferred was $22.1 million and was comprised of net cash consideration of $18.7 million, Health Catalyst common shares with a fair value of $2.6 million, and contingent consideration based on certain earn-out performance targets for Carevive during an earn-out period ending on June 30, 2025, with an acquisition-date fair value of $0.9 million. The purchase resulted in Health Catalyst acquiring 100% ownership in Carevive.

The following table summarizes the preliminary acquisition-date fair value of consideration transferred and the identifiable assets purchased and liabilities assumed as part of our acquisition of Carevive (in thousands):

Assets acquired:	
Accounts receivable, net	$ 96
Prepaid expenses and other assets	64
Client relationships	2,700
Developed technology	4,800
Trademarks	300
Total assets acquired	7,960
Less liabilities assumed:	
Accrued and other current liabilities	1,389
Deferred revenue	76
Total liabilities assumed	1,465
Total assets acquired, net	6,495
Goodwill	15,643
Total consideration transferred, net of cash acquired	$ 22,138

The acquired intangible assets were valued utilizing either an income approach or a cost approach as deemed most applicable, and include client relationships, developed technology, and trademarks that will be amortized on a straight-line basis over their estimated useful lives of seven years, four years, and three years, respectively. The resulting goodwill from the Carevive acquisition was fully allocated to the technology reporting unit and is not deductible for income tax purposes.

The preliminary allocation of the consideration transferred is subject to potential adjustments. Balances subject to adjustment are primarily tax-related matters, including the tax basis of assets acquired and liabilities assumed. During the measurement period, we may record adjustments to the provisional amounts recognized in our initial accounting for the acquisition. We expect the allocation of the consideration transferred to be final within the measurement period (up to one year from the acquisition date). There were no measurement period adjustments recorded during the year ended December 31, 2024.

The amount of revenue attributable to the acquired business of Carevive was not material to our consolidated statement of operations for the year ended December 31, 2024. Income (loss) information for Carevive after the acquisition date through December 31, 2024 is not presented as the Carevive business was integrated into our operations immediately following the acquisition and is impracticable to quantify.

In addition to the purchase price, we agreed to make cash retention payments in an aggregate amount of up to $1.8 million to continuing Carevive team members, a portion of which is variable based upon the achievement of earn-out performance targets. The retention payments are generally subject to vesting based upon continued employment over a required service period. Such amounts are recorded as post-combination compensation expense and recognized on a straight-line basis over the relevant vesting terms. During the year ended December 31, 2024, we recognized compensation expense of $0.8 million related to these retention payments.

Unaudited Pro Forma Financial Information

The following table reflects our unaudited pro forma combined results of operations for the years ended December 31, 2024 and 2023 as if the acquisitions of Intraprise, Carevive, and Lumeon had taken place on January 1, 2023 (in thousands):

	Year Ended December 31,	
	2024	2023
	(unaudited)	
Pro forma net loss	$ (80,035)	$ (153,606)

The unaudited pro forma information is presented for informational purposes only and is not intended to present actual results that would have been attained had the acquisition been completed as of January 1, 2023 or to project potential results as of any future date or for any future periods. The unaudited pro forma information, including adjustments, are based upon available information and certain assumptions that we believe are reasonable. Pro forma revenue has not been presented for these 2024 acquisitions as the impact to our consolidated financial statements was not material.

The nature and amount of material, nonrecurring pro forma adjustments directly attributable to these acquisitions which are included in the pro forma net loss, as applicable, are summarized as follows (in thousands):

	Year Ended December 31,	
	2024	2023
	(unaudited)	
Amortization of acquired intangible assets	$ (5,715)	$ (8,748)
Acquisition-related costs, net	9,122	(2,235)

2023 acquisition of Electronic Registry Systems, Inc.

On October 2, 2023, we acquired Electronic Registry Systems, Inc. (ERS), a cloud-based provider of clinical registry development and data management software based in Cincinnati, Ohio. We accounted for the acquisition of ERS as a business combination. ERS provides cancer registry compliance and informatics services to enable customers to achieve their cancer center clinical and business objectives with a goal of improving cancer care for every patient, including through its CRStar platform. The acquisition consideration transferred comprised of net cash consideration of $11.4 million. The purchase resulted in Health Catalyst acquiring 100% ownership in ERS.

An additional 175,901 shares of our common stock subject to a restriction agreement (restricted shares) were issued pursuant to the terms of the acquisition agreement. The vesting of these restricted shares was originally subject to eighteen months of continued employment with cliff vesting upon the eighteen-month anniversary of the acquisition close date. The value of these restricted shares was originally scheduled to be recognized as post-combination stock-based compensation expense on a straight-line basis over the vesting term, but due to workforce reductions made as part of the 2023 Restructuring Plan (as defined below), the ERS restricted shares fully vested in February 2024, resulting in an acceleration of the related stock-based compensation expense. Refer to Note 14-Stock-Based Compensation for additional details related to our stock-based compensation.

The following table summarizes the acquisition-date fair value of consideration transferred and the identifiable assets purchased and liabilities assumed as part of our acquisition of ERS (in thousands):

Assets acquired:		
Accounts receivable	$	478
Prepaid expenses and other assets		73
Client relationships		5,300
Developed technology		3,100
Trademarks		100
Total assets acquired		9,051
Less liabilities assumed:		
Accrued and other current liabilities		78
Deferred revenue		2,251
Total liabilities assumed		2,329
Total assets acquired, net		6,722
Goodwill		4,670
Total consideration transferred, net of cash acquired	$	11,392

The acquired intangible assets were valued utilizing either an income approach or a cost approach as deemed most applicable, and include client relationships, developed technology, and trademarks that will be amortized on a straight-line basis over their estimated useful lives of seven years, four years, and two years, respectively. The resulting goodwill from the ERS acquisition was fully allocated to the technology reporting unit and is deductible for income tax purposes.

2022 acquisitions

ARMUS Corporation

On April 29, 2022, we acquired ARMUS Corporation (ARMUS), a clinical registry development and data management technology company based in Foster City, California. We accounted for the acquisition of ARMUS as a business combination. ARMUS provides data abstraction, data validation, data management, data submission, and data reporting services to support participation in clinical quality registries for healthcare institutions around the world, including health systems, payers, medical device companies, and premier medical societies. The acquisition consideration transferred was $9.4 million and was comprised of net cash consideration of $9.3 million and Health Catalyst common shares with a fair value of $0.1 million. The purchase resulted in Health Catalyst acquiring 100% ownership in ARMUS. An additional 235,330 shares of our common stock subject to a restriction agreement (restricted shares) were issued pursuant to the terms of the acquisition agreement. The value of these restricted shares is recognized as post-combination stock-based compensation expense on a straight-line basis over the vesting term. Refer to Note 14-Stock-Based Compensation for additional details related to our stock-based compensation.

The following table summarizes the acquisition-date fair value of consideration transferred and the identifiable assets purchased and liabilities assumed as part of our acquisition of ARMUS (in thousands):

Assets acquired:		
Accounts receivable	$	601
Prepaid expenses and other assets		104
ROU lease asset		169
Developed technologies		4,600
Client relationships		2,200
Trademarks		200
Total assets acquired		7,874
Less liabilities assumed:		
Accounts payable		119
Accrued and other current liabilities		196
Deferred revenue		2,740
Lease liability		157
Net deferred tax liabilities		933
Total liabilities assumed		4,145
Total assets acquired, net		3,729
Goodwill		5,645
Total consideration transferred, net of cash acquired	$	9,374

The acquired intangible assets were valued utilizing either an income approach or a cost approach as deemed most applicable, and include developed technology, client relationships, and trademarks that will be amortized on a straight-line basis over their estimated useful lives of four years, six years, and three years, respectively. The resulting goodwill from the ARMUS acquisition was fully allocated to the technology reporting unit and is not deductible for income tax purposes.

In addition to the purchase price, we agreed to make cash retention payments in an aggregate amount of $5.0 million to continuing ARMUS team members. The retention payments are generally subject to vesting based upon continued employment over a required service period of 3 years. Any forfeited retention payments are reallocated to remaining ARMUS team members until the aggregate amount of $5.0 million is fully paid. Such amounts are recorded as post-combination compensation expense and recognized on a straight-line basis over the relevant vesting terms. During the years ended December 31, 2024 and 2023, we recognized compensation expense of $1.2 million and $1.4 million, respectively, related to these retention payments. As of December 31, 2024, there is an additional $0.4 million of unrecognized compensation expense related to these retention payments expected to be recognized over a weighted-average period of 0.3 years.

KPI Ninja, Inc.

On February 24, 2022, we acquired KPI Ninja, Inc. (KPI Ninja), a leading provider of interoperability, enterprise analytics, and value-based care solutions based in Lincoln, Nebraska. We accounted for the acquisition of KPI Ninja as a business combination. KPI Ninja is known for its powerful capabilities, flexible configurations, and comprehensive applications designed to fulfill the promise of data-driven healthcare. The acquisition consideration transferred was $21.4 million and was comprised of net cash consideration of $18.5 million and Health Catalyst common shares with a fair value of $2.9 million. The purchase resulted in Health Catalyst acquiring 100% ownership in KPI Ninja.

An additional 356,919 shares of our common stock subject to a restriction agreement (restricted shares) were issued pursuant to the terms of the acquisition agreement. The value of these restricted shares is recognized as post-combination stock-based compensation expense on a straight-line basis over the vesting term. Refer to Note 14-Stock-Based Compensation for additional details related to our stock-based compensation.

The following table summarizes the acquisition-date fair value of consideration transferred and the identifiable assets purchased and liabilities assumed as part of our acquisition of KPI Ninja (in thousands):

Assets acquired:	
Accounts receivable	$ 45
Prepaid expenses and other assets	197
Property and equipment, net	15
Developed technologies	13,500
Client relationships	1,100
Trademarks	800
Total assets acquired	15,657
Less liabilities assumed:	
Accounts payable and other current liabilities	266
Deferred revenue	763
Net deferred tax liabilities	3,600
Total liabilities assumed	4,629
Total assets acquired, net	11,028
Goodwill	10,365
Total consideration transferred, net of cash acquired	$ 21,393

The acquired intangible assets were valued utilizing either an income approach or a cost approach as deemed most applicable, and include developed technology, client relationships, and trademarks that will be amortized on a straight-line basis over their estimated useful lives of four years, six years, and five years, respectively. The resulting goodwill from the KPI Ninja acquisition was fully allocated to the technology reporting unit and is not deductible for income tax purposes.

In addition to the purchase price, we agreed to make cash retention payments in an aggregate amount of $3.0 million to continuing KPI Ninja team members. The retention payments are subject to vesting based upon continued employment over a required service period of four years. Any forfeited retention payments are reallocated to remaining KPI Ninja team members until the aggregate amount of $3.0 million is fully paid. Such amounts are recorded as post-combination compensation expense and recognized on a straight-line basis over the relevant vesting terms. During the years ended December 31, 2024 and 2023, we recognized compensation expense of $0.6 million and $0.9 million, respectively, related to these retention payments. As of December 31, 2024, there was an additional $0.6 million of unrecognized compensation expense related to these retention payments expected to be recognized over a weighted-average period of 1.1 years.

3. Revenue

Disaggregation of revenue

The following table represents Health Catalyst's revenue disaggregated by type of arrangement (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Recurring technology	$ 194,852	$ 187,226	$ 175,808
One-time technology (i.e., perpetual license)	—	357	480
Professional services	111,732	108,355	99,948
Total revenue	$ 306,584	$ 295,938	$ 276,236

For the years ended December 31, 2024, 2023, and 2022, 97.2%, 98.3%, and 98.0% of revenue, respectively, was related to contracts with clients located in the United States.

4. Goodwill and Intangible Assets

We operate our business in two operating segments that also represent our reporting units. Our reporting units are organized based on our technology and professional services. We have not incurred any goodwill impairment charges.

Changes in the carrying amount of goodwill by reporting unit for the years ended December 31, 2024 and 2023 were as follows (in thousands):

	Technology	Professional Services	Total
Balance as of December 31, 2022	$ 185,200	$ 782	$ 185,982
2023 acquisition	4,670	—	4,670
Balance as of December 31, 2023	189,870	782	190,652
2024 acquisitions	63,747	5,887	69,634
Foreign currency translation adjustments	(527)	—	(527)
Balance as of December 31, 2024	$ 253,090	$ 6,669	$ 259,759

As of December 31, 2024, intangible assets consisted of the following (in thousands):

	Gross	Accumulated Amortization	Net
Developed technologies	$ 124,109	$ (93,611)	$ 30,498
Client relationships and contracts	108,824	(57,020)	51,804
Computer software licenses	11,149	(9,503)	1,646
Trademarks	4,694	(2,590)	2,104
Total intangible assets	$ 248,776	$ (162,724)	$ 86,052

As of December 31, 2023, intangible assets consisted of the following (in thousands):

	Gross	Accumulated Amortization	Net
Developed technologies	$ 103,929	$ (79,057)	$ 24,872
Client relationships and contracts	90,064	(45,230)	44,834
Computer software licenses	10,680	(7,933)	2,747
Trademarks	2,820	(1,889)	931
Total intangible assets	$ 207,493	$ (134,109)	$ 73,384

Amortization expense of acquired intangible assets for the years ended December 31, 2024, 2023, and 2022 was $28.7 million, $29.6 million, and $37.2 million, respectively. Amortization expense for intangible assets is included in depreciation and amortization in the consolidated statements of operations. We have not incurred any intangible asset impairment charges for the years ended December 31, 2024, 2023, and 2022.

The weighted-average remaining amortization period by type of intangible assets as of December 31, 2024 is as follows:

	Weighted-Average Remaining Amortization Period (years)
Developed technologies	3.0
Client relationships and contracts	4.5
Computer software licenses	1.5
Trademarks	2.4

As of December 31, 2024, future amortization expense for finite-lived intangible assets is estimated to be as follows (in thousands):

Year Ending December 31,	
2025	$ 27,381
2026	23,466
2027	19,623
2028	7,315
2029	3,320
Thereafter	4,947
Total future amortization expense	$ 86,052

5. Property and Equipment

Property and equipment consisted of the following (in thousands):

	As of December 31,	
	2024	2023
Computer equipment	$ 10,309	$ 9,638
Leasehold improvements	8,456	8,814
Furniture and fixtures	3,757	3,735
Capitalized internal-use software costs	46,143	30,771
Computer software	111	111
Total property and equipment	68,776	53,069
Less: accumulated depreciation	(39,382)	(27,357)
Property and equipment, net	$ 29,394	$ 25,712

Our long-lived assets are primarily located in the United States with immaterial amounts located in the United Kingdom and India. Depreciation expense for the years ended December 31, 2024, 2023, and 2022 was $12.8 million, $12.6 million, and $11.1 million, respectively. Depreciation expense includes the amortization of capitalized internal-use software costs. During the years ended December 31, 2024, 2023, and 2022 we impaired $0.7 million, $1.2 million, and $1.2 million, respectively, of leasehold improvements and furniture and fixtures related to the subleased portions of our corporate headquarters. Refer to Note 9-Leases for additional details. During the years ended December 31, 2023 and 2022, we also incurred $0.6 million and $1.2 million, respectively, of impairment related to discontinued capitalized internal-use software projects as part of restructuring, with no such impairment during the year ended December 31, 2024. Refer to Note 11-Restructuring Costs for additional details.

We capitalized $15.4 million, $12.8 million, and $14.1 million of internal-use software costs for the years ended December 31, 2024, 2023, and 2022, respectively. We incurred $9.7 million, $8.5 million, and $6.8 million of capitalized internal-use software cost amortization expense for the years ended December 31, 2024, 2023, and 2022, respectively.

6. Short-term Investments

We classify our short-term investments as available for sale. Available-for-sale securities are recorded on our consolidated balance sheets at fair market value and any unrealized gains or losses are reported as part of other comprehensive gain (loss) on the consolidated statements of comprehensive loss unless unrealized losses are due to credit-related factors and accounted for as part of our provision for expected credit losses. We determine realized gains or losses on the sales of investments through the specific identification method and record such gains or losses as part of interest and other expense, net on the consolidated statements of operations. We did not have any material realized gains or losses on investments during the years ended December 31, 2024, 2023, and 2022. We measure the fair value of investments on a recurring basis.

The following table summarizes, by major security type, our cash equivalents and short-term investments that are measured at fair value on a recurring basis as of December 31, 2024 (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash equivalents	Short-term Investments
Money market funds	$ 186,872	$ —	$ —	$ 186,872	$ 186,872	$ —
U.S. treasury notes	177,129	70	—	177,199	58,386	118,813
Commercial paper	13,940	1	—	13,941	—	13,941
Corporate bonds	9,598	3	—	9,601	—	9,601
Total	$ 387,539	$ 74	$ —	$ 387,613	$ 245,258	$ 142,355

The following table summarizes, by major security type, our cash equivalents and short-term investments that are measured at fair value on a recurring basis as of December 31, 2023 (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash equivalents	Short-term Investments
Money market funds	$ 99,779	$ —	$ —	$ 99,779	$ 99,779	$ —
U.S. treasury notes	65,856	68	—	65,924	—	65,924
Commercial paper	85,358	—	(18)	85,340	—	85,340
Corporate bonds	43,746	49	—	43,795	—	43,795
U.S. agency securities	16,405	—	(12)	16,393	—	16,393
Total	$ 311,144	$ 117	$ (30)	$ 311,231	$ 99,779	$ 211,452

The following table presents the contractual maturities of our short-term investments as of December 31, 2024 and December 31, 2023 (in thousands):

	As of December 31, 2024		As of December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	$ 142,294	$ 142,355	$ 211,365	$ 211,452
Due between one and five years	—	—	—	—
Total	$ 142,294	$ 142,355	$ 211,365	$ 211,452

Accrued interest receivables related to our available-for-sale securities of $0.6 million and $0.9 million as of December 31, 2024 and 2023, respectively, were included within prepaid expenses and other assets on our consolidated balance sheets.

We do not intend to sell investments that are in an unrealized loss position and it is not likely that we will be required to sell any investments before recovery of their amortized cost basis. As of December 31, 2024 and 2023, there were no material unrealized losses due to expected credit loss-related factors.

7. Fair Value of Financial Instruments

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2024 were as follows (in thousands):

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 186,872	$ —	$ —	$ 186,872
U.S. treasury notes	177,199	—	—	177,199
Commercial paper	—	13,941	—	13,941
Corporate bonds	—	9,601	—	9,601
Total	$ 364,071	$ 23,542	$ —	$ 387,613

Assets measured at fair value on a recurring basis as of December 31, 2023 were as follows (in thousands):

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 99,779	$ —	$ —	$ 99,779
U.S. treasury notes	65,924	—	—	65,924
Commercial paper	—	85,339	—	85,339
Corporate bonds	—	43,796	—	43,796
U.S. agency securities	—	16,393	—	16,393
Total	$ 165,703	$ 145,528	$ —	$ 311,231

There were no transfers between Level 1 and Level 2 of the fair value measurement hierarchy during the years ended December 31, 2024 and 2023.

Convertible Senior Notes

As of December 31, 2024, the estimated fair value of our convertible senior notes, with aggregate principal totaling $230.0 million, was $227.5 million. We estimate the fair value based on quoted market prices in an inactive market on the last trading day of the reporting period (Level 2). These convertible senior notes are recorded at face value less unamortized debt discount and transaction costs on our consolidated balance sheets. Refer to Note 10-Debt for further information.

Nonrecurring fair value measurements

We recorded impairment charges of $2.2 million, $4.1 million, and $3.8 million during the years ended December 31, 2024, 2023 and 2022, respectively, related to the impairment of ROU assets, leasehold improvements, and furniture and fixtures associated with recently subleased office space. These impairment charges were derived from the difference between the carrying value and the fair value of the relevant asset groups. The fair value of these asset groups was estimated using a discounted cash flow analysis of the subleased space and included certain unobservable (Level 3) inputs, including the anticipated future sublease terms and rates. Refer to Note 9-Leases for further information.

Level 3 fair value measurements

The Lumeon acquisition consideration included an initial estimate for contingent consideration based on certain revenue-based earn-out performance targets for Lumeon during an earn-out period that ends on June 30, 2025. The Lumeon contingent consideration is capped at $25.0 million and will be paid in cash to the extent achieved. We value Lumeon's expected contingent consideration and the corresponding liability using the Black-Scholes valuation method based on estimates of potential pay-out scenarios.

The Carevive acquisition consideration included an initial estimate for contingent consideration based on certain revenue-based earn-out performance targets for Carevive during an earn-out period that ends on June 30, 2025. The Carevive contingent consideration is capped at $10.0 million and will be paid in cash to the extent achieved. We value Carevive's expected contingent consideration and the corresponding liability using the Black-Scholes valuation method based on estimates of potential pay-out scenarios.

There were no contingent consideration liabilities related to the acquisitions of Intraprise, ERS, ARMUS, or KPI Ninja.

The outstanding contingent consideration liabilities are categorized as Level 3 fair value measurements and are remeasured as of each reporting period. The aggregate intrinsic value of the revenue-based earn-out contingent consideration liabilities is zero based on a point estimate of our internal forecasting of the ultimate earn-outs that will be earned as of December 31, 2024. The recurring Level 3 fair value measurements of the contingent consideration liabilities include the other following significant inputs as of December 31, 2024:

	Valuation Method	Market Price of Revenue Risk	Revenue Volatility	Expected Term (years)	Risk-free interest rate
Revenue-based earn-out liabilities	Black-Scholes	7.5-7.7%	20%	0.8	4.4%

The following table sets forth a summary of the changes in the estimated fair value of the contingent consideration liabilities, which are measured at fair value on a recurring basis using significant unobservable inputs (Level 3) (in thousands):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Balance as of January 1, 2024	$ —
Acquisition-date contingent consideration liabilities from acquisitions (see Note 2)	1,642
Change in fair value of contingent consideration liabilities	(1,642)
Balance as of December 31, 2024	$ —

8. Accrued liabilities

As of December 31, 2024 and 2023, accrued liabilities consisted of the following (in thousands):

	As of December 31,	
	2024	2023
Accrued compensation and benefit expenses	$ 11,655	$ 11,680
Restructuring liabilities	—	2,355
Interest payable	4,803	1,090
Other accrued liabilities	9,882	8,157
Total accrued liabilities	$ 26,340	$ 23,282

9. Leases

Operating leases

We lease office space under operating leases that expire between 2025 and 2031. The terms of the leases provide for rental payments on a graduated scale, options to renew the leases (one to five years), landlord incentives or allowances, and periods of free rent.

During the year ended December 31, 2020 we took initial possession of the first 118,207 square feet of our headquarters in South Jordan, Utah to begin leasehold improvements, which resulted in an initial right-of-use asset and corresponding operating lease liability of $23.8 million, and commencement of operating lease expense. During the year ended December 31, 2023 the leased square footage of our corporate headquarters expanded and we took possession of an additional 9,830 rentable square feet of office space, which resulted in an additional right-of-use asset and corresponding lease liability of $1.5 million. We have the right to sublease all, or a portion, of this leased office space provided that certain terms and conditions are met.

We subleased portions of our corporate headquarters to various sublessees with subleases commencing at various dates between 2021 and 2024. As of December 31, 2024, 74,354 rentable square feet of our corporate headquarters was subleased. We classified each sublease as an operating lease. The initial subleases have terms ranging from eighteen months to 8.5 years. As indicators of impairment arise, we have performed recoverability tests of the relevant asset groups, comprised of operating lease right-of-use and other related assets, and in some instances have determined that the carrying value of these asset groups were not fully recoverable. As a result, we measured and recognized total impairment charges of $2.2 million, $4.1 million, and $3.8 million during the years ended December 31, 2024, 2023, and 2022, respectively, representing the amount by which the carrying value exceeded the estimated fair value of these asset groups. The impairment charges were recorded as part of general and administrative expense in our consolidated statements of operations. During the year ended December 31, 2024, $1.5 million of the impairment charge was allocated to the ROU assets and the remaining $0.7 million was allocated to leasehold improvements, while during the year ended December 31, 2023, $2.9 million of the impairment charge was allocated to the ROU asset and the remaining $1.2 million was allocated to leasehold improvements, and during the year ended December 31, 2022, $2.6 million of the impairment charge was allocated to the ROU asset and the remaining $1.2 million was allocated to leasehold improvements and furniture and fixtures.

Components of lease expense (income) are summarized as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Operating lease expense	$ 3,313	$ 3,077	$ 2,569
Short-term lease expense	209	92	109
Sublease income	(1,532)	(1,292)	(764)
Total	$ 1,990	$ 1,877	$ 1,914

We also incur immaterial variable costs related to our leased office space, such as maintenance and utilities based on actual usage, which are not included in the measurement of right-of-use assets and lease liabilities, but are expensed as incurred.
Maturities of lease liabilities under operating leases at December 31, 2024 are as follows (in thousands):

Year ending December 31:	
2025	$ 3,615
2026	3,591
2027	3,618
2028	3,648
2029	3,212
Thereafter	5,980
Total lease payments	23,664
Less: Imputed interest	(3,759)
Total lease liability	$ 19,905

Supplemental balance sheet information related to leases as of December 31, 2024 and 2023 is as follows (in thousands other than weighted average amounts):

	As of December 31,	
	2024	2023
Operating lease right-of-use assets	$ 12,058	$ 13,927
Operating lease liabilities, current	$ 3,614	$ 3,358
Operating lease liabilities, non-current	16,291	17,676
Total operating lease liabilities	$ 19,905	$ 21,034
Weighted-average remaining operating lease term (years)	6.7	7.9
Weighted-average operating lease discount rate	5.4 %	5.2 %

10. Debt

Debt consisted of the following as of December 31, 2024 and 2023 (in thousands):

	As of December 31,	
	2024	2023
2.50% convertible senior notes due 2025	$ 230,000	$ 230,000
Variable interest rate term loan maturing 2029	162,388	—
Total Principal Outstanding	392,388	230,000
Less: Unamortized discount and issuance costs	(10,028)	(1,966)
Net carrying amount	382,360	228,034
Less: Current portion of long-term debt	(231,182)	—
Long-term debt, net of current portion	$ 151,178	$ 228,034

Components of interest expense are summarized as follows (in thousands):

	As of December 31,		
	2024	2023	2022
Contractual interest expense	$ 13,255	$ 5,776	$ 5,739
Amortization of debt discount and issuance costs	2,362	1,511	1,500
Amortization of deferred financing costs and other	1,469	—	—
Total	$ 17,086	$ 7,287	$ 7,239

Maturity of Debt

As of December 31, 2024, we are subject to required principal payments and debt maturity as follows (in thousands):

	Contractual Maturity
Fiscal year:	
2025	$ 231,627
2026	1,627
2027	1,627
2028	1,627
2029	155,880
Total debt maturities	392,388
Less: Unamortized debt discount and issuance costs	(10,028)
Net carrying amount	$ 382,360

Credit Agreement

On July 16, 2024 (the Closing Date), we entered into a credit agreement with Silver Point Finance, LLC, as administrative agent and collateral agent, and the lenders from time-to-time party thereto (the Credit Agreement). The Credit Agreement provides a five-year term loan facility in an aggregate principal amount of up to $225.0 million, consisting of an initial term loan of $125.0 million, which was funded in full on the Closing Date, and a delayed draw term loan facility in an aggregate principal amount of up to $100.0 million, which was undrawn as of the Closing Date.

We had the option to draw up to $40.0 million under the delayed draw facility within six months after the Closing Date and on October 29, 2024, we drew an additional principal amount of $37.7 million. We also have the option to draw up to an additional $60.0 million under the delayed draw facility within eighteen months after the Closing Date, subject to satisfaction of certain conditions, including a minimum liquidity threshold, and a maximum recurring revenue/leverage ratio. We are required to pay a commitment fee on the unutilized commitments under the delayed draw term loan facility ranging from 1.5% to 2.5% per year depending on the year and the amount of the unutilized delayed draw term loan.

The deferred financing costs related to the delayed draw facility, including the directly attributable debt discount, have been capitalized to other assets on our consolidated balance sheets, and amortized to interest expense in the consolidated statement of operations, in each case over the respective terms.

Borrowings under the initial term loan bear interest at a rate per annum equal to the secured overnight financing rate (SOFR) plus 6.5%. Commencing with the quarter ending on December 31, 2024, we are required to make quarterly principal payments in an amount equal to 0.25% of the aggregate original principal amount. The final maturity date of the term loans is July 16, 2029. We expect to use the net proceeds from the initial term loan, together with cash on hand, (i) to repurchase, repay, and/or pay amounts of cash due upon conversion of any or all of the Notes at any time on or prior to the maturity thereof and (ii) for working capital and general corporate purposes. We expect to use the proceeds from the delayed draw term loan facility, to fund our inorganic growth strategy through permitted acquisitions (including deferred purchase price or similar arrangements related thereto) and to pay fees, costs, and expenses in connection therewith.

We are required to prepay the term loans upon the occurrence of certain events, and we may voluntarily prepay the term loans, in whole or in part, at any time, subject to certain notice requirements and prepayment amounts. Prior to July 16, 2028, such mandatory prepayments or voluntary prepayments are subject to a prepayment premium ranging from 1.0% to 3.0% plus a make whole amount depending on the year of such prepayment. Our obligations under the Credit Agreement and the other loan documents are required to be guaranteed by all of our present and future domestic and foreign subsidiaries, subject to certain exceptions (Guarantors). All obligations under the Credit Agreement and the other loan documents are secured by a first priority perfected lien on, and security interest in, substantially all of our and our Guarantor's present and future assets, subject to certain exceptions.

The Credit Agreement contains various representations and warranties, affirmative covenants, and negative covenants, including covenants that restrict our and our subsidiaries' ability to take certain actions including, among other things and subject to certain exceptions, the incurrence of debt, the granting of liens, engaging in mergers and other fundamental changes, the making of investments, entering into transactions with affiliates, the payment of dividends and other restricted payments, the prepayment of other indebtedness and the sale of assets. We are also required to comply with a minimum liquidity threshold, a maximum recurring revenue-based leverage ratio, and a maximum EBITDA-based leverage ratio. The Credit Agreement also includes various events of default, including, among others: non-payment of principal, interest or fees, violation of covenants, inaccuracy of representations or warranties, cross-default to other material indebtedness, bankruptcy and insolvency events, invalidity or impairment of security interests or invalidity of loan documents, certain ERISA events, unsatisfied or unstayed judgments and change of control. Upon the occurrence of an event of default, the administrative agent and the lenders may declare all outstanding obligations immediately due and payable and take such other actions as set forth in the Credit Agreement and the related loan documents, including proceeding against the collateral securing such borrowings.

As of December 31, 2024, we were in compliance with all covenants under the Credit Agreement.

Convertible senior notes

On April 14, 2020, we issued $230.0 million in aggregate principal amount of 2.50% Convertible Senior Notes due 2025 (Notes), in a private placement to qualified institutional buyers exempt from registration under the Securities Act (Note Offering). The net proceeds from the issuance of the Notes were approximately $222.5 million, after deducting the initial purchasers' discounts and offering expenses payable by us.

The Notes are governed by an indenture (Indenture) between us, as the issuer, and U.S. Bank National Association, as trustee. The Notes are our senior, unsecured obligations and accrue interest payable semiannually in arrears on April 15 and October 15 of each year, beginning on October 15, 2020, at a rate of 2.50% per year. The Notes will mature on April 15, 2025, unless earlier converted, redeemed, or repurchased. The Indenture does not contain any financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness, or the issuance or repurchase of securities by us or any of our subsidiaries.

We were not able to redeem the Notes prior to April 20, 2023. On or after April 20, 2023, we may redeem, for cash, all or a portion of the Notes, at our option, if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which we provide notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the Notes.

The Notes have an initial conversion rate of 32.6797 shares of our common stock per $1,000 principal amount of Notes (which is equivalent to an initial conversion price of approximately $30.60 per share of our common stock). Following certain corporate events that occur prior to the maturity date, we will increase the conversion rate for a holder who elects to convert its Notes in connection with such corporate event. Additionally, upon the occurrence of a corporate event that constitutes a "fundamental change" per the Indenture, holders of the Notes may require the Company to repurchase for cash all or a portion of their Notes at a purchase price equal to 100% of the principal amount of the Notes plus accrued and unpaid interest.

On or after October 15, 2024, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their Notes at the conversion rate at any time. Upon conversion, holders will receive cash, shares of our common stock or a combination of cash and shares of common stock, at our election. Based on the closing price of our common stock of $7.07 on December 31, 2024, the if-converted value of the Notes was less than their respective principal amounts. As of December 31, 2024, the Notes are classified as a current liability on our consolidated balance. We have the intent and ability to settle the Notes fully in cash upon the maturity date in April 2025.

Capped Calls

On April 8, 2020, concurrently with the pricing of the Notes, we entered into privately negotiated capped call transactions (Base Capped Calls) with certain option counterparties. In addition, in connection with the initial purchasers' exercise in full of their option to purchase additional Notes, on April 9, 2020, we entered into additional capped call transactions (together with the Base Capped Calls, the Capped Calls) with each of the option counterparties. We used approximately $21.7 million of the net proceeds from the Note Offering to pay the cost of the Capped Calls and allocated issuance costs.

The Capped Calls have initial cap prices of $42.00 per share, subject to certain adjustments. The Capped Calls are expected generally to reduce the potential dilution to our common stock upon any conversion of Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted Notes, as the case may be, with such reduction and/or offset subject to the cap price. The Capped Calls are separate transactions that we entered into with the option counterparties, and are not part of the terms of the Notes. As the Capped Call transactions are considered indexed to our own stock and are considered equity classified, they were recorded in stockholders' equity and are not accounted for as derivatives. The cost incurred in connection with the Capped Calls was recorded as a reduction to additional paid-in capital on our consolidated balance sheets.

11. Restructuring Costs

2023 Restructuring Plan

During the quarter and year ended December 31, 2023, our board of directors authorized a reduction of our global workforce as part of a restructuring plan intended to optimize our cost structure and focus our investment of resources in key priority areas to align with strategic changes (2023 Restructuring Plan). As part of the 2023 Restructuring Plan, we significantly reduced headcount throughout both our professional services and technology segments, including among our senior leadership team. The restructuring costs primarily related to severance and other team member costs from workforce reductions and impairment of a discontinued capitalized internal-use software project. We substantially completed all actions under the 2023 Restructuring Plan midway through 2024 and, as of December 31, 2024, the related restructuring liabilities were completely settled through cash outlays made to impacted team members.

The following tables summarize our 2023 Restructuring Plan costs by financial statement line item for the years ended December 31, 2024 and 2023 (in thousands):

	Year Ended December 31, 2024		
2023 Restructuring Plan	**Severance and Other Team Member Costs**	**Impairment Charges**	**Total**
Cost of revenue, excluding depreciation and amortization:			
Technology	$ 79	$ —	$ 79
Professional services	181	—	181
Sales and marketing	449	—	449
Research and development	443	—	443
General and administrative	936	—	936
Total	$ 2,088	$ —	$ 2,088

	Year Ended December 31, 2023		
2023 Restructuring Plan	**Severance and Other Team Member Costs**	**Impairment Charges**	**Total**
Cost of revenue, excluding depreciation and amortization:			
Technology	$ 484	$ —	$ 484
Professional services	1,398	—	1,398
Sales and marketing	1,210	—	1,210
Research and development	2,436	615	3,051
General and administrative	624	—	624
Total	$ 6,152	$ 615	$ 6,767

Restructuring liabilities related to the 2023 Restructuring Plan are included as a component of accrued liabilities on our consolidated balance sheets. The following table summarizes our restructuring-related activities, including costs incurred, cash payments, and the resulting liability balances (in thousands):

	2023 Restructuring Plan Liability Rollforward
Balance as of January 1, 2023	$ —
Restructuring costs	6,767
Cash payments	(3,797)
Adjustments for non-cash items[(1)]	(615)
Balance as of December 31, 2023	$ 2,355
Restructuring costs	2,088
Cash payments	(4,443)
Balance as of December 31, 2024	$ —

(1) Non-cash items consist of the impairment of a discontinued capitalized internal-use software project.

2022 Restructuring Plan

During the year ended December 31, 2022, we initiated a restructuring plan (2022 Restructuring Plan) to optimize our cost structure and focus our investment of resources in key priority areas to align with strategic changes. As part of the 2022 Restructuring Plan, we significantly reduced investment in our life sciences business unit, which is generally part of the technology segment, and also reduced headcount throughout the Company, including among our senior leadership team. The restructuring costs primarily related to severance and other team member costs from workforce reductions, impairment of discontinued capitalized internal-use software projects, and other miscellaneous charges. We substantially completed all actions under the 2022 Restructuring Plan in early 2023 and, as of December 31, 2023, the related restructuring liabilities were completely settled through cash outlays made to impacted team members.

The following tables summarize our 2022 Restructuring Plan costs by financial statement line item for the years ended December 31, 2023 and 2022 (in thousands):

	Year Ended December 31, 2023			
2022 Restructuring Plan	**Severance and Other Team Member Costs**	**Impairment Charges**	**Other[1]**	**Total**
Cost of revenue, excluding depreciation and amortization:				
Technology	$ 12	$ —	$ —	$ 12
Professional services	434	—	—	434
Sales and marketing	1,190	—	15	1,205
Research and development	286	—	—	286
General and administrative	94	—	24	118
Total	$ 2,016	$ —	$ 39	$ 2,055

(1) Includes other miscellaneous charges associated with the 2022 Restructuring Plan.

	Year Ended December 31, 2022			
2022 Restructuring Plan	**Severance and Other Team Member Costs**	**Impairment Charges**	**Other[1]**	**Total**
Cost of revenue, excluding depreciation and amortization:				
Technology	$ 195	$ —	$ 34	$ 229
Professional services	1,081	—	58	1,139
Sales and marketing	2,215	—	808	3,023
Research and development	1,957	1,225	228	3,410
General and administrative	607	—	17	624
Total	$ 6,055	$ 1,225	$ 1,145	$ 8,425

(1) Includes other miscellaneous charges associated with the 2022 Restructuring Plan.

Restructuring liabilities related to the 2022 Restructuring Plan were included as a component of accrued liabilities on our consolidated balance sheets. The following table summarizes our restructuring-related activities, including costs incurred, cash payments, and the resulting liability balances (in thousands):

	2022 Restructuring Plan Liability Rollforward
Balance as of January 1, 2022	$ —
Severance and other restructuring costs	8,425
Cash payments	(4,530)
Adjustments for non-cash items[1]	(2,058)
Balance as of December 31, 2022	$ 1,837
Severance and other restructuring costs	2,055
Cash payments	(3,892)
Balance as of December 31, 2023	$ —

(1) Non-cash items consist of the impairment of discontinued capitalized internal-use software projects and other minor miscellaneous non-cash adjustments.

12. Stockholders' Equity

Preferred stock

Our board of directors has the authority, without further action by our stockholders, to issue up to 25,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, and privileges thereof, including voting rights. As of December 31, 2024 and 2023, no shares of this preferred stock were issued and outstanding.

Common stock

We had 500,000,000 shares of $0.001 par value common stock authorized, of which 64,043,799 and 58,530,880 shares were legally issued and outstanding as of December 31, 2024 and 2023, respectively. The shares legally issued and outstanding as of December 31, 2024 and 2023, included zero and 235,389 shares, respectively, issued pursuant to acquisition agreements, which are subject to a restriction agreement and were unvested, and as such, for accounting purposes they were not considered to be outstanding common stock shares. Each share of common stock has the right to one vote on all matters submitted to a vote of stockholders. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the board of directors, subject to prior rights of holders of all classes of stock outstanding having priority rights as to dividends. No dividends have been declared or paid on our common stock through December 31, 2024.

Share repurchase plan

In August 2022, our Board of Directors authorized a share repurchase program to repurchase up to $40.0 million of our outstanding shares of common stock (Share Repurchase Plan). During the year ended December 31, 2024 there were no share repurchases. The total remaining authorization for future shares of common stock repurchases under our Share Repurchase Plan is $29.8 million as of December 31, 2024.

13. Net Loss Per Share

The following table presents the calculation of basic and diluted net loss per share attributable to common stockholders (in thousands, except share and per share amounts):

	Year Ended December 31,		
	2024	2023	2022
Net loss per share, basic			
Numerator:			
Net loss	$ (69,502)	$ (118,147)	$ (137,403)
Denominator:			
Weighted-average number of shares used in calculating net loss per share, basic	60,184,920	56,418,397	53,721,702
Net loss per share, basic	$ (1.15)	$ (2.09)	$ (2.56)
Net loss per share, diluted			
Numerator:			
Net loss	$ (69,502)	$ (118,147)	$ (137,403)
Dilutive change in fair value of shares issuable as contingent consideration	—	—	(4,668)
Net loss for diluted calculation	$ (69,502)	$ (118,147)	$ (142,071)
Denominator:			
Weighted-average number of shares used in calculating net loss per share, basic	60,184,920	56,418,397	53,721,702
Dilutive effect of shares issuable as acquisition-related contingent consideration	—	—	358,030
Weighted-average number of shares used in calculating net loss per share, diluted	60,184,920	56,418,397	54,079,732
Net loss per share, diluted	$ (1.15)	$ (2.09)	$ (2.63)

During the years ended December 31, 2024, 2023 and 2022, we incurred net losses and, therefore, the effect of our stock options, restricted stock units, performance-based restricted stock units, convertible senior notes, and restricted shares were not included in the calculation of diluted net loss per share as the effect would be anti-dilutive. The calculation of diluted net loss per share does not include the effect of the following potentially outstanding shares of common stock. The effects of these potentially outstanding shares were not included in the calculation of diluted net loss per share when the effect would have been anti-dilutive:

	As of December 31,		
	2024	2023	2022
Common stock options	1,053,251	1,396,452	1,748,306
Restricted stock units	3,505,406	3,111,584	3,292,943
Performance-based restricted stock units	524,313	188,533	534,380
Shares related to convertible senior notes	7,516,331	7,516,331	7,516,331
Restricted shares	—	235,389	503,020
Total potentially dilutive securities	12,599,301	12,448,289	13,594,980

In connection with the offering of our convertible senior notes, we entered into Capped Calls with initial caps on the conversion price of $42.00 per share, which are excluded from the calculation of diluted earnings per share, as they would be anti-dilutive.

14. Stock-Based Compensation

In 2011, our board of directors adopted the Health Catalyst, Inc. 2011 Stock Incentive Plan (2011 Plan), which provided for the direct award, sale of shares and granting of RSUs and options for our common stock to our directors, team members, or consultants. In connection with our IPO, our board of directors adopted the 2019 Stock Option and Incentive Plan (2019 Plan). The 2019 Plan provides flexibility to our compensation committee to use various equity-based incentive awards as compensation tools to motivate our workforce, including the grant of incentive and non-statutory stock options, restricted and unrestricted stock, RSUs, and stock appreciation rights to our directors, team members, or consultants.

We initially reserved 2,756,607 shares of our common stock (2,500,000 under the 2019 Plan and 256,607 shares under the 2011 Plan that were available immediately prior to the IPO registration date). The 2019 Plan provides that the number of shares reserved available for issuance under the plan will automatically increase each January 1, beginning on January 1, 2020, by 5% of the outstanding number of shares of our common stock on the immediately preceding December 31, or such lesser number of shares as determined by our compensation committee. As of January 1, 2024, there were an additional 2,926,544 shares reserved for issuance under the 2019 Plan.

As of December 31, 2024, 2023, and 2022, there were 23,644,211, 20,717,667, and 17,929,420 shares authorized for grant, respectively, and 4,288,278, 3,831,444, and 2,479,622 shares available for grant, respectively, under the 2019 Plan and 2011 Plan (collectively, the Stock Incentive Plan).

The following two tables summarize our total stock-based compensation expense by award type and where the stock-based compensation expense was recorded in our consolidated statements of operations (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Options	$ 13	$ 60	$ 2,722
Restricted stock units (RSUs)	35,067	45,108	54,760
Performance-based restricted stock units (PRSUs)	2,152	1,304	5,209
Employee stock purchase plan	927	1,731	1,623
Restricted shares	1,969	7,553	7,790
Total stock-based compensation	$ 40,128	$ 55,756	$ 72,104

	Year Ended December 31,		
	2024	2023	2022
Cost of revenue	$ 7,741	$ 9,235	$ 10,288
Sales and marketing	12,120	20,982	28,082
Research and development	7,696	11,213	12,938
General and administrative	12,571	14,326	20,796
Total stock-based compensation	$ 40,128	$ 55,756	$ 72,104

For the years ended December 31, 2024, 2023, and 2022 we capitalized $1.0 million, $0.9 million, and $1.0 million respectively, of stock-based compensation as internal-use software.

Stock options

All options were granted with an exercise price determined by the board of directors that was equal to the estimated fair value of our common stock at the date of grant, based on the information known on the date of grant. Subject to certain exceptions defined in the Stock Incentive Plan related to an employee's termination, options generally expire on the tenth anniversary of the applicable grant date. Our standard stock-based awards vest solely on a service-based condition. For these awards, we recognize stock-based compensation based on the grant date fair value of the awards and recognize that cost using the straight-line method over the requisite service period of the award. Awards that contain both service-based and performance conditions are recognized using the accelerated attribution method once the performance condition is probable of occurring. The service-based condition is generally a service period of four years.

The fair value of options, which vest in accordance with service schedules, was estimated on the date of grant or, when applicable, the modification date, using the Black-Scholes option pricing model. We account for forfeitures as they occur. All standard stock options outstanding at December 31, 2024 and 2023 are expected to vest according to their specific schedules.

A summary of the share option activity under the Health Catalyst Stock Plan for the year ended December 31, 2024, is as follows:

	Time-Based Option Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Outstanding at January 1, 2024	1,396,452	$ 11.70	4.0	$ 85,565
Options exercised	(26,668)	6.35		
Options cancelled/expired	(316,533)	11.22		
Outstanding at December 31, 2024	1,053,251	$ 11.99	3.1	$ —
Vested and expected to vest as of December 31, 2024	1,053,251	$ 11.99	3.1	$ —
Vested and exercisable as of December 31, 2024	1,053,251	$ 11.99	3.1	$ —

There were no stock options granted during the years ended December 31, 2024, 2023, and 2022. The aggregate intrinsic value of stock options exercised was $0.1 million, $0.7 million, and $3.9 million for the years ended December 31, 2024, 2023, and 2022, respectively. The total grant-date fair value of stock options vested during the years ended December 31, 2024, 2023, and 2022 was zero, $0.4 million, and $5.2 million, respectively. As of December 31, 2024, all of our outstanding stock options were fully vested and there was no longer any related unrecognized compensation expense.

Restricted stock units (RSUs)

The service-based condition for restricted stock units (RSUs) is generally satisfied over four years with a cliff vesting period of one year and quarterly vesting thereafter. The following table sets forth the outstanding RSUs and related activity for the year ended December 31, 2024:

	Restricted Stock Units	Weighted Average Grant Date Fair Value
Unvested and outstanding at January 1, 2024	3,111,584	$ 19.16
RSUs granted	2,790,828	8.51
RSUs vested	(2,013,009)	18.52
RSUs forfeited	(383,997)	15.16
Unvested and outstanding at December 31, 2024	3,505,406	$ 11.49

During the years ended December 31, 2024, 2023, and 2022, we granted RSUs with a weighted-average grant date fair value of $8.51, $11.77, and $23.53, respectively, which represents the weighted-average closing price of our common stock on the grant date. The total grant date fair value of RSUs vested during the years ended December 31, 2024, 2023, and 2022 was $37.3 million, $51.3 million, and $59.2 million, respectively. As of December 31, 2024, we had $33.9 million of unrecognized stock-based compensation expense related to outstanding RSUs expected to be recognized over a weighted-average period of 1.9 years.

Performance-based restricted stock units (PRSUs)

2024 Executive PRSUs

During the year ended December 31, 2024, certain named executive officers and other leadership team members were granted executive PRSUs with a three-year measurement period that include service conditions, performance conditions, and market conditions.

The vesting of these PRSUs will be determined based on market-based targets for total shareholder return (TSR) achievement (weighted 25%) and financial performance targets for revenue growth rate achievement (weighted 25%) and Adjusted EBITDA margin achievement (weighted 50%).

These PRSUs may vest in an amount up to the amount granted, subject to satisfaction of the pre-established targets. The number of PRSUs that will vest for the 2024, 2025, and 2026 vesting periods will be calculated as follows: (i) the market/performance achievement for the applicable vesting period, multiplied by (ii) approximately 33.33% of the PRSUs for each of the 2024, 2025, and 2026 vesting periods, each rounded to the nearest whole share.

2023 Executive PRSUs

During the year ended December 31, 2023, certain named executive officers and other leadership team members were granted executive PRSUs with a measurement period of three years that include service conditions, performance conditions, and market conditions. The vesting of these PRSUs will be determined based on market-based targets for total shareholder return (TSR) achievement and financial performance targets for revenue growth rate achievement and Adjusted EBITDA margin achievement. Each of the three market and performance targets are weighted equally and these PRSUs may vest in an amount up to the amount granted, subject to satisfaction of the pre-established targets. The number of PRSUs that will vest for the 2023, 2024, and 2025 vesting periods will be calculated as follows: (i) the market/performance achievement for the applicable vesting period, multiplied by (ii) approximately 33.33% of the PRSUs for each of the 2023, 2024 and 2025 vesting periods, each rounded to the nearest whole share.

The fair value of the market-based tranches included in the executive PRSUs were estimated on the date of grants using the Monte Carlo simulation valuation model with the following assumptions:

	Year Ended December 31,	
	2024	2023
Expected volatility	65.5%	61.7%
Expected term (in years)	1-3	1-3
Risk-free interest rate	4.33% - 4.91%	4.38% - 5.01%
Expected dividends	—	—

The following table sets forth the outstanding PRSUs, including executive PRSUs, and related activity for the year ended December 31, 2024:

	Performance-based Restricted Stock Units	Weighted Average Grant Date Fair Value
Unvested and outstanding at January 1, 2024	188,533	$ 12.99
PRSUs granted	445,000	9.45
PRSUs vested	(43,733)	14.37
PRSUs forfeited	(65,487)	12.77
Unvested and outstanding at December 31, 2024	524,313	$ 9.90

During the years ended December 31, 2024, 2023, and 2022 we granted PRSUs with a weighted-average grant date fair value of $9.45 and $12.42, and $25.46 respectively, which represents the weighted-average closing price of our common stock on the grant date for performance-based tranches and the estimated fair value using a Monte Carlo simulation valuation model for the market-based tranches. The total grant date fair value of PRSUs vested during the years ended December 31, 2024, 2023, and 2022 was $0.6 million, $4.8 million, and $13.0 million respectively. As of December 31, 2024, we had $2.1 million of unrecognized stock-based compensation expense related to outstanding PRSUs expected to be recognized over a remaining weighted-average period of 1.5 years.

Employee stock purchase plan

In connection with our IPO in July 2019, our board of directors adopted the ESPP and a total of 750,000 shares of common stock were initially reserved for issuance under the ESPP. The number of shares of common stock available for issuance under the ESPP will be increased on the first day of each calendar year beginning January 1, 2020 and each year thereafter until the ESPP terminates. The number of shares of common stock reserved and available for issuance under the ESPP shall be cumulatively increased by the least of (i) 750,000 shares, (ii) one percent of the number of shares of common stock issued and outstanding on the immediately preceding December 31, and (iii) such lesser number of shares of common stock as determined by the ESPP Administrator. As of January 1, 2024, the number of shares of common stock available for issuance under the ESPP increased by 585,308 shares.

The ESPP generally provides for six-month offering periods. The offering periods generally start on the first trading day after June 30 and December 31 of each year. The ESPP permits participants to elect to purchase shares of common stock through fixed percentage contributions from eligible compensation during each offering period, not to exceed 15% of the eligible compensation a participant receives during an offering period or accrue at a rate which exceeds $25,000 of the fair value of the stock (determined on the option grant dates(s)) for each calendar year. A participant may purchase the lowest of (i) a number of shares of common stock determined by dividing such participant's accumulated payroll deductions on the exercise date by the option price, (ii) 2,500 shares; or (iii) such other lesser maximum number of shares as shall have been established by the ESPP Administrator in advance of the offering period. Amounts deducted and accumulated by the participant will be used to purchase shares of common stock at the end of each offering period. The purchase price of the shares will be 85% of the lower of the fair value of common stock on the first trading day of each offering period or on the purchase date. Participants may end their participation at any time during an offering period and will be paid their accumulated contributions that have not been used to purchase shares of common stock. Participation ends automatically upon termination of employment.

The fair value of the purchase right for the ESPP option component is estimated on the date of grant using the Black-Scholes model with the following assumptions for the years ended December 31, 2024, 2023, and 2022:

	Year Ended December 31,		
	2024	2023	2022
Expected volatility	55.5%-56.8%	54.3%-99.4%	37.5%-75.8%
Expected term (in years)	0.5	0.5	0.5
Risk-free interest rate	5.2%-5.4%	4.8%-5.5%	0.2%
Expected dividends	—	—	—

Expected volatility estimates were based on the historical volatility of our common stock as of the beginning of each respective offering period. The expected term of the ESPP option component was based on the six-month offering period and the risk-free rate represented the yield on U.S. Treasury bonds with maturity equal to the expected term as of the beginning of each respective offering period.

During the year ended December 31, 2024, we issued 453,463 shares under the ESPP, with a weighted-average purchase price per share of $5.32. Total cash proceeds withheld from employees for the purchase of shares under the ESPP in 2024 were $2.4 million. As of December 31, 2024, 1,602,003 shares are reserved for future issuance under the ESPP.

Restricted shares issued as part of acquisitions

As part of the Twistle acquisition that closed on July 1, 2021, 67,939 shares of our common stock were issued pursuant to the terms of the acquisition agreement and were considered a stock-based compensation arrangement subject to a restriction agreement. The vesting of those shares was subject to one year or, in some instances, eighteen months of continuous service and the restricted shares were released on the eighteen-month anniversary of the acquisition closing date.

As part of the KPI Ninja acquisition that closed on February 24, 2022, 356,919 shares of our common stock were issued pursuant to the terms of the acquisition agreement and are considered a stock-based compensation arrangement subject to a restriction agreement. The vesting of those shares is subject to continuous service with 25% vesting upon each six-month anniversary of the acquisition close date.

As part of the ARMUS acquisition that closed on April 29, 2022, 235,330 shares of our common stock were issued pursuant to the terms of the acquisition agreement and are considered a stock-based compensation arrangement subject to a restriction agreement. The vesting of those shares was subject to eighteen months of continuous service with cliff vesting upon the eighteen-month anniversary of the acquisition close date.

As part of the ERS acquisition that closed on October 2, 2023, 175,901 shares of our common stock were issued pursuant to the terms of the acquisition agreement and are considered a stock-based compensation arrangement subject to a restriction agreement. The vesting of those shares was originally subject to eighteen months of continuous service with cliff vesting. However, due to workforce reductions made as part of the 2023 Restructuring Plan, the ERS restricted shares were fully vested in February 2024, resulting in an acceleration of the related stock-based compensation expense.

As of December 31, 2024, all of our previously issued restricted shares of Health Catalyst common stock granted in connection with the Twistle, KPI Ninja, ARMUS and ERS acquisitions are fully vested and there is no longer any related unrecognized compensation expense.

15. Income Taxes

For the years ended December 31, 2024, 2023, and 2022, the income tax benefit consisted of the following (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Current taxes:			
Federal	$ —	$ —	$ —
Foreign	62	204	43
State	194	144	200
Total current tax provision	256	348	243
Deferred taxes:			
Federal	61	8	(3,723)
Foreign	4	(1)	(1)
State	12	1	(799)
Total deferred provision (benefit)	77	8	(4,523)
Total income tax provision (benefit)	$ 333	$ 356	$ (4,280)

A reconciliation of the statutory U.S. federal income tax rate to our effective income tax rate is as follows:

	Year Ended December 31,		
	2024	2023	2022
Tax at U.S. statutory rates	21.0 %	21.0 %	21.0 %
State income tax, net of federal tax effect	(0.2)	(0.1)	0.5
Federal research and development credits	—	—	(0.1)
Stock-based compensation	(7.1)	(7.0)	(7.1)
Contingent consideration	0.5	—	0.9
Transaction costs	(0.8)	—	—
Change in valuation allowance	(13.6)	(14.0)	(11.7)
Other, net	(0.2)	(0.2)	(0.5)
Effective income tax rate	(0.4)%	(0.3)%	3.0 %

The income tax provision of $0.3 million and $0.4 million for the years ended December 31, 2024, and 2023, respectively, consists of current and deferred taxes for U.S. federal, state, and foreign income taxes. The income tax benefit of $4.3 million recorded for the year ended December 31, 2022, is primarily related to the discrete deferred tax benefits attributable to the release of a portion of the domestic valuation allowance during the respective periods. The release of valuation allowance is attributable to the acquisitions of KPI Ninja and ARMUS in 2022, which resulted in deferred tax liabilities that, upon acquisition, allowed us to recognize certain deferred tax assets of $4.5 million.

Notes to the Consolidated Financial Statements

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities were as follows as of December 31, 2024 and 2023 (in thousands):

	As of December 31,	
	2024	2023
Deferred income tax assets:		
Net operating loss carryforwards	$ 194,572	$ 154,938
Research and development credits	27,273	27,273
Code 174 capitalized research and development	36,806	30,745
Operating lease liabilities	4,768	5,345
Intangible assets	3,725	4,946
Accrued expenses	2,384	1,968
Interest limitation carryforward	2,115	3,167
Property and equipment	1,807	1,683
Stock-based compensation	1,691	1,653
Allowance for bad debt	1,055	1,028
Deferred revenue	804	722
Foreign non-trading loss carryforward	481	—
Debt-related costs	318	—
Other	82	118
Total deferred income tax assets	277,881	233,586
Valuation allowance	(268,589)	(226,267)
Net deferred income tax assets	9,292	7,319
Deferred income tax liabilities:		
Foreign intangible assets	(3,256)	—
Operating lease right-of-use assets	(2,724)	(3,493)
Prepaid expenses	(2,112)	(2,470)
Deferred commissions	(1,201)	(1,323)
Indefinite-lived intangible assets	(154)	(73)
Convertible debt	—	(33)
Total deferred income tax liabilities	(9,447)	(7,392)
Net deferred income tax liabilities	$ (155)	$ (73)

We account for deferred taxes under ASC 740, *Income Taxes*, which requires a reduction of the carrying amounts of deferred tax assets by a valuation allowance if, based on available evidence, it is more likely than not that such assets will not be realized. Accordingly, the need to establish valuation allowances for deferred tax assets is assessed periodically based on the ASC 740 more-likely-than-not realization threshold criterion. This assessment considers matters such as future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, legislative developments, and results of recent operations. The evaluation of the recoverability of the deferred tax assets requires that we weigh all positive and negative evidence to reach a conclusion that it is more likely than not that all or some portion of the deferred tax assets will not be realized. The weight given to the evidence is commensurate with the extent to which it can be objectively verified.

We have provided a valuation allowance for our net deferred tax assets, absent differences related to intangible assets with indefinite lives, at December 31, 2024 and 2023, due to the uncertainty surrounding the future realization of such assets and the cumulative losses we have generated. Therefore, no benefit has been recognized in the financial statements for the net operating loss carryforwards and other deferred tax assets, apart from an immaterial deferred tax liability as noted previously. The net deferred income tax liability balance is recorded under Other Liabilities on the consolidated balance sheets. During the years ended December 31, 2024 and 2023, respectively, the valuation allowance increased by $42.3 million and $20.2 million, respectively.

As of December 31, 2024, we had approximately $680.7 million of consolidated federal net operating loss carryforwards and $571.6 million of apportioned state net operating loss carryforwards available to offset future taxable income, respectively. If unused, the federal and state net operating loss carryforwards will begin to expire in 2032 and 2025, respectively. We have federal research and development credit carryforwards of $25.5 million and state research and development credit carryforwards of $10.9 million, which if not utilized will begin to expire in 2032 and 2025, respectively. To the extent we do not utilize our carryforwards within the applicable statutory carryforward periods, either because of ownership changes and limitations under Code Sections 382 and 383 and similar state laws or the lack of sufficient taxable income, the carryforwards will expire unused.

Utilization of net operating loss carryforwards and credits may be subject to a substantial annual limitation due to the ownership change limitations provided by the Code, and similar state provisions. The Company most recently performed a detailed analysis in December 2021 to determine whether an ownership change under Section 382 of the Code had occurred or will occur that resulted in limitations pursuant to Section 382 and Section 383 due to pre-acquisition changes in ownership identified. It is possible that additional limitations may arise in future years due to future changes in the ownership of the Company.

We file federal and state income tax returns in jurisdictions with varying statutes of limitations. With few exceptions, including unutilized net operating loss and research and development credit carryforwards, we are no longer subject to federal or state income tax examinations by tax authorities for tax years prior to 2021 and 2020, respectively.

We recognize tax benefits from uncertain tax positions when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. The following table summarizes the activity related to unrecognized tax benefits for the years ended December 31, 2024, 2023, and 2022 (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Beginning balance	$ 6,818	$ 6,821	$ 6,848
Decrease in unrecognized tax benefits taken in prior years	—	(3)	(27)
Ending balance	$ 6,818	$ 6,818	$ 6,821

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is zero due to the valuation allowance. We do not anticipate material changes in the total amount of our unrecognized tax benefits within 12 months of the reporting date. Our policy is to accrue interest and penalties related to unrecognized tax benefits within the provision for income taxes. However, as of December 31, 2024 and 2023, we have not accrued interest and penalties because we have net operating loss carryforwards.

16. Contingencies

Litigation

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

We are involved in legal proceedings from time to time that arise in the normal course of business. In the opinion of management, such routine claims and lawsuits are not significant, and we do not expect them to have a material adverse effect on our business, financial condition, results of operations, or liquidity, except as noted below. We were party to the proceedings set forth below.

On December 21, 2020, Pascal Metrics, Inc. (Pascal Metrics) filed a complaint against the Company in the Delaware Chancery Court (as amended, Complaint) alleging that the Company misappropriated alleged trade secrets of Pascal Metrics and seeking monetary damages. The Complaint focuses upon Patient Safety Monitor. On June 15, 2023, we entered into a settlement and mutual release agreement (Settlement Agreement) with Pascal Metrics and agreed to pay $18.8 million without admission of any wrongdoing, resolving the litigation amongst the parties. The Settlement Agreement provided us with a broad intellectual property license of the alleged trade secrets that were the subject matter of the Complaint. The Complaint was dismissed with prejudice on June 20, 2023 and the settlement amount was paid on June 27, 2023. The litigation charges were recorded as part of general and administrative expense in our consolidated statements of operations. There were no litigation charges recorded during the year ended December 31, 2024.

17. Contract Balances and Performance Obligations

Contract balances

As of December 31, 2024 and 2023, the unbilled accounts receivable included in accounts receivable on our consolidated balance sheets was $11.8 million and $4.7 million, respectively.

As of December 31, 2024 and 2023, the total of current and non-current deferred revenue on our consolidated balance sheets was $53.5 million and $55.8 million, respectively. Deferred revenue includes advance client payments and billings in excess of revenue recognized. For the years ended December 31, 2024, 2023, and 2022 approximately $52.0 million (17%), $52.9 million (18%), and $55.9 million (20%), respectively, of the revenue recognized was included in deferred revenue at the beginning of the period.

Transaction price allocated to the remaining performance obligations

Most of our technology and professional services contracts have a three or five-year term, of which many are terminable after one year upon 90 days' notice. For arrangements that do not allow the client to cancel within one year or less, we expect to recognize $277.4 million of revenue on unsatisfied performance obligations as of December 31, 2024. We expect to recognize approximately 65% of the remaining performance obligations over the next 24 months, with the balance recognized thereafter.

18. Related Parties

We have entered into arrangements with a client, Carle Health, and a member of the client's executive leadership team began serving on our board of directors effective July 1, 2023 and currently serves on our board of directors. We recognized revenue from this related party of $16.7 million and $8.1 million for the years ended December 31, 2024 and 2023, respectively, after the related party relationship commenced. As of December 31, 2024 and 2023, we had receivables from this related party of $2.2 million and $1.9 million, respectively, and deferred revenue with this related party of $0.1 million and $0.1 million, respectively.

We have revenue arrangements with clients that were also our investors. None of these clients hold a significant amount of ownership in our equity interests.

19. Employee Benefit Plans

We have a 401(k) defined contribution plan covering eligible employees. Our contributions were $5.4 million, $5.7 million, and $4.9 million for the years ended December 31, 2024, 2023, and 2022, respectively. As of December 31, 2024 and 2023, we matched 100% of the first 4% of an employees' 401(k) plan contributions.

20. Segments

We operate our business in two operating segments that also represent our reportable segments. Our business is organized based on our technology offerings and professional services. Accordingly, our segments are:

- Technology - Our technology segment (Technology) includes our data platform, analytics applications and support services and generates revenues primarily from contracts that are cloud-based subscription arrangements, time-based license arrangements, and maintenance and support fees; and

- Professional Services - Our professional services segment (Professional Services) is generally the combination of analytics, implementation, strategic advisory, outsource, and improvement services to deliver expertise to our clients to more fully configure and utilize the benefits of our Technology offerings.

Revenues and cost of revenues generally are directly attributed to our segments. All segment revenues are from our external clients. Asset and other balance sheet information at the segment level is not reported to our CODM.

The CODM is regularly provided with and reviews revenue and Adjusted Gross Profit by operating segment. The CODM uses Adjusted Gross Profit as the primary measure of our profit used to assess performance and allocate resources between the two operating segments. Adjusted Cost of Revenue is a significant segment expense that is easily computable by subtracting segment Adjusted Gross Profit from segment revenue.

Revenue, Adjusted Cost of Revenue, and Adjusted Gross Profit by operating segment were as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Technology:			
Revenue	$ 194,852	$ 187,583	$ 176,288
Adjusted Cost of Revenue[1]	65,713	60,244	54,004
Adjusted Gross Profit	$ 129,139	$ 127,339	$ 122,284
Professional Services:			
Revenue	$ 111,732	$ 108,355	$ 99,948
Adjusted Cost of Revenue[2]	91,338	93,256	76,383
Adjusted Gross Profit	$ 20,394	$ 15,099	$ 23,565

(1) Technology Adjusted Cost of Revenue primarily consists of costs associated with hosting and supporting our technology, including third-party cloud computing and hosting costs, license and revenue share fees, contractor costs, and salary and related personnel costs for our cloud services and support teams. Technology Adjusted Cost of Revenue excludes depreciation, amortization, stock-based compensation, acquisition-related costs, net, and restructuring costs.

(2) Professional Services Adjusted Cost of Revenue primarily consists of costs related to delivering our team's expertise in analytics, strategic advisory, improvement, and implementation services. These costs primarily include salary and related personnel costs, travel-related costs, and outside contractor costs. Professional Services Adjusted Cost of Revenue excludes stock-based compensation, acquisition-related costs, net, and restructuring costs.

The reconciliation between reportable segment Adjusted Gross Profit to consolidated loss before income tax is as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Adjusted Gross Profit:			
Technology	$ 129,139	$ 127,339	$ 122,284
Professional Services	20,394	15,099	23,565
Total reportable segments Adjusted Gross Profit	149,533	142,438	145,849
Less Adjusted Gross Profit reconciling items:			
Stock-based compensation	(7,741)	(9,235)	(10,288)
Acquisition-related costs, net[3]	(753)	(664)	(1,006)
Restructuring costs	(260)	(706)	(1,368)
Less other reconciling items:			
Sales and marketing	(54,387)	(67,321)	(87,514)
Research and development	(57,950)	(72,627)	(75,680)
General and administrative	(56,817)	(76,559)	(61,701)
Depreciation and amortization	(41,431)	(42,223)	(48,297)
Interest and other income (expense), net	637	9,106	(1,678)
Loss before income taxes	$ (69,169)	$ (117,791)	$ (141,683)

(3) Acquisition-related costs, net include deferred retention expenses following the Lumeon, Carevive, ARMUS, and KPI Ninja acquisitions.

21. Subsequent Events

Upfront Acquisition

On January 22, 2025, we acquired Upfront Healthcare Services, Inc. ("Upfront"), a next-generation patient engagement platform provider, for preliminary consideration of approximately $41.5 million in cash and $32.1 million of our common stock, plus a potential recurring revenue-based earn-out of up to $33.4 million that, if achieved, would be paid 62.5% in common stock and 37.5% in cash. Given the recent timing of the closing of this business combination, we are in the process of identifying and measuring the value of the assets acquired and liabilities assumed. We plan to disclose the preliminary purchase price allocation estimates and other related information in our Quarterly Report on Form 10-Q for the quarter ending March 31, 2025.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of disclosure controls and procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act)), as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were effective at a reasonable assurance level.

Management's report on internal control over financial reporting

Our management is responsible for establishing and maintaining adequate internal controls over financial reporting. Our management, including the CEO and CFO, conducted an evaluation of the effectiveness of our internal control over financial reporting, as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies may deteriorate.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2024 using the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013). Based on the results of this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2024.

The effectiveness of our internal control over financial reporting as of December 31, 2024 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is provided in Part II, Item 8 of this Annual Report on Form 10-K.

Changes in internal control over financial reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by the three months ended December 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent limitations on effectiveness of disclosure controls and procedures

Our management, including our principal executive officer and principal financial officer, do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Item 9B. Other Information

Rule 10b5-1 Trading Arrangements

During the quarter ended December 31, 2024, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) informed us of the adoption or termination of a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

The information required by this item is incorporated by reference to our proxy statement relating to our 2025 Annual Meeting of Stockholders. The proxy statement will be filed with the Securities and Exchange Commission within 120 days of the year ended December 31, 2024.

Our board of directors has adopted a Code of Business Conduct and Ethics (Code of Conduct) that applies to all officers, directors, and employees, which is available on our website at ir.healthcatalyst.com under “Corporate Governance.” The nominating and corporate governance committee of our board of directors is responsible for overseeing the Code of Conduct and must approve any waivers of the Code of Conduct for employees, executive officers, and directors. We expect that any amendments to the Code of Conduct, or any waivers of its requirements, will be disclosed on our website, as required by applicable law or the Nasdaq listing standards.

We have adopted an Insider Trading Policy governing the purchase, sale, and/or other dispositions of our securities by our directors, officers, employees and other covered persons that are designed to promote compliance with insider trading laws, rules and regulations, and the Nasdaq listing rules, as applicable. A copy of our Insider Trading Compliance Policy is filed as Exhibit 19.1 to this annual report on Form 10-K. It is our policy to comply with U.S. insider trading laws and regulations, including with respect to transactions in our own securities.

Item 11. Executive Compensation

The information required by this item is incorporated by reference to our proxy statement relating to our 2025 Annual Meeting of Stockholders. The proxy statement will be filed with the Securities and Exchange Commission within 120 days of the year ended December 31, 2024.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated by reference to our proxy statement relating to our 2025 Annual Meeting of Stockholders. The proxy statement will be filed with the Securities and Exchange Commission within 120 days of the year ended December 31, 2024.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated by reference to our proxy statement relating to our 2025 Annual Meeting of Stockholders. The proxy statement will be filed with the Securities and Exchange Commission within 120 days of the year ended December 31, 2024.

Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated by reference to our proxy statement relating to our 2025 Annual Meeting of Stockholders. The proxy statement will be filed with the Securities and Exchange Commission within 120 days of the year ended December 31, 2024.

PART IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as a part of this Annual Report on Form 10-K:

(a) Financial statements

The information concerning our financial statements, including the Report of Independent Registered Public Accounting Firm required by this item is incorporated by reference herein to the section of this Annual Report on Form 10-K in Item 8, entitled "Consolidated Financial Statements and Supplementary Data."

(b) Financial statement schedules

All schedules have been omitted because the required information is not present or not present in amounts sufficient to require submission of the schedules, or because the information required is included in the section of this Annual Report on Form 10-K Item 8, entitled "Consolidated Financial Statements and Supplementary Data."

(c) Exhibits

See the Exhibit Index immediately preceding the signature page of this Annual Report on Form 10-K.

Item 16. Form 10-K Summary

None.

EXHIBIT INDEX

Exhibit Number	Description of Document	Incorporated by Reference from Form	Incorporated by Reference from Exhibit Number	Date Filed
2.1	Agreement and Plan of Merger, dated January 10, 2025, by and among Health Catalyst, Inc., Upfront Healthcare Services, Inc., and the other parties named therein.	Filed herewith		
3.1	Amended and Restated Certificate of Incorporation.	S-1/A	3.2	July 12, 2019
3.2	Amended and Restated Bylaws.	S-1/A	3.4	July 12, 2019
3.3	Amendment to the Amended and Restated Bylaws	8-K	3.1	August 2, 2021
4.1	Form of common stock certificate.	S-1/A	4.1	July 12, 2019
4.2	Fifth Amended and Restated Registration Agreement, dated February 6, 2019, by and among the Registrant and certain of its stockholders.	S-1	4.2	June 27, 2019
4.3	Fifth Amended and Restated Investor Rights Agreement, dated February 6, 2019, by and among the Registrant and certain of its stockholders.	S-1	4.3	June 27, 2019
4.4	Fifth Amended and Restated Stockholders Agreement, dated February 6, 2019, by and among the Registrant and certain of its stockholders.	S-1	4.4	June 27, 2019
4.5	Amendment No. 1 to Financing Documents, dated July 10, 2019, by and among the Registrant and certain of its stockholders.	S-1/A	4.5	July 12, 2019
4.6	Description of securities registered under Section 12 of the Exchange Act.	10-K	4.6	February 28, 2020
10.1#	Non-Employee Director Compensation Policy.	Filed herewith		
10.2#	2019 Stock Option and Incentive Plan, and forms of agreements thereunder.	S-1/A	10.12	July 12, 2019
10.3#	Amended and Restated 2011 Stock Incentive Plan, and forms of agreements thereunder.	S-1	10.13	June 27, 2019
10.4#	2019 Employee Stock Purchase Plan.	S-1/A	10.14	July 12, 2019
10.5#	Executive Severance Plan.	S-1/A	10.16	July 12, 2019
10.6#	Offer Letter, dated August 7, 2020, between the Registrant and Kevin Freeman.	10-K	10.6	February 28, 2023
10.7#	Offer Letter, dated September 26, 2011, between the Registrant and Daniel Burton.	S-1	10.6	June 27, 2019
10.8#	Offer Letter, dated May 22, 2013, between the Registrant and Linda Llewelyn.	S-1	10.10	June 27, 2019
10.9#	Offer Letter, dated April 4, 2013, between the Registrant and Jason Alger.	10-K	10.15	February 25, 2021
10.10#	Offer Letter, dated March 27, 2023, between the Registrant and Ben Landry.	10-Q	10.2	May 10, 2023
10.11#	Offer Letter, dated February 5, 2024, between the Registrant and Daniel LeSueur.	Filed herewith		
10.12#	Senior Executive Cash Incentive Bonus Plan.	S-1	10.15	June 27, 2019
10.13#	Form of Indemnification Agreement, between the Registrant and each of its executive officers and directors.	S-1	10.18	June 27, 2019

10.14#	Policy for Recovery of Erroneously Awarded Compensation	10-K	97	February 22, 2024
19.1	Insider Trading Policy	Filed herewith		
21.1	Subsidiaries of Registrant.	Filed herewith		
23.1	Consent of Independent Registered Public Accounting Firm.	Filed herewith		
24.1	Power of Attorney (included on signature page to this Annual Report on Form 10-K).	Filed herewith		
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith		
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith		
32.1^	Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith		
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed herewith		
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith		
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith		
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith		
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith		
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)	Filed herewith		

# Indicates management contract or compensatory plan.

^ The certifications attached as Exhibit 32.1 accompanying this Annual Report on Form 10-K, are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Health Catalyst, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

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, thereunto duly authorized.

HEALTH CATALYST, INC.

Date: 2/26/2025

By: /s/ Jason Alger

Jason Alger

Chief Financial Officer

(Principal Financial and Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints each of Daniel Burton, Jason Alger, and Benjamin Landry, with full power of substitution and resubstitution, as his or her true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file, any and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorney-in-fact and agents or any of them or their and his or her substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Daniel Burton	Chief Executive Officer and Director	2/26/2025
Daniel Burton	*(Principal Executive Officer)*	
/s/ Jason Alger	Chief Financial Officer	2/26/2025
Jason Alger	*(Principal Financial and Accounting Officer)*	
/s/ John A. Kane	Director	2/26/2025
John A. Kane		
/s/ Duncan Gallagher	Director	2/26/2025
Duncan Gallagher		
/s/ Jill Hoggard Green	Director	2/26/2025
Jill Hoggard Green		
/s/ Matthew Kolb	Director	2/26/2025
Matthew Kolb		
/s/ Julie Larson-Green	Director	2/26/2025
Julie Larson-Green		
/s/ Anita V. Pramoda	Director	2/26/2025
Anita V. Pramoda		
/s/ S. Dawn Smith	Director	2/26/2025
S. Dawn Smith		

Exhibit 2.1

EXECUTION VERSION

Agreement and Plan of Merger

by and among

Health Catalyst, Inc.,

Traverse Merger Sub I, Inc.,

Traverse Merger Sub II, LLC,

Upfront Healthcare Services, Inc.

and

WT Representative LLC as the Representative

January 10, 2025

SPECIFIC TERMS IN THIS AGREEMENT HAVE BEEN REDACTED BECAUSE SUCH TERMS ARE BOTH NOT MATERIAL AND ARE OF A TYPE THAT HEALTH CATALYST, INC. TREATS AS CONFIDENTIAL. THESE REDACTED TERMS HAVE BEEN MARKED IN THIS EXHIBIT AT THE APPROPRIATE PLACE WITH THREE ASTERISKS [***].

TABLE OF CONTENTS

Page

ARTICLE 1 CERTAIN DEFINITIONS..... 3
ARTICLE 2 THE MERGERS..... 3
Section 2.1 The Closing..... 3
Section 2.2 Effects of the Mergers..... 3
Section 2.3 Cancellation and Conversion of Various Equity Interests..... 5
Section 2.4 Consideration; Closing Payment; Post-Closing Payments; Escrow / Representative Fund Releases..... 7
Section 2.5 Escrow Funds; Representative Fund..... 12
Section 2.6 Closing Exchange..... 13
Section 2.7 Dissenting Shares..... 14
Section 2.8 Tax Withholding..... 15
Section 2.9 Estimated Closing Statement; Post Closing Adjustment..... 15
Section 2.10 Further Assurances..... 17
Section 2.11 Tax Consequences..... 18
Section 2.12 Earn-Out..... 18
ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND THE SUBSIDIARIES..... 20
Section 3.1 Organization and Good Standing..... 21
Section 3.2 Subsidiaries..... 21
Section 3.3 Power, Authorization and Validity..... 23
Section 3.4 Capitalization of the Company; Liquidation Waterfall; Indebtedness..... 23
Section 3.5 No Conflict; Consents..... 28
Section 3.6 Litigation..... 28
Section 3.7 Taxes..... 28
Section 3.8 Related Party Transactions..... 32
Section 3.9 Company Financial Statements; Undisclosed Liabilities..... 32
Section 3.10 Title to Properties..... 32
Section 3.11 Absence of Certain Changes..... 33
Section 3.12 Contracts, Agreements, Arrangements, Commitments and Undertakings..... 35
Section 3.13 No Default..... 38
Section 3.14 Intellectual Property..... 38
Section 3.15 Privacy and Data Protection..... 42
Section 3.16 Compliance with Laws..... 45
Section 3.17 Employees and ERISA..... 47
Section 3.18 Books and Records..... 52
Section 3.19 Insurance..... 52
Section 3.20 Environmental Matters..... 52
Section 3.21 Customers and Vendors..... 53
Section 3.22 Accounts Receivable and Accounts Payable..... 54

Page

Section 3.23 Anti-Corruption and Anti-Bribery Laws..... 54
Section 3.24 Trade Compliance..... 54
Section 3.25 Real Estate..... 55
Section 3.26 No Brokers..... 56
Section 3.27 COVID-19..... 56
Section 3.28 Disclosure..... 56
ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF PARENT AND THE MERGER SUBS..... 56
Section 4.1 Organization and Good Standing..... 56
Section 4.2 Power, Authorization and Validity..... 57
Section 4.3 No Conflict..... 58
Section 4.4 Parent Shares; Cash Resources..... 58
Section 4.5 Parent SEC Reports..... 58
ARTICLE 5 COVENANTS..... 58
Section 5.1 Advise of Changes..... 58
Section 5.2 Conduct of Business..... 59
Section 5.3 Approval of Company Securityholders..... 59
Section 5.4 No Other Negotiations..... 60
Section 5.5 Access to Information..... 61
Section 5.6 Satisfaction of Conditions Precedent; Antitrust Matters..... 61
Section 5.7 Certain Employee Benefits Matters..... 63
Section 5.8 Repayment of Indebtedness..... 65
Section 5.9 Director and Officer Indemnification..... 65
Section 5.10 Other Insurance Tail Policies..... 65
Section 5.11 Agreements Concerning Sale Bonus Payments..... 66
Section 5.12 Reserved..... 66
Section 5.13 Parachute Payments..... 66
ARTICLE 6 AGREEMENTS RELATING TO PARENT COMMON STOCK..... 66
Section 6.1 Private Placement..... 66
Section 6.2 Restrictions on Transfer..... 66
Section 6.3 Legends..... 67
ARTICLE 7 CONDITIONS TO CLOSING OF THE FIRST MERGER..... 67
Section 7.1 Conditions to Each Party’s Obligation to Effect the First Merger 67
Section 7.2 Additional Conditions to Obligations of Parent and Merger Sub I 68
Section 7.3 Additional Conditions to Obligations of the Company..... 71
ARTICLE 8 TERMINATION OF AGREEMENT..... 72
Section 8.1 Termination by Mutual Consent..... 72
Section 8.2 Unilateral Termination..... 72
Section 8.3 Effect of Termination..... 73
ARTICLE 9 SURVIVAL OF REPRESENTATIONS, INDEMNIFICATION AND REMEDIES..... 74
Section 9.1 Survival..... 74
Section 9.2 Indemnification of Parent and Parent Indemnified Parties..... 74
Section 9.3 Limitations..... 75
Section 9.4 Notice of Claim..... 76
Section 9.5 Defense of Third Party Claims..... 77
Section 9.6 Determination of Claims; Payment of Claims..... 77

Page

Section 9.7 Indemnification Escrow Arrangements..... 78
Section 9.8 Tax Consequences of Indemnification Payments..... 79
Section 9.9 No Right of Contribution..... 79
Section 9.10 R&W Policy..... 79
Section 9.11 Exclusive Remedy..... 79
ARTICLE 10 TAX MATTERS..... 79
Section 10.1 Tax Returns..... 79
Section 10.2 Cooperation..... 80
Section 10.3 Tax Audits..... 80
Section 10.4 Transfer Taxes..... 81
ARTICLE 11 MISCELLANEOUS..... 82
Section 11.1 Appointment of Representative..... 82
Section 11.2 Governing Law; Jurisdiction; Venue..... 84
Section 11.3 Assignment; Binding Upon Successors and Assigns..... 84
Section 11.4 Severability..... 85
Section 11.5 Counterparts..... 85
Section 11.6 Other Remedies..... 85
Section 11.7 Amendments and Waivers..... 85
Section 11.8 Expenses..... 85
Section 11.9 Notices..... 85
Section 11.10 WAIVER OF JURY TRIAL..... 86
Section 11.11 Third-Party Beneficiary Rights..... 86
Section 11.12 Public Announcement..... 86
Section 11.13 Confidentiality..... 86
Section 11.14 Entire Agreement..... 86
Section 11.15 Interpretation..... 87

LIST OF EXHIBITS AND SCHEDULES

EXHIBITS

Exhibit A Defined Terms

Exhibit B Form of Written Consent

Exhibit C Form of Support Agreement

Exhibit D Form of First Certificate of Merger

Exhibit E Form of Second Certificate of Merger

Exhibit F Form of Escrow Agreement

Exhibit G Form of Letter of Transmittal

Exhibit H Net Working Capital Calculation

Exhibit I Reserved.

Exhibit J Form of Release of Claims for Sale Bonus Recipients

Exhibit K Form of Director and Officer Resignation

Exhibit L Form of FIRPTA Certificate

Exhibit M Company Offerings

Exhibit N Additional Estimated Closing Statement Information

Exhibit O Example Distribution Waterfall

Exhibit P Form of Investor Questionnaire

SCHEDULES

Disclosure Schedules

Schedule 1.1(a) Major Stockholders

Schedule 1.1(b) Key Employees

Schedule 1.1(c) Restricted Owners

Schedule 2.4(c)(iii) Sale Bonus Recipients

Schedule 2.4(c)(vii) Disbursement of Closing Payment to Company Securityholders, FASC and Sale Bonus Recipients

Schedule 2.4(f)(i) Disbursement of Closing Adjustment Underpayment to Company Securityholders

Schedule 2.4(f)(ii) Disbursement of Escrow / Representative Fund Releases to Company Securityholders

Schedule 2.4(f)(iii) Disbursement of Earn-Out Amount to Company Securityholders, Sale Bonus Recipients and FASC

Schedule 2.12 Earn-Out Computation

Schedule 5.7(a)(i) Non-Offered Employees

Schedule 5.7(a)(iv) Short-Term Hires

Schedule 5.8 Indebtedness to be Repaid at Closing

Schedule 5.9 Director Indemnification Agreements

Schedule 7.2(aa) India Subsidiary Deliverables

Schedule 7.2(n) Terminated Agreements

Schedule 11.9 Notice Addresses

Schedule A-1 Closing In The Money Options

Schedule A-2 Post-Closing In The Money Options

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this "**Agreement**") is made and entered into as of January 10, 2025 (the "**Agreement Date**") by and among Health Catalyst, Inc., a Delaware corporation ("**Parent**"), **Traverse Merger Sub I**, Inc., a Delaware corporation and a wholly-owned subsidiary of Parent ("**Merger Sub I**"), **Traverse Merger Sub II**, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Parent ("**Merger Sub II**" and, together with Merger Sub I, the "**Merger Subs**"), Upfront Healthcare Services, Inc., a Delaware corporation (the "**Company**"), and WT Representative LLC, solely in its capacity as representative of the Company Securityholders (as defined herein) for certain purposes described in this Agreement (the "**Representative**").

RECITALS

A. The parties intend that Merger Sub I shall merge with and into the Company (the "**First Merger**"), with the Company being the surviving entity of the First Merger (the "**Surviving Corporation**"), on the terms and subject to the conditions set forth in this Agreement and pursuant to the General Corporation Law of the State of Delaware (the "**DGCL**"), and, as part of the same overall transaction, the Company will then merge with and into Merger Sub II with Merger Sub II being the surviving entity (the "**Second Merger**" and, together with the First Merger, the "**Mergers**"), on the terms and subject to the conditions set forth in this Agreement and pursuant to the DGCL and the Limited Liability Company Act of the State of Delaware (the "**DLLCA**").

B. Each of the boards of directors of Merger Sub I and the Company and the sole member of Merger Sub II have determined that the Mergers are in the best interests of their respective companies and their stockholders and members, and have unanimously approved and declared the Mergers to be advisable on the terms and subject to the conditions set forth in this Agreement pursuant to the applicable provisions of the DGCL and the DLLCA, and the board of directors of the Company has unanimously recommended the adoption of this Agreement by the stockholders of the Company.

C. Promptly following the execution and delivery of this Agreement, it is anticipated that the Requisite Stockholders (which shall include the Major Stockholders) will execute and deliver to the Company, and the Company shall thereafter deliver to Parent, a true, correct and complete copy of a stockholder written consent in the form attached hereto as Exhibit B (the "**Written Consent**").

D. Concurrently with the execution and delivery of this Agreement, and as a condition and inducement to Parent's willingness to enter into this Agreement, the Persons identified on Schedule 1.1(a) (the "**Major Stockholders**") are executing and delivering to Parent support agreements in substantially the form attached hereto as Exhibit C (each a "**Support Agreement**").

E. Concurrently with the execution and delivery of this Agreement, and as a condition and inducement to Parent's willingness to enter into this Agreement, each individual identified on Schedule 1.1(b) (each a "**Key Employee**") is executing and delivering to Parent an offer letter and a confidential information and invention assignment agreement (collectively, the "**Employment Documents**"), which are conditioned upon the occurrence of the Closing.

F. Concurrently with the execution and delivery of this Agreement, and as a condition and inducement to Parent's willingness to enter into this Agreement, each Person identified on Schedule 1.1(c) (each a "**Restricted Owner**") is entering into a restriction agreement with Parent (each a "**Restriction Agreement**"), which are conditioned upon the occurrence of the Closing.

G. Parent and the Company intend, by executing this Agreement, that (i) the Mergers are integrated steps in a single transaction and together will qualify as a tax-free reorganization within the meaning of Section 368(a) of the Code, (ii) this Agreement is intended to constitute a "plan of reorganization" within the meaning of Treasury Regulations Sections 1.368-2(g) and 1.368-3 and (iii) Parent and the Company will each be a "party to the reorganization" within the meaning of Section 368(b) of the Code.

H. The Parent, the Merger Subs and the Company desire to make certain representations, warranties, covenants and agreements in connection with the Mergers, and to prescribe various conditions to the Mergers, as set forth in this Agreement.

AGREEMENT

Now, Therefore, in consideration of the foregoing and the mutual promises, covenants and conditions contained herein, the parties hereby agree as follows:

ARTICLE 1

CERTAIN DEFINITIONS

As used in this Agreement, capitalized terms shall have the meanings given to such terms on Exhibit A hereto.

ARTICLE 2

THE MERGERS

Section 2.1 The Closing. Subject to the earlier termination of this Agreement pursuant to Article 8, the closing of the First Merger (the "**Closing**") shall take place by teleconference or through electronic exchange of transaction documents at 10:00 a.m. Mountain time on the third Business Day after the satisfaction or waiver (to the extent permitted by Law) of the conditions set forth in Article 7 (other than those conditions that, by their terms, are to be satisfied by action to be taken at Closing, but subject to the satisfaction or waiver of those conditions) or at such other place, time or date as Parent and the Company agree in writing. The date on which the Closing occurs is referred to herein as the "**Closing Date**." On the Closing Date, the Company and Merger Sub I shall cause the First Merger to be consummated by filing a certificate of merger, in substantially the form attached hereto as Exhibit D (the "**First Certificate of Merger**"), with the Secretary of State of the State of Delaware in accordance with the DGCL. The time of such filing and acceptance by the Secretary of State of the State of Delaware of the First Certificate of Merger shall be referred to herein as the "**Effective Time**." As soon as practicable after the Effective Time, but in all cases within one (1) Business Day thereafter, the Surviving Corporation and Merger Sub II shall cause the Second Merger to be consummated by filing a certificate of merger, in substantially the form attached hereto as Exhibit E (the "**Second Certificate of Merger**"), with the Secretary of State of the State of Delaware in accordance with the DGCL and the DLLCA. The time of such filing and acceptance by the Secretary of State of the State of Delaware of the Second Certificate of Merger shall be referred to herein as the "**Second Effective Time**."

Section 2.2 Effects of the Mergers.

(a) The First Merger.

(i) At the Effective Time, Merger Sub I shall be merged with and into the Company, the separate existence of Merger Sub I shall cease and the Company shall be the surviving corporation of the First Merger pursuant to the terms of this Agreement and the First Certificate of Merger. The effect of the First Merger shall be as provided in this Agreement and

the applicable provisions of the DGCL. Without limiting the foregoing, from and after the Effective Time, all of the property, rights, powers, privileges and franchises of the Company and Merger Sub I shall be vested in the Surviving Corporation and all of the debts, obligations, liabilities, restrictions and duties of the Company and Merger Sub shall become the debts, obligations, liabilities, restrictions and duties of the Surviving Corporation, all as provided under the DGCL.

(ii) As of the Effective Time, by virtue of the First Merger, (A) the certificate of incorporation of the Company shall be amended to read in its entirety as the certificate of incorporation of Merger Sub I as in effect immediately prior to the Effective Time (except the name shall remain "Upfront Healthcare Services, Inc." and the provisions relating to the incorporator shall be omitted), and as so amended shall be the certificate of incorporation of the Surviving Corporation until thereafter amended as provided therein or by applicable Law and (B) the bylaws of the Company shall be amended to conform to the bylaws of Merger Sub I as in effect immediately prior to the Effective Time (except that all references to Merger Sub I shall be changed to refer to the Surviving Corporation's name), and as so amended shall be the bylaws of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable Law.

(iii) As of the Effective Time, by virtue of the Merger, the directors and officers of Merger Sub I shall be the initial directors and officers of the Surviving Corporation, each to hold office until their respective successors are duly elected or appointed or until their earlier death, resignation or removal, in each case in accordance with the certificate of incorporation and bylaws of the Surviving Corporation.

(b) The Second Merger.

(i) At the Second Effective Time, the Surviving Corporation shall be merged with and into Merger Sub II, the separate existence of the Surviving Corporation shall cease and Merger Sub II shall be the surviving entity of the Second Merger pursuant to the terms of this Agreement and the Second Certificate of Merger. The surviving entity after the Second Effective Time is sometimes referred to herein as the "**Surviving Entity**". The effect of the Second Merger shall be as provided in this Agreement and the applicable provisions of the DGCL and the DLLCA. Without limiting the foregoing, from and after the Second Effective Time, all of the property, rights, powers, privileges and franchises of the Surviving Corporation and Merger Sub II shall be vested in the Surviving Entity and all of the debts, obligations, liabilities, restrictions and duties of the Surviving Corporation and Merger Sub II shall become the debts, obligations, liabilities, restrictions and duties of the Surviving Entity, all as provided under the DGCL and the DLLCA.

(ii) As of the Second Effective Time, by virtue of the Second Merger, the limited liability company operating agreement of Merger Sub II shall be the limited liability company operating agreement of the Surviving Entity, until thereafter amended as provided therein or by applicable Law.

(iii) Parent shall be the managing member of the Surviving Entity. The officers of Merger Sub II as of immediately prior to the Second Effective Time shall be the initial officers of the Surviving Entity as of immediately after the Second Effective Time, each to hold office until their respective successors are duly appointed or until their earlier death, resignation or removal, in each case in accordance with the limited liability company operating agreement of the Surviving Entity.

Section 2.3 Cancellation and Conversion of Various Equity Interests.

(a) Upon the First Merger.

(i) Conversion of Merger Sub I Common Stock. Subject to the terms and conditions of this Agreement, at the Effective Time, by virtue of the First Merger and without any

action on the part of any holder of any Merger Sub I common stock, each share of Merger Sub I common stock that is issued and outstanding prior to the Effective Time shall be converted into one validly issued, fully paid and nonassessable share of common stock of the Surviving Corporation, and the shares of the Surviving Corporation into which the shares of Merger Sub I common stock are so converted shall be the only equity securities of the Surviving Corporation that are issued and outstanding immediately after the Effective Time.

(ii) Cancellation of Company Treasury Stock. Subject to the terms and conditions of this Agreement, at the Effective Time any and all capital stock held in the Company's treasury or owned by the Company shall be cancelled and extinguished immediately prior to the Effective Time without any payment of any consideration therefor.

(iii) Treatment of Company Stock. At the Effective Time, each share of Company Stock issued and outstanding immediately prior to the Effective Time (other than shares of capital stock to be cancelled and extinguished pursuant to Section 2.3(a)(ii) above and Dissenting Shares) shall be cancelled and extinguished and be converted automatically into the right to receive consideration equal to: (A) its portion of the Closing Payment pursuant to Section 2.4(c); *plus* (B) its portion of any Closing Adjustment Underpayment pursuant to Section 2.9(g) (if any); *plus* (C) its portion of any Adjustment Escrow Release pursuant to Section 2.9(h) (if any); *plus* (D) its portion of any Indemnification Escrow Release pursuant to Section 9.7(c) (if any); *plus* (E) its portion of any Earn-Out Amount pursuant to Section 2.12 (if any); *plus* (F) its portion of any distributions from the Representative Fund pursuant to Section 11.1(g) (if any); in each case, as allocated in accordance with the terms of this Agreement and the Company's Charter Documents.

(iv) Treatment of Company Options.

(1) Closing In The Money Options. At the Effective Time, pursuant to the terms of the Company Equity Plan and subject to the terms and conditions of this Agreement (including Section 2.8 hereof concerning Tax withholding obligations, if applicable), each Closing In the Money Option that is outstanding and unexercised immediately prior to the Effective Time (whether vested or unvested), shall be (by virtue of the First Merger and without any action on the part of Parent, Merger Sub, the Company, the Subsidiaries, any Company Optionholder or any other Person) cancelled, extinguished and converted automatically and entirely into the right to receive, with respect to each Company Optionholder's Closing In the Money Options, an amount of consideration equal to (i) the amount such Company Optionholder would have received as the holder of the number of shares of Company Common Stock underlying such holder's Closing In The Money Options pursuant to Section 2.3(a)(iii) if such Closing In The Money Options had been exercised in full without regard to vesting, *minus* (ii) the aggregate exercise price for the shares of Company Common Stock underlying such Closing In The Money Company Options.

(2) Post-Closing In The Money Options. At the Effective Time, pursuant to the terms of the Company Equity Plan and subject to the terms and conditions of this Agreement (including Section 2.8 hereof concerning Tax withholding obligations, if applicable), each Post-Closing In the Money Option that is outstanding and unexercised immediately prior to the Effective Time (whether vested or unvested), shall be (by virtue of the First Merger and without any action on the part of Parent, Merger Sub, the Company, the Subsidiaries, any Company Optionholder or any other Person) cancelled, extinguished and converted automatically and entirely into the right to receive, if and only if one or more Post-Closing Payments is paid pursuant to Section 2.4(d) hereof, with respect to each Company Optionholder's Post-Closing In the Money Options, an amount of consideration equal to (i) the amount such Company Optionholder would have received as the holder of the number of shares of Company Common Stock underlying such holder's Post-Closing In The Money Options pursuant to Section 2.3(a)(iii) if such Post-Closing In The Money Options had been exercised in full without regard to vesting, *minus* (ii) the aggregate exercise price for the shares of

Company Common Stock underlying such Post-Closing In The Money Company Options; provided, however, that no consideration shall be due and payable under this Section 2.3(a)(iv)(2) in respect of any Post-Closing In The Money Option if the particular Post-Closing Payment (when combined with the Closing Payment and any previously made Post-Closing Payments) would result in such amount being $0 or negative (i.e., less than $0) (it being acknowledged and agreed that any such Post-Closing In The Money Option would remain eligible to receive positive amounts in connection with a subsequent Post-Closing Payment).

(3) Company Actions Regarding Company Options. The Company shall, prior to the Closing, take or cause to be taken such actions (including the delivery of all notices), and shall obtain all such consents, as may be required to effect the foregoing provisions of this Section 2.3(a)(iv) and to terminate the Company Equity Plan, in each case after consultation with, and subject to the reasonable approval of, Parent.

(v) Treatment of Company Warrants.

(1) In the Money Company Warrants. At the Effective Time, subject to the terms and conditions of this Agreement, each Company Warrant that is outstanding and unexercised immediately prior to the Effective Time, shall be (by virtue of the Merger and without any action on the part of Parent, Merger Sub, the Company, the Subsidiaries, any Company Warrantholder or any other Person) cancelled and extinguished and be converted automatically and entirely into the right to receive, with respect to each Company Warrantholder's Company Warrant(s) an amount of consideration equal to (i) the amount such Company Warrantholder would have received as the holder of the number of shares of Company Stock underlying such holder's Company Warrant(s) pursuant to Section 2.4 if such Company Warrant(s) had been exercised in full immediately prior to the Closing, *minus* (ii) the aggregate exercise price for the shares of Company Stock underlying such Company Warrant(s); provided, however, that no consideration shall be provided to or payable with respect to any Company Warrant for which such amount would be $0 or negative (i.e., less than $0) (an "**Out of the Money Company Warrant**"). The Company shall, prior to the Closing, take or cause to be taken such actions (including the delivery of all notices), and shall obtain all such consents, as may be required to effect the foregoing provisions of this Section 2.3(a)(v) after consultation with, and subject to the reasonable approval of, Parent.

(2) Out of the Money Company Warrants. At the Effective Time, each Out of the Money Company Warrant shall automatically be cancelled and terminated without consideration.

(b) Upon the Second Merger. At the Second Effective Time, by virtue of the Second Merger and without any action on the part of any holder of any common stock of the Surviving Corporation or any membership interests of Merger Sub II, (i) each share of common stock of the Surviving Corporation shall be cancelled and extinguished without payment of any consideration therefor and (ii) each membership interest of Merger Sub II shall remain outstanding and represent membership interests of the Surviving Entity.

Section 2.4 Consideration; Closing Payment; Post-Closing Payments; Escrow / Representative Fund Releases.

(a) Merger Consideration. For all purposes of this Agreement, the term "**Merger Consideration**" shall mean: (i) the Base Cash Consideration (as the same is finally determined and adjusted pursuant to Section 2.9 hereof); *plus* (ii) shares of Parent Common Stock (rounded to the nearest whole share) with an aggregate value (based on the Reference Price) of $44,500,000 (the "**Closing Payment Parent Stock**"); *plus* (iii) any Earn-Out Amount becoming due and payable to the Company Securityholders pursuant to Section 2.12 hereof. For the avoidance of doubt, all Unaccredited Investors (and all Company Securityholders deemed to be Unaccredited Investors in accordance with the final

sentence of Section 2.6(b)) shall receive Merger Consideration comprised one hundred percent (100%) of cash as is set forth on Schedule 2.4(c)(vii) and Schedule 2.4(f)(iii), as applicable.

(b) Closing Payment. For purposes of calculating the Merger Consideration payable at Closing, the Parties shall utilize the calculations set forth in the Estimated Closing Statement. The term "**Closing Payment**" shall mean: (i) the Estimated Merger Consideration as set forth in the Estimated Closing Statement (which, for the avoidance of doubt, is inclusive of the Adjustment Escrow Amount, the Indemnification Escrow Amount, and the Representative Fund Amount) *plus* (ii) without duplication, the amounts payable pursuant to Sections 2.4(c)(i) – (c)(iv).

(c) Disbursement and Allocation of Closing Payment. At the Closing, subject to the terms and conditions set forth in this Agreement, Parent shall pay or cause to be paid the Closing Payment as follows:

(i) the amount(s) payable to each Person designated by the Indebtedness Payoff Documentation (including, without limitation, to the holders of all Company Convertible Notes);

(ii) other than (A) amounts due and owing to FASC in connection with the Mergers (which amounts are addressed in clause (iv) below) and (B) amounts payable to Sale Bonus Recipients (which amounts are addressed in clause (iii) below), the aggregate amount of all Transaction Expenses (including the amount(s) payable to each Person designated by the invoices delivered pursuant to Section 7.2(v)), to the bank accounts designated in such invoices or in the Estimated Closing Statement;

(iii) the aggregate amount to be paid to the employees of the Company and/or any Subsidiary set forth on Schedule 2.4(c)(iii) (each such employee, a "**Sale Bonus Recipient**") in connection with the consummation of the Mergers in the nature of a sale bonus, management incentive plan payment or other retention payment, together with the employer portion of any payroll and related Taxes due in connection therewith (collectively, the "**Closing Sale Bonus Payments**"), the cash portion of which Closing Sale Bonus Payments (together with the employer portion of payroll and related Taxes thereon) shall be paid to the Post-Closing Payroll Account for subsequent payment by Parent to the Sale Bonus Recipients and the remittance of payroll Taxes in accordance with applicable Laws, Section 5.12 hereof and Schedule 2.4(c)(vii) hereof;

(iv) all Transaction Expenses due and owing to FASC at the time of the Closing, in the manner set forth in Schedule 2.4(c)(vii) attached hereto;

(v) the Adjustment Escrow Amount and the Indemnification Escrow Amount, to the bank account(s) designated by the Escrow Agent in writing in advance of the Closing;

(vi) the Representative Fund Amount, to the bank account Representative designated by the Representative in writing in advance of the Closing;

(vii) to the Exchange Agent, the Escrow Agent and the Post-Closing Payroll Account (as applicable) for the benefit of the Company Securityholders, an aggregate amount of consideration equal to the remaining balance of the Closing Payment following the disbursements set forth in clauses (i)– (vi) above, if any, all as illustrated in the Closing Distribution Waterfall, with such aggregate consideration (subject to the satisfaction of the Payment Conditions) being further disbursed by or through the Exchange Agent, the Escrow Agent or the Post-Closing Payroll Account (as applicable), to such Company Securityholders (in each case, *pro rata* based on his, her or its respective Closing Payment Pro Rata Share) in the manner set forth on Schedule 2.4(c)(vii) attached hereto.

The Closing Payment shall be comprised of the Closing Payment Parent Stock and the balance of the Closing Payment shall be comprised of cash (the "**Closing Payment Cash**"). Payments of the Closing

Payment made pursuant to Sections 2.4(c)(i), 2.4(c)(ii), 2.4(c)(v) and 2.4(c)(vi) above (the "**Cash Only Closing Payments**") above shall be made in the form of Closing Payment Cash by wire transfer of immediately available U.S. funds. Payments of the Closing Payment made pursuant to Sections 2.4(c)(iii), 2.3(iv) and 2.4(c)(vii) above shall be comprised of (x) the Closing Payment Parent Stock and (y) the remaining Closing Payment Cash following the payment of the Cash Only Closing Payments, which amounts shall be disbursed in the manner set forth on Schedule 2.4(c)(vii) attached hereto.

(d) Allocation of Post-Closing Payments. The Parties hereby acknowledge and agree that, in accordance with the terms of this Agreement, upon the payment of any (i) Closing Adjustment Underpayment pursuant to Section 2.9(g) (if any), or (ii) Earn-Out Amount pursuant to Section 2.12 (if any) (each such payment a "**Post-Closing Payment**"), the provisions of this Section 2.4(d) shall apply. Notwithstanding anything to the contrary set forth herein, in connection with each Post-Closing Payment made pursuant to this Section 2.4(d), the provisions of Section 2.3(a)(iv)(2) shall apply such that to the extent that any Post-Closing Payment results in any Post-Closing In The Money Options (which had not previously become Final In The Money Options) becoming Final In The Money Options, the exercise price associated with such new Final In The Money Options shall be deducted from the payment otherwise due and owing to the holder(s) thereof pursuant to this Section 2.4(d).

(i) In the event that any Post-Closing Payment (when combined with the Closing Payment and any previously made Post-Closing Payment) results in the Preferred Liquidation Amount applicable to all series of Company Preferred Stock continuing to be the Preferred OIP Liquidation Amount in all cases, then an aggregate amount of consideration (in the form set forth in the applicable provision of Section 2.4(f)) equal to the Aggregate Post-Closing Payment Amount shall be distributed to the Exchange Agent, the Escrow Agent and the Post-Closing Payroll Account (as applicable) for the benefit of holders of Company Common Securities only, with such aggregate consideration (subject to the satisfaction of the Payment Conditions) being further disbursed by or through the Exchange Agent, the Escrow Agent or the Post-Closing Payroll Account (as applicable), to such holders of Company Common Securities (in each case, *pro rata* based on his, her or its respective Common Securities Pro Rata Share after giving effect to the final sentence of the opening paragraph of Section 2.4(d) above) in the manner set forth in the applicable provision of Section 2.4(f) hereof, all as illustrated in the applicable Updated Closing Distribution Waterfall prepared by the Representative in respect of such Post-Closing Payment. For the avoidance of doubt, all Post-Closing Payments will be allocated pursuant to this Section 2.4(d)(i) unless and until the Preferred Liquidation Amount applicable to one or more series of Company Preferred Stock ceases to be the Preferred OIP Liquidation Amount and, instead, becomes the Preferred As-Converted Liquidation Amount (in which case, clause (ii) below will apply).

(ii) In the event that any Post-Closing Payment (when combined with the Closing Payment and any previously made Post-Closing Payment) results in the Preferred Liquidation Amount applicable to any series of Company Preferred Stock ceasing to be the Preferred OIP Liquidation Amount applicable to such series of Company Preferred Stock and, instead, becomes the Preferred As-Converted Liquidation Amount applicable to any such series of Company Preferred Stock (each such series of Company Preferred Stock to which its Preferred As-Converted Liquidation Amount will thereafter apply, the "**Flipping As-Converted Preferred Stock**"), then an aggregate amount of consideration (in the form set forth in the applicable provision of Section 2.4(f)) equal to the Aggregate Post-Closing Payment Amount shall be distributed as follows:

(A) first, to the Exchange Agent and the Escrow Agent (as applicable) for the benefit of holders of Company Preferred Stock that becomes Flipping As-Converted Preferred Stock in connection with such specific Post-Closing Payment only, an amount of consideration that would result in each holder thereof receiving a portion of such Aggregate Post-Closing Payment Amount equal to the difference between such holder's (x) Flipping As-Converted Pro Rata Share of the sum of (1) the Closing Payment, (2) the Post-Closing Payment being made pursuant to this

Section 2.4(d)(ii) and (3) any other Post-Closing Payment previously paid, *minus* (y) the aggregate amount of Merger Consideration previously allocated to such holder in respect of his, her or its Flipping As-Converted Preferred Stock, all as illustrated in the applicable Updated Closing Distribution Waterfall prepared by the Representative in respect of such Post-Closing Payment, with such aggregate consideration (subject to the satisfaction of the applicable Payment Conditions) being further disbursed by the Exchange Agent and (if applicable) the Escrow Agent to the holders of such shares of Flipping As-Converted Preferred Stock so that each such holder receives the amount payable to such holder under this clause (A) in the manner set forth in the applicable provision of Section 2.4(f) hereof; and

(B) next, to the Exchange Agent, the Escrow Agent and the Post-Closing Payroll Account (as applicable) for the benefit of holders of Company Common Securities only, with such aggregate consideration (subject to the satisfaction of the Payment Conditions) being further disbursed by or through the Exchange Agent, the Escrow Agent or the Post-Closing Payroll Account (as applicable), to such holders of Company Common Securities (in each case, *pro rata* based on his, her or its respective Common Securities Pro Rata Share after giving effect to the final sentence of Section 2.4(d) above) in the manner set forth in the applicable provision of Section 2.4(f) hereof, all as illustrated in the applicable Updated Closing Distribution Waterfall prepared by the Representative in respect of such Post-Closing Payment.

Once a Post-Closing Payment has been made pursuant to this Section 2.4(d)(ii) for the first time, the following shall govern any subsequent Post-Closing Payments (if any), subject to the final sentence of the opening paragraph of this Section 2.4(d).

(e) If a subsequent Post-Closing Payment (when combined with the Closing Payment and any previously made Post-Closing Payment) results in one or more new series of Company Preferred Stock becoming Flipping As-Converted Preferred Stock, such subsequent Post-Closing Payment shall be governed by Section 2.4(d)(ii).

(f) If a subsequent Post-Closing Payment (when combined with the Closing Payment and any previously made Post-Closing Payment) does not result in one or more new series of Company Preferred Stock becoming Flipping As-Converted Preferred Stock, such subsequent Post-Closing Payment shall be governed by Section 2.4(d)(iii) below.

Once the Preferred Liquidation Amount applicable to each of (1) the Series B Company Preferred Stock, (2) the Series A-3 Company Preferred Stock, (3) the Series A-2 Company Preferred Stock and (4) the Series A-1 Company Preferred Stock ceases to be the Preferred OIP Liquidation Amount and, instead, becomes the Preferred As-Converted Liquidation Amount for each of such series of Company Preferred Stock, any and all subsequent Post-Closing Payments shall be governed by Section 2.4(d)(iv) below.

(i) In the event that, following a Post-Closing Payment of the nature described in Section 2.4(d)(ii) above, a subsequent Post-Closing Payment is made and such Post-Closing Payment (when combined with the Closing Payment and any previously made Post-Closing Payment) does not result in one or more new series of Company Preferred Stock becoming Flipping As-Converted Preferred Stock, then an aggregate amount of consideration (in the form set forth in the applicable provision of Section 2.4(f)) equal to the Aggregate Post-Closing Payment Amount shall be distributed to the Exchange Agent, the Escrow Agent and the Post-Closing Payroll Account (as applicable) for the benefit of holders of Previously Flipped As-

Converted Preferred Stock and Company Common Securities only, with such aggregate consideration (subject to the satisfaction of the Payment Conditions) being further disbursed by or through the Exchange Agent, the Escrow Agent or the Post-Closing Payroll Account (as applicable), to such holders of Previously Flipped As-Converted Preferred Stock and Company Common Securities (in each case, *pro rata* based on his, her or its respective Interim Flipped As-Converted Pro Rata Share after giving effect to the final sentence of the opening paragraph of Section 2.4(d) above) in the manner set forth in the applicable provision of Section 2.4(f) hereof, all as illustrated in the applicable Updated Closing Distribution Waterfall prepared by the Representative in respect of such Post-Closing Payment.

(ii) Once any Post-Closing Payment (when combined with the Closing Payment and any previously made Post-Closing Payment) has resulted in the Preferred Liquidation Amount applicable to each of (w) the Series B Company Preferred Stock, (x) the Series A-3 Company Preferred Stock, (y) the Series A-2 Company Preferred Stock and (z) the Series A-1 Company Preferred Stock ceasing to be the Preferred OIP Liquidation Amount and, instead, becoming the Preferred As-Converted Liquidation Amount in respect of each such series, then for any and all subsequent Post-Closing Payments an aggregate amount of consideration (in the form set forth in the applicable provision of Section 2.4(f)) equal to the Aggregate Post-Closing Payment Amount shall be distributed to the Exchange Agent, the Escrow Agent and the Post-Closing Payroll Account (as applicable) for the benefit of the holders of Company Common Securities and such series of Company Preferred Stock only, with such aggregate consideration (subject to the satisfaction of the Payment Conditions) being further disbursed by or through the Exchange Agent, the Escrow Agent or the Post-Closing Payroll Account (as applicable), to such Company Securityholders (in each case, *pro rata* based on his, her or its respective Fully As-Converted Pro Rata Share after giving effect to the final sentence of the opening paragraph of Section 2.4(d) above) in the manner set forth in the applicable provision of Section 2.4(f) hereof, all as illustrated in the applicable Updated Closing Distribution Waterfall prepared by the Representative in respect of such Post-Closing Payment.

(g) Updated Distribution Waterfall. In the event that any Post-Closing Payment becomes due and payable pursuant to Section 2.4(d) above, the Representative (acting in good faith) shall update the Closing Distribution Waterfall (an "**Updated Distribution Waterfall**") to reflect (i) any changes to the Preferred Liquidation Amount applicable to each series of Company Preferred Stock (i.e., the Preferred Liquidation Amount for a particular series of Company Preferred Stock ceasing to be the Preferred OIP Liquidation Amount and, instead, becoming the Preferred As-Converted Liquidation Amount), (ii) any Post-Closing In The Money Options that become Final In The Money Options in connection with such Post-Closing Payment, (iii) the definitive and accurate Merger Consideration as of such Post-Closing Payment (taking into account such Post-Closing Payment, any other Post-Closing Payments previously made and the Closing Payment) and (iv) to the extent applicable, each Company Securityholder's Common Securities Pro Rata Share, Flipping As-Converted Pro Rata Share, Interim Flipped As-Converted Pro Rata Share and/or Fully As-Converted Pro Rata Share. Based on the Updated Distribution Waterfall, the Representative shall deliver to Parent a written schedule setting forth the amounts due and payable to each Company Securityholder in respect of such Post-Closing Payment. The Updated Distribution Waterfall will set forth updated Indemnification Pro Rata Shares for each Company Securityholder (as such Indemnification Pro Rata Shares are recalculated to take into account the payment of such Post-Closing Payment).

(h) Form and Disbursement of Post-Closing Payments and Escrow / Representative Fund Releases.

(i) Post-Closing Payments relating to any Closing Adjustment Underpayment shall be (x) comprised entirely of cash, (y) allocated amongst the applicable Company Securityholders in the manner provided for in Section 2.4(d) above and (z) paid in the manner set forth on Schedule 2.4(f)(i).

(ii) Payments relating to any Adjustment Escrow Release, Indemnification Escrow Release or distributions from the Representative Fund shall be (x) comprised entirely of cash, (y) allocated amongst each Company Securityholder *pro rata* based on his, her or its

respective Closing Payment Pro Rata Share and (z) paid in the manner set forth on Schedule 2.4(f)(ii).

(iii) Post-Closing Payments relating to any Earn-Out Amount shall be (x) comprised (subject to the proviso to this clause (ii)) 37.5% of cash and 62.5% of shares of Parent Common Stock valued at the Reference Price ("**Earn-Out Payment Parent Stock**"), (y) allocated amongst the applicable Company Securityholders in the manner provided for in Section 2.4(d) above and (z) paid in the manner set forth on Schedule 2.4(f)(iii); provided, however, that, notwithstanding anything to the contrary set forth herein, in no event shall the aggregate number of shares of (A) Closing Payment Parent Stock issued pursuant to Section 2.4(c) hereof *plus* (B) Earn-Out Payment Parent Stock issued pursuant to this Section 2.4(f)(iii) exceed the Parent Stock Ceiling. In the event Parent and the Representative determine in good faith, following the final determination of the Final Earn-Out Amount (and based on the Representative's Updated Distribution Waterfall in respect of the payment of the Earn-Out Amount), that the number of shares of Earn-Out Payment Parent Stock to be issued under the immediately prior sentence will cause the number of shares of Parent Common Stock issued pursuant to this Agreement to exceed the Parent Stock Ceiling, the portion of Parent Common Stock issued in connection with the payment of the Earn-Out Amount will be reduced so as to respect the Parent Stock Ceiling and the portion of cash payable in connection with the Earn-Out Amount will be correspondingly increased.

(iv) With respect to any payments made pursuant to this Section 2.4(f), unless a Company Securityholder provides updated payment delivery instructions to the Exchange Agent, each delivery of any portion of such payment to a particular Company Securityholder shall be effected in accordance with the payment delivery instructions set forth in such Person's Letter of Transmittal.

(i) Fractional Shares; Payments. No fraction of a share of Parent Common Stock will be issued by virtue of the Mergers. Any Company Securityholder who would otherwise be entitled to receive a fraction of a share of Parent Common Stock (including with respect to any Earn-Out Amount) shall instead be entitled to receive an amount of cash equal to the product obtained by multiplying (i) such fraction by (ii) the Reference Price, rounded to the nearest whole cent. All payments to be made by Parent hereunder shall be without interest.

(j) Employer Portion of Payroll Taxes on Merger Consideration and Compensation Payments. Notwithstanding anything to the contrary contained herein, in the event that any payment of (i) Merger Consideration (including the Closing Payment, any Post-Closing Payment and any releases of all or any portion of the Adjustment Escrow Fund, the Indemnification Escrow Fund and/or the Representative Fund) that is compensatory in nature, (ii) any Closing Employee Payment, or (iii) any payment of any Sale Bonus Payment hereunder is made to a Person that is subject to Tax withholding, the Company Securityholders shall bear the employer portion of any payroll and related Taxes due in connection with such payments (the "**Employer Payroll Taxes**"). Upon any such payment, the aggregate amount of applicable Employer Payroll Taxes shall be funded to the Post-Closing Payroll Account and the applicable payment to the Company Securityholders associated with such Tax obligation (if any) shall be reduced accordingly.

Section 2.5 Escrow Funds; Representative Fund.

(a) Escrows. On the Closing Date, Parent shall deposit with the Escrow Agent (i) the Adjustment Escrow Amount, to be held in trust as an escrow fund (such amount, together with any interest, dividends, gains and other income thereon, the "**Adjustment Escrow Fund**"), and (ii) the Indemnification Escrow Amount, to be held in trust as an escrow fund (such amount, together with any interest, dividends, gains and other income thereon, the "**Indemnification Escrow Fund**"), in each case which amounts shall not become payable to the Company Securityholders as of the Closing Date but shall instead be paid in accordance with, and subject to the provisions of, this Agreement and pursuant to the terms of an Escrow Agreement in substantially the form attached hereto as Exhibit F (the "**Escrow Agreement**").

(b) Representative Fund. On the Closing Date, Parent shall deposit the Representative Fund Amount with the Representative, by wire transfer of immediately available funds to an account designated by the Representative at least four (4) days prior to the Closing Date, which shall be held by the Representative in a separate client account (the "**Representative Fund**") and shall be utilized and administered by the Representative in accordance with the provisions of Section 11.1 hereof.

Section 2.6 Closing Exchange**.**

(a) Promptly after the Effective Time or any event causing a Post-Closing Payment or the release of all or any portion of the Adjustment Escrow Fund, the Indemnification Escrow Fund and/or the Representative Fund, Parent (or the Representative, in connection with a release of cash from the Representative Fund) shall deposit, or cause to be deposited, for the benefit of the Company Securityholders:

(i) with Wilmington Trust, N.A. or such other Person as Parent may select (the "**Exchange Agent**"), the cash consideration payable to the Company Securityholders (other than holders of Closing In The Money Options that are subject to Tax withholding) and the holders of Company Convertible Notes pursuant to Section 2.4(c), to be held by the Exchange Agent in accordance with the terms of the exchange agent agreement (the "**Exchange Agent Agreement**") to be executed at or prior to the Closing by Parent and the Exchange Agent;

(ii) in the Post-Closing Payroll Account, the cash consideration payable to holders of Closing In The Money Options that are subject to Tax withholding, to be administered by Parent or the Surviving Entity and the applicable payroll processor in accordance with Section 2.4 above and applicable Laws;

(iii) with respect to the Closing Payment only, with the Escrow Agent, the portion of the Closing Payment comprised of Parent Common Shares payable to FASC, the Sale Bonus Recipients and the Company Securityholders pursuant to Section 2.4(c), to be held by the Escrow Agent in accordance with the terms of the Escrow Agreement. Any Parent Common Shares that are deposited with the Escrow Agent pursuant to this Section 2.6(a)(iii) shall be treated by Parent and its Affiliates as issued and outstanding capital stock of Parent, and shall be held by the Escrow Agent as a book position registered in the name Wilmington Trust, N.A., as Escrow Agent FBO Traverse Beneficiaries, in trust for the account and benefit of FASC, the Sale Bonus Recipients and the applicable Company Securityholders. Notwithstanding the foregoing, Parent shall not so deposit with the Escrow Agent any Parent Common Shares retained by Parent pursuant to the terms of any Restriction Agreement, which Parent Common Shares shall be paid out (if at all) in accordance with the terms of the applicable Restriction Agreement.

(b) The Company shall deliver (which may be done electronically) as soon as is reasonably practicable following the Agreement Date, to each Person who is a holder of Company Convertible Notes and/or a Company Securityholder as of immediately prior to the Effective Time a letter of transmittal in substantially the form attached hereto Exhibit G (a "**Letter of Transmittal**"), together with the Information Statement, a Support Agreement (with respect to Company Securityholders only), an Investor Questionnaire (with respect to Company Securityholders only) and all other documents, information and agreements that such Person will need to review, complete, execute and/or deliver in connection with the Mergers. Payments of Merger Consideration (including the Closing Payment, any Post-Closing Payment and/or any releases of all or any portion of the Adjustment Escrow Fund, the Indemnification Escrow Fund and/or the Representative Fund (if any)) shall be made only to those Persons who are entitled to receive such payments under Section 2.4 hereof and who deliver (i) a duly completed and validly executed Investor Questionnaire (with respect to Persons who are to receive Merger Consideration in the form of Parent Common Stock only), (ii) a duly completed and validly executed Letter of Transmittal, and (iii) a duly completed and validly executed IRS Form W-9 from each such Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code and applicable IRS Form W-8 from each such Person that is not a "United States Person" (together with any other documents as Parent shall reasonably require) (such delivery, the "**Payment Conditions**"). Parent shall have no obligation to deliver, or cause to be delivered, any Merger Consideration to (w) any holder of Company Convertible Notes, (x) FASC, (y) any Sale Bonus Recipient or (z) any particular Company

Securityholder until such Person has satisfied the Payment Conditions. For the avoidance of doubt, in the event that an applicable Person has not returned to the Company and Parent a fully executed and completed Investor Questionnaire on or before the IQ Cut-Off Time, such Person will be treated as an Unaccredited Investor for purposes of the calculation, payment and disbursement of the Closing Payment and any Earn-Out Amount (as the case may be).

(c) With respect to any Person eligible to receive payments or consideration in connection with the Mergers pursuant to Section 2.4 above that has not satisfied the applicable Payment Conditions on or prior to the Effective Time, an event causing a Post-Closing Payment or the release of all or any portion of the Adjustment Escrow Fund, the Indemnification Escrow Fund and/or the Representative Fund, as applicable, then any portion of such payment or consideration that would otherwise be paid to such Person shall be held by Parent, the Exchange Agent or the Escrow Agent (as applicable), without interest, until such Person satisfies the applicable Payment Conditions, and Parent shall, promptly after the Payment Conditions are satisfied, and in any event, within ten (10) Business Days of the Payment Conditions being satisfied, pay to such Person all payments or consideration payable to such Person pursuant to Section 2.4 and shall instruct and cause the Exchange Agent and the Escrow Agent to pay to such Person all payments or consideration payable to such Person pursuant to Section 2.4. Notwithstanding the foregoing or any other provision of this Agreement, in no event shall the Escrow Agent, the Exchange Agent, Parent or the Surviving Entity, or any of their respective Affiliates, be liable to any Person for any amount properly (i) paid to a public official pursuant to any applicable abandoned property, escheat or similar Law or (ii) disbursed or released upon the expiration of the Escrow Agreement or the Exchange Agent Agreement.

(d) From and after the Effective Time, no shares of Company Stock, Company Options, Company Warrants or Company Convertible Notes that were outstanding immediately prior to the Effective Time will be deemed to be outstanding and the Company Securityholders shall cease to have any rights with respect thereto except as provided in this Agreement or by applicable Law.

(e) At the Effective Time, the stock transfer books of the Company shall be closed and no transfer of any Company Stock that was issued and outstanding prior to the Effective Time shall thereafter be made.

Section 2.7 Dissenting Shares. If, in connection with the First Merger, any holder of Company Stock shall have demanded and perfected their appraisal rights in accordance with Section 262 of the DGCL, none of such Dissenting Shares shall be converted into a right to receive the Merger Consideration otherwise payable to the holder of such Dissenting Shares as provided in this Agreement, but shall instead be converted into the right to receive such consideration as may be determined to be due with respect to such Dissenting Shares pursuant to the DGCL. Each holder of Dissenting Shares who, pursuant to the provisions of the DGCL, becomes entitled to payment of the fair value of such shares shall receive payment therefor in accordance with the DGCL (but only after the value therefor shall have been agreed upon or finally determined pursuant to the DGCL). In the event that any holder of Company Stock fails to make an effective demand for payment or fails to perfect his, her or its appraisal rights as to his, her or its shares of Company Stock or any Dissenting Shares shall otherwise lose their status as Dissenting Shares, then any such shares shall immediately be converted into the right to receive the consideration payable pursuant to Section 2.3(a)(iii) in respect of such shares as if such shares had never been Dissenting Shares, and Parent shall deliver to the holder thereof, following the satisfaction of the Payment Conditions, the Merger Consideration to which such holder of Company Stock would have been entitled under this Agreement (at the time(s) and in the form(s) set forth in this Agreement) with respect to such shares. The Company shall give Parent (a) prompt written notice (and in no event more than twenty-four (24) hour notice) of (i) any demand received by the Company for payment for Dissenting Shares in accordance with the DGCL, and (ii) any withdrawals of any such demand and (b) the opportunity to participate in all negotiations and proceedings with respect to demands for appraisal under the DGCL. The Company agrees that, except with Parent's prior written consent, the Company shall not voluntarily make any payment or offer to make any payment with respect to, or settle or offer to settle, any such demand for payment in connection with the exercise of appraisal rights.

Section 2.8 Tax Withholding. Each of Parent, the Surviving Corporation, the Surviving Entity, the Exchange Agent and/or the Escrow Agent (as applicable) shall be entitled to deduct and

withhold, or cause to be deducted and withheld, from the Merger Consideration or any other payment otherwise payable pursuant to this Agreement (including any Post-Closing Payment or any release of all or any portion of the Adjustment Escrow Fund, the Indemnification Escrow Fund and/or the Representative Fund), the amounts required to be deducted and withheld under the Code, or any provision of state, local or foreign Tax Law, with respect to the making of such payment and, to the extent that amounts are so deducted and withheld and paid over to the applicable Governmental Authority, such amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of whom such deduction and withholding was made.

Section 2.9 Estimated Closing Statement; Post Closing Adjustment.

(a) At least four (4) days prior to the Closing Date, the Company shall deliver to Parent the Estimated Closing Statement. The Estimated Closing Statement shall be prepared by the Company in good faith in accordance with the Accounting Principles and, to the extent relating to Net Working Capital, in a manner consistent with the calculation of Net Working Capital set forth on Exhibit H hereto, and shall be certified as such by the Company's chief executive officer. The Company shall provide Parent and its accounting and financial staff, auditors and advisors reasonable access to the books and records of the Company and the Subsidiaries (and their respective accounting and financial staff and advisors) in connection with Parent's review thereof. The Company shall consider in good faith changes requested by Parent to the Estimated Closing Statement, and shall make such modifications thereto as are necessary to update the information thereon and to take into account comments thereto provided by Parent. To the extent that the Estimated Closing Statement (after giving effect to any changes or modifications thereto as contemplated by the preceding sentence) is reasonably satisfactory to Parent, the Estimated Closing Indebtedness Amount, the Estimated Unpaid Transaction Expenses, the Estimated Pre-Closing Taxes, the Estimated Closing Cash Amount, the Estimated Net Working Capital (and, based thereon, the Estimated Net Working Capital Surplus or the Estimated Net Working Capital Shortfall), the Estimated Merger Consideration and the Closing Payment as applicable, set forth on the Estimated Closing Statement (as so changed or modified) shall be used for purposes of calculating the Base Cash Consideration and the Estimated Closing Adjustment Amount. Neither any comments or changes proposed by Parent to the Estimated Closing Statement nor Parent's acceptance of the Estimated Closing Statement for purposes of satisfying the closing condition in Section 7.2(p) shall be deemed to be an agreement by Parent that the Estimated Closing Statement is accurate or complete and shall not affect, in any manner whatsoever, Parent's rights pursuant to this Section 2.9.

(b) Within ninety (90) days after the Closing Date, Parent shall deliver to the Representative a statement (the "**Parent Closing Statement**"), which Parent Closing Statement shall be prepared by Parent in good faith in accordance with the Accounting Principles and, to the extent relating to Net Working Capital, in a manner consistent with the calculation of Net Working Capital set forth on Exhibit H hereto, and shall be certified by an executive officer of Parent. The Parent Closing Statement shall set forth Parent's calculation of the following: (i) the Closing Indebtedness Amount; (ii) the Unpaid Transaction Expenses; (iii) the Unpaid Pre-Closing Taxes; (iv) the Closing Cash Amount; (v) the Net Working Capital and, based thereon, the Net Working Capital Surplus or the Net Working Capital Shortfall, as applicable; and, based on the foregoing, Parent's calculation of the Closing Adjustment Amount (the "**Parent Closing Adjustment Amount**").

(c) If the Representative wishes to object to any information contained on the Parent Closing Statement or Parent's calculation of the Parent Closing Adjustment Amount, the Representative shall deliver to Parent, within thirty (30) days after the date of delivery of the Parent Closing Statement by Parent, a written notice (the "**Disputed Items Notice**") specifying the items to which the Representative objects and the basis therefor in reasonable detail and setting forth the Representative's proposed modifications to the Parent Closing Statement and the Representative's proposed Closing Adjustment Amount. If the Representative does not deliver a Disputed Items Notice to Parent within thirty (30) days after the date of delivery of the Parent Closing Statement, the Parent Closing Adjustment Amount set forth in the Parent Closing Statement will be final and binding upon the parties for purposes of this Section 2.9.

(d) If the Representative timely delivers a Disputed Items Notice in accordance with Section 2.9(c), the Representative and Parent will attempt in good faith to resolve the disputed items set

forth thereon (the "**Agreed Adjustments**"). If the Representative and Parent resolve some (but not all) of the disputed items, the agreed upon portions of the Parent Closing Statement and the Parent Closing Adjustment Amount related thereto, as modified to give effect to the Agreed Adjustments, will be final and binding upon the parties for purposes of this Section 2.9. If the Representative and Parent resolve all of the disputed items, the Parent Closing Adjustment Amount, as modified to give effect to the Agreed Adjustments, will be final and binding upon the parties for purposes of this Section 2.9.

(e) If the Representative and Parent are unable to agree upon the resolution of all disputed items within thirty (30) days after delivery of the Disputed Items Notice, the Representative and Parent will engage Deloitte or, if such firm is unable or unwilling to act, to an independent, nationally recognized accounting firm mutually agreed upon by the Representative and Parent (in either case, the "**Accounting Firm**") to resolve the disputed items specified in the Disputed Items Notice that the Representative and Parent were not able to resolve prior to such engagement (the "**Unresolved Disputed Items**"). The Accounting Firm shall act as arbiter, shall issue a final and binding resolution with respect to only Unresolved Disputed Items and may not assign a value greater than the greatest value claimed for such item by either party or smaller than the smallest value claimed for such item by either party. The Accounting Firm will resolve the Unresolved Disputed Items in accordance with the Accounting Principles and the terms and conditions of this Agreement (including, without limitation, if an Unresolved Disputed Item relates to Net Working Capital, in a manner consistent with the calculation of Net Working Capital set forth on Exhibit H). The determination of the Accounting Firm as to the Unresolved Disputed Items will be made within sixty (60) days after being selected and will be final and binding upon the parties for purposes of this Section 2.9. The fees, costs and expenses of the Accounting Firm will be borne by the Representative (on behalf of the Company Securityholders from the Representative Fund or, if the Representative Fund has been fully depleted, from the Company Securityholders on a joint and several basis), on the one hand, and Parent, on the other, in inverse proportion as each party may prevail (based on the disputed items as resolved by the Accounting Firm as compared to the disputed items proposed by such party), as determined by the Accounting Firm, or, if the Accounting Firm determines that neither party could be fairly found to be the prevailing party, then such fees, costs and expenses will be borne and paid fifty percent (50%) by the Representative (on behalf of the Company Securityholders from the Representative Fund or, if the Representative Fund has been fully depleted, from the Company Securityholders on a joint and several basis) and fifty percent (50%) by Parent. The Parent Closing Adjustment Amount, after giving effect to any Agreed Adjustments pursuant to Section 2.9(d) and/or the resolution of Unresolved Disputed Items by the Accounting Firm pursuant to this Section 2.9(e), as and if applicable, shall be referred to herein as the "**Final Closing Adjustment Amount**."

(f) In the event that the Estimated Closing Adjustment Amount exceeds the Final Closing Adjustment Amount (the amount of such excess, the "**Closing Adjustment Overpayment**"), the Closing Adjustment Overpayment shall be owed to Parent, and Parent shall be entitled to recover an amount equal to the Closing Adjustment Overpayment from the Adjustment Escrow Fund (subject to the final sentence of this clause (f)). The Representative and Parent shall execute a joint instruction to the Escrow Agent instructing the Escrow Agent to release to Parent an amount equal to the Closing Adjustment Overpayment from the Adjustment Escrow Fund within five (5) Business Days after the determination of the Final Closing Adjustment Amount. Parent's sole source of recovery for any Closing Adjustment Overpayment shall be the Adjustment Escrow Fund, and the aggregate amount that Parent may recover for any Closing Adjustment Overpayment is the lesser of (i) the Closing Adjustment Overpayment or (ii) the Adjustment Escrow Amount.

(g) In the event that the Final Closing Adjustment Amount exceeds the Estimated Closing Adjustment Amount (the amount of such excess, the "**Closing Adjustment Underpayment**"), the Closing Adjustment Underpayment shall be owed to the Company Securityholders in accordance with Section 2.4(f)(ii) hereof (subject to the final sentence of this clause (g)). In such case, Parent shall, within ten (10) Business Days after the later to occur of (x) the determination of the Final Closing Adjustment Amount or (y) delivery by the Representative of the Updated Distribution Waterfall in respect of the Closing Adjustment Underpayment, pay or cause to be paid to the Company Securityholders (through the Exchange Agent or the Post-Closing Payroll Account, as applicable) an aggregate amount of cash equal to such Closing Adjustment Underpayment in accordance with the provisions of Section 2.4(f)(ii); provided, however that the aggregate amount that the Company Securityholders may recover for any Closing

Adjustment Underpayment is the lesser of (i) the Closing Adjustment Underpayment or (ii) the Adjustment Escrow Amount.

(h) In the event that the amount of any Closing Adjustment Overpayment does not exceed the amount of the Adjustment Escrow Fund, as soon as reasonably practicable following the determination of Final Closing Adjustment Amount, the Representative and Parent shall execute a joint instruction to the Escrow Agent instructing the Escrow Agent to release the Adjustment Escrow Fund (less any Closing Adjustment Overpayment) for payment to the Company Securityholders in accordance with Section 2.4(f)(ii) hereof (an "**Adjustment Escrow Release**"). In such case, Parent shall within ten (10) Business Days following the later to occur of (x) such Adjustment Escrow Release by the Escrow Agent or (y) delivery by the Representative of the Updated Distribution Waterfall in respect of the Adjustment Escrow Release, pay or cause to be paid to each Company Securityholder (through the Exchange Agent or the Post-Closing Payroll Account, as applicable) the portion of the Adjustment Escrow Release to which he, she or it is entitled pursuant to Section 2.4(f)(ii).

(i) With respect to this Section 2.9, each party hereto shall make available to the other parties and, if applicable, the Accounting Firm, such books and records (in electronic format, if applicable), personnel and other information as any of the foregoing may reasonably request to prepare and review the Estimated Closing Statement (and the various amounts set forth therein), the Parent Closing Statement (and the various amounts set forth therein) or any Unresolved Disputed Items submitted to the Accounting Firm.

Section 2.10 Further Assurances. If, at any time before or after the Effective Time, any of the parties hereto reasonably believes or is advised that any further instruments, deeds, assignments or assurances are reasonably necessary to consummate the Mergers or to carry out the purposes and intent of this Agreement at or after the Effective Time, then the Company, the Subsidiaries, Parent, the Surviving Entity, and the Company Securityholders and their respective officers, directors and managers shall execute and deliver all such proper deeds, assignments, instruments and assurances and do all other things reasonably necessary to consummate the Mergers and to carry out the purposes and intent of this Agreement.

Section 2.11 Tax Consequences. The Mergers are intended to be treated as a single, integrated transaction that qualifies as a "reorganization" within the meaning of Section 368(a)(1)(A) of the Code, and this Agreement is intended to constitute, and is hereby adopted as, a "plan of reorganization" for purposes of Sections 354, 361 and 368 of the Code and Income Tax Regulations Sections 1.368-2(g) and 1.368-3(a). Provided that the Restricted Owners shall have complied with their obligations under the final sentence of Section 7.2(l), the parties shall not (a) knowingly take any action (or knowingly fail to take any action) if such action (or failure) would be reasonably likely to cause the Mergers (taken together) to fail to so qualify, or (b) take a reporting position that is inconsistent with that intention, unless otherwise required following a determination within the meaning of Section 1313 of the Code. None of the parties to this Agreement makes any representation regarding whether the Mergers will so qualify. The Company acknowledges that the Company and the Company Securityholders are relying solely on their own Tax advisors in connection with this Agreement, the Mergers and the other transactions and agreements contemplated hereby.

Section 2.12 Earn-Out.

(a) Earn-Out Amount. The Company Securityholders shall have a contingent right to receive additional consideration, with an aggregate value equal to the Earn-Out Amount, which shall be payable, if at all, upon the achievement of the applicable measurements and in the amounts determined pursuant to Schedule 2.12 (or as otherwise set forth in this Section 2.12). In the event that the Earn-Out Amount is to be paid, each Company Securityholder will be entitled to receive his, her or its portion of such payment as is allocated in accordance with Section 2.4(d) above, subject to, and paid in accordance with, Section 2.12(c). No Company Securityholder shall be entitled to receive, and shall not receive, any portion of the Earn-Out Amount unless and until, and only to the extent, the requirements specified for the payment thereof as set forth on Schedule 2.12 are achieved as set forth thereon (or as otherwise set forth in this Section 2.12).

(b) Determination of Earn-Out Amount.

(i) Within seventy-five (75) days after the Earn-Out Measurement Date, Parent shall deliver to the Representative a statement (the "**Earn-Out Statement**"), executed by Parent, setting forth Parent's good faith calculation of the Earn-Out Amount.

(ii) If the Representative wishes to object to any information contained in the Earn-Out Statement, the Representative shall deliver to Parent, within thirty (30) days after the date of delivery of the Earn-Out Statement by Parent, a written notice (the "**Earn-Out Dispute Notice**") specifying the items to which the Representative objects and the basis therefor in reasonable detail and setting forth the Representative's proposed modifications to the Earn-Out Statement. Parent shall, and shall cause the Surviving Entity to, provide the Representative and its accounting and financial staff, auditors and advisors reasonable access to the books and records of the Surviving Entity and its and their accounting and financial staff, auditors and advisors in connection with the Representative's review thereof. If the Representative does not deliver the Earn-Out Dispute Notice to Parent within thirty (30) days after the date of delivery of the Earn-Out Statement, Parent's calculation of the Earn-Out Amount will be final and binding upon the parties for purposes of this Section 2.12.

(iii) If the Representative timely delivers the Earn-Out Dispute Notice in accordance with Section 2.12(b)(ii), the Representative and Parent will attempt in good faith to resolve the disputed items set forth thereon (the "**Agreed Earn-Out Adjustments**"). If the Representative and Parent resolve some (but not all) of the disputed items, the agreed upon portions of the Earn-Out Statement and the Earn-Out Amount related thereto, as modified to give effect to the Agreed Earn-Out Adjustments, will be final and binding upon the parties for purposes of this Section 2.12. If the Representative and Parent resolve all of the disputed items, the Earn-Out Statement and the Earn-Out Amount, as modified to give effect to the Agreed Earn-Out Adjustments, will be final and binding upon the parties for purposes of this Section 2.12.

(iv) If the Representative and Parent are unable to agree upon the resolution of all disputed items within thirty (30) days after delivery of the Earn-Out Dispute Notice, the Representative and Parent will engage the Accounting Firm or, if such firm is unable or willing to act, to an independent, nationally recognized accounting firm mutually agreed upon by the Representative and Parent to resolve the disputed items specified in the Earn-Out Dispute Notice that the Representative and Parent were not able to resolve prior to such engagement (the "**Unresolved Earn-Out Disputed Items**"). The Accounting Firm shall act as an arbiter, shall issue a final and binding resolution with respect to only Unresolved Earn-Out Disputed Items and may not assign a value greater than the greatest value claimed for such item by either party or smaller than the smallest value claimed for such item by either party. The determination of the Accounting Firm as to the Unresolved Earn-Out Disputed Items will be made within sixty (60) days after being selected, will be final and binding upon the parties for purposes of this Section 2.12, and will be used for purposes of calculating the Earn-Out Amount. The fees, costs and expenses of the Accounting Firm will be borne by the Representative (on behalf of the Company Securityholders from the Representative Fund or, if the Representative Fund has been fully depleted, from the Company Securityholders on a joint and several basis), on the one hand, and Parent, on the other, in inverse proportion as each party may prevail (based on the disputed items as resolved by the Accounting Firm as compared to the disputed items proposed by such party), as determined by the Accounting Firm, or, if the Accounting Firm determines that neither party could be fairly found to be the prevailing party, then such fees, costs and expenses will be borne and paid fifty percent (50%) by the Representative (on behalf of the Company Securityholders from the Representative Fund or, if the Representative Fund has been fully depleted, from the Company Securityholders on a joint and several basis) and fifty percent (50%) by Parent. The Earn-Out Statement, and the Earn-Out Amount set forth therein, after giving effect to any Agreed Earn-Out Adjustments pursuant to Section 2.12(b)(iii) and/or the resolution of Unresolved Earn-Out Disputed Items by the Accounting Firm pursuant to this Section 2.12(b)(iv), as and if applicable, shall be referred to herein as the "**Final Earn-Out Amount**."

(c) Payment of Earn-Out Amount. Following the final determination of the Final Earn-Out Amount in accordance with Section 2.12(b) above, Parent shall, within ten (10) Business Days after the later to occur of (x) the determination of the Final Earn-Out or (y) delivery by the Representative of the Updated Distribution Waterfall in respect of the Final Earn-Out Amount, pay or cause to be paid the Earn-Out Amount as follows: (i) to the Sale Bonus Recipients (in the manner and form set forth on Schedule 2.4(f)(iii)) an aggregate amount equal to the portion of the Earn-Out Amount to which the Sale Bonus Recipients are entitled pursuant to their respective Sale Bonus Agreements (less applicable withholding taxes); (ii) to FASC (in the manner and form set forth on Schedule 2.4(f)(iii)) an aggregate amount equal to the portion of the Earn-Out Amount to which FASC is entitled pursuant to its engagement letter with the Company; and (iii) the balance to the Company Securityholders in accordance with Section 2.4(f)(iii) above, which Earn-Out Amount shall be allocated amongst such Company Securityholders in accordance with Section 2.4(d) and Section 2.4(f)(iii) above. For the avoidance of doubt, and notwithstanding anything to the contrary set forth in this Agreement, the portion of the Earn-Out Amount available for distribution to the Company Securityholders pursuant to clause (iii) hereof shall be reduced by the portion of the Earn-Out Amount that is paid to the Sale Bonus Recipients and FASC pursuant to clauses (i) and (ii) hereof.

(d) Earn-Out Limitations and Conditions. The contingent right of each Company Securityholder to receive his, her or its allocable portion of the Earn-Out Amount (if any), (i) is solely a contractual right and is not a security for purposes of any federal or state securities Laws; (ii) will not be represented by any form of certificate or separate instrument; (iii) does not represent an ownership interest in Parent, the Surviving Corporation, the Surviving Entity or any of their Affiliates and will not entitle any Company Securityholder to any dividend rights, voting rights, liquidation rights, preemptive rights or other rights common to any holder of securities; (iv) is not redeemable; and (v) may not be sold, assigned, transferred, pledged, gifted, conveyed or otherwise disposed of except by operation of law, pursuant to the laws of descent and distribution or a transfer by a Company Securityholder to a trust established for estate planning purposes and any transfer in violation thereof shall be null and void. Except with respect to the common law duty of good faith and fair dealing, the contingent right of the Company Securityholders to receive the Earn-Out Amount (if any) does not create any express or implied fiduciary or special relationship among Parent, the Surviving Corporation, the Surviving Entity or their respective Affiliates and any Company Securityholder or create any express or implied fiduciary, special or other duties on the part of Parent, the Surviving Corporation, the Surviving Entity or their respective Affiliates to any Person.

(e) Right to Conduct Business. The Company Securityholders agree and acknowledge that: (i) Parent and the Surviving Entity may, from time to time, make business decisions and take actions, in each case that are commercially reasonable to Parent's business as a whole, in the conduct of the business of Parent, the Surviving Entity and their respective Affiliates following the Closing, including decisions and actions that may have an adverse impact on the achievement or maximization of the Earn-Out Amount; (ii) neither Parent nor the Surviving Entity will have any duty or obligation to any Person (including any Company Securityholder) to operate the Surviving Entity in a manner designed to maximize the likelihood of the payment of the Earn-Out Amount or the amount thereof; and (iii) following the Effective Time, all decisions with respect to the Surviving Entity shall be made by Parent and the Surviving Entity in their sole and exclusive discretion, subject to the following sentence. The Company Securityholders hereby acknowledge and agree that they shall not have, and hereby waive, the right to claim any lost earnings or other damages as a result of such decisions so long as the actions were not taken by Parent in bad faith for the principal purpose of preventing the achievement of the Earn-Out Amount. Nothing contained in this Section 2.12 or elsewhere in this Agreement shall (x) grant or be construed to grant any Person other than Parent any right to make or participate in any decisions with respect to any aspect of the operation of the Surviving Entity or its business following the Closing or (y) preclude Parent or the Surviving Entity from selling or causing the sale of any Company Offering, business, business unit or division or any asset or assets of the Surviving Entity, including outside of the ordinary course of business; provided, however, that, in the event that, prior to 11:59 p.m. Mountain Time on the Earn-Out Measurement Date, (1) the Surviving Entity, the Business or all or substantially all of the assets thereof is acquired by an unaffiliated third party purchaser (whether by virtue of a merger, equity sale, asset sale or other similar transaction), then the maximum Earn-Out Amount (i.e., $33.4 million) shall be deemed fully earned hereunder, and (2) the Business's marketing solutions platform, urgent care business and/or core platform (but not all or substantially all assets of the

Business) is acquired by an unaffiliated third party purchaser, then the calculation of the Earn-Out Amount pursuant to Schedule 2.12 shall take into account such transaction(s) with the manner provided for in Schedule 2.12. For the avoidance of doubt, the proviso in the immediately preceding sentence shall not be triggered (and no acceleration or payment of any Earn-Out Amount shall be triggered) in the event Parent is sold, undergoes a change of control or is otherwise taken private.

(f) Right of Set-off. Notwithstanding any other provision in this Section 2.12, the payment of the Earn-Out Amount (if any) shall be subject to Parent's set-off rights in Section 9.6(c).

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND THE SUBSIDIARIES

The Company hereby represents and warrants to Parent and the Merger Subs that the statements contained in this Article 3 are correct and complete as of the Agreement Date except as otherwise set forth in the schedules prepared by the Company and attached to this Agreement (the "**Disclosure Schedules**"), which Disclosure Schedules are incorporated by reference herein. The Disclosure Schedules shall be arranged in Sections corresponding to the numbered and lettered Sections of this Article 3, and the disclosures in any Section of the Disclosure Schedules shall provide information regarding, and qualify only, the corresponding numbered and lettered Section of this Article 3, unless and to the extent that (a) cross references to other Sections are set forth in the Disclosure Schedules or (b) it is reasonably apparent by the face of the disclosure that such disclosure qualifies one or more of the numbered or lettered Sections of this Article 3. For purposes of this Agreement, a document shall be deemed to have been "made available" to Parent only if it has been posted in the electronic data site maintained on the "Datasite" cloud platform on behalf of the Company in connection with the Mergers (the "**Virtual Data Room**") no later than two (2) Business Days prior to the Agreement Date (and has not been subsequently removed or modified prior to the Agreement Date).

Section 3.1 Organization and Good Standing. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. The Company has all requisite corporate power and authority to own, operate and lease its assets and properties and to carry on the Business. The Company is duly qualified or licensed to do business, and is in good standing, in each jurisdiction where the character of the properties owned, leased, licensed or operated by it or the character or location of its assets or properties (whether owned, leased or licensed) or nature of its activities makes such qualification or licensing necessary. Schedule 3.1(a) sets forth each jurisdiction in which the Company is qualified or licensed to do business. The Company has made available to Parent true and complete copies of its organizational and governance documents, including the Charter, its bylaws and all preferred financing documents currently in effect, including all amendments thereto (collectively, the "**Charter Documents**"). The Company is not in violation of any of its Charter Documents and none of the terms or provisions set forth in this Agreement constitute a default, violation or breach of any Charter Document. Schedule 3.1(b) sets forth a list as of the Agreement Date of all of the current officers and directors of the Company.

Section 3.2 Subsidiaries.

(a) Other than the Subsidiaries, the Company does not currently have, and has never had, any subsidiaries. No Subsidiary currently has, and has never had, any subsidiaries. There is no obligation, contingent or otherwise, on the part of either the Company or any Subsidiary to provide funds to, or make any investment in (in the form of a loan, capital contribution or otherwise), or provide any guarantee with respect to the obligations of, any other Person.

(b) The India Subsidiary is a private limited company duly formed, validly existing and in good standing under the laws of India. The India Subsidiary has all requisite private limited company power and authority to own, operate and lease its assets and properties. The India Subsidiary is duly qualified or licensed to do business, and is in good standing, in each jurisdiction where the character

of the properties owned, leased, licensed or operated by it or the character or location of its assets or properties (whether owned, leased or licensed) or nature of its activities makes such qualification or licensing necessary. Schedule 3.2(b) sets forth each jurisdiction in which the India Subsidiary is qualified or licensed to do business. The India Subsidiary has made available to Parent true and complete copies of its organizational and governance documents currently in effect, including all amendments thereto. The India Subsidiary is not in violation of any of its organizational or governance documents and none of the terms or provisions set forth in this Merger Agreement constitute a default, violation or breach of any such organizational or governance documents. The India Subsidiary is in compliance with applicable Laws, including, without limitation, any and all requirements to make regulatory filings under the Indian Companies Act, 2013 and the foreign exchange laws of India. Schedule 3.2(b) sets forth a list as of the Agreement Date of all of the current officers and directors of the India Subsidiary.

(c) Schedule 3.2(c) sets forth the number, class and beneficial owner of all issued and outstanding equity securities of the India Subsidiary as of the Agreement Date, and no equity securities of the India Subsidiary will be issued or outstanding as of the Closing Date that are not set forth on Schedule 3.2(c). All issued and outstanding equity securities and Equity Interests of the India Subsidiary (i) have been duly authorized and validly issued, are fully paid and nonassessable, including by way of delivery of duly stamped and executed share certificates to each of the holders of such equity securities of the India Subsidiary, (ii) were offered, issued, sold and delivered by the India Subsidiary in compliance with applicable Law, the formation, organizational and governance documents of the India Subsidiary, and all requirements set forth in applicable Contracts, and (iii) are not subject to vesting, forfeiture, any right of rescission, right of first refusal or preemptive right under applicable Law, the organizational and governance documents of the India Subsidiary or any Contract to which the Company or the India Subsidiary is a party.

(d) The U.S. Subsidiary is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware. The U.S. Subsidiary has all requisite limited liability company power and authority to own, operate and lease its assets and properties. The U.S. Subsidiary is duly qualified or licensed to do business, and is in good standing, in each jurisdiction where the character of the properties owned, leased, licensed or operated by it or the character or location of its assets or properties (whether owned, leased or licensed) or nature of its activities makes such qualification or licensing necessary. Schedule 3.2(d) sets forth each jurisdiction in which the U.S. Subsidiary is qualified or licensed to do business. The U.S. Subsidiary has made available to Parent true and complete copies of its formation and governance documents currently in effect, including all amendments thereto. The U.S. Subsidiary is not in violation of any of its formation or governance documents and none of the terms or provisions set forth in this Agreement constitute a default, violation or breach of any such formation or governance documents. Schedule 3.2(d) sets forth a list as of the Agreement Date of all of the current officers and managers of the U.S. Subsidiary.

(e) Schedule 3.2(e) sets forth the number, class and beneficial owner of all issued and outstanding Equity Interests of the U.S. Subsidiary as of the Agreement Date, and no Equity Interests of the U.S. Subsidiary will be issued or outstanding as of the Closing Date that are not set forth on Schedule 3.2(f). The Company owns and, at all times since the Company's acquisition of the Equity Interests of the U.S. Subsidiary on August 12, 2022, has owned (directly or indirectly) 100% of the issued and outstanding Equity Interests in the U.S. Subsidiary. There is no outstanding (i) equity appreciation right, option, restricted equity, "phantom" equity or any similar security or right that is derivative or provides any economic benefit based, directly or indirectly, on the value or price of any security of the U.S. Subsidiary or (ii) warrant, call, right, commitment, conversion privilege or preemptive or other right or Contract to purchase or otherwise acquire any Equity Interest of the U.S. Subsidiary, any security or debt convertible into or exchangeable for any Equity Interest of the U.S. Subsidiary or obligating the U.S. Subsidiary to grant, extend or enter into any such equity appreciation right, option, restricted equity, "phantom" equity, warrant, call, right, commitment, conversion privilege or preemptive or other right of the U.S. Subsidiary. There is no voting agreement, registration right, rights of first refusal, preemptive right, co-sale right or other similar right or restriction applicable to any outstanding security of the U.S. Subsidiary.

(f) All issued and outstanding Equity Interests of the U.S. Subsidiary (i) have been duly authorized, validly issued and are fully paid and nonassessable, (ii) were offered, issued, sold and

delivered by the U.S. Subsidiary in compliance with applicable Law, the organizational and governance documents of the U.S. Subsidiary, and all requirements set forth in applicable Contracts, and (iii) are not subject to vesting, forfeiture, any right of rescission, right of first refusal or preemptive right under applicable Law, the formation and governance documents of the U.S. Subsidiary or any Contract to which the Company or the U.S. Subsidiary is a party.

(g) The U.S. Subsidiary does not hold title to, or have any interest in, any other assets whatsoever other than 1% of the fully-diluted Equity Interests of the India Subsidiary. As of the date hereof, the U.S. Subsidiary has no employees and does not engage any independent contractors or consultants, nor has the U.S. Subsidiary had any employees, independent contractors or consultants within the three (3) year period prior to the Agreement Date.

(h) Immediately prior to its dissolution on February 27, 2023, and for the one (1) year period prior to its dissolution, C2b Solutions had no operations, assets or liabilities.

Section 3.3 Power, Authorization and Validity.

(a) Power and Authority. The Company has all requisite corporate power and authority to enter into, execute, deliver and perform its obligations under this Agreement and each of the Company Ancillary Agreements and to consummate the transactions contemplated hereby and thereby, subject only to receipt of the Stockholder Approval. The execution, delivery and performance by the Company of this Agreement and each of the Company Ancillary Agreements and the consummation of the transactions contemplated hereby or thereby, have been duly and validly approved and authorized by all requisite corporate action, subject only to receipt of the Stockholder Approval.

(b) Enforceability. This Agreement has been duly executed and delivered by the Company. This Agreement and each of the Company Ancillary Agreements are, or when executed and delivered by the Company shall be, assuming the due authorization, execution and delivery by Parent, the Merger Subs and the other Persons party hereto or thereto, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, subject to limitations on enforcement and other remedies imposed by or arising under or in connection with (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws now or hereafter in effect relating to or affecting rights of creditors generally, and (ii) rules of law and general principles of equity, including those governing specific performance, injunctive relief and other equitable remedies (clauses (i) and (ii), the "**General Enforceability Exceptions**").

(c) Board Approval. The board of directors of the Company has, at a meeting duly called and held, by a unanimous vote of the entire board of directors, or by a unanimous written consent in lieu thereof: (i) approved and declared advisable this Agreement, (ii) determined that the Mergers and other transactions contemplated by this Agreement are advisable, fair to, and in the best interests of the Company and the Company Securityholders and approved the same, (iii) approved the Company Ancillary Agreements and the transactions contemplated thereby, (iv) resolved to recommend to the Company Securityholders the adoption of this Agreement, and (v) directed that this Agreement be submitted to the Company Securityholders for adoption (such board approval in clauses (i) through (v), the "**Board Approval**").

(d) Required Vote of Company Securityholders. The affirmative vote or consent of the Requisite Stockholders are the only votes or consents of the holders of any class or series of Company Stock necessary to adopt or approve this Agreement, the Mergers, and the other matters set forth in the Written Consent, and, to the extent such approval is required, the Company Ancillary Agreements and the other transactions contemplated hereby and thereby (such vote or consent, the "**Stockholder Approval**"). Upon receipt of the Stockholder Approval, no further vote or consent of the holders of any class or series Company Stock is necessary to adopt this Agreement and approve the Mergers, the Company Ancillary Agreements, the transactions contemplated hereby and thereby and the other matters set forth in the Written Consent.

Section 3.4 Capitalization of the Company; Liquidation Waterfall; Indebtedness.

(a) Authorized, Issued and Outstanding Company Stock. The authorized capital stock of the Company consists solely of: (i) 6,246,450 shares of Company Preferred Stock (of which there are currently 5,899,047 shares of Company Preferred Stock issued and outstanding); and (ii) 12,500,000 shares of Company Common Stock (of which there are currently 4,158,925 shares of Company Common Stock issued and outstanding, of which 273,243 are shares of Company Restricted Stock. The Company Preferred Stock is comprised of: 711,645 shares of Company Preferred Stock that have been designated "Series A-1 Company Preferred Stock" (of which there are currently 711,645 shares of Series A-1 Company Preferred Stock issued and outstanding), 607,640 shares of Company Preferred Stock that have been designated "Series A-2 Company Preferred Stock" (of which there are currently 607,640 shares of Series A-2 Company Preferred Stock issued and outstanding), 939,194 shares of Company Preferred Stock that have been designated "Series A-3 Company Preferred Stock" (of which there are currently 939,194 shares of Series A-3 Company Preferred Stock issued and outstanding), 590,500 shares of Company Preferred Stock that have been designated "Series A-4 Company Preferred Stock" (of which there are currently 588,255 shares of Series A-4 Company Preferred Stock issued and outstanding), 1,610,471 shares of Company Preferred Stock that have been designated "Series B Company Preferred Stock" (of which there are currently 1,610,471 shares of Series B Company Preferred Stock issued and outstanding), 612,000 shares of Company Preferred Stock that have been designated "Series B-2 Company Preferred Stock" (of which there are currently 609,736 shares of Series B-2 Company Preferred Stock issued and outstanding), and 1,175,000 shares of Company Preferred Stock that have been designated "Series C Company Preferred Stock" (of which there are currently 832,106 shares of Series C Company Preferred Stock issued and outstanding). The number and class and series of issued and outstanding shares of Company Stock held by each Company Securityholder as of the Agreement Date is set forth on Schedule 3.4(a), no shares of Company Stock are issued or outstanding as of the Agreement Date that are not set forth on Schedule 3.4(a), and no shares of Company Stock will be issued or outstanding as of the Closing Date that are not set forth on Schedule 3.4(a), except for (i) shares of Company Common Stock issued upon the conversion of shares of Company Preferred Stock that are issued and outstanding on the Agreement Date, (ii) shares of Company Common Stock issued upon the exercise of outstanding Company Options listed on Schedule 3.4(c), (iii) shares of Company Stock issued upon the exercise of any Company Warrants listed on Schedule 3.4(d), and/or (iv) shares of Company Common Stock issued upon the conversion of any Company Convertible Notes listed on Schedule 3.4(e). The Company does not hold any treasury stock and does not otherwise own any shares of Company Stock. All issued and outstanding shares of Company Stock (x) have been duly authorized and validly issued, are fully paid and nonassessable, (y) were offered, issued, sold and delivered by the Company in compliance with applicable Law, the Company's Charter Documents, and all requirements set forth in applicable Contracts, and (z) are not subject to vesting, forfeiture, any right of rescission, right of first refusal or preemptive right under applicable Law or any Contract to which the Company is a party, other than the Company's Charter Documents. There is no Liability for dividends accrued and unpaid by the Company. Each share of Company Preferred Stock is convertible into one (1) share of Company Common Stock. Except as set forth on Schedule 3.4(a), the Company has not promised or otherwise committed (whether in writing or verbally, and whether in an offer letter, employment agreement, other Contract or otherwise) to make a grant to any Person of (i) an Equity Interest of the Company or (ii) an option or warrant to purchase any Equity Interest of the Company, which Equity Interest has not been issued or which option or warrant has not been granted, as of the Agreement Date.

(b) Company Restricted Stock. Schedule 3.4(b) sets forth a list of all Company Restricted Stock outstanding as of the Agreement Date, including (i) the name of the holder of such Company Restricted Stock, (ii) the number of shares of Company Restricted Stock held by each such holder, (iii) the date of grant applicable to such Company Restricted Stock and (iv) the vesting schedule applicable to such Company Restricted Stock. Except as set forth on Schedule 3.4(b), each grantee of Company Restricted Stock timely filed an election with the Internal Revenue Service under Section 83(b) of the Code with respect to each such grant. The Company deducted and withheld, and paid over to the applicable Governmental Authority, the amounts required to be deducted and withheld under the Code, or any provision of state, local or foreign Tax Law, and the Company complied with all reporting requirements under applicable Tax Law, with respect to the grant (in the case of Company Restricted Stock with respect to which a timely Section 83(b) election was made) or vesting (in the case of Company Restricted Stock with respect to which no timely Section 83(b) election was made) and timely reported. No shares of Restricted Stock will be accelerated (either fully or partially) in connection with, or prior to, Closing, except to the extent set forth on Schedule 3.4(b).

(c) Company Options. The Company has reserved an aggregate of 2,096,243 shares of Company Common Stock for issuance pursuant to the Company Equity Plan (including shares subject to outstanding Company Options). As of the Agreement Date, a total of 1,365,429 shares of Company Common Stock are subject to outstanding Company Options, 910,345 of which were vested and exercisable as of the Agreement Date. None of the outstanding Company Options may be exercised prior to vesting. Schedule 3.4(c) sets forth, as of the Agreement Date, for each Company Option: (i) the name of the holder thereof, (ii) the exercise price per share of Company Stock, (iii) the number of shares of Company Common Stock subject to such Company Option, (iv) the date of grant, and (v) the extent such Company Option is vested as of the Agreement Date. No Company Options will be accelerated (either fully or partially) in connection with, or prior to, Closing, except to the extent set forth on Schedule 3.4(c). True, complete and correct copies of the Company Equity Plan and the standard agreements under the Company Equity Plan have been made available to Parent. No agreement for Company Options or shares of Company Common Stock under the Company Equity Plan fails to conform to such standard agreement(s) under the Company Equity Plan. Neither the Company Equity Plan nor any such agreements have been amended, modified or supplemented since being made available to Parent, and there are no agreements, understandings or commitments to amend, modify or supplement the Company Equity Plan or such agreements in any case from those made available to Parent. The terms of the Company Equity Plan permit the treatment of Company Options as provided herein, without the consent or approval of any Company Optionholders, the Company Securityholders or any other Person other than the board of directors of the Company, which board approval was obtained prior to the execution and delivery of this Agreement by the Company. No Company Options are subject to any right of rescission, right of first refusal or presumptive right. All Company Options have been issued and granted in accordance with the terms of the Company Equity Plan and in compliance with applicable Law and all requirements set forth in applicable Contracts. No Company Option has been granted with an exercise price less than fair market value of a share of Company Common Stock on the date on which the grant of such Company Option was by its terms to be effective. No Company Options are "out of the money" in connection with the transactions contemplated by this Agreement (meaning that in no event will the formulas set forth in Section 2.3(a)(iv)(1) or Section 2.3(a)(iv)(2) (assuming that payment of the maximum Earn-Out Amount is achieved) render an amount of $0 (zero) or less than $0 (zero) with respect to any Company Option). All Company Options that were ever issued by the Company ceased to vest on the date on which the holder thereof ceased to be an employee, consultant or director of the Company, except to the extent set forth on Schedule 3.4(c). Each exercise of Company Options and the payment of cash in respect thereof complied and will comply with the terms of the Company Equity Plan, all Contracts applicable to such Company Options and all applicable Laws.

(d) Company Warrants. As of the Agreement Date, 252,328 shares of Company Stock are issuable upon the exercise of outstanding, unexercised Company Warrants. Schedule 3.4(d) sets forth a complete and correct list of all outstanding Company Warrants as of the Agreement Date, including with respect to each such warrant: (i) the number of shares, class and series of Company Stock, as applicable, subject to such Company Warrant; (ii) the name of the holder; (iii) the grant date; (iv) the exercise or purchase price of such Company Warrants; and (v) the expiration date of each such Company Warrant. All issued and outstanding Company Warrants (x) have been duly authorized and validly issued, (y) were offered, issued, sold and delivered by the Company in compliance with applicable Law, the Company's Charter Documents, and all requirements set forth in applicable Contracts, and (z) are not subject to vesting, forfeiture, any right of rescission, right of first refusal ore preemptive right under applicable Law, the Company's Charter Documents or any Contract to which the Company is a party. The Company Warrants were not issued pursuant to any compensatory agreement.

(e) Company Convertible Notes. As of the Agreement Date, Company Convertible Notes with original principal amounts equal to $5,457,604.70 in the aggregate, are currently outstanding. Schedule 3.4(e) sets forth a complete and correct list of all outstanding Company Convertible Notes as of the Agreement Date, including with respect to each such note: (i) the original principal amount of such Company Convertible Note; (ii) the name of the holder; (iii) the grant date; (iv) the interest rate; (v) the maturity date thereof; and (vi) a description of any liquidation or other payment preference due in connection with each Company Convertible Note in connection with the Mergers. All issued and outstanding Company Convertible Notes (x) have been duly authorized and validly issued, (y) were offered, issued, sold and delivered by the Company in compliance with applicable Law, the Company's Charter Documents, and all requirements set forth in applicable Contracts, and (z) are not subject to

forfeiture, any right of recission, right of first refusal or preemptive right under applicable Law, the Company's Charter Documents or any Contract to which the Company is a party. The Company Convertible Notes were not issued pursuant to any compensatory arrangement.

(f) No Other Rights. Except for the Company Options listed on Schedule 3.4(c), the Company Warrants listed on Schedule 3.4(d), the Company Convertible Notes listed on Schedule 3.4(e) and the conversion rights of the Company Preferred Stock, there is no outstanding (x) stock appreciation right, option, restricted stock, "phantom" stock or any similar security or right that is derivative or provides any economic benefit based, directly or indirectly, on the value or price of any security of either the Company or any Subsidiary or (y) warrant, call, right, commitment, conversion privilege or preemptive or other right or Contract to purchase or otherwise acquire any share of Company Stock, any security or debt convertible into or exchangeable for Company Stock or obligating either the Company or any Subsidiary to grant, extend or enter into any such stock appreciation right, option, restricted stock, "phantom" stock, warrant, call, right, commitment, conversion privilege or preemptive or other right or Contract. Except under the agreements to be terminated in accordance with Section 8.2(l), there is no voting agreement, registration right, rights of first refusal, preemptive right, co-sale right or other similar right or restriction applicable to any outstanding security of either the Company or any Subsidiary.

(g) Liquidation Waterfall.

(i) The Merger will constitute a Deemed Liquidation Event (as defined in the Charter). The Charter provides that, in the event of a Deemed Liquidation Event:

(A) each holder of Series B/C Company Preferred Stock shall be entitled to receive, on a *pari passu* basis, before any payment shall be made to the holders of other series of Company Preferred Stock or shares of Company Common Stock by reason of their ownership thereof, an amount per share equal to the greater of (A) the applicable Series B/C Original Purchase Price (as defined in the Charter) applicable to such share plus any dividends declared but unpaid thereon, or (B) such amount per share as such holder would have received had the applicable series of Series B/C Company Preferred Stock been converted into Common Shares pursuant to Article Fourth, Section B.2.1.3 of the Charter immediately prior to such Deemed Liquidation Event (the amount so payable to the holders of Series B/C Company Preferred Stock, the "**Series B/C Liquidation Amount**", with the Series B/C Liquidation Amount referenced in clause (A) being the "**Series B/C OIP Liquidation Amount**" and the Liquidation Amount referenced in clause (B) being the "**Series B/C As-Converted Liquidation Amount**");

(B) each holder of Series A Company Preferred Stock shall be entitled to receive, on a *pari passu* basis, after payment has been made in respect of the Series B/C Liquidation Amount but before any payment shall be made to the holders of shares of Company Common Stock by reason of their ownership thereof, an amount per share equal to the greater of (A) the applicable Series A Original Purchase Price (as defined in the Charter) applicable to such share plus any Accrued Dividends ((as defined in the Charter) thereon (whether or not declared) plus any dividends declared but unpaid thereon, or (B) such amount per share as such holder would have received had the applicable series of Series A Company Preferred Stock been converted into Common Shares pursuant to Article Fourth, Section B.2.1.3 of the Charter immediately prior to such Deemed Liquidation Event (the amount so payable to the holders of Series A Company Preferred Stock, the "**Series A Liquidation Amount**", with the Series A Liquidation Amount referenced in clause (A) being the "**Series A OIP Liquidation Amount**" and the Liquidation Amount referenced in clause (B) being the "**Series A As-Converted Liquidation Amount**"); and

(C) each holder of Company Common Stock shall be entitled to receive, on a *pari passu* basis, after payment has been made in respect of the Series B/C Liquidation Amounts and the Series A Liquidation Amounts, the remaining consideration payable in respect of such Deemed Liquidation Event, pro rata based on the number of shares of Company Common Stock held by each such holder.

(ii) With respect to the Closing Payment to be made pursuant to Section 2.4(c) hereof, the Preferred Liquidation Amounts in respect of all series of Company Preferred Stock shall be the Preferred OIP Liquidation Amount applicable to such series of Company Preferred Stock.

(iii) In the event that an Earn-Out Amount is paid pursuant to the terms of Section 2.12 hereof, it is possible that the Preferred Liquidation Amount in respect of the Series B Company Preferred Stock, the Series A-3 Company Preferred Stock, the Series A-2 Company Preferred Stock and/or the Series A-1 Company Preferred Stock may cease to be the Preferred OIP Liquidation Amount applicable to such series of Company Preferred Stock and, instead, may become the Preferred As-Converted Liquidation Amount applicable to such series of Company Preferred Stock. In all cases (regardless of whether or not any Earn-Out Amount is paid pursuant to the terms of Section 2.12 hereof), the Preferred Liquidation Amount in respect of the Series C Company Preferred Stock, Series B-2 Company Preferred Stock and the Series A-4 Company Preferred Stock shall remain the Preferred OIP Liquidation Amount applicable to such series of Company Preferred Stock.

(iv) All Company Warrants issued by the Company in respect of its Series C Preferred Stock are Out Of the Money Company Warrants.

(h) Indebtedness. Schedule 3.4(h) sets forth a true, correct and complete list of all Indebtedness of the Company and the Subsidiaries as of the Agreement Date, including, for each item of Indebtedness, the Contract(s) governing such item of Indebtedness. True, correct and complete copies of all such Contract(s) have been made available to Parent. All Indebtedness may be prepaid at the Closing without penalty under the terms of the Contract(s) governing such Indebtedness. [***].

Section 3.5 No Conflict; Consents.

(a) Neither the execution and delivery of this Agreement or any of the Company Ancillary Agreements by the Company, nor the performance of the Company's obligations hereunder or thereunder or the consummation of the transaction contemplated hereby or thereby, shall conflict with, result in a termination, breach, impairment, violation of (with or without notice or lapse of time, or both), acceleration of any obligation or loss of any benefit, or constitute a default, or require the consent (other than the Company's board of director approval and Written Consents contemplated hereby), release, waiver or approval of, or notice to, any third party, under: (i) any provision of any Charter Documents as currently in effect (or any provisions of any similar governing documents of any Subsidiary), (ii) any Law applicable to the Company and/or any Subsidiary or any of their respective assets or properties, (iii) any Company Material Contract to which the Company and/or any Subsidiary is a party or to which the Company and/or any Subsidiary or any of their respective assets or properties are bound, (iv) any Governmental Permit, (v) any privacy policy, terms of use or terms of service of the Company and/or any Subsidiary, or (vi) any judgment, decree or order to which the Company is subject.

(b) Except for (i) the filing of the First Certificate of Merger and the Second Certificate of Merger with the Secretary of State of the State of Delaware and (ii) as may be required under the HSR Act, neither the Company, any Subsidiary nor any of the Company Securityholders are required to give any notice to, make any declaration, filing or registration with, or obtain any consent, approval, release or authorization from, any Person or Governmental Authority in connection with the Mergers, this Agreement, the Company Ancillary Documents or the performance of the Company's obligations hereunder and thereunder.

Section 3.6 Litigation. Except Actions disclosed on Schedule 3.6, there is no, and during the past five (5) years there has not been any, Action pending or, to the Knowledge of the Company, threatened, against the Company or any Subsidiary (or against any officer, director, direct or indirect equity holder, independent contractor, employee or agent of the Company or any Subsidiary in his, her or its capacity as such or relating to his, her or its employment, services or relationship with the Company or any Subsidiary, as applicable). To the Knowledge of the Company, no event has occurred or circumstances exist that would reasonably be expected to give rise to or serve as a valid basis for the commencement of such Action. There is no judgment, decree, injunction, rule or order of any Governmental Authority, arbitrator or mediator binding on the Company, any Subsidiary or any of their respective assets or properties. Neither the Company nor any Subsidiary has any Action pending against any Governmental Authority or any other Person. In the event that any such Actions are disclosed or required to be disclosed on Schedule 3.6, (i) no such Actions have or are reasonably expected to have a Material Adverse Effect on the Company, any Subsidiary or the Business and (ii) complete, true and accurate copies of all pleadings, correspondence and other documents relating to such Actions have been made available to Parent.

Section 3.7 Taxes.

(a) Tax Returns, Taxes and Audits.

(i) Each of the Company and each Subsidiary (A) has, other than as disclosed on Schedule 3.7(a)(i), properly completed and timely filed all Tax Returns required to be filed by them, and all such Tax Returns are true, correct and complete in all material respects, (B) has timely paid all Taxes required to be paid by them for which payment was due (whether or not shown on any Tax Return), (C) has established an adequate accrual or reserve for the payment of all Taxes payable in respect of the periods or portions thereof prior to the Balance Sheet Date in accordance with GAAP and will establish an adequate accrual or reserve for the payment of all Taxes payable in respect of the periods or portion thereof through the Closing Date in accordance with GAAP, (D) has made (or will make on a timely basis) all estimated Tax payments required to be made sufficient to avoid any underpayment, penalties or interest, (E) has no Liability for Taxes in excess of the amount so paid or accruals or reserves so established, and (F) since the Balance Sheet Date, has not incurred any Liability for Taxes outside the Ordinary Course of Business or otherwise inconsistent with past custom and practice other than as a result of the transactions contemplated by this Agreement. Each of the Company and each Subsidiary has made available to Parent correct and complete copies of all federal, state and foreign income Tax Returns and other material Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by the Company and/or any Subsidiary, in each case filed or received for all taxable years remaining open under the applicable statute of limitations. Neither the Company nor any Subsidiary has been advised in writing that (x) any of their respective Tax Returns (federal, state or other) have been or are being audited or are currently under examination, or (y) any deficiency in assessment or proposed judgment to its federal, state or other Taxes exists.

(ii) No Tax Claim is currently pending or, to the Knowledge of the Company, threatened. No claim has ever been made by a Governmental Authority in a jurisdiction where the Company or any Subsidiary (as applicable) does not file Tax Returns that any of them is or may be required to file any Tax Return in that jurisdiction.

(iii) No Tax liens are currently in effect against any of the assets of the Company or any Subsidiary, other than liens for Taxes not yet delinquent. There is not in effect any waiver by the Company or any Subsidiary of any statute of limitations with respect to any Taxes and neither the Company nor any Subsidiary has agreed to any extension of time for filing any Tax Return that has not been filed. Neither the Company nor any Subsidiary has consented to extend the period in which any Tax may be assessed or collected by any Tax agency or authority which extension is still in effect.

(iv) Neither the Company nor any Subsidiary will be required to include any item of income in, or exclude any item of deduction from, taxable income for any Tax period (or

portion thereof) ending after the Closing Date as a result of any: (A) change in method of accounting made prior to the Closing Date for a taxable period ending on or prior to the Closing Date or use of an improper method of accounting for a taxable period ending on or prior to the Closing Date; (B) "closing agreement" as described in Section 7121 of the Code or other agreement with a Governmental Authority (or any similar provision of any applicable Law) executed before Closing; (C) intercompany transaction or excess loss account described in Treasury Regulations under Section 1502 of the Code (or any similar provision of any applicable Law); (D) installment sale or open transaction disposition made before Closing; (E) prepaid amount received before Closing; (F) election under Section 108(i) of the Code; or (G) election under Section 965(h) of the Code.

(v) Neither the Company nor any Subsidiary has been a United States real property holding corporation within the meaning of Code Section 897(c)(2) during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

(vi) Neither the Company nor any Subsidiary has distributed Equity Interests of another Person, or had its Equity Interests distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Code Sections 355 or 361.

(b) Withholding. All Taxes that each of the Company or any Subsidiary is or was required to withhold or collect in connection with any amount paid or owing to any employee, independent contractor, securityholder, nonresident, creditor or other third party have been duly withheld or collected and have been paid, to the extent required, to the proper Governmental Authority or other Person.

(c) Tax Status and Indemnification Obligations.

(i) Neither the Company nor any Subsidiary is now, and has ever been, a member of a consolidated, combined, unitary or aggregate group of which the Company was not the ultimate parent corporation. Neither the Company nor any Subsidiary has ever been a party to or bound by any Tax indemnity agreement, Tax sharing agreement, Tax allocation agreement or similar Contract that includes any Person, other than its current affiliated group (other than a Contract the primary purpose of which does not relate to Taxes).

(ii) Neither the Company nor any Subsidiary has any liability for Taxes of any Person (other than the Company or any Subsidiary) (A) under any Tax indemnity, Tax sharing or Tax allocation agreement or any other contractual obligation (excluding for this purpose, agreements where the primary purpose is not related to Taxes, such as leases, licenses or credit agreements), (B) arising from the application of Treasury Regulation Section 1.1502-6 or any analogous provision of state, local or non-U.S. Law, or (C) as a transferee or successor.

(iii) Neither the Company nor any Subsidiary has been a party to any joint venture, partnership or other arrangement or Contract that is treated as a partnership for federal income Tax purposes. The Company has at all times during its existence been classified for purposes of federal income Tax and all state and local income Tax as a C corporation. The U.S. Subsidiary has at all times during its existence been classified for purposes of federal income tax and all applicable state and local income Tax as an entity disregarded as separate from its owner. The Company uses, and has always used, the accrual method of accounting for income Tax purposes and the taxable year of the Company is the calendar year ending December 31.

(iv) Neither the Company nor any Subsidiary is, nor has either ever been, the beneficiary of any Tax exemption or Tax holiday.

(v) Neither the Company nor any Subsidiary has requested or received a ruling from any Tax authority or signed a closing or other agreement with any Tax authority.

(vi) Except with respect to the operations of the India Subsidiary in India, neither the Company nor any Subsidiary (A) has, and has ever had, a permanent establishment in

any country other than the country in which it is organized and resident, (B) has engaged in a trade or business in any country other than the country in which it is organized and resident that subjected it to Tax in such country, (C) is, and has ever been, subject to Tax in a jurisdiction outside the country in which it is organized or resident, or (D) is required to register in any jurisdiction for VAT purposes pursuant to applicable Law.

(vii) None of the assets of the Company nor any Subsidiary (i) directly or indirectly secures any debt the interest on which is tax-exempt under Section 103(a) of the Code, (ii) is tax-exempt bond financed property under Section 168(g)(5) of the Code, (iii) is tax-exempt use property within the meaning of Section 470(c)(2) or Section 168(h) of the Code, (iv) is subject to a motor vehicle operating lease under Section 7701(h) of the Code or any predecessor provision, or (v) is treated as owned by any other person pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately before the enactment of the Tax Reform Act of 1986.

(viii) The Company is not subject to any limitation under Section 197(f)(9) of the Code on its ability to amortize any "Section 197 intangible" as defined by Section 197(d)(1) of the Code and no assets of the Company constitute "Section 197(f)(9) intangibles" within the meaning of U.S. Treasury Regulations Section 1.197-2(h)(1)(i).

(d) Tax Matters Relating to the India Subsidiary. The India Subsidiary has filed all required returns, estimates, information statements and reports (collectively, "**India Returns**") with respect to Taxes required to be filed by it as per the timelines prescribed under applicable Law. All such India Returns as advised by the tax advisors were at the time filed, materially complete and correct. All Taxes which the India Subsidiary is required to withhold or collect have been withheld or collected and have been paid over to or will be paid over to the proper Governmental Authority as required and within applicable stipulated timelines. The India Subsidiary has not extended the time for the filing of any Tax Return or the assessment of deficiencies or waived any statute of limitations for any year, which extension or waiver is still in effect. No taxing authority having jurisdiction over the India Subsidiary is now assessing or has threatened to assert against the India Subsidiary any deficiency or claim for additional Taxes. The provisions and contingent liability for Taxes reflected in the Company Financial Statements that relate to the India Subsidiary are adequate to cover any Tax Liabilities of the India Subsidiary in respect of its business, properties and operations during the periods covered by the financial statements and all prior periods. All Taxes due and payable by the India Subsidiary have been paid. With respect to each Contract to which the India Subsidiary is a party and which either attracts stamp duty in any relevant jurisdiction or requires to be stamped with a particular stamp denoting that no duty is payable or that such instrument has been produced to a Tax authority in any jurisdiction: (i) such instrument has been produced to the relevant Tax authority; (ii) such Contract has been properly stamped, where relevant for the correct sum; and (iii) the India Subsidiary and each counterparty to that Contract has duly paid all stamp duty and interest, fines and penalties thereon respectively payable by it or them in accordance with the provisions of any agreement between them and applicable Law.

(e) No Tax Shelters. Neither the Company nor any Subsidiary has (i) any, and has ever had any, disclosure obligation under Section 6662 of the Code or comparable provisions of state, local or foreign Law or (ii) participated in any reportable transaction within the meaning of Treasury Regulations Section 1.6011-4(b) or any transaction that is substantially similar to any of those transactions.

(f) Transfer Pricing. The Company and its Subsidiaries are in compliance in all respects with all applicable transfer pricing laws, including the execution and maintenance of contemporaneous documentation substantiating the transfer pricing practice and methodology. All intercompany agreements have been adequately documented, and such documents have been duly executed in a timely manner. The prices for any services (or for the use of any property) provided by or to the Company or any Subsidiary are arm's-length prices for purposes of the relevant transfer pricing laws, including Treasury Regulations promulgated under Section 482 of the Code.

Section 3.8 Related Party Transactions. Except for (i) Company Benefit Arrangements disclosed on Schedule 3.17(h) and the Company's obligations thereunder, and (ii) the Contracts listed on

Schedule 3.8, neither the Company nor any Subsidiary is a party to any Contract with, or indebted, either directly or indirectly, to any Company Securityholder or any of the current or former officers, directors or employees of either the Company or any Subsidiary (collectively, the "**Related Parties**") or any of their respective relatives or Affiliates. Neither the Company nor any Subsidiary currently has any loans outstanding (as a lender or borrower) with any of the Related Parties or any of their respective relatives or Affiliates. To the Knowledge of the Company, none of the Related Parties, nor any immediate family member of a Related Party, has a direct ownership interest of more than five percent (5%) of the equity ownership of any firm or corporation that does business with, has any contractual arrangement with, or is a competitor of the Company, any Subsidiary or the Business. All Contracts to which each of the Company and any Subsidiary is a party are on arms' length terms.

Section 3.9 Company Financial Statements; Undisclosed Liabilities.

(a) Schedule 3.9 sets forth true, correct and complete copies of the Company Financial Statements. The Company Financial Statements: (i) are derived from the Books and Records of the Company and each Subsidiary (as the case may be), (ii) fairly present in all material respects the financial condition of the Company and each Subsidiary (as the case may be) at the dates therein indicated and the results of operations and cash flows of the Company and each Subsidiary for the periods shown therein, (iii) with respect to the financial statements relating to the Company and the U.S. Subsidiary, have been prepared in accordance with GAAP (except that the interim Company Financial Statements are subject to normal recurring year-end adjustments, the effect of which are not, individually or in the aggregate, material, and the absence of notes); and (iv) with respect to the financial statements relating to the India Subsidiary, have been prepared in accordance with the accounting policies of the India Subsidiary and Indian GAAP including the accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014.

(b) Neither the Company nor the U.S. Subsidiary has any Liabilities, except for (i) those specifically set forth and adequately reserved against on the Company Balance Sheet, (ii) those that were incurred after the Balance Sheet Date in the Ordinary Course of Business and (A) do not relate to breach of Contract, breach of warranty, tort, infringement, violation of Law, or any environmental liability or (B) do not result in obligations in the aggregate in excess of $25,000 and (iii) Transaction Expenses. The India Subsidiary has no Liabilities, except for those that are set forth and adequately reserved against on its balance sheet as of the Balance Sheet Date or that were incurred after the Balance Sheet Date in the Ordinary Course of Business and do not relate to breach of Contract, breach of warranty, tort, infringement, violation of Law, or any environmental liability. All reserves established by the Company and the U.S. Subsidiary that are set forth in or reflected in the Company Balance Sheet have been established in accordance with GAAP and are adequate. All reserves established by the India Subsidiary have been established in accordance with Indian GAAP (including accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014) and are adequate. Neither the Company nor the U.S. Subsidiary has any "off-balance sheet arrangement" within the meaning of Item 303 of Regulation S-K promulgated under the Securities Act.

Section 3.10 Title to Properties. The Company and the Subsidiaries collectively have good and marketable title to, or in the case of leased assets and properties, valid leasehold interests in, all of the assets and properties (whether real, personal, tangible, or intangible and including those shown on the Company Balance Sheet) used or held for use in, or necessary for, the operation of the Business, free and clear of all Encumbrances, other than Permitted Encumbrances. All machinery, vehicles, equipment and other material tangible personal property owned or leased by the Company or any Subsidiary, or otherwise used in the Business, have been regularly maintained, are in good operating condition and satisfactory repair (normal wear and tear excepted), are suitable for the uses for which they are intended, and are sufficient for the continued operation of the Business (in the manner conducted prior to the Agreement Date) following the Closing. All leases of real or personal property to which either the Company or any Subsidiary is a party are in full force and effect and afford the Company or any such Subsidiary a valid leasehold interest in, or license to use, the real or personal property that is the subject of such lease or license. All rents, required deposits and additional rents which are due under the terms of such leases have been paid in full.

Section 3.11 Absence of Certain Changes. Since December 31, 2023, the Business has been operated in the Ordinary Course of Business and there has not been any change, event or occurrence that has resulted in, or would reasonably be expected to result in, a Material Adverse Effect with respect to the Company, any Subsidiary or the Business. Since December 31, 2023, there has not been (with respect to the Company, any Subsidiary or the Business, as applicable) any:

(a) except for the amendment to the Charter filed with the Delaware Secretary of State on January 10, 2025, amendment or change in any of the Charter Documents of the Company or any of the formation, organizational or governance documents of any Subsidiary;

(b) incurrence, creation or assumption of (i) any Encumbrance on any of its assets or properties (other than Permitted Encumbrances) or (ii) any Indebtedness;

(c) acceleration or release of any vesting condition with respect to (i) any Equity Interest or (ii) the right to exercise any right to purchase or otherwise acquire any Equity Interest, or any acceleration or release of any right to repurchase Equity Interests upon a securityholder's termination of employment or services with it or pursuant to any right of first refusal;

(d) payment or discharge of any of their Liabilities except for (i) Liabilities shown on either the balance sheet dated December 31, 2023 included within the Company Financial Statements or incurred in the Ordinary Course of Business after December 31, 2023 or (ii) Transaction Expenses;

(e) purchase, license, sale, grant, assignment or other disposition or transfer, or any Contract for the purchase, license, sale, grant, assignment or other disposition or transfer, of any of its assets (including Company Intellectual Property Rights, Licensed IP and other intangible assets), properties or goodwill, other than the non-exclusive license of its Company Offerings to its customers pursuant to Standard EULAs and the non-exclusive license of Company Intellectual Property Rights to its vendors and suppliers in the Ordinary Course of Business;

(f) damage, destruction or loss of any material property or material asset having an individual value exceeding $10,000, whether or not covered by insurance, except ordinary wear and tear;

(g) declaration, setting aside or payment of any dividend on, or the making of any other distribution in respect of, its Equity Interests (including any Company Stock), or any split, combination or recapitalization of its Equity Interests (including any Company Stock) or any direct or indirect redemption, purchase or other acquisition of any Equity Interests or any change in any right, preference, privilege or restriction of any of its outstanding Equity Interests (other than repurchases of Company Stock in accordance with the Company Equity Plan or applicable Contracts in connection with the termination of service of employees or other service providers, in each case in effect on the Agreement Date and disclosed in the Disclosure Schedules);

(h) issuance of Equity Interests or any securities convertible or exchangeable for Equity Interests or promises or commitments with respect to the issuance of Equity Interests or any such convertible securities (other than shares of Company Common Stock issued upon exercise of Company Options or the grant of Company Options in the Ordinary Course of Business);

(i) creation or acquisition of any subsidiary or the acquisition of any shares or other securities of, or any direct or indirect Equity Interest in, any Person;

(j) hiring, termination or resignation of any officer, director, employee, independent contractor, agent or other service provider (solely to the extent any such independent contractor, agent or other service provider is a natural person or an entity wholly-owned by a natural person) or receipt by the Company or any Subsidiary of any notice with respect to any such resignation;

(k) change or increase in (or promise to change or increase) the compensation or benefits payable or to become payable to any current or former officers, directors, employees, independent contractors, agents, or other service providers (solely to the extent any such independent contractor, agent or other service provider is a natural person or an entity wholly-owned by a natural

person) or change or increase in or promise to change or increase, or any new commitment to provide any bonus, commission, pension, severance, change-of-control, retention, insurance or other benefit payment or arrangement (including any equity awards) with respect to any of such officers, directors, employees, independent contractors, agents or other service providers except as required by applicable Law or a written Contract in effect as of the Agreement Date and previously made available to Parent and disclosed in the Disclosure Schedules;

(l) Liability incurred by or to any Related Party, except for normal and customary compensation and expense allowances payable to officers and employees in the Ordinary Course of Business;

(m) loan, advance or capital contribution to, or any investment in, any Person (other than the advancement of travel expenses to employees in the Ordinary Course of Business);

(n) (i) entering into, amendment of, relinquishment, termination or nonrenewal of any Company Material Contract or Company Benefit Arrangement except as required by such Company Material Contract or Company Benefit Arrangement, or Law, or (ii) any default under such Company Material Contract or Company Benefit Arrangement;

(o) except as covered by the preceding clause (n), entering into of any Contract that by its terms requires or contemplates a current and/or future financial commitment, expense (inclusive of overhead expense) or obligation on its part that involves in excess of $50,000 for any single Contract (or $200,000 in the aggregate among all Contracts that are below $50,000) (other than such Contracts entered into in the Ordinary Course of Business), or acceleration, termination, modification, or cancellation of any Contract (or series of related Contracts) involving more than $50,000 (or $200,000 in the aggregate among all Contracts that are below $50,000);

(p) making or entering into any Contract with respect to any acquisition, sale or transfer of any material asset of the Business (other than with Parent and other than with respect to Contracts entered with customers of the Company or any Subsidiary (as the case may be) in the Ordinary Course of Business);

(q) adoption of a plan or agreement of complete or partial liquidation, dissolution, restructuring, consolidation or other reorganization;

(r) settlement or compromise of any claim, notice, audit report or assessment in respect of Taxes; amendment to or filing of any Tax Return; making of, change in, or revocation of any election in respect of Taxes; adoption, change in, or revocation of any accounting or Tax reporting methods or practices (including any change in depreciation or amortization policies or rates or revenue recognition policies) or any revaluation of any of its assets; surrender any right to claim a refund of Taxes; entering into of any Tax allocation, sharing or indemnity agreement or closing agreement relating to Taxes; or consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes;

(s) (i) deferral of the payment of any accounts payable other than in the Ordinary Course of Business, (ii) offering any new discount, rebate, credit, accommodation or other benefit to any customer (whether or not made in order to accelerate or induce the collection of any receivable) other than in the Ordinary Course of Business or (iii) extension or acceleration of collection or payment terms with customers or vendors;

(t) Action threatened or initiated by or against, or Action or threatened Action settled or otherwise resolved by, either the Company or any Subsidiary;

(u) capital expenditure made by the Company or any Subsidiary in excess of $25,000;

(v) entering into any new line of business; or

(w) any entry or commitment to enter into, any Contract to do any of the things described in the preceding clauses (a) through (v) (other than negotiations and agreements with Parent and its representatives regarding the transactions contemplated by this Agreement).

Section 3.12 Contracts, Agreements, Arrangements, Commitments and Undertakings. Schedule 3.12 sets forth a list of each Contract of the following types to which either the Company or any Subsidiary is a party or by which either the Company, any Subsidiary or any of their respective assets or properties is bound, including the applicable subsection(s) to which such Contract is responsive:

(a) any Contract providing for payments (whether fixed, contingent or otherwise) by or to either the Company or any Subsidiary in an aggregate annual amount of $50,000 or more;

(b) Reserved;

(c) any lead generation, dealer, distributor, reseller, OEM (original equipment manufacturer), VAR (value added reseller), sales representative or similar Contract under which any third party is authorized to sell, license, sublicense, lease, distribute, market or take orders for any Company Offering or provide marketing services (including referral partners) for the foregoing;

(d) any Contract that (i) provides for the authorship, invention, creation, conception or other development of any Intellectual Property Rights (A) by either the Company or any Subsidiary for any other Person or (B) for either the Company or any Subsidiary by any other Person, including, in the case of each of clauses (A) and (B), any joint development, and other than, in the case of clause (B), Company Employee Agreements, (ii) provides for the assignment or other transfer of any ownership interest in Intellectual Property Rights (1) to either the Company or any Subsidiary from any other Person or (2) by either the Company or any Subsidiary to any other Person, other than, in the case of clause (1), Company Employee Agreements, (iii) includes any grant of a license to access or use any Intellectual Property Right to any other Person by either the Company or any Subsidiary (other than, with respect to this subsection (iii) only, non-exclusive licenses granted to the end users or customers of the Business in the Ordinary Course of Business pursuant to the standard end user agreement(s) of either the Company or any Subsidiary, copies of which have been made available to Parent) ("**Standard EULAs**"), or (iv) includes any grant of a license to access or use any Intellectual Property Right either to the Company or any Subsidiary by any other Person (other than, with respect to this subsection (iv) only, licenses for (x) Open Source Software listed in Schedule 3.14(l) and (y) Commercially Available Software);

(e) any Contract that relates to a partnership, joint venture, joint marketing, joint development or similar arrangement with any other Person;

(f) any Company Employee Agreement or other Contract for or relating to the employment by the Company or any Subsidiary of any director, manager, officer, or employee (other than employee offer letters and confidentiality agreements based on the Company's template forms thereof (copies of which have been made available to Parent) to which no changes have been made (other than the employee's name, address, job title, and base salary/bonus amount));

(g) any Contract involving any bonus, commission, pension, profit sharing, retirement or any other form of deferred compensation or incentive compensation or any equity purchase, option, hospitalization, insurance or similar employee benefit plan or practice, whether formal or informal (other than employee offer letters, stock option award agreements, or restricted stock award agreements based on the Company's template forms thereof (copies of which have been made available to Parent) to which no changes have been made (other than the employee's name, address, job title, base salary/bonus amount, number of options or shares of restricted stock granted, exercise price (if applicable), vesting criteria (if applicable) and grant dates));

(h) any Contract involving any severance, sale bonus, change-of-control, retention or similar payments or benefits;

(i) any Contract with any advisor, consultant, independent contractor, leased employee, intern and/or volunteer pursuant to which the Company and/or any Subsidiary has paid in calendar year 2024, or will pay in calendar year 2025, in either case in excess of $75,000;

(j) any Contract relating to or evidencing any Indebtedness or otherwise placing an Encumbrance (other than a Permitted Encumbrance) on any asset of the Company or any Subsidiary, including any Contract that contains an earn-out or other similar contingent payment or obligation;

(k) any Contract that expressly restricts the Company or any Subsidiary from (i) engaging in any aspect of their respective businesses (including exclusivity provisions), (ii) participating or competing in any line of business, market or geographic area, (iii) freely setting prices for its products, services or technologies (including most favored customer pricing provisions), (iv) soliciting potential employees, independent contractors or other suppliers, vendors or customers, (v) subcontracting with any Person or (vi) using, accessing, transferring or storing any data outside of the United States, or any restriction on the use of technology, agents or personnel located outside of the United States;

(l) any Contract relating to the sale, issuance, grant, exercise, award, purchase, repurchase or redemption of any Equity Interests (including Company Stock) or any options, warrants, convertible notes or other rights to purchase or otherwise acquire any such Equity Interests (including Company Stock), other securities or options, warrants or other rights for the foregoing, other than those Contracts in substantially the form of the standard agreement evidencing the grant of Company Options under the Company Equity Plan made available to Parent;

(m) any Contract with any labor union or any collective bargaining agreement or similar Contract with the employees of the Business;

(n) any Contract relating to the settlement or other resolution of any Action or threatened Action (including any agreement under which any employment-related claim is settled);

(o) (i) any Contract that includes an obligation by the Company or any Subsidiary to indemnify any other Person against any claim of infringement or violation of any Intellectual Property Rights, and (ii) any other Contract of guarantee, indemnification or any similar commitment with respect to the Liabilities or indebtedness of any other Person, other than, in the case of each of clauses (i) and (ii), Standard EULAs or if such indemnification obligations are subject to limitations on liability that do not exceed an amount equal to the fees paid to the Company or any Subsidiary, respectively, in the twelve (12) months prior to such claim arising;

(p) any Contract pursuant to which the Company or any Subsidiary has acquired a business or entity, any securities of any entity, or any significant assets of a business or entity or any Contract that contains an earn-out or other similar contingent payment or obligation;

(q) any Contract that involves the sharing of profits with other Persons or the payment of royalties or referral fees to any other Person;

(r) any non-disclosure Contract or other Contract concerning the use or disclosure of Proprietary Information by, to, or from the Company or any Subsidiary that either (i) is not on the Company's or any Subsidiary's standard form of non-disclosure Contract that has been made available to Parent or (ii) does not (A) expire within five (5) years of the Agreement Date, (B) limit the use and disclosure of the confidential and Proprietary Information of the Company and/or any Subsidiary (as applicable) solely for the purposes of evaluating, negotiating or consummating a commercial relationship, and (C) require third parties that receive the confidential and Proprietary Information of the Company and/or any Subsidiary (as applicable) to return or destroy such information upon termination of discussions, the end of the term or upon the written request of the Company and/or any Subsidiary;

(s) any (i) lease or license with respect to material tangible personal property with aggregate lease/license payments due in any 12-month period thereunder exceeding $10,000, and (ii) real property lease or license;

(t) any Contract with any Governmental Authority, university, college or research center;

(u) all Contracts that require the Company or any Subsidiary to develop, improve or customize (i) any Company Offering or (ii) other functionality, product, service, Software or technology of the Business, unless, in each case, such development, improvement or customization has been fully completed and all related obligations under such Contract have been fully satisfied by the Company or any Subsidiary (as applicable);

(v) all Business Associate Agreements (which shall include whether the Company or any Subsidiary is acting as the Business Associate or as a subcontractor Business Associate or whether a Person is acting as a subcontractor Business Associate to the Company or any Subsidiary);

(w) all Contracts to provide or deliver any Company Offering or other products of the Business, or to support or maintain any Company Offering or other product of the Business, on, in conjunction with, or interoperating with any Third-Party Platform, which Third-Party Platform is not currently fully interoperable with such Company Offering or other product or service or with respect to which the Company or any Subsidiary must undertake any efforts to create such interoperability;

(x) all Contracts that require the Company or any Subsidiary to provide support for, customize or develop any third-party product, service or platform;

(y) all Contracts that are subject to an outstanding offer, bid, tender or proposal which by the acceptance or other act of some other Person would give rise to any contract, obligation or arrangement otherwise covered by this Section 3.12;

(z) all source code escrow Contracts or any other Contract (or any Contract obligating the Company or any Subsidiary, as applicable, to enter into a source code escrow Contract or other Contract) requiring the deposit of any source code or related materials for any Company Software, or that will otherwise result in, or entitle any Person to demand, the disclosure, delivery or license of any source code for any Company Software to any Person;

(aa) all cloud infrastructure vendor Contracts for the hosting of a Company Offering; or

(ab) any Contract not otherwise listed above that is material to the Company, any Subsidiary or their respective businesses, operations, financial conditions, properties or assets.

True, correct and complete copies of each Company Material Contract (including schedules, exhibits and amendments thereto), or summaries of any oral Company Material Contract, have been made available to Parent.

Section 3.13 No Default. Each of the Company Material Contracts is (i) in full force and effect, (ii) a valid and binding obligation of the Company or any Subsidiary (as applicable) and, to the Knowledge of the Company, the other parties thereto, and (iii) enforceable in accordance with its terms, subject to the General Enforceability Exceptions. There exists no breach or default or event of default under any Company Material Contract on the part of the Company or any Subsidiary (as applicable) or, to the Knowledge of the Company, with respect to any other contracting party, and there has not occurred any event, occurrence, condition or act (other than entering into this Agreement or consummating the Mergers, which are covered by Section 3.5(a)), with respect to the Company or any Subsidiary (as applicable) or, to the Knowledge of the Company, with respect to any other contracting party, which, with the giving of notice, the lapse of time or the happening of any other event or condition, would or would reasonably be expected to (1) become a default, event of default or breach under any Company Material Contract, or (2) give any third party (A) the right to declare a default or exercise any remedy under any Company Material Contract, (B) the right to accelerate the maturity or performance of any obligation of the Company or any Subsidiary (as applicable) under any Company Material Contract, or (C) the right to cancel, terminate or modify any Company Material Contract. Neither the Company nor any Subsidiary

has received any written, or, to the Knowledge of the Company, oral notice or other communication regarding (i) any actual or possible violation or breach of or default under, or intention to cancel or modify, any Company Material Contract or (ii) whether a counterparty to any Company Material Contract has commenced or is anticipated to commence a process for the re-procurement of such Company Material Contract or the negotiation of the underlying pricing or tariffs payable to the Company or any Subsidiary under any such Company Material Contract.

Section 3.14 Intellectual Property.

(a) Schedule 3.14(a) sets forth a true, correct and complete list of all (i) Registered Company Intellectual Property Rights, and (ii) material unregistered Marks and Copyrights owned or purported to be owned by, or exclusively licensed to, the Company or any Subsidiary. For each item of Registered Company Intellectual Property Rights, Schedule 3.14(a) lists (A) the record owner of such item, and, if different, the legal owner and beneficial owner of such item, (B) the jurisdictions in which such item is issued, registered or pending, (C) the issuance, registration or application dates and numbers of such item, and (D) for each Domain Name registration, the applicable Domain Name registrar, the name of the registrant and the expiration date for the registration.

(b) All necessary fees and filings with respect to any Registered Company Intellectual Property Rights have been timely submitted to the relevant Governmental Authorities and Domain Name registrars to maintain such Registered Company Intellectual Property Rights in full force and effect. There are no renewals, annuities, payments, fees, responses to office actions or other filings required to be made and having a due date with respect to any Registered Company Intellectual Property Rights within 120 days after the Agreement Date. No issuance or registration obtained and no application filed by the Company or any Subsidiary for any Intellectual Property Rights has been cancelled, abandoned, allowed to lapse or not renewed, except where the Company or any Subsidiary has, in its reasonable business judgment, decided to cancel, abandon, allow to lapse or not renew such issuance, registration or application. None of the Registered Company Intellectual Property Rights have been or are subject to any interference, derivation, reexamination (including *ex parte* reexamination, inter partes reexamination, inter partes review, post grant review or covered business method (CBM) review), cancellation, or opposition proceeding.

(c) The Company and the Subsidiaries (collectively) are the sole and exclusive owners of all right, title and interest in and to (i) all Registered Company Intellectual Property Rights and (ii) all other Company Intellectual Property Rights owned or purported to be owned by, or subject to an obligation to be assigned to, the Company or any Subsidiary (clauses (i) and (ii) collectively, the "Owned Company IP"), free and clear of all Encumbrances (other than Permitted Encumbrances). Either the Company or a Subsidiary (as applicable) has the sole and exclusive right to bring a claim or suit against a third party for infringement or misappropriation of Owned Company IP. The Company and each Subsidiary (as applicable) has all necessary written license agreements in place between each other in order to permit the Company and each such Subsidiary to exploit all Intellectual Property Rights in the Owned Company IP, correct and complete copies of which have been made available to Parent. Neither the Company nor any Subsidiary has granted any exclusive license with respect to any Owned Company IP. No Owned Company IP is subject to any claim, proceeding or outstanding decree, order, judgment, stipulation or Contract restricting in any manner, the use, transfer, or, (except for non-exclusive licenses listed in Schedule 3.12(d)(iii) and Standard EULAs in each case that would restrict the ability of the Company or any Subsidiary to grant exclusive licenses) licensing thereof by either the Company or any Subsidiary, or which may affect the validity, use or enforceability of such Company Intellectual Property Rights or Company Offering. All Company Intellectual Property Rights that are not Owned Company IP ("**Licensed IP**") are validly licensed either to the Company or a Subsidiary pursuant to (A) licenses contained in the Contracts listed on Schedule 3.12(d), (B) with respect to Commercially Available Software, the licensor's standard form end user license agreement, or (C) Open Source Software licenses listed in Schedule 3.14(l). The Company and the Subsidiaries (collectively) have (and will continue to have immediately following the Closing) valid and continuing rights (under such Contracts) to use, sell, license and otherwise exploit, as the case may be, all Licensed IP as the same are currently used, sold, licensed and otherwise exploited by the Business.

(d) All Owned Company IP is fully and freely transferable and assignable and may be transferred and assigned to Parent without restriction and without payment of any kind to any third Person. All Licensed IP is (or, upon Closing, will be) freely sublicensable to Parent, or the rights of the Company or any Subsidiary in such Licensed IP may otherwise be extended to Parent without restriction and without payment of any kind to any third Person (other than license fees or similar fees that the Company or any Subsidiary (as applicable) would have had to pay in any event under the terms of the applicable Contracts even without any such sublicense or extension of rights to Parent).

(e) The Owned Company IP and the Licensed IP constitute all of the Intellectual Property Rights that are used in or are necessary, and are sufficient, to enable the Company and the Subsidiaries to conduct the Business as it currently is conducted and as currently proposed to be conducted, including the design, development, manufacture, use, marketing, import for resale, distribution, licensing out and sale of any Company Offering and satisfaction of all related obligations under all Contracts of the Company and any Subsidiary. Additionally, the Business, as it is currently conducted and as currently proposed to be conducted, has all Intellectual Property Rights (including, without limitation, sufficient rights to content, including CPT codes and other third-party content including, without limitation, third-party assessments), facilities, personnel, experience and expertise sufficient in quality and quantity in order to timely and fully complete the development of Company Offerings in accordance with any Contracts.

(f) Neither the conduct of the Business as it is currently conducted or currently contemplated to be conducted, nor any Company Offering (i) has been or is infringing, misappropriating (or resulting from the misappropriation of), diluting, using without authorization, or otherwise violating any Intellectual Property Rights of any third Person or (ii) to the Knowledge of the Company, has been or is constituting (and, when conducted following the Closing in substantially the same manner, will not constitute) unfair competition or trade practices under the Laws of any relevant jurisdiction. No Mark owned or used either by the Company or any Subsidiary in the conduct of the Business infringes, or, to the Knowledge of the Company, is infringed by or is confusingly similar to, any other Mark not owned by the Company or a Subsidiary or to which the Company or a Subsidiary does not have a valid and enforceable license to use such Mark in connection with the conduct of the Business.

(g) Neither the Company nor any Subsidiary has received any written notice from any Person (i) alleging any infringement, misappropriation, misuse, violation, dilution or unauthorized use or disclosure of any Intellectual Property Rights or unfair competition or (ii) challenging the ownership, use, validity or enforceability of any Owned Company IP. There is no basis for any Person to make any such allegation, invitation, or challenge. Neither the Company nor any Subsidiary has any reason to believe that any such claim is or may be forthcoming. Neither the Company nor any Subsidiary is in violation of the terms of any license agreement to access or use, or granting a right to access or use, any Intellectual Property Rights.

(h) To the Knowledge of the Company, no Person is infringing, misappropriating, misusing or violating any Company Intellectual Property Rights or Company Offering. Neither the Company nor any Subsidiary has made any written claim against any Person alleging any of the foregoing.

(i) Neither this Agreement nor the transactions contemplated by this Agreement will result in: (i) Parent, the Company, any Subsidiary, any Company Securityholder or any of their respective Affiliates granting to any third Person any right to or with respect to any Intellectual Property Rights owned by, or licensed to any of them (other than rights granted either by the Company or any Subsidiary on or prior to the Closing Date under Intellectual Property Rights held by either the Company or any Subsidiary (as applicable) as of the Closing Date) or being required to provide any source code for any Company Offering to any third Person (including any requirement to provide source code for any Company Offering pursuant to any source code escrow agreement) or (ii) Parent, the Company, any Subsidiary, any Company Securityholder or any of their respective Affiliates being obligated to pay any royalties or other license fees with respect to Intellectual Property Rights of any third Person in excess of those payable by the Company and/or any Subsidiary in the absence of this Agreement or the transactions contemplated hereby.

(j) Each of the Company and each Subsidiary has taken commercially reasonable measures to protect all Proprietary Information of the Business and all Proprietary Information of any third Person in the possession or control of the Business with respect to which either the Company or any Subsidiary has a confidentiality obligation. No such Proprietary Information has been authorized to be disclosed or, to the Knowledge of the Company, has been actually disclosed to any Person other than pursuant to a written confidentiality Contract restricting the disclosure and use of such Proprietary Information. Each current and former employee, director, advisor, consultant, and independent contractor of the Business that has been involved in the authorship, invention, conception, enhancement, modification or other development of any Owned Company IP has entered into an enforceable written non-disclosure and invention assignment Contract with the Company or any Subsidiary (as applicable) containing: (i) a present, irrevocable assignment to the Company or any Subsidiary (as applicable) of all right, title and interest in and to all such Intellectual Property Rights developed by such employee, consultant, independent contractor, or director in the scope of his, her or its employment or engagement with the Business and (ii) confidentiality provisions protecting such Intellectual Property Rights and all trade secrets and other Proprietary Information of the Company or any Subsidiary (including any information of any Person that the Company is obligated to maintain as confidential) to which such Person may have access (an "**Invention Assignment Agreement**") in a form made available to Parent prior to the Agreement Date. Without limiting the foregoing, all rights in, to and under all Intellectual Property Rights created by the founders of the Company for or on behalf of or in contemplation of the Business prior to their commencement of employment with the Company have been duly and validly assigned to the Company.

(k) Schedule 3.14(k) sets forth a true and correct list of all third party Software (other than Open Source Software set forth on Schedule 3.14(l)) that is (i) incorporated or embedded in or linked or bundled with any Company Software or (ii) except for Commercially Available Software, otherwise used by the Business (and, for each item required to be listed in subschedules (i) or (ii), the name of the licensor or owner of the Software and the Contract under which Software is licensed). None of the source code or related materials for any Company Software has been licensed or provided to, or used or accessed by, any Person other than employees and independent contractors of the Business who have entered into written confidentiality obligations with the Company or a Subsidiary with respect to such source code or related materials. Further, neither the Company nor any Subsidiary is required to provide any source code for any Company Software to any third Person and no third Person has any right to receive, access or use the source code of any Company Offering. Neither the Company nor any Subsidiary is a party to any source code escrow Contract or any other Contract (or a party to any Contract obligating either the Company or any Subsidiary to enter into a source code escrow Contract or other Contract) requiring the deposit of any source code or related materials for any Company Software, or that will otherwise result in, or entitle any Person to demand, the disclosure, delivery or license of any source code for any Company Offering to any Person. Other than Commercially Available Software licensed from Microsoft Corporation, the aggregate fees for Commercially Available Software did not exceed $50,000 in any periods included in the Financial Statements and the aggregate projected fees for Commercially Available Software did not exceed $50,000 for the fiscal year that ended December 31, 2024 and will not exceed $50,000 for the fiscal year ending December 31, 2025.

(l) Schedule 3.14(l) sets forth a list of all Open Source Software that is included, incorporated or embedded in, linked to, combined or distributed or made available with, or used in the delivery or provision of, any Company Software or any Company Offering, and accurately describes (i) Company Software or Company Offerings (if any) to which each such item of Open Source Software relates or if such item is used internally by or on behalf of the Business, and (ii) the manner in which such Open Source Software was incorporated, linked or otherwise used. Schedule 3.14(l) also lists (or provides a link to) the applicable license for each such item of Open Source Software. The Company and each Subsidiary fully complies with all license terms applicable to any item of Open Source Software disclosed, or required to be disclosed, in Schedule 3.14(l). No Open Source Software is or has been included, incorporated or embedded in, linked to, combined or distributed or made available with or used in the delivery or provision of any of the Software of the Company or any Subsidiary or any Company Offering, in each case, in a manner that (i) violates any Intellectual Property License applicable to such Open Source Software, (ii) subjects any Company Offering to any Copyleft License or that requires or purports to require the licensing of any Company Intellectual Property Rights, or any portion of any Company Offering other than such unmodified Open Source Software, for the purpose of making

derivative works, (iii) requires or purports to require the disclosure or distribution in source code form of any portion of a Company Offering other than such unmodified Open Source Software, (iv) imposes any restriction on the consideration to be charged for the distribution of any Company Offering, or (v) creates obligations for either the Company or any Subsidiary with respect to a Company Offering or grants to any third Person, any rights or immunities.

(m) The Company Software and Company Offerings are free from any material defect or bug, or material programming, design or documentation error. None of the Company Software or Company Offerings contains any malicious or surreptitious code or device, such as a virus, worm, time or logic bomb, disabling device, Trojan horse or other malicious or surreptitious code designed to (i) disrupt or damage any use of the Company Software or Company Offerings or related computer systems; (ii) erase, destroy or corrupt any files or data; or (iii) bypass any technical security measure, or masquerade as compliant, so as to obtain access to any of licensee's hardware or Software in contravention of such technical security measures.

(n) No government funding and no facilities of any university, college, other educational institution or research center were used in the development of any Owned Company IP or otherwise made available either to the Company or any Subsidiary for any other purpose. No Governmental Authority or any university, college or research center owns, purports to own, has any other rights in or to, or has any option to obtain any rights in or to, any Owned Company IP.

(o) No Contract pursuant to which the Company or any Subsidiary is obligated to provide maintenance, support or other, similar services with respect to a Company Offering obligates Parent, the Company, any Subsidiary or the Surviving Entity, after the Effective Time, to provide any improvement, enhancement, change in functionality, additional functionality or other alteration or addition to the performance of any Company Offering other than error corrections and upgrades if and when made available to customers of the Business generally. Neither the Company nor any Subsidiary has granted any third Person (other than independent contractors engaged by the Company) the right to furnish support or maintenance services with respect to any Company Offering to any other Person. Neither the Company nor any Subsidiary has undertaken any joint development or similar activities with any other Person.

(p) All Company Offerings that are Software are solely hosted on systems or servers that are either owned by the Company or a Subsidiary, or controlled by either the Company or a Subsidiary through a cloud infrastructure vendor. Neither the Company nor any Subsidiary distributes to customers or end users any Software for local or on-premises installation on such customers' or end users' equipment or devices.

Section 3.15 Privacy and Data Protection.

(a) The Company and each Subsidiary has provided accurate and complete disclosures with respect to their respective privacy policies and privacy practices, including providing all types of notice and obtaining all types of consent and/or authorization required of Company or any Subsidiary by HIPAA and any other applicable Privacy Law and/or mandated of Company or any Subsidiary by any contractual obligations to which the Company and any Subsidiary are subject. Such disclosures have not contained any material omissions related to the privacy policies and privacy practices of the Company or any Subsidiary. Except as set forth on and described in Schedule 3.15(a), no Contract other than Business Associate Agreements to which the Company or any Subsidiary is a party requires either the Company or any Subsidiary to submit, provide, obtain or maintain certifications or audits (including, without limitation, HITRUST certification, SOC1/2/3 audit reports, security risk assessments, vulnerability scans and/or penetration tests) by any third party that is not a Governmental Authority.

(b) The Company, the Subsidiaries and, to the Knowledge of the Company, each of their respective subcontractors and agents who store, maintain, transmit or have routine access to Personal Information, PHI, or User Data currently comply and, at all times during the six (6) years prior to the Closing, have complied (i) in all material respects with all applicable Privacy Laws; (ii) in all material respects with all of the then current policies and practices of the Company and any Subsidiary (as applicable) regarding privacy and data security; and (iii) with all contractual obligations to which the

Company and any Subsidiary are subject relating to the receipt, collection, compilation, use, storage, processing, sharing, safeguarding, security, disposal, destruction, disclosure, or transfer (including the transfer by or on behalf of the Business of Personal Information or User Data). Neither the Company nor any Subsidiary has received any claim or complaint regarding its or its agents' collection, use or disclosure of any Personal Information, PHI or User Data). Except as is set forth on Schedule 3.15(b), neither the Company, nor any Subsidiary nor, to the Knowledge of the Company, any of their respective subcontractors and agents collects, stores, uses, accesses, discloses or transfers Personal Information, PHI or User Data outside of the United States of America.

(c) Schedule 3.15(c) identifies all sources (including customers or employees) of Personal Information, PHI and User Data collected by or maintained by or on behalf of the Business (and the process by which such Personal Information, PHI or User Data is collected) and sets forth (i) all places, whether physical or electronic, where Personal Information and User Data is stored, (ii) which of the Company, any Subsidiary or their respective subcontractors or agents maintain such storage, and (iii) the data security policies that have been, or should have been pursuant to contractual obligations of the Company or any Subsidiary, adopted and maintained with respect to such storage.

(d) Neither the Company, nor any Subsidiary nor, to the Knowledge of the Company, any Business Associate of the Company or any Subsidiary has suffered any Breach of Unsecured Protected Health Information (as such terms are defined at 45 C.F.R. § 164.402) involving PHI. There have not been any actual or alleged incidents of, or claims or Actions related to, data security breaches, unauthorized access or use of any of the IT Systems, or unauthorized acquisition, destruction, damage, disclosure, loss, corruption, alteration, or use of any Personal Information, PHI, or User Data, whether held by the Company, any Subsidiary or any of any of their respective subcontractors, and there are no facts or circumstances which could reasonably serve as the basis for any such allegations or claims. Neither the Company nor any Subsidiary has notified, or been required by any applicable Privacy Laws to notify, any Person of any data security breach or incident involving Personal Information, PHI, or User Data. Neither the Company nor any Subsidiary has received any correspondence relating to, or notice of, any Actions, claims, investigations or alleged violations of, any applicable Privacy Laws with respect to Personal Information, PHI, or User Data from any Person, there is no such ongoing Action, claim, investigation or allegation, and there are no facts or circumstances which could form the basis for any such Action, claim, investigation or allegation.

(e) No investigation, inspection, audit or other proceeding involving allegations of any violation of HIPAA, Healthcare Laws or other Privacy Laws is threatened, pending, or, to the Knowledge of the Company, contemplated by any Governmental Authority or other third party against the Company, any Subsidiary or any of their respective subcontractors who store, maintain, transmit or have routine access to Personal Information, PHI, or User Data.

(f) The Company and each Subsidiary has implemented commercially reasonable, though in no event less than industry standard, organizational, physical, administrative and technical measures compliant with requirements of (i) applicable Privacy Laws and Healthcare Laws; (ii) all existing contractual obligations to which the Company and any Subsidiary are subject; and (iii) all written policies adopted by the Company and any Subsidiary, to protect the integrity, security and operations of the IT Systems, transactions executed thereby, and Company Data, including protecting against loss, damage, destruction, or unauthorized or unlawful access, use, modification, disclosure or other misuse. The IT Systems are adequate and sufficient (including with respect to working condition and capacity) for the operations of the Business, including reasonable and appropriate back-up and disaster recovery procedures, the Company and the Subsidiaries (collectively) own or have valid and enforceable rights to use all IT Systems and in the twenty-four (24) months prior to the Closing, there have been no material failures, crashes, security breaches, or other adverse events affecting the IT Systems. The Company and each Subsidiary has taken commercially reasonable actions to protect the integrity of and to otherwise safeguard the IT Systems and the Company Data stored therein, processed thereon or transmitted therefrom from misuse or unauthorized use, access, disclosure or modification by third parties and there has been no such misuse or unauthorized use, access, disclosure or modification.

(g) The transfer of Personal Information, PHI, and User Data in connection with the transactions contemplated by this Agreement will not violate any of the Contracts of the Company or any

Subsidiary or applicable Privacy Laws, including, but not limited to, HIPAA, Healthcare Laws or the privacy policies of the Company as they currently exist or as they existed at any time during which any of the Personal Information, PHI, or User Data was collected or obtained by or on behalf of the Company or any Subsidiary.

(h) In connection with each third party servicing, outsourcing, processing, or otherwise using Personal Information, PHI, or User Data, the Company or a Subsidiary (as applicable) has contractually obligated each such third party, including through the use of Business Associate Agreements where required of the Company or the Subsidiary, to (i) comply with applicable Privacy Laws and Healthcare Laws with respect to Personal Information, PHI, and User Data, (ii) act only in accordance with the instructions of the Company or any Subsidiary (as applicable), (iii) take reasonable and appropriate steps to protect and secure Personal Information, PHI, and User Data from unauthorized disclosure, (iv) restrict use of Personal Information, PHI and User Data to those uses authorized or required under the servicing, outsourcing, processing, or similar arrangement, and (v) return or adequately dispose or destroy the Personal Information, PHI and User Data.

(i) Except for disclosures required by Law, authorized by or made to the provider of Personal Information or User Data, or provided for in the Contracts of Company or any Subsidiary listed in Schedule 3.15(i), neither the Company nor any Subsidiary has shared, sold, rented or otherwise made available, or communicated orally, in writing or by electronic or other means to third parties any Personal Information or User Data.

(j) Neither the Company nor any Subsidiary collects or otherwise processes any payment and/or credit card data and is not otherwise subject to the Payment Card Industry – Data Security Standards.

(k) The Company and each Subsidiary has: (i) regularly conducted and regularly conducts vulnerability testing, risk assessments, and external audits of, and tracks security incidents related to the IT Systems and products of the Business (collectively, "**Information Security Reviews**"); (ii) timely corrected any material exceptions or vulnerabilities identified in such Information Security Reviews; (iii) made available to Parent true and accurate copies of all Information Security Reviews; and (iv) timely installed Software security patches and other fixes to identified technical data security vulnerabilities.

(l) Neither the Company nor any Subsidiary has ever used web scraping, bots, spiders, indexing or similar methods or technology to collect data from the websites, online services or applications of any other Person. The Company has not directly or indirectly used credentials of any other Person to use or access any Third-Party Platform. Neither the Company nor any Subsidiary has, nor has the Company nor any Subsidiary received any written (or, to the Knowledge of the Company, oral) notice that any of them are in violation, breach or default of any Contract to which Company or any Subsidiary is subject (including, without limitation, any website's terms of use or privacy policy to which Company or any Subsidiary is subject) concerning the collection of data from websites, online services or applications of any other Person, and there has not occurred any event that with the lapse of time or the giving of notice or both would constitute such a violation, breach or default.

(m) Neither the Company nor any Subsidiary obtains any data from any other Person except for User Data. The Company and each Subsidiary (i) uses User Data solely for the benefit of such customer that provided the data and in accordance with the terms of such customer's Contract with Company or any Subsidiary and (ii) does not disclose User Data (whether aggregated, de-identified or otherwise modified) to any Person except for such customer's employees, subcontractors and agents, as requested by customer, or as otherwise explicitly permitted in the Contract with such customer. Neither the Company nor any Subsidiary performs data aggregation or de-identifies User Data except as set forth on Schedule 3.15(m) and in all instances, in accordance with applicable Privacy Laws and applicable Contracts to which Company or any Subsidiary is subject.

(n) The Company and each Subsidiary has all right, title and interest in and to data needed to fully and timely fulfill their respective contractual obligations to the Company's and/or any

Subsidiary's data licensee clients without additional data cleansing, migration, normalization or other substantial effort to prepare such data before usage or delivery.

Section 3.16 Compliance with Laws.

(a) The Company and each Subsidiary are, and have at all times in the six (6) years prior to the Closing been, in compliance in all material respects with all Laws applicable to or binding on them, their respective assets or properties or the Business. Neither the Company nor any Subsidiary has received any written notice (or, to the Knowledge of the Company, any oral notice) asserting any actual, alleged, possible or potential non-compliance with any Laws relating to the Company, any Subsidiary or the operation of the Business.

(b) The Company and each Subsidiary holds all permits, certifications, licenses, registrations and approvals from, and has made all filings with, Governmental Authorities that are required to be held to conduct the Business in compliance with applicable Law and applicable Contracts ("**Governmental Permits**"), and all such Governmental Permits are valid and in full force and effect. Neither the Company nor any Subsidiary has received any written notice or other written communication, or to the Knowledge of the Company, any oral notice or other oral communication, from any Governmental Authority regarding (i) any actual or possible violation of applicable Law or any Governmental Permit or any failure to comply with any term or requirement of any Governmental Permit or (ii) any actual or possible revocation, withdrawal, suspension, cancellation, termination or modification of any Governmental Permit, including as a result of the execution of this Agreement or consummation of the transactions contemplated hereby.

(c) The Company and each Subsidiary are, and have been for the six (6) years prior to the Closing, in compliance in all material respects with all Healthcare Laws. No event has occurred, and no condition or circumstance exists, that might (with or without notice or lapse of time) constitute or result directly or indirectly in a material violation by the Company or any Subsidiary of any Healthcare Law. All quality reporting practices are and have been conducted in accordance with any Contract obligations to which Company or any Subsidiary are subject related to quality reporting or attestation.

(d) The Company maintains a corporate compliance program consistent with the U.S. Department of Health and Human Services Office of Inspector General voluntary "General Compliance Program Guidance," issued November 2023, and has at all times conducted its operations in accordance with such compliance program in all material respects.

(e) Neither the Company nor any Subsidiary employs or contracts with any healthcare professionals or other healthcare providers to provide professional, medical or other healthcare or similar items, services or goods to or on behalf of the Company or any Subsidiary.

(f) During the six (6) years prior to the Closing, neither the Company nor any Subsidiary has received any written communication, notice, citation, suspension, revocation, limitation or warning from any Governmental Authority regarding: (i) any actual or alleged violation of, or failure to comply with, any Healthcare Law; or (ii) any actual or alleged obligation of the Company or any Subsidiary to undertake any remedial, corrective or response action of any nature of any such actual or alleged violation or failure to comply with any Healthcare Law. There is no civil, criminal, regulatory, administrative or other proceeding or audit pending or threatened in writing against the Company or any Subsidiary regarding any alleged violation of any Healthcare Law. There are no restrictions upon the Company or any Subsidiary that have resulted from conduct by the Company or any Subsidiary in violation of any Healthcare Law. Neither the Company nor any Subsidiary is now nor has never (i) been the subject of any third party audit or investigation and, to the Knowledge of the Company, there is no such audit or investigation threatened with respect to any alleged violation of Healthcare Law by the Company or any Subsidiary; (ii) been involved in or named as a defendant in any Action under the Civil or Criminal False Claims Act; or (iii) received or is currently responding to any search warrant, subpoena, or civil investigative demand from any Governmental Authority with respect to any alleged violation of Healthcare Law by the Company or any Subsidiary.

(g) Neither the Company, nor any Subsidiary nor any Company Securityholder with a direct or indirect ownership interest of five percent (5%) or more of the Company, nor any officer, manager, director, agent or employee of the Company or any Subsidiary has made any voluntary or self-disclosure to any Governmental Authority of any potential non-compliance with any Healthcare Law. Neither the Company nor any Subsidiary is or has been subject to any corrective action plan, corporate integrity agreement, deferred prosecution agreement, consent decree, settlement agreement or similar undertaking with or imposed by any Governmental Authority arising from any alleged violation of any Healthcare Law.

(h) Neither the Company, nor any Subsidiary nor any Company Securityholder with a direct or indirect ownership interest of five percent (5%) or more of the Company, nor any officer, manager, director, agent or employee of the Company or any Subsidiary has been excluded, suspended or debarred from participation in any Federal Health Care Program, the System for Award Management, or FDA program, or is or has been subject to any Action that could reasonably be expected to result in debarment, suspension, or exclusion. Neither the Company, nor any Subsidiary nor any Company Securityholder with a direct or indirect ownership interest of five percent (5%) or more of the Company, nor any officer, manager, director, agent or employee of the Company or any Subsidiary, has been convicted of, formally charged with or investigated for a Federal Health Care Program-related, System for Award Management-related, or FDA program-related material offense. Neither the Company nor any Subsidiary has arranged nor contracted with (by employment or otherwise) any Person that has been convicted of or pled guilty or nolo contendere to any federal or state criminal offense, been fired or subject to any disciplinary action under any state rules of professional conduct, or is or was ever excluded from participation in a Federal Health Care Program, System for Award Management, or FDA program for the provision of items or services for which payment may be made under such program(s). No exclusion, suspension, or debarment claims or other Actions relating to the Company or any Subsidiary are pending or, to the Knowledge of the Company, threatened against the Company, any Subsidiary or against any Company Securityholder with a direct or indirect ownership interest of five percent (5%) or more of the Company, nor any officers, managers directors, employees, or agents of the Company or any Subsidiary.

(i) Schedule 3.16(i) sets forth a list of all patient, consumer, or customer complaints made to the Company and/or any Subsidiary about the Company Offerings within the five (5) years prior to the Closing.

(j) Schedule 3.16(j) sets forth a list of (i) all "Business Associate Agreements" that differ in any material respect from the Company's or any Subsidiary's template Business Associate Agreement (true, correct and complete copies of which has been made available to Parent); and (ii) all subcontractor Business Associate Agreements.

Section 3.17 Employees and ERISA.

(a) Schedule 3.17(a)-1 accurately lists all current employees of the Company and each Subsidiary as of the Agreement Date, and Schedule 3.17(a)-2 accurately lists all former employees of the Company and each Subsidiary whose employment ended on or after January 1, 2023, and for each such current or former employee (as the case may be), his or her: (i) employer entity, (ii) job position or title, (iii) annualized base salary or hourly wage (as applicable), (iv) annual commission opportunity or bonus potential in calendar year 2024, (v) classification as full-time, part-time, intern, temporary or seasonal, (vi) classification as exempt or non-exempt under applicable state, federal or foreign overtime regulations, (vii) as of December 31, 2024, accrued but unused vacation balance and any other type of paid time off balance, (viii) visa type (if any), (ix) date of hire and (with respect to former employees) termination date, (x) work location, (xi) severance entitlements, if any, (xii) leave status (including anticipated return to work date), (xiii) any other compensation for which the employee is eligible; and (xiv) other than (i) severance amounts to be paid to those employees set forth on Schedule 5.7(a)(i) and any Declining Employees or (ii) retention bonus amounts to be paid to the Short-Term Hires set forth on Schedule 5.7(a)(iv), the total amount of bonus, severance, retention, change in control and/or other amounts to be paid to such employee at the Closing or otherwise in connection with the transactions contemplated hereby. All employees of the Company and the Subsidiaries (as applicable) are employed at will (which means that either the Company or the applicable Subsidiary (as applicable) can terminate

the employment relationship at any time, with or without notice, and for any or no reason or cause, and without any further liability on behalf of the Company or any Subsidiary). Schedule 3.17(a)-3 accurately lists all current (as of the Agreement Date) and former (engaged on or after January 1, 2023) independent contractors, consultants, leased workers and volunteers of the Company and each Subsidiary (solely to the extent any such independent contractor or consultant is a natural person or an entity wholly-owned by a natural person) , and any other individual who provides services to the Company or any Subsidiary and is classified other than as an employee, and for each such individual, his or her: (A) engaging entity, (B) fee or compensation arrangements, (C) commencement date and end date of agreement (if applicable), (D) service location; (E) description of services provided; (F) average hours worked per week; (G) notice required to terminate the relationship, (H) total amount of fees paid by the Company or the applicable Subsidiary in calendar year 2024; and (I) an indication of whether a written independent contractor or other written agreement exists setting forth terms and/or conditions of the individual's engagement with the Company or the applicable Subsidiary. The Company has made available to Parent all Contracts that the Company or any Subsidiary has signed with the individuals/entities listed on Schedule 3.17(a)-3.

(b) True, complete, correct and accurate details of the bonus schemes, commission schemes and other incentive schemes (if any, and including equity incentives) applicable to any of the employees of the Company and/or any Subsidiary are set forth on Schedule 3.17(b).

(c) In respect of each employee and independent contractor, the Company and each Subsidiary have performed all obligations and duties in all material respects they are required to perform under contract (including without limitation payment of all accrued wages, salaries and bonuses) or applicable Law.

(d) The Company and each Subsidiary have each correctly classified and paid employees as exempt employees and nonexempt employees under the Fair Labor Standards Act and other applicable Laws. All employees of the Company and each Subsidiary are, and have been since their respective start of employment, legally permitted to be employed by the Company or a Subsidiary (as applicable) in the jurisdiction in which such employee has been and is employed by the Company or a Subsidiary (as applicable). All independent contractors providing services to the Company or any Subsidiary have been properly classified and paid as independent contractors for purposes of applicable foreign, federal and state Tax Laws, Laws applicable to employee benefits, wage and hour Laws, and other Laws. Neither the Company nor any Subsidiary has any employment or consulting Contracts currently in effect that are not terminable at will (other than agreements for the protection of the Company and/or any Subsidiary providing for the confidentiality of Proprietary Information or assignment of inventions).

(e) Neither the Company, any Subsidiary nor any of their respective ERISA Affiliates: are liable for any (i) arrears of wages or any Taxes or any penalty for failure to comply with any Law; or (ii) payment to any trust or other fund governed by or maintained by or on behalf of any Governmental Authority with respect to unemployment compensation benefits, social security or any other applicable social insurance, or other benefits or obligations for employees of the Company or any Subsidiary (other than routine payments to be made in the Ordinary Course of Business). There are no pending or, to the Knowledge of the Company, threatened Actions against the Company or any Subsidiary under any worker's compensation policy or long-term disability policy.

(f) Neither the Company nor any Subsidiary is a party to or currently negotiating any collective bargaining or similar agreement with any labor union or organization, nor are any organized groups of its employees represented by any labor union. There is no, and in the past three (3) years there has been no pending, or to the Knowledge of the Company, threatened, labor dispute, work slowdown, work stoppage, or strike involving the Business, nor has there been any investigation by a Governmental Authority involving the Business. To the Knowledge of the Company, no employee or independent contractor of the Company or any Subsidiary currently intends to terminate his or her employment or engagement, and no employee or independent contractor of the Company or any Subsidiary has received an offer to join a business that may be competitive with the Business. Neither the Company nor any Subsidiary has, within the past five (5) years, been a party to any Action, or received written notice (or, to the Knowledge of the Company, oral notice) of any threatened or pending Action, in which either the Company or any Subsidiary was, or is, alleged to have violated any Contract or Law,

including but not limited to any Contract or Law relating to employment, including equal opportunity, discrimination, retaliation, harassment, immigration, wages, hours, unpaid compensation, classification of employees as exempt from overtime or minimum wage Laws, classification or workers as independent contractors, benefits, collective bargaining, the payment of social security and similar Taxes, occupational safety and health, and/or privacy rights of employees. There is no pending, threatened, and for the past five (5) years neither the Company nor any Subsidiary has received notice of any, investigation or audit by a Governmental Authority responsible for the enforcement of labor, immigration or employment regulations.

(g) In the past three (3) years, there has been no "mass layoff," "employment loss," or "plant closing" as defined by the WARN Act or any other Law in respect of the Business, and neither the Company nor any Subsidiary has been affected by any transaction or engaged in any lay-offs or employment terminations sufficient in number to trigger application of any such Law. During the ninety (90) day period preceding the date hereof, no employee or non-employee service provider of the Company or any Subsidiary has suffered an "employment loss" as defined in the WARN Act with respect to the Company or any Subsidiary.

(h) No employee or independent contractor of the Company or any Subsidiary is in violation of (i) any material term of any employment or independent contractor Contract or (ii) any term of any other Contract or any restrictive covenant relating to the right of any such employee or independent contractor to be employed by or to render services to the Business or to use Proprietary Information of others. The employment of any employee or engagement of any independent contractor by the Company or any Subsidiary (as applicable) does not subject either of them to Liability, including but not limited to Liability to any third party.

(i) Within the past five (5) years, neither the Company nor any Subsidiary has been a party to a settlement agreement with a current or former employee or independent contractor that relates in any way to allegations of sexual harassment or sexual misconduct, and to the extent that any other settlement agreements with a current or former employee or independent contractor have been entered into, neither the Company nor any Subsidiary has any outstanding Liabilities thereunder or in connection therewith. Within the past five (5) years, no allegations of sexual harassment or sexual misconduct have been made against any officer, director or employee of the Company or any Subsidiary.

(j) Schedule 3.17(j) sets forth a true, complete and correct list of every Company Employee Plan and each Company Employee Agreement (each a "**Company Benefit Arrangement**" and collectively, the "**Company Benefit Arrangements**"). True, complete and correct copies of the following documents, with respect to each Company Benefit Arrangement, where applicable, have previously been made available to Parent: (i) all documents embodying or other governing such Company Benefit Arrangement (or for unwritten Company Benefit Arrangement a written description of the material terms of such arrangement); (ii) the most recent IRS determination or opinion letter; (iii) the most recently filed IRS Form 5500; (iv) the most recent actuarial valuation report; (v) the most recent summary plan description (or other descriptions provided to employees) and all modifications thereto; (vi) all applicable non-discrimination test results or safe harbor participant notices for the preceding three (3) plan years; and (vii) all non-routine correspondence within the three (3) years preceding the Closing Date to and from any state or federal agency related to such Company Benefit Arrangement.

(k) The Insperity multiple employer 401(k) Plan is the only Company Employee Plan that is intended to qualify under Section 401(a) of the Code to which the Company or any ERISA Affiliate has any current or potential liability. Such 401(k) Plan has received a favorable opinion letter from the IRS with respect to such qualification, and with respect to the participation of the employees of the Company and each Subsidiary in such 401(k) Plan, there has been no action, inaction or other failure that is the responsibility of the Company or a Subsidiary under the agreement between the Company and Insperity that has required or would require self-corrections or IRS filings under the IRS Employee Plans Compliance Resolution System.

(l) Each Company Benefit Arrangement is and has been maintained and administered in accordance with its terms and with applicable Laws and regulations including without limitation ERISA, the Code, and the Affordable Care Act. There has been no nonexempt "prohibited

transaction," as such term is defined in Section 4975 of the Code or Section 406 of ERISA, in connection with which, directly or indirectly, the Company or any of its ERISA Affiliates, or any employee, officer, owner or other party to which the Company or any of its ERISA Affiliates would owe an obligation to indemnify, could be subject to either a penalty assessed pursuant to Section 502(i) of ERISA or a tax imposed by Section 4975 of the Code. No litigation or governmental administrative proceeding, audit or other proceeding or Action (other than those relating to routine claims for benefits) is pending or, to the Knowledge of the Company, threatened with respect to any Company Benefit Arrangement or any fiduciary or service provider thereof, and, to the Knowledge of the Company, there is no reasonable basis for any such litigation or proceeding. There has been no breach of fiduciary duties under Section 404 of ERISA with respect to any Company Benefit Arrangement by any employee, director, or owner of the Company or of any of its ERISA Affiliates. All payments and/or contributions of the Company or any Subsidiary required to have been timely made with respect to all Company Benefit Arrangements have been made, and all such payments and/or contributions not yet required to be made have been accrued in accordance with the terms of the applicable Company Benefit Arrangement, applicable Law and GAAP. Each Company Benefit Arrangement that is a group health plan within the meaning of Section 5000(b)(1) of the Code has been operated in compliance in all respects with (i) the notice and continuation requirements of Section 4980B of the Code, Title I of ERISA and similar state group health plan continuation laws, (ii) the applicable requirements of the Health Insurance Portability and Accountability Act of 1996, as amended, and (iii) the Patient Protection and Affordable Care Act, as amended. Notwithstanding the foregoing, with respect to any Company Benefit Arrangement which is sponsored or maintained by the Insperity professional employer organization, the preceding representations of this subsection (l) only apply to the extent of any action, inaction or other failure (if any) that would be the responsibility of the Company or a Subsidiary under the agreement between the Company and Insperity.

(m) Neither the Company nor any of its ERISA Affiliates has ever maintained, contributed to, or been required to contribute or has or had any Liability with respect to, including on account of any ERISA Affiliate (whether contingent or otherwise), to (i) a Multiemployer Plan or any employee benefit plan that is or was subject to Title IV of ERISA, Section 412 of the Code, Section 302 of ERISA, or (ii) except with respect to any employee benefit plan maintained by a professional employer organization, any funded welfare benefit plan within the meaning of Section 419 of the Code, any "multiple employer plan" (within the meaning of Section 210 of ERISA or Section 413(c) of the Code), or any "multiple employer welfare arrangement" (as such term is defined in Section 3(40) of ERISA). Neither the Company nor any of its ERISA Affiliates has ever incurred any Liability under Title IV of ERISA.

(n) None of the Company Benefit Arrangements: (i) provide health care or any other non-pension benefits to any employees after their employment is terminated (other than as required by Part 6 of Subtitle B of Title I of ERISA or similar state Law); or (ii) provide health, life or long-term disability benefits that are not fully insured through an insurance contract (other than a health flexible spending or medical savings account).

(o) No Company Benefit Arrangement is a "nonqualified deferred compensation plan" subject to Section 409A of the Code. No Company Benefit Arrangement has resulted or would, if operated in accordance with its terms, result in the payment by any participant therein of interest or additional tax on nonqualified deferred compensation under Section 409A(a)(1)(B) of the Code. Neither the Company, any Subsidiary nor any ERISA Affiliate has any obligation to gross-up, indemnify or otherwise reimburse any current or former employee, director, consultant or other service provider for any tax incurred by such service provider, including under Section 409A or 4999 of the Code.

(p) The Company and/or a Subsidiary (as applicable) has the right under the terms of each Company Employee Plan to terminate such plan (or with respect to any Company Employee Plan maintained by a professional employer organization, withdraw from participation in such plan) without the consent of any other party, and no additional contributions would be required to effect properly such termination. Each asset held under each Company Employee Plan may be liquidated or terminated without the imposition of any redemption fee, surrender charge or comparable liability other than ordinary administration expenses.

(q) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement will (i) result in any payment (including, without limitation, severance, unemployment compensation, golden parachute or otherwise) becoming due to any person under any Company Benefit Arrangement, (ii) increase any benefits otherwise payable under any Company Benefit Arrangement or confer any rights in the event of a change of control or other extraordinary transaction to any employee or consultant, contractor or salesperson, (iii) other than as contemplated by Section 3.4(c), result in any acceleration of the time of payment or vesting of any such benefits (other than with respect to any Company Benefit Arrangement terminated pursuant to Section 5.7(c)), (iv) result in the imposition on any person of an excise tax under Section 4999(a) of the Code or result in the payment of any amount that will fail to be deductible for federal income tax purposes by virtue of Section 280G of the Code or (v) will result in payment of any statutory benefits in respect of the employees.

(r) Except as set forth on Schedule 3.17(r), no Company Benefit Arrangement is subject to the laws of any jurisdiction outside the United States. To the Knowledge of the Company, any Company Benefit Arrangement subject to the laws of any jurisdiction outside the United States (i) complies with all applicable law of such jurisdiction (ii) if intended to qualify for special Tax treatment, meets all requirements for such treatment, (iii) is funded to the full extent required by applicable Law and has been accrued for on the Company Financial Statements to the full extent required by applicable generally accepted accounting principles and (iv) if required to be registered, has been registered with the appropriate Governmental Authorities and has been maintained in good standing with the appropriate Governmental Authorities.

(s) The Company and each Subsidiary has complied with all Laws relating to employment practices, terms and conditions of employment, leaves of absence, equal employment opportunity, non-harassment, non-discrimination, immigration (including immigration related hiring practices and benefits), wages, hours, benefits, collective bargaining, the payment of social security and similar Taxes and occupational health and safety.

(t) Neither the Company nor any Subsidiary has received any notice concerning, and there is not and has never been, any activities or proceedings of any labor union (or representatives thereof) to organize any employees, or of any strikes, slowdowns, work stoppages, lockouts or threats thereof, by or with respect to any employees and within the prior twelve (12) months, no such activities or proceedings are or were underway nor has the Company or any Subsidiary been the subject of any strikes, slowdowns, work stoppages, lockouts or threats thereof.

(u) The Company and each Subsidiary each has complied with any obligation any of them has pursuant to a Contract, policy, Law, or otherwise to provide severance payments and/or benefits to any current or former employee, independent contractor or other worker who is currently providing or previously provided services to the Company or any Subsidiary.

(v) The Company and each Subsidiary has properly and timely completed an I-9 form for every employee hired since November 1986 as required by the Immigration Reform and Control Act of 1986.

(w) Neither the Company nor any Subsidiary has received any notices or other correspondence from any government agency, including but not limited to U.S. Citizenship and Immigration Services, U.S. Department of Homeland Security, Homeland Security Investigations and Immigration and Customs Enforcement, relating to the employment authorization of employees or employer's compliance with the requirements of the Immigration Reform and Control Act of 1986, including but not limited to Notices of Inspection, Notices of Suspect Documents, Notices of Intent to Fine, Social Security "no match" letters.

(x) No employees of the Company or any Subsidiary are currently sponsored for non-immigrant or immigrant visa status by the Company or any Subsidiary.

(y) All employees and independent contractors of the Company and any Subsidiary have current and proper permission to work and remain in the country in which they are currently

employed or engaged. Each employee of the Company or any Subsidiary whose regular work location is in the United States is authorized under applicable Law to work in the United States and, in connection therewith, the Company and each Subsidiary are in compliance with all applicable immigration Laws, rules and regulations. Neither the Company nor any Subsidiary has violated the Immigration Reform and Control Act of 1986, including non-compliance with the form I-9 requirements.

Section 3.18 Books and Records.

(a) The Company and each Subsidiary has made and kept business records, financial books and records, personnel records, ledgers, sales accounting records, Tax records and related work papers and other books and records of the Business (collectively, the "**Books and Records**") that are true, correct and complete and accurately and fairly reflect, in all material respects, the business activities of the Company and each Subsidiary since the formation of such entities. At the Closing, the minute books, equity transfer books and other Books and Records will be in the possession of the Company or a Subsidiary (as applicable).

(b) Schedule 3.18(b) sets forth the names and locations of all banks, trust companies, savings and loan associations and other financial institutions at which the Company and any Subsidiary maintain accounts of any nature and the names of all Persons authorized to draw thereon or make withdrawals therefrom.

Section 3.19 Insurance. The Company and each Subsidiary maintain the policies of insurance and bonds set forth on Schedule 3.19, which include all legally required workers' compensation and other coverage in such amounts that cover such risks as are in accordance with normal industry practice for companies engaged in businesses similar to that of the Business, correct and complete copies of which have been made available to Parent ("**Insurance Policies**"). Schedule 3.19 sets forth (a) the name of the insurer under each such Insurance Policy, the entity that is the named insured under each such Insurance Policy, the type of Insurance Policy, policy number and the term and amount of coverage thereunder, and (b) all claims made under such Insurance Policy, or any other policy, within the prior five (5) years. There is no claim pending under any of such Insurance Policy as to which coverage has been questioned, denied or disputed by the underwriters of such policy or bond or for which its total value (inclusive of defense expenses) would reasonably be expected to exceed the applicable policy limits. All premiums due and payable under all such Insurance Policies have been timely paid, and the Company and each Subsidiary is otherwise in compliance in all material respects with the terms of such policies and bonds. All such Insurance Policies remain, and will remain immediately following the Closing (with respect to Insurance Policies of the India Subsidiary only), in full force and effect, and, to the Knowledge of the Company, no insurance provider has threatened to terminate or increase the premium with respect to, any of such Insurance Policies. Neither the Company nor any Subsidiary has any self-insurance or co-insurance programs. Neither the Company nor any Subsidiary has named any additional insureds under its Insurance Policies and is not required to do so under any Contract.

Section 3.20 Environmental Matters. The Company and each Subsidiary is and at all times has been in compliance in all material respects with all Environmental Laws. Neither the Company's nor any Subsidiary's operations require or have required any Governmental Permits or other governmental authorizations required under Environmental Laws. Neither the Company nor any Subsidiary currently does nor historically has generated, used, stored, treated, mixed, handled, transported, disposed of, recycled, emitted, discharged or released any wastewater, air emissions, stormwater, or Hazardous Material, including without limitation any medical waste or universal waste. To the Knowledge of the Company, there are no Hazardous Materials present on, in, under, migrating to, or migrating from any current or former real property owned, leased, or used by the Company, any Subsidiary or the Business. Neither the Company nor any Subsidiary has received any written notice (or, to the Knowledge of the Company, any oral notice or reasonable basis for such notice) or other written communication, whether from a Governmental Authority, citizens group, employee, neighboring property owners, or otherwise, (i) that the Company or any Subsidiary is not or has not been in compliance with any Environmental Law, (ii) that the Company or any Subsidiary is liable or responsible for any Liability under any Environmental Law, or (iii) requesting any investigation, remediation, mitigation or other documentation or otherwise regarding the potential presence of any Hazardous Material on, in, under, migrating to, or migrating from any current or former real property owned, leased, or used by the Company or any Subsidiary, or

(iv) regarding any potential Liability for any Hazardous Material generated, transported or disposed by the Company or any Subsidiary or any alleged or actual violation of any Environmental Law.

Section 3.21 Customers and Vendors.

(a) As of the Agreement Date, no Company Customer has terminated or cancelled its relationship with the Company, any Subsidiary or the Business. Neither the Company nor any Subsidiary has issued any material credits or made any material payments to a Company Customer pursuant to service level agreements or similar obligations in a Contract with respect to uptime, latency, support or maintenance. All Company Customers are current in their payment of invoices and neither the Company nor any Subsidiary has, and since January 1, 2022 has had, any material disputes with any Company Customer that remain unresolved. Schedule 3.21(a) sets forth the top twenty-five (25) customers of the Business based on revenue during the twelve-month period ending on the Balance Sheet Date (each a "**Significant Customer**"). Since January 1, 2022, neither the Company nor any Subsidiary has received any written or, to the Knowledge of the Company, oral or other notice or indication from any Significant Customer that such customer (i) is materially dissatisfied with the Business, (ii) will not continue as a customer of the Business, (iii) plans to stop or materially decrease the amount of business done with the Company or any Subsidiary, or (iv) intends to terminate, breach or request a material modification to existing Contracts with the Company or any Subsidiary. There are no warranty claims made, requests for service credits or refunds requested by any Significant Customer with respect to any Company Offerings except for normal warranty claims and refunds consistent with past history or in the Ordinary Course of Business.

(b) Schedule 3.21(b) sets forth the top twenty-five (25) vendors and suppliers of products and services to the Business based on amounts paid or payable by the Company or any Subsidiary to such vendors and suppliers during the twelve-month period ending on the Balance Sheet Date (each a "**Significant Vendor**"). The Company and each Subsidiary each are current in their respective payments consistent with the payment schedule for such Significant Vendor established and agreed in the Ordinary Course of Business to all Significant Vendors. Neither the Company nor any Subsidiary has, and since January 1, 2022 has had, any material dispute concerning Contracts with or products and/or services provided by any Significant Vendor. Since January 1, 2022, neither the Company nor any Subsidiary has received any written or, to the Knowledge of the Company, oral or other notice or indication from any Significant Vendor that such vendor or supplier (i) is materially dissatisfied with the Business, (ii) shall not continue as a vendor or supplier to the Business, (iii) plans to stop or materially decrease the amount of business done with the Business or (iv) intends to terminate, breach or not renew existing Contracts with the Company or any Subsidiary.

(c) The Company Offerings are only provided to third parties under the terms of the warranty set forth in the Standard EULAs as described in Schedule 3.21(c), and the Company Offerings have, at all times, conformed and complied in all material respects with respect to such terms of warranty.

(d) Schedule 3.21(d) sets forth a complete and correct list of all credits issued to Company Customers within the past two (2) years and a description of the circumstances related to such credit issuance. The Company has not entered into any Contract relating to the settlement or other resolution of any Action or threatened Action by a Company Customer.

(e) Schedule 3.21(e) sets forth a complete and correct list of each country (other than the United States) where one or more Company Customers is located.

Section 3.22 Accounts Receivable and Accounts Payable.

(a) Schedule 3.22(a) sets forth an accurate and complete aging of the accounts receivable of the Company and each Subsidiary as of the Agreement Date, both in the aggregate and by customer. All such accounts receivable derive from bona fide sales transactions entered into in the Ordinary Course of Business, are free of Encumbrances (other than Permitted Encumbrances) and are payable on the terms and conditions set forth in the applicable Contract. As of the Agreement Date, no such accounts receivable are subject to asserted claims by, or any other disputes with, customers.

(b) The accounts payable of the Company and each Subsidiary reflected in the Company Balance Sheet (or accrued since the date of the Company Balance Sheet) arose from bona fide arm's length transactions in the Ordinary Course of Business, and no such account payable or note payable is delinquent in its payment. Since the date of the Company Balance Sheet, the Company and each Subsidiary have each paid its respective accounts payable in the Ordinary Course of Business.

Section 3.23 Anti-Corruption and Anti-Bribery Laws.

(a) Neither the Company, any Subsidiary nor any of their respective directors, managers, officers or employees, nor, to the Knowledge of the Company, any of the Company's or any Subsidiary's respective agents, independent contractors or other representatives, or any other Person associated with or acting for or on behalf of the Business, has, directly or indirectly, in connection with the conduct of any activity of the Business: (i) made, offered or promised to make or offer any payment, loan or transfer of anything of value, including any reward, advantage or benefit of any kind, to or for the benefit of any foreign government official, candidate for public office, political party or political campaign (or any official of such party or campaign) (each a "**Foreign Person**"), for the purpose of (A) influencing any Foreign Person, (B) inducing such Foreign Person to do or omit to do any act in violation of a lawful duty, (C) obtaining or retaining business for or with any Foreign Person, (D) expediting or securing the performance of official acts of a routine nature, or (E) otherwise securing any improper advantage; (ii) paid, offered or agreed or promised to make or offer any bribe, payoff, influence payment, kickback, unlawful rebate or other similar unlawful payment of any nature; (iii) made, offered or agreed or promised to make or offer any unlawful contributions, gifts, entertainment or other unlawful expenditures; (iv) established or maintained any unlawful fund of corporate monies or other properties; (v) created or caused the creation of any false or inaccurate books and records related to any of the foregoing; or (vi) otherwise violated any provision of the Foreign Corrupt Practices Act of 1977, as amended, 15 U.S.C. §§78dd-1, et seq. ("**FCPA**"), the United Kingdom Bribery Act of 2010 (the "**Bribery Act**") or any other applicable anti-corruption or anti-bribery Law.

(b) The Company and each Subsidiary has established and maintains policies, procedures and internal controls designed to ensure compliance with the FCPA, the Bribery Act and all other applicable anti-corruption and/or anti-bribery Laws.

Section 3.24 Trade Compliance.

(a) Neither the Company nor any Subsidiary has, at any time, exported or re-exported any Company Offerings or proprietary technical data outside of the United States or India. The Company Software is classified as EAR99.

(b) Neither the Company nor any Subsidiary has been required to be registered or submit reports under, or hold any Governmental Permits with respect to, any Trade Control Laws. The Company and each Subsidiary is and, at all times in the past five (5) years has been, in compliance in all material respects with all applicable Trade Control Laws and other applicable U.S. and non-U.S. Laws and regulations related to the exportation or importation of Company Offerings, or other Software, hardware, articles, technology, technical data, and services. Neither the Company, any Subsidiary nor any of their respective employees, officers, managers or directors, nor to the Knowledge of the Company, any agent or other third party representative acting on behalf of the Company or any Subsidiary, is currently, or has been at any time during the past five (5) years: (i) a Sanctioned Person, (ii) engaging in any dealings or transactions with any Sanctioned Person or in any Sanctioned Destination, or (iii) otherwise in violation of applicable Trade Control Laws in any material respect. Neither the Company nor any Subsidiary currently maintains, and during the past five (5) years has maintained, (i) brokers, distributors, resellers, agents, or sales or marketing representatives in any jurisdiction outside of the U.S., or (ii) brokers, distributors, resellers, agents, or sales or marketing representatives outside the U.S. who sell or engage in business for the Company outside the U.S. In the past five (5) years, neither the Company nor any Subsidiary has (x) received from any Governmental Authority any written notice or inquiry; (y) made any voluntary or involuntary disclosure to a Governmental Authority; or (z) conducted any internal investigation or audit, in each case of clauses (x)-(z) immediately above, concerning any alleged violation of Trade Control Laws. There are no pending or, to the Knowledge of the Company, threatened claims that the Company or any Subsidiary has violated any Trade Control Law. Neither the

Company nor any Subsidiary has manufactured "defense articles," exported "defense articles" or furnished "defense services" or "technical data" to foreign nationals in the U.S. or abroad, as those terms are defined in the International Traffic in Arms Regulations (22 C.F.R. §§120 et seq.).

Section 3.25 Real Estate.

(a) Schedule 3.25(a) sets forth details of all land controlled, leased, subleased, licensed, used or occupied by the Company and/or a Subsidiary (as applicable) (collectively, the "**Properties**"). Neither the Company nor any Subsidiary has ever owned fee title to any real property.

(b) Each of the Properties is in a good and substantial state of repair and condition and fit for its current use.

(c) The Company and each Subsidiary, and any subtenant(s) of the Company and/or Subsidiary, have timely paid any and all rent and all other sums payable under the Contracts in respect of the Properties on or prior to the due dates for payment, and there is no rent review under the Contracts of the Properties currently in progress. The Company and each Subsidiary, and any subtenant(s) of the Company and/or Subsidiary, have timely complied in all material respects with the terms of the Contracts relating to each Property and, to the Knowledge of the Company, there are no defaults or .subsisting disputes or material breaches of obligations relating to any of the Properties by either the Company, each Subsidiary, and any landlords or subtenant(s) of the Company and/or Subsidiary. To the Knowledge of the Company, the existing use of the Properties by the Company and/or a Subsidiary, and any subtenant of the Company and/or a Subsidiary, is the lawful permitted use and all necessary consents to such existing use (if any) have been obtained.

(d) Neither the Company nor any Subsidiary: (i) is expecting to have to expend any substantial sum of money in respect of the Properties (other than rent payable under the Contracts) prior to the termination of the applicable Contracts; or (ii) have any existing or contingent Liability in respect of other property formerly owned or occupied by it under any Contract or as a surety for the obligations of any other person in relation to any property.

Section 3.26 No Brokers. Other than FASC, no agent, broker, investment banker, financial advisor or other Person is or will be entitled to any brokers' or finder's fee or any other commission or similar fee from the Company, any Subsidiary or the Business in connection with the Mergers, this Agreement or any of the transactions contemplated hereby.

Section 3.27 COVID-19. Neither the Company nor any Subsidiary has experienced any material business interruptions or material Liabilities arising out of, resulting from or related to COVID-19 or COVID-19 Measures, including those caused by: (i) disruptions to the supply chains applicable to the Business, (ii) the failure of the agents and service providers of the Business to timely perform services, (iii) labor shortages, (iv) any material reductions in demand, (v) any claim of force majeure by the Company, any Subsidiary or any counterparty with respect to any Contract to which the Company or any Subsidiary is a party, (vi) any default under a contractual obligation set forth in any Contract to which the Company or any Subsidiary is a party, (vii) non-fulfillment of services, (viii) restrictions on the operations of the Business, (ix) any reduction of hours of operations or reduced aggregate labor hours, or (x) the failure of either the Company or any Subsidiary to comply with any COVID-19 Measures.

Section 3.28 Disclosure. No representation or warranty or other statement made by the Company, any Subsidiary or any of the Company Representatives in this Agreement, the Disclosure Schedules, the certificates delivered pursuant to this Agreement or the Company Ancillary Agreements contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained herein and therein, in light of the circumstances under which such statements were made, not misleading.

Section 3.29 No Other Representations and Warranties. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN (A) THIS ARTICLE 3 (AS QUALIFIED BY THE DISCLOSURE SCHEDULE), (B) ANY COMPANY ANCILLARY

AGREEMENT OR (C) ANY CERTIFICATES DELIVERED PURSUANT HERETO OR THERETO, NEITHER THE COMPANY NOR ANY OTHER PERSON MAKES ANY EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES REGARDING THE COMPANY OR ITS BUSINESS INCLUDING (I) MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, (II) WITH RESPECT TO ANY PROJECTIONS, ESTIMATES OR BUDGETS HERETOFORE DELIVERED TO OR MADE AVAILABLE TO PARENT OR ITS COUNSEL, ACCOUNTANTS OR ADVISORS OF FUTURE REVENUES, EXPENSES OR EXPENDITURES OR FUTURE RESULTS OF OPERATIONS OF THE COMPANY OR (III) ANY OTHER INFORMATION OR DOCUMENTS (FINANCIAL OR OTHERWISE) MADE AVAILABLE TO PARENT OR ITS COUNSEL, ACCOUNTANTS OR ADVISORS WITH RESPECT TO THE COMPANY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 3.29 OR OTHERWISE, NOTHING SHALL LIMIT OR IMPAIR PARENT'S REMEDIES OR RIGHTS, OR BE DEEMED TO BE A WAIVER OF, ANY CLAIMS OF OR RELATED TO FRAUD.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF PARENT AND THE MERGER SUBS

Parent and each Merger Sub represent and warrant to the Company and the Company Securityholders as follows:

Section 4.1 Organization and Good Standing. Parent is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware and has the corporate power and authority to own, operate and lease its properties and to carry on its business as now conducted and as presently proposed to be conducted. Merger Sub I is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware. Merger Sub II is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware. Parent and each Merger Sub is duly qualified or licensed to do business, and is in good standing, in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its activities makes such qualification or licensing necessary, except where the failure to be so qualified or licensed would not, individually or in the aggregate, reasonably be expected to result in a material adverse effect on Parent's or either Merger Sub's ability to consummate the Mergers or to perform their respective obligations under this Agreement, the Parent Ancillary Agreements and the Merger Sub Ancillary Agreements.

Section 4.2 Power, Authorization and Validity.

(a) Power and Authority. Parent has all requisite corporate power and authority to enter into, execute, deliver and perform its obligations under this Agreement and each of the Parent Ancillary Agreements and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Parent of this Agreement and each of the Parent Ancillary Agreements and the consummation of the transactions contemplated hereby or thereby have been duly and validly approved and authorized by all necessary corporate action on the part of Parent. Each Merger Sub has all requisite corporate or limited liability company power and authority (as the case may be) to enter into, execute, deliver and perform its respective obligations under this Agreement and each of the Merger Sub Ancillary Agreements to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by each Merger Sub of this Agreement and each of the Merger Sub Ancillary Agreements to which it is a party and the consummation of the transactions contemplated hereby or thereby have been duly and validly approved and authorized by all necessary corporate or limited liability action on the part of such Merger Sub (as the case may be). Parent is the sole stockholder of Merger Sub I and the sole member of Merger Sub II. Each Merger Sub was formed solely for the purpose of engaging in the transactions contemplated by this Agreement, has engaged in no other business activities and has conducted its operations only as contemplated by this Agreement.

(b) Governmental Consents. No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Authority is necessary or required to be made or

obtained by Parent or either Merger Sub to enable Parent and the Merger Subs to lawfully execute and deliver, enter into, and perform their respective obligations under this Agreement, each of the Parent Ancillary Agreements (as to Parent) and the Merger Sub Ancillary Agreements (to be entered into by the applicable Merger Sub (as to such Merger Sub)) or to consummate the transactions contemplated hereby or thereby, except for (i) such consents, approvals, orders, authorizations, registrations, declarations and filings, if any, that if not made or obtained by Parent or the Merger Subs would not reasonably be expected to result in a material adverse effect on Parent's or the Merger Subs' ability to consummate the Mergers or to perform their respective obligations under this Agreement, the Parent Ancillary Agreements (as to Parent) and the Merger Sub Ancillary Agreements (as to the Merger Subs), (ii) the filing of the First Certificate of Merger and the Second Certificate of Merger with the Secretary of State of the State of Delaware, and (iii) any filings required under applicable securities Laws.

(c) Enforceability. This Agreement has been duly executed and delivered by Parent and each Merger Sub. This Agreement and each of the Parent Ancillary Agreements are, or when executed by Parent shall be, assuming the due authorization, execution and delivery by the Company and the other Persons party hereto or thereto, valid and binding obligations of Parent, enforceable against Parent in accordance with their respective terms, subject to the General Enforceability Exceptions. This Agreement and each of the Merger Sub Ancillary Agreements to be entered into by the Merger Subs are, or when executed by the applicable Merger Sub shall be, assuming the due authorization, execution and delivery by the Company or the other Persons hereto or thereto, valid and binding obligations of such Merger Sub, enforceable against such Merger Sub in accordance with their respective terms, subject to the General Enforceability Exceptions.

Section 4.3 No Conflict.

(a) Neither the execution and delivery of this Agreement, any of the Parent Ancillary Agreements (in the case of Parent) or any of the Merger Sub Ancillary Agreements (to be entered into by the applicable Merger Sub (as to such Merger Sub)) by Parent or the applicable Merger Sub, nor the consummation of the Mergers or any other transaction contemplated hereby or thereby, shall conflict with, or (with or without notice or lapse of time, or both) result in a breach, impairment, violation of or an acceleration of an obligation or loss of material benefit, or constitute a default under (a) any provision of the certificate of incorporation or bylaws of Parent or Merger Sub I or the certificate of formation or limited liability company agreement of Merger Sub II, each as currently in effect, (b) any Law applicable to Parent, either Merger Sub or any of their respective assets or properties or (c) any judgment, decree or order to which Parent or either Merger Sub is subject.

(b) Except for (i) the filing of the First Certificate of Merger and the Second Certificate of Merger with the Secretary of State of the State of Delaware and (ii) as may be required under the HSR Act, neither Parent nor the Merger Subs are required to give any notice to, make any declaration, filing or registration with, or obtain any consent, approval, release or authorization from, any Person or Governmental Authority in connection with the Mergers, this Agreement, the Parent Ancillary Documents, the Merger Sub Ancillary Documents or the performance of Parent's and the Merger Subs' obligations hereunder and thereunder.

Section 4.4 Parent Shares; Cash Resources. All shares of Parent Common Stock which may be issued pursuant to this Agreement will be, when issued in accordance with the terms of this Agreement for the consideration expressed herein, duly authorized and validly issued, fully paid and nonassessable, and will be free of restrictions on transfer other than restrictions set forth under any Restriction Agreement or under the Securities Act and any other applicable Law. Parent has sufficient cash resources to pay the cash portion of the Merger Consideration to be paid to the Company Securityholders pursuant to the terms hereof.

Section 4.5 Parent SEC Reports. A true and complete copy of each annual, quarterly and other report, registration statement, and definitive proxy statement filed by Parent with the SEC from and including February 22, 2024 through the Agreement Date (the "**Parent SEC Reports**") is available on the Web site maintained by the SEC at http://www.sec.gov. As of their respective filing dates, the Parent SEC Reports complied as to form in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder applicable to such Parent SEC Reports, and

none of the Parent SEC Reports, as of their respective filing dates, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except to the extent corrected by a subsequently filed Parent SEC Report.

ARTICLE 5

COVENANTS

Section 5.1 Advise of Changes. During the time period from the Agreement Date until the earlier to occur of (x) the Effective Time or (y) the termination of this Agreement in accordance with the provisions of Article 8 (the "**Executory Period**"), the Company shall promptly advise Parent in writing of: (a) any breach of any covenant or obligation of the Company or any Company Securityholder pursuant to this Agreement or any Company Ancillary Agreement; (b) any Material Adverse Effect with respect to the Company, any Subsidiary, any Company Securityholder or the Business; or (c) any change, event, circumstance, condition or effect that would cause, or reasonably be expected to cause, any of the conditions set forth in Section 7.1 or Section 7.2 not to be satisfied; provided, however, that the delivery of any notice by the Company pursuant to this Section 5.1 shall not be deemed to amend or supplement the Disclosure Schedules and shall not cure any breach of, or non-compliance with, any other provision of this Agreement or limit the right of Parent or any other Parent Indemnified Party to indemnification under Article 9 or any right of Parent to claim a failure of a condition to Closing set forth in Section 7.1 or Section 7.2, as applicable, with respect to any matters disclosed pursuant to this Section 5.1.

Section 5.2 Conduct of Business. During the Executory Period, the Company shall and shall cause each of the Subsidiaries to (and the Company Securityholders shall cause the Company to), continue to conduct the Business in the Ordinary Course of Business (except as otherwise expressly contemplated by this Agreement) and, notwithstanding the foregoing, the Company shall not (and shall cause the Subsidiaries not to), without Parent's prior written consent: (i) take any action that, had it been taken after the Balance Sheet Date but before the execution of this Agreement, would have been required to be disclosed in the Disclosure Schedules pursuant to Sections 3.11; provided that, to the extent any provision of Section 3.11 refers to a Company Material Contract, Company Employee Agreement or Company Employee Plan, such provision shall be deemed to apply to any Company Material Contract, Company Employee Agreement or Company Employee Plan as well as any Contract, plan, policy or other instrument that would have been a Company Material Contract, Company Employee Agreement or Company Employee Plan had it been entered into or adopted by the Company or any Subsidiary (as the case may be) as of the Agreement Date; or (ii) enter into any Contract with any direct customer of the Company, any Subsidiary or the Business or any indirect customer of the Company, any Subsidiary or the Business through a reseller to the extent that such direct or indirect customer is located outside of the United States. Neither the Company nor any Subsidiary may (and the Company Securityholders shall not permit or direct the Company or any Subsidiary to) distribute any Cash and Cash Equivalents following the Measurement Time.

Section 5.3 Approval of Company Securityholders.

(a) The Company shall use its commercially reasonable best efforts to obtain and deliver to Parent within twenty-four (24) hours following the execution and delivery hereof a true, correct and complete executed copy of the Written Consent evidencing the Stockholder Approval.

(b) As soon as is reasonably practicable following the execution and delivery of this Agreement, the Company shall, with the assistance of Parent, prepare an information statement (together with any amendments thereof or supplements thereto, the "**Information Statement**") to be used in connection with soliciting Support Agreements from all Company Securityholders (other than Major Stockholders who are delivering Support Agreements in connection with the execution of this Agreement) and soliciting approval of the matters set forth in the Written Consent in order to consummate the Mergers and the other transactions contemplated hereby, as well as to facilitate Parent's proposed issuance of the Parent Common Stock in the First Merger in reliance upon an exemption from registration under Section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder and applicable exemptions under state securities Laws. The Information Statement shall include, among other things, a

description of the terms of this Agreement, the Company Ancillary Agreements and the transactions contemplated hereby and thereby, the requisite notice of appraisal rights under the DGCL and the unanimous recommendation of the board of directors of the Company to the Company Securityholders to vote in favor of the approval and adoption of this Agreement, the Mergers, the other transactions contemplated hereby and the other matters set forth in the Written Consent. The Company will send the Information Statement to each Company Securityholder in connection with soliciting such solicitation and approval in accordance with applicable Law. The parties hereto shall cooperate with each other in connection with the preparation of the Information Statement, including by providing information reasonably necessary for the preparation of the Information Statement, and by accepting all reasonable comments suggested in connection therewith. Whenever any event occurs which should be set forth in an amendment or supplement to the Information Statement so that such document would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein not misleading, the Company or Parent, as the case may be, will promptly inform the other of such occurrence and cooperate in making any appropriate amendment or supplement to the Information Statement, and the Company shall thereafter deliver to the Company Securityholders such amendment or supplement. No amendment or supplement to the Information Statement will be made by the Company without the approval of Parent.

Section 5.4 No Other Negotiations.

(a) During the Executory Period, the Company shall not (and shall not cause or permit any Subsidiary to), and the Company Securityholders with knowledge regarding the Mergers shall not, authorize, encourage or permit any of their respective officers, directors, managers, employees, equityholders, Affiliates, agents, advisors (including any attorneys, financial advisors, investment bankers or accountants) or other representatives (collectively, "**Company Representatives**") to, directly or indirectly: (i) solicit, initiate, seek, consider, knowingly encourage, facilitate, support or induce the making, submission or announcement of any inquiry, expression of interest, proposal or offer that constitutes, or could reasonably be expected to lead to, an Acquisition Proposal; (ii) enter into, participate in, maintain or continue any communications (except solely to provide written notice as to the existence of these provisions) or negotiations regarding, or deliver or make available to any Person any non-public information with respect to, or take any other action regarding, any inquiry, expression of interest, proposal or offer that constitutes, or could reasonably be expected to lead to, an Acquisition Proposal; (iii) agree to, accept, approve, endorse or recommend (or publicly propose or announce any intention or desire to agree to, accept, approve, endorse or recommend) any Acquisition Proposal; (iv) enter into any letter of intent, term sheet, indication of interest, or Contract contemplating or otherwise relating to any Acquisition Proposal; or (v) submit any Acquisition Proposal to the vote of any Company Securityholders. For purposes of the preceding sentence, Company Securityholders will be deemed to have knowledge regarding the Mergers upon the Company's delivery of the Information Statement pursuant to Section 5.3(b). The Company and each Subsidiary will, and will cause the Company Representatives to, (A) immediately cease and cause to be terminated any and all existing activities, discussions or negotiations with any Persons conducted prior to or on the Agreement Date with respect to any Acquisition Proposal and (B) immediately revoke or withdraw access of any Person (other than Parent and its representatives) to any data room (virtual or actual, and including the Virtual Data Room) containing any non-public information with respect to the Company and/or any Subsidiary in connection with an Acquisition Proposal. If any Company Representative, whether in his, her or its capacity as such or in any other capacity, takes any action that the Company or any Subsidiary is obligated pursuant to this Section 5.4(a) to cause such Company Representative not to take, then the Company shall be deemed for all purposes of this Agreement to have breached its obligations under this Section 5.4(a).

(b) During the Executory Period, the Company shall promptly (but in any event, within twenty-four (24) hours) notify Parent orally and in writing after receipt by the Company or any Subsidiary (or, to the Knowledge of the Company, by any Company Representative), of any (i) Acquisition Proposal, (ii) inquiry, expression of interest, proposal or offer that would reasonably be expected to lead to an Acquisition Proposal, (iii) notice that any Person is considering making an Acquisition Proposal or (iv) request for non-public information relating to the Company or any Subsidiary or for access to any of the properties, books or records of the Company or any Subsidiary by any Person or Persons other than Parent and its representatives. Unless it will result in the Company breaching obligations under a non-disclosure agreement executed prior to November 27, 2024, such notice shall

describe (A) the material terms and conditions of such Acquisition Proposal, inquiry, expression of interest, proposal, offer, notice or request and (B) the identity of the Person(s) making any such Acquisition Proposal, inquiry, expression of interest, proposal, offer, notice or request.

(c) With respect to the Persons with whom discussions or negotiations concerning a potential transaction of the nature described in the definition of "Acquisition Proposal" have been terminated, the Company shall (and shall cause each Subsidiary to) use commercially reasonable efforts to obtain the return or destruction of, in accordance with the terms of any applicable confidentiality agreement, any Proprietary Information previously furnished to any such Person by the Company, any Subsidiary or any of the Company Representatives. The Company shall not (and shall cause the Subsidiaries not to) release any Person from, or waive any provision of, any confidentiality or standstill agreement to which the Company or any Subsidiary is a party, without the prior written consent of Parent.

Section 5.5 Access to Information. Unless requested by Parent, no modifications or alterations shall be made to the contents of the Virtual Data Room following the date that is two (2) Business Days prior to the Agreement Date. Within one (1) Business Day following the Agreement Date, the Company will deliver to Parent a digital copy of all documents and other information that was included in the Virtual Data Room on the Agreement Date. During the Executory Period, the Company shall (and the Company Securityholders shall cause the Company and the Subsidiaries to) provide Parent and its agents and advisors (including, without limitation, the R&W Policy underwriters and their respective advisors) reasonable access to the files, books, records, Contracts, personnel and offices of the Company and the Subsidiaries, including any and all information relating to the Taxes, Contracts, Liabilities, financial condition and real, personal and intangible property of the Company, any Subsidiary and the Business, subject to the terms of the Confidentiality Agreement.

Section 5.6 Satisfaction of Conditions Precedent; Antitrust Matters.

(a) During the Executory Period, the Company shall (and shall cause the Subsidiaries to) use commercially reasonable efforts to satisfy or cause to be satisfied all the conditions precedent set forth in Sections 7.1 and 7.2, and Company shall (and shall cause the Subsidiaries to) use commercially reasonable efforts to cause the Mergers and the other transactions contemplated by this Agreement to be consummated in accordance with the terms of this Agreement. In furtherance of, and without limiting, the foregoing, the Company shall use its commercially reasonable efforts to obtain as promptly as reasonably practicable after the Agreement Date and prior to the Closing Date, Written Consents and Support Agreements executed by each Company Securityholder and investor questionnaires substantially in the form attached as Exhibit P hereto (the "**Investor Questionnaires**"), executed and completed by each Company Securityholder.

(b) During the Executory Period, Parent shall use commercially reasonable efforts to satisfy or cause to be satisfied all of the conditions precedent set forth in Sections 7.1 and 7.3, and Parent shall use commercially reasonable efforts to cause the Mergers and the other transactions contemplated by this Agreement to be consummated in accordance with the terms of this Agreement.

(c) The Parent and the Company filed a Notification and Report Form with the U.S. Federal Trade Commission and the U.S. Department of Justice concerning clearance for the Transaction under the HSR Act on or around December 20, 2024 (the "**HSR Submission**"). No party hereto shall willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals under the HSR Act that relate to the Transaction. Without limiting the generality of the foregoing, each of the parties hereto shall use all commercially reasonable efforts to:

(i) respond as expeditiously as possible to any inquiries by any Governmental Authority regarding the HSR Submission and substantially comply as expeditiously as possible with all voluntary requests from any Governmental Authority for additional information or documents, including information and documents requested under the HSR Act;

(ii) not (A) extend any waiting period under the HSR Act or (B) enter into any agreement with any Governmental Authority not to consummate the Transaction, except, in each case, with the prior consent of the other parties hereto; and

(iii) resist and avoid the imposition of any order or the taking of any action (including legislative, administrative or judicial action) that would restrain, alter or enjoin the Transaction contemplated by this Agreement.

(d) Each of the Company and Parent shall promptly inform the other of any material communication received by such party from any Governmental Authority in respect of the HSR Submission or any investigation by any Governmental Authority related to the Transaction. In response to any inquiries or voluntary requests by any Governmental Authority, all analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals made by or on behalf of Parent or the Company before any Governmental Authority or the staff or regulators of any Governmental Authority, in connection with the Transaction contemplated hereunder (but, for the avoidance of doubt, not including any disclosure which is not permitted by Law) shall be disclosed to the other party hereunder in advance of any filing, submission or attendance, it being the intent that the parties will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any such analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals. Each of Parent and the Company shall give notice to the other with respect to any meeting, discussion, appearance or contact with any Governmental Authority or the staff or regulators of any Governmental Authority, with such notice being sufficient to provide the other party with the opportunity to attend and participate in such meeting, discussion, appearance or contact. In the event that any Governmental Authority so requests, the parties agree that Parent and the Company may withdraw and refile the HSR Submission one time, pursuant to 16 C.F.R. § 803.12. Notwithstanding the foregoing, Parent shall determine the strategy to be pursued for obtaining, and lead the effort to obtain, all necessary actions or nonaction from Governmental Authorities in connection with the Transaction contemplated by this Agreement and the Company and its owners shall take all reasonable actions to support Parent in connection therewith; provided that Parent shall consult with the Company and consider in good faith its views in advance of making any decision with respect to such strategy. The Company and Parent may, as they deem advisable, designate any competitively sensitive materials provided to the other party as "outside counsel only." Such materials and the information contained therein shall be given only to outside legal counsel of the recipient and will not be disclosed by such outside legal counsel to any employees, officers, or directors of the recipient without the advance written consent of the other parties providing such materials.

(e) Notwithstanding anything to the contrary herein, in no event shall anything in this Agreement require, or be construed to require, Parent or any of its Affiliates to agree to (i) sell, hold, divest, discontinue or limit, before or after the Closing Date, any assets, businesses or interests of Parent, the Company or any of their respective Affiliates (including, following the Closing, the Company and the Subsidiaries); (ii) take, or agree to take any action that, in Parent's good faith judgment would adversely and materially affect (x) the strategic benefits sought by Parent in effecting the Transaction contemplated hereby or (y) any line of business, results of operations, assets or financial condition of Parent or any of its Affiliates (including, following the Closing, the Company or the Business) either independently or taken as a whole; or (iii) any material modification or waiver of the terms and conditions of this Agreement.

(f) Notwithstanding anything to the contrary herein, in no event shall anything in this Agreement require any party hereto to: (i) terminate, amend or assign existing relationships and contractual rights and obligations of the Company or any Subsidiary or of Parent or any of its Affiliates, (ii) amend, assign or terminate existing licenses or other agreement of the Company or any Subsidiary or of Parent or any of its Affiliates and enter into such new licenses or other agreement, (iii) litigate (or defend) against any administrative or judicial action or proceeding (including any proceeding seeking a temporary restraining order or preliminary injunction) challenging the transactions contemplated by this Agreement as violative of any Law or otherwise seeking to prevent its consummation, or (iv) proceed with or respond to a "second request" (Request for Additional Information and Documentary Material) under the HSR Act.

Section 5.7 Certain Employee Benefits Matters.

(a) The following provisions apply to the employees of the Company and its Subsidiaries:

(i) During the Executory Period, Parent (or one of Parent's designated Affiliates) shall offer employment (effective as of the Effective Time) to those employees of the Company and the Subsidiaries (other than the India Subsidiary) as are determined by Parent in its sole discretion (the "**Offered Employees**"). Employees who will not be designated as Offered Employees are set forth on Schedule 5.7(a)(i) attached hereto. During the Executory Period, Parent (or one of Parent's designated Affiliates) shall issue Employment Documents to each Offered Employee (other than the Key Employees, who shall have executed and delivered Employment Documents concurrently with the execution of this Agreement), and the Company shall use its commercially reasonable efforts in assisting Parent (or one of Parent's designated Affiliates) to secure fully completed and executed Employment Documents (which Employment Documents shall be conditioned upon the occurrence of the Closing) from each Offered Employee, including, to the extent permitted by applicable Law or Contract, by providing Parent necessary information relating to any such individual's employment arrangement with the Company. During the Executory Period, the Company shall provide Parent (or one of Parent's designated Affiliates) with access to and information about the employees of the Company and the Subsidiaries, in order to facilitate Parent's offers of employment and enrollment in benefit plans of Parent (or one of Parent's designated Affiliates) that are conditioned upon the occurrence of the Closing.

(ii) On the Closing Date, the Company shall terminate the employment of each employee of the Company and shall pay such employee's final wages (through Insperity) in accordance with applicable Laws.

(iii) The Company shall use (and the Company Securityholders shall cause the Company to use) its commercially reasonable efforts to ensure that each such terminated employee who (A) is not an Offered Employee, as set forth on Schedule 5.7(a)(i) or (B) is an Offered Employee but who does not accept such offer of employment from Parent (or Parent's designated Affiliate) (such Offered Employee, a "**Declining Employee**") delivers, prior to the Closing, a general release of claims in favor of Parent, the Company and its Affiliates, in a form reasonably acceptable to Parent; provided further that the final wages and pre-Closing bonus amounts due and payable with respect to each such employee, as well as fifty percent (50%) of the severance or separation pay required to secure such general release from each such employee, shall constitute a Closing Employee Payment and a Transaction Expense hereunder.

(iv) Those Offered Employees set forth on Schedule 5.7(a)(iv) (the "**Short Term Hires**") shall receive offers of employment from Parent (or one of Parent's designated Affiliates) through June 30, 2025. If a Short-Term Hire does not accept such offer of employment, he or she shall be deemed to be a Declining Employee per clause (iii) above. Any Short Term Hire that accepts such offer of employment will be eligible to receive a retention bonus, in the amount set forth on Schedule 5.7(a)(iv), if he or she remains employed by Parent (or one of Parent's designated Affiliates) as of June 30, 2025 and executes and delivers a general release of claims in favor of Parent, the Company and its Affiliates, in a form reasonably acceptable to Parent upon separation. Fifty percent (50%) of the retention bonus amount required to secure such general release from such employee shall constitute a Closing Employee Payment and a Transaction Expense hereunder.

(b) For purposes of any benefit plan, program or arrangement maintained for benefit of any Offered Employees who accept the offer of employment from Parent (or Parent's designated Affiliate) in subparagraph (a) above, each such employee shall receive credit for service with the Company or any Subsidiary prior to the Closing Date (except where doing so would cause a duplication of benefits), to the extent such service is reflected in records of the Company or the Subsidiaries and recognized under the corresponding employee benefit plan of the Company or any Subsidiary, for eligibility to participate and vesting and, but only with respect to calculation of the amount of any

severance payments, vacation, sick and paid time off, for benefit accrual purposes. Parent shall also use commercially reasonable efforts to (x) cause any and all pre-existing conditions (or actively at work or similar limitations), eligibility waiting periods and evidence of insurability requirements under any group health plans to be waived with respect to such employees and their eligible dependents and (y) provide such employees with credit for any co-payments, deductibles, and offsets (or similar payments) made during the plan year to the extent reflected in records of the Company or any Subsidiary for the purposes of satisfying any applicable deductible, out-of-pocket, or similar requirements under any employee benefit plans, programs or arrangements in which they are eligible to participate after the Closing Date.

(c) The Company shall, and shall cause each Subsidiary to, instruct and arrange with the relevant provider to spin-off and terminate the Subsidiary's portion of, and participation in, the professional employer 401(k) Plan in which such Subsidiary participates, effective as of no later than the day immediately preceding the Closing Date, and with respect to any other Company Benefit Arrangements (including, without limitation, any Company Benefit Arrangement intended to meet the requirements of Code Section 125 and the Company Equity Plan) terminate or provide a notice of withdrawal from participation with respect to any plan sponsored by a professional employer organization, any such termination or withdrawal to be effective as of no later than the day immediately preceding the Closing Date or such other date as may be mutually agreed in writing by the Company and Parent, (each a "**Terminated Benefit Plan**") (unless Parent provides written notice to the Company no later than two (2) Business Days prior to the Closing Date that any such 401(k) Plan or other Company Benefit Arrangement shall not be terminated). The Company shall provide Parent with evidence that such Terminated Benefit Plan(s) have been terminated in the manner provided in the preceding sentence by appropriate actions pursuant to resolutions of the board of directors of the Company or any applicable committee thereof. The manner, form and substance of such actions shall be subject to review and approval of Parent, which approval shall not be unreasonably withheld, conditioned or delayed, but such review and approval shall not diminish the Company's obligation pursuant to the preceding sentences to terminate (or cause the termination of) such Company Benefit Arrangements effectively. In the event that termination of any Terminated Benefit Plan triggers any liquidation charges, surrender charges, or other fees, then such charges or fees shall be deemed to be Transaction Expenses.

(d) The provisions contained in this Section 5.7 are for the sole benefit of the respective parties hereto and no current or former employee, director, manager, independent contractor, consultant, service provider or any other individual associated therewith shall be regarded for any purpose as a third-party beneficiary of this Agreement. Nothing in this Section 5.7, express or implied, shall be construed or interpreted to (i) create any right, benefit or remedy of any nature whatsoever, including any right to continued employment or service, under or by reason of this Agreement, in any other person, including without limitation, any employees, former employees, any participant or any beneficiary thereof in any Company Benefit Arrangement or employee benefit plan of Parent, the Company, any Subsidiary, the Surviving Entity or any of their respective Affiliates, or (ii) amend any Company Benefit Arrangement or employee benefit plan of Parent or any of its Affiliates (including, following the Closing, the Company, any Subsidiary and the Surviving Entity). Nothing in this Section 5.7 shall be construed or interpreted to limit the ability of Parent or any of its Affiliates (including, following the Closing, the Company, any Subsidiary and the Surviving Entity) to amend or terminate any employee benefit plan pursuant to its terms.

Section 5.8 Repayment of Indebtedness. As soon as practicable following the Agreement Date, the Company shall (and the Company Securityholders shall cause the Company to) obtain, in each case in form and substance reasonably acceptable to Parent, (i) pay-off letters from the applicable banks or other lenders (including all holders of Company Convertible Notes) with respect to all Indebtedness of the Company and each Subsidiary set forth on Schedule 5.8, which pay-off letters shall provide for the release of all Encumbrances relating to such Indebtedness (if any) following satisfaction of the terms contained in such pay-off letters, (ii) UCC-3 termination statements or authorization of Parent, the Company, any Subsidiary, and/or the Surviving Entity (or their respective legal counsel) to file UCC-3 termination statements terminating the security interests of each Person holding a security interest in the assets of the Company or any Subsidiary, (iii) forms of notices of termination for any account control agreements entered into in connection with any Indebtedness, (iv) forms of terminations for any intellectual property security agreements filed with the United States Patent and Trademark Office or United States Copyright Office (or comparable foreign governmental offices outside of the U.S.) in

connection with any Indebtedness, and (v) forms of notices of termination for any landlord or bailee waivers executed in connection with any Indebtedness ((i)-(v), collectively, the "**Indebtedness Pay-Off Documentation**").

Section 5.9 Director and Officer Indemnification. Parent agrees (and after the Effective Time shall cause the Surviving Entity to ensure) that all rights to indemnification and exculpation from liability for acts or omissions occurring on or prior to the Closing Date now existing in favor of the past and present directors and officers of the Company and any Subsidiary (collectively, the "**D&O Indemnified Parties**"), as provided in the indemnification agreements with each director of the Company set forth on Schedule 5.9, the Company's Charter Documents and in the formation and governance documents of each of the Subsidiaries each in effect immediately prior to the Effective Time, shall survive the Effective Time and shall continue in full force and effect in accordance with their respective terms for a period of not less than six (6) years after the Closing Date, which provisions shall not be amended, repealed or otherwise modified during such period in any manner that would affect adversely the rights thereunder of the D&O Indemnified Parties, unless such modification shall be required by Law. Prior to the Closing Date, the Company shall procure a policy of tail insurance coverage for D&O Indemnified Parties, in a form reasonably acceptable to the Company and Parent, which shall provide such D&O Indemnified Parties with coverage for six (6) years following the Effective Time with respect to claims arising out of acts or omissions occurring at or prior to the Effective Time (the "**D&O Tail Policy**"). The parties shall maintain the D&O Tail Policy in full force and effect in accordance with its terms following the Closing. Notwithstanding Section 11.11, the provisions of this Section 5.9 are intended to be for the benefit of, and will be enforceable by, each D&O Indemnified Party, together with his or her heirs and representatives and are in addition to, and not in substitution of, any other right that any such Person may have by contract or otherwise.

Section 5.10 Other Insurance Tail Policy. Prior to the Closing Date, the Company will use commercially reasonable efforts to procure policies of tail insurance coverage, in form reasonably acceptable to Parent, which shall extend the coverage under the Company's existing errors and omissions / cyber insurance policy for three (3) years following the Effective Time with respect to claims arising out of errors or omissions occurring at or prior to the Effective Time.

Section 5.11 Agreements Concerning Sale Bonus Payments. In accordance with Section 2.4(c)(iii), following the Closing, Parent shall remit and pay to each Sale Bonus Recipient (net of applicable withholding amounts), and to the relevant Governmental Authorities entitled thereto, the amount of the Closing Sale Bonus Payments relating to each such Sale Bonus Recipient following Parent's receipt of a general release of claims, in substantially the form attached as Exhibit J hereto, executed by such Sale Bonus Recipient and not subsequently revoked within seven (7) days thereafter. For the avoidance of doubt, no Closing Sale Bonus Payment will be made to any Sale Bonus Recipient that fails to deliver an executed general release of claims within twenty-one (21) days after receipt thereof or that revokes such release within seven (7) days following such delivery. Parent shall remit and pay all applicable Sale Bonus Payments (net of applicable withholding amounts) to the eligible Sale Bonus Recipients no later than the second payroll date following the date that is seven (7) days after the expiration of the aforesaid twenty-one (21) day period.

Section 5.12 Reserved.

Section 5.13 Parachute Payments. Prior to the Closing Date, the Company shall submit to a vote of the holders of Company Stock the right of any "disqualified individual" (as defined in Section 280G(c) of the Code) to receive any and all payments or benefits that could be deemed "parachute payments" under Section 280G(b) of the Code, in a manner that satisfies the stockholder approval requirements for the small business exemption of Section 280G(b)(5) of the Code. Such vote shall be undertaken in a manner that establishes the disqualified individual's right to the payment or other compensation, including adequate disclosure to all holders of Company Stock of all material facts concerning all such payments or benefits and any needed waiver by the disqualified individual(s) of such payments or benefits. The Company shall upon request of Parent provide advance copies of all materials needed to effectuate such vote, or an analysis demonstrating that no such disqualified individual could receive such parachute payments, for Parent's review and approval, which review and approval shall not

be unreasonably withheld or delayed, but which review and approval shall not diminish the Company's obligations under the first two (2) sentences of this Section.

ARTICLE 6

AGREEMENTS RELATING TO PARENT COMMON STOCK

Section 6.1 Private Placement. Parent intends to issue shares of Parent Common Stock as provided in this Agreement pursuant to a "private placement" exemption or exemptions from registration under Section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder and an exemption from qualification under the laws of the State of Utah and other applicable state securities laws. The Company agrees to fully cooperate with Parent in its efforts to ensure that such shares of Parent Common Stock may be issued pursuant to such exemptions.

Section 6.2 Restrictions on Transfer. The shares of Parent Common Stock issued pursuant to this Agreement shall be subject to the restrictions on Transfer set forth in this Article 6. Such shares of Parent Common Stock constitute "restricted securities" under the Securities Act, and may not be Transferred absent registration under the Securities Act or an exemption therefrom, and any such Transfer shall also be conditioned on compliance with applicable state and foreign securities laws. Each Company Securityholder who receives shares of Parent Common Stock and every transferee or assignee of any such shares from any Company Securityholder shall be bound by and subject to the terms and conditions of this Article 6, and Parent may require, as a condition precedent to the issuance or Transfer of any shares of Parent Common Stock, that any recipient, transferee or assignee agrees in writing to be bound by, and subject to, all the terms and conditions of this Article 6. To ensure compliance with the restrictions imposed by this Agreement, Parent may issue appropriate "stop-transfer" instructions to its transfer agent, if any, and if Parent acts as its own transfer agent, it may make appropriate notations to the same effect in its own records. Parent shall not be required (a) to transfer on its books any shares of Parent Common Stock that have been Transferred in violation of any of the provisions of this Agreement or (b) to treat as owner of such shares, or to accord the right to vote or pay dividends, to any transferee or assignee to whom such shares have been purportedly so Transferred. Before effecting any Transfer of shares of Parent Common Stock, Parent may require an opinion of counsel in form and substance satisfactory to Parent to the effect that any proposed transfer or resale of such shares is in compliance with the Securities Act and any applicable state securities laws.

Section 6.3 Legends. Each certificate or book-entry notation representing any shares of Parent Common Stock issued hereunder shall bear the following legend (in addition to any other legends required by law, Parent's certificate of incorporation or bylaws or any other agreement to which any such Company Securityholder is a party):

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

ARTICLE 7

CONDITIONS TO CLOSING OF THE FIRST MERGER

Section 7.1 Conditions to Each Party's Obligation to Effect the First Merger. The respective obligations of Parent, Merger Sub I and the Company to effect the First Merger shall be subject to the satisfaction prior to the Closing Date of the following conditions:

(a) Governmental Approvals. All permits, authorizations, consents, orders or approvals of, or declarations or filings with, any Governmental Authority as may be required to consummate the Mergers shall have been filed, occurred or been obtained, other than (i) the filing of the First Certificate of Merger and the Second Certificate of Merger in accordance with the terms of Section 2.1 and (ii) any filings required under applicable securities Laws.

(b) No Injunctions or Restraints; Illegality. No temporary restraining order, preliminary or permanent injunction or other order shall have been issued, or other legal or regulatory action taken, by any Governmental Authority of competent jurisdiction that restrains, prohibits or prevents the consummation of the Mergers on the terms and conditions set forth herein, nor shall any Law have been enacted, entered, enforced or deemed applicable to the Mergers which makes the consummation of the Mergers on the terms and conditions set forth herein illegal.

(c) HSR Submission. The waiting period applicable to the HSR Submission (including, without limitation, any withdrawal and refiling thereof) under the HSR Act will have expired or been terminated.

(d) Stockholder Approval. The Stockholder Approval shall have been obtained and such approval shall remain in full force and effect.

Section 7.2 Additional Conditions to Obligations of Parent and Merger Sub I. The obligations of Parent and Merger Sub I to effect the First Merger are subject to the satisfaction of each of the following conditions, any of which may be waived in writing exclusively by Parent (on its own behalf and on behalf of Merger Sub I), to the extent permitted by Law:

(a) Representations and Warranties. As of the Agreement Date and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties are made only as of a specific earlier date, in which case as though made as of such earlier date), (i) each of the Company Fundamental Representations shall be true and correct in all respects, (ii) each of the representations and warranties of the Company, other than the Company Fundamental Representations, that are qualified by materiality or Material Adverse Effect shall be true and correct in all respects, and (iii) each of the representations and warranties of the Company, other than the Company Fundamental Representations, that are not qualified by materiality or Material Adverse Effect shall be true and correct in all material respects; and Parent shall have received a certificate signed on behalf of the Company by an officer of the Company to such effect.

(b) Performance of Obligations of the Company. The Company shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date; and Parent shall have received a certificate signed on behalf of the Company by an officer of the Company to such effect.

(c) No Material Adverse Effect. There shall not have occurred any Material Adverse Effect with respect to the Company, any Subsidiary, any Company Securityholder, or the Business, and Parent shall have received a certificate signed on behalf of the Company by an officer of the Company to such effect.

(d) No Actions. There shall be no Action of any nature pending or threatened by any Person against Parent, either Merger Sub, the Company, any Subsidiary, or any of their respective Affiliates, or any of their respective properties, officers, managers or directors, or any order entered or

other legal action taken by any Governmental Authority of competent jurisdiction, (i) arising out of, relating to, challenging or seeking to prohibit this Agreement, the Mergers or any of the other transactions contemplated by this Agreement or (ii) limiting or restricting, or seeking to limit or restrict, (A) Parent's ownership of the Surviving Entity or its securities or assets, or (B) the conduct or operation of the Business by Parent or the Surviving Entity after the Second Effective Time.

(e) Threshold for Securityholder Action. The Company shall have received, and delivered to Parent, fully executed (and, in the case of the Investor Questionnaire, completed) (i) Written Consents, Support Agreements and Investor Questionnaires from Company Securityholders holding at least 95% of the Company Stock, (ii) Support Agreements and Investor Questionnaires from holders of Company Options representing at least 80% of the shares of Company Common Stock issuable upon the exercise of all Closing In The Money Options and (iii) Investor Questionnaires from all holders of Company Warrants.

(f) Dissenters' Rights. The Company shall have provided evidence of the delivery of the Information Statement to all Company Securityholders in accordance with Section 5.3(b), and Company Securityholders holding not more than 5% of the Company Stock shall have exercised, or remain eligible to exercise, appraisal rights under Section 262 of the DGCL.

(g) Exchange Agent Agreement. The Exchange Agent shall have executed and delivered to Parent the Exchange Agent Agreement.

(h) Escrow Agreement. The Escrow Agent and the Representative shall have each executed and delivered to Parent the Escrow Agreement.

(i) Employment Matters. Not less than 90% of the U.S.-based Offered Employees as of the Agreement Date (calculated in a manner that is exclusive of the Key Employees) shall have executed and delivered all applicable Employment Documents to Parent and such Employment Documents shall remain in full force and effect, without any such Employment Document having been repudiated or purportedly revoked. Six (6) or fewer of the employees of the India Subsidiary that are employed by the India Subsidiary on the Agreement Date shall have tendered a resignation or otherwise indicated to the Company or any of its Subsidiaries a desire to resign or terminate their respective employment with the India Subsidiary.

(j) Reserved.

(k) Terminated Employee Payments. Parent shall have received evidence that (i) the Company has paid all final wages, bonuses, commissions, severance amounts and other employment-related payments to all employees listed on Schedule 5.7(a)(i) and all Declining Employees; and (ii) each of the employees listed on Schedule 5.7(a)(i) and each Declining Employee has duly executed and delivered a release agreement, in a form acceptable to Parent, containing a general release of claims in favor of Parent, each Merger Sub, the Company, any Subsidiary and their respective Affiliates.

(l) Restriction Agreements. Each of the Restricted Owners shall have executed and delivered the Restriction Agreements to Parent and such Restriction Agreements shall remain in full force and effect, without any such Restriction Agreement having been repudiated or purportedly revoked. Each Restricted Owner shall make an election under Section 83(b) of the Code with respect to the shares of Parent Common Stock subject to the Restriction Agreement within thirty (30) days after the Closing Date and shall provide a copy of such election to Parent.

(m) Reserved.

(n) Termination of Agreements. Each of the agreements identified on Schedule 7.2(n) shall have been terminated (in each case effective prior to or as of the Effective Time and in such a manner that neither Parent, the Surviving Corporation nor the Surviving Entity will be subject to or incur any claim or Liability under any such agreement following the Effective Time), and the Company shall have delivered evidence of such termination in form and substance reasonably acceptable to Parent.

(o) Resignations of Managers, Directors and Officers. Each of the individuals holding the positions of a manager, director or officer of the Company or any Subsidiary (other than the India Subsidiary) in office immediately prior to the Effective Time shall have executed and delivered to Parent a resignation letter in the form attached hereto as Exhibit K. Each director of the India Subsidiary shall have executed and delivered to the India Subsidiary a resignation letter in the form attached hereto as Exhibit K.

(p) Estimated Closing Statement. The Company shall have delivered to Parent the Estimated Closing Statement (including the Closing Distribution Waterfall) in accordance with Section 2.9(a).

(q) Payment of Company Franchise Taxes; Company Good Standing Certificates. Parent shall have received (i) evidence reasonably satisfactory to Parent that the Company has paid all corporate franchise Taxes to the State of Delaware such that the Delaware Secretary of State will accept the Second Certificate of Merger for filing, (ii) with respect to each of the Company and the U.S. Subsidiary, a certificate of good standing from (A) the office of the Secretary of State of the State of Delaware, and (B) the office of the Secretary of State of each state or jurisdiction in which the Company and/or the U.S. Subsidiary, as applicable, is qualified to do business as a foreign corporation (with respect to the Company) or a foreign limited liability company (with respect to the U.S. Subsidiary), in the case of such certificates of good standing certifying, as of a date no more than ten (10) Business Days prior to the Closing Date, that the Company and the U.S. Subsidiary, as applicable, is in good standing in such jurisdiction.

(r) Company's Secretary's Certificate. Parent shall have received a certificate dated as of the Closing Date, signed by the secretary of the Company, certifying as to (i) an attached copy of the existing Fourth Amended and Restated Certificate of Incorporation of the Company, as amended, and an attached copy of the existing certificate of formation of the U.S. Subsidiary, including in each case all amendments thereto, and stating that each such existing certificate has not otherwise been amended, modified, revoked or rescinded, (ii) an attached copy of the existing bylaws of the Company, and stating that such bylaws have not otherwise been amended, modified, revoked or rescinded, (iii) an attached copy of the current limited liability company agreement of the U.S. Subsidiary, including any amendments thereto, and stating that such limited liability company agreement of the U.S. Subsidiary has not been further amended, modified, revoked or rescinded, (iv) an attached copy of the resolutions of the board of directors of the Company evidencing the Board Approval, and stating that such resolutions have not been amended, modified, revoked or rescinded, and (v) an attached copy of the Written Consents received from the holders of Company Stock, and stating that (x) such Written Consents constitute the Stockholder Approval and (y) the resolutions set forth in the Written Consents have not been amended, modified, revoked or rescinded.

(s) Termination of Company Equity Plan. The Company shall have taken such actions, and shall have obtained all such consents, as are required to terminate the Company Equity Plan after consultation with, and subject to the reasonable approval of, Parent.

(t) Termination of Terminated Benefit Plans. The Company shall have delivered to Parent satisfactory evidence of the termination or cancellation of all Terminated Benefit Plans in accordance with Section 5.7(c).

(u) Pay-Off Letters. Parent shall have received the Indebtedness Pay-Off Documentation, each in form and substance reasonably acceptable to Parent.

(v) Expense Invoices. Parent shall have received final invoices in respect of all Transaction Expenses (which invoices may be in summary form and need not include any time entries or similar detail), as well as a complete IRS Form W-9 from each recipient thereof.

(w) Deliveries of First Analysis Securities Corporation. Parent shall have received from FASC (i) a duly executed and completed Investor Questionnaire evidencing that FASC is an Accredited Investor, (ii) a duly executed Letter of Transmittal, (iii) a final invoice in respect of all Transaction Expenses due and owing to FASC in connection with the Transaction, (iv) a fully executed

and completed IRS Form W-9 and (v) a document, in form and substance satisfactory to Parent, terminating that certain engagement letter agreement, dated as of November 2, 2022, by and between the Company and FASC.

(x) FIRPTA. Parent shall have received a properly executed statement, issued by the Company pursuant to Treasury Regulations Sections 1.897-2(h) and 1.1445-2(c)(3) dated as of the Closing Date and signed by an officer of the Company, and in form and substance set forth on Exhibit L hereto, certifying that the Company is not nor has been a "United States real property holding corporation" (as defined in Section 897(c)(2) of the Code) at any time preceding the date of the certificate, together with the notice to the IRS in accordance with the provisions of Treasury Regulations Section 1.897-2(h)(2).

(y) Tail Policies. The Company shall have obtained the D&O Tail Policy and the other tail insurance policy described in Section 5.10 hereof.

(z) Sale Bonus Agreements. Evidence, reasonably acceptable to Parent, that the Company has distributed sale bonus agreements (inclusive of general releases), in substantially the form attached as Exhibit J hereto (the "**Sale Bonus Agreements**"), to all Sale Bonus Recipients. Additionally, each of the Sale Bonus Recipients shall have completed, executed and delivered to Parent an Investor Questionnaire.

(aa) Deliveries Relating to the India Subsidiary. The Company shall have delivered to Parent evidence reasonably acceptable to Parent that the Company has completed each of the items set forth on Schedule 7.2(aa).

(ab) Reserved.

(ac) Section 280G Parachute Payment Documentation. The Company shall have delivered executed copies of all waivers, stockholders votes, and other materials needed to effectuate the parachute payment vote described in Section 5.13, or shall have provided an analysis satisfactory to Parent demonstrating that no such disqualified individual could receive such parachute payments.

Section 7.3 Additional Conditions to Obligations of the Company. The obligation of the Company to effect the First Merger is subject to the satisfaction of each of the following conditions, any of which may be waived, in writing, exclusively by the Company, to the extent permitted by Law:

(a) Representations and Warranties. As of the Agreement Date and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties are made only as of a specific earlier date, in which case as though made as of such earlier date), (i) each of the Parent Fundamental Representations shall be true and correct in all respects, (ii) each of the representations and warranties of Parent and the Merger Subs, other than the Parent Fundamental Representations, that are qualified by materiality or Material Adverse Effect shall be true and correct in all respects, and (iii) each of the representations and warranties of Parent and the Merger Subs, other than the Parent Fundamental Representations, that are not qualified by materiality or Material Adverse Effect shall be true and correct in all material respects; and the Company shall have received a certificate signed on behalf of Parent by an officer of Parent to such effect.

(b) Performance of Obligations of Parent and Merger Subs. Parent and each Merger Sub shall have performed in all material respects all obligations required to be performed by them under this Agreement at or prior to the Closing Date; and the Company shall have received a certificate signed on behalf of Parent by an officer of Parent to such effect.

(c) Escrow Agreement. Parent shall have executed and delivered to Representative the Escrow Agreement.

(d) Exchange Agent Agreement. Parent and the Exchange Agent shall have executed and delivered to Representative the Exchange Agent Agreement.

ARTICLE 8

TERMINATION OF AGREEMENT

Section 8.1 Termination by Mutual Consent. This Agreement may be terminated and the Mergers may be abandoned, notwithstanding the delivery of Written Consents, at any time prior to the Effective Time by the mutual written consent of Parent and the Company.

Section 8.2 Unilateral Termination.

(a) Either Parent or the Company, by giving written notice to the other, may terminate this Agreement if (i) a court of competent jurisdiction or other Governmental Authority shall have issued a final judgment or taken any action (and the final appeal of such judgment or action has been denied) having the effect of permanently restraining or enjoining or otherwise prohibiting the Mergers or any other material transaction contemplated by this Agreement or (ii) there has been adopted an applicable Law that makes the consummation of the Mergers on the terms and conditions contemplated by this Agreement illegal.

(b) Either Parent or the Company, by giving written notice to the other, may terminate this Agreement if the First Merger shall not have been consummated by 5:00 p.m. Mountain time on February 25, 2025 (the "**Termination Date**") if the conditions to the terminating party's obligations to Closing under Article 7 (other than conditions pertaining to covenants to be performed as part of effectuating the Closing) have not been satisfied and the terminating party has not waived such unsatisfied conditions by such date; provided, however, that the right to terminate this Agreement pursuant to this Section 8.2(b) shall not be available to any party whose breach of a representation or warranty or covenant made under this Agreement by such party results in the failure of any condition set forth in Article 7 to be fulfilled or satisfied on or before such date.

(c) The Company, by giving written notice to Parent, may terminate this Agreement at any time prior to the Effective Time if Parent or either Merger Sub has committed:

(i) a breach of any of their representations or warranties under Article 4 that are qualified by materiality or material adverse effect;

(ii) a material breach of any of their representations or warranties under Article 4 that are not so qualified by materiality or material adverse effect; or

(iii) a material breach of any of their covenants under this Agreement, and

(iv) (A) has not cured such breach within twenty (20) Business Days after the Company has given Parent written notice of such breach and its intention to terminate this Agreement pursuant to this Section 8.2(c); provided, however, that no such cure period shall be available or applicable to any such breach which by its nature cannot be cured and (B) if not cured on or prior to the Closing Date, or if not curable, such breach would result in the failure of any of the conditions set forth in Article 7 to be fulfilled or satisfied; provided, however, that the right to terminate this Agreement under this Section 8.2(c) shall not be available to the Company if the Company is at that time in material breach of this Agreement.

(d) Parent, by giving written notice to the Company, may terminate this Agreement at any time prior to the Effective Time if the Company has committed:

(i) a breach of any of the Company Fundamental Representations or any of the Company's representations and warranties under Article 3 that are qualified by materiality or material adverse effect;

(ii) a material breach of any of its representations and warranties under Article 3 (other than any Company Fundamental Representations) that are not so qualified by materiality or material adverse effect; or

(iii) a material breach of any of its covenants under this Agreement, and

(iv) (A) has not cured such breach within twenty (20) Business Days after Parent has given the Company written notice of such breach and its intention to terminate this Agreement pursuant to this Section 8.2(d); provided, however, that no such cure period shall be available or applicable to any such breach which by its nature cannot be cured and (B) if not cured on or prior to the Closing Date, or if not curable, such breach would result in the failure of any of the conditions set forth in Article 7 to be fulfilled or satisfied; provided, however, that the right to terminate this Agreement under this Section 8.2(d) shall not be available to Parent if Parent or either Merger Sub is at that time in material breach of this Agreement.

(e) Parent, by giving written notice to the Company, may terminate this Agreement at any time prior to the Effective Time if any event has occurred or any circumstance exists which, alone or together with any one or more other events or circumstances has had, is having or would reasonably be expected to have a Material Adverse Effect on the Company, any Subsidiary or the Business.

(f) Parent, by giving written notice to the Company, may terminate this Agreement at any time prior to the Effective Time if executed Written Consents evidencing the Stockholder Approval are not delivered to Parent within twenty-four (24) hours after the execution and delivery of this Agreement by Parent, Merger Sub, the Company, and the Representative.

(g) Parent, by giving written notice to the Company, may terminate this Agreement in the event that the condition to Closing described in Section 7.1(c) hereof has not been satisfied on or before the date on which the waiting period applicable to the HSR Submission (including, without limitation, any withdrawal and refiling thereof, to be done (or not) in Parent's discretion) under the HSR Act has expired or been terminated.

(h) Either Parent or the Company, upon written notice to the other, may terminate this Agreement if a Governmental Authority of competent jurisdiction has issued an order or any other action preliminarily or permanently enjoining or otherwise prohibiting the consummation of the Transaction contemplated by this Agreement; provided, however, that the right to terminate this Agreement pursuant to this Section 8.2(h) is not available to any party hereto whose material breach of any provision of this Agreement results in or causes such order or other action.

Section 8.3 Effect of Termination. In the event of the termination of this Agreement pursuant to Section 8.1 or Section 8.2, this Agreement shall forthwith become void and there shall be no Liability or obligation on the part of Parent, the Merger Subs, the Company, the Subsidiaries, or their respective officers, directors, managers, stockholders, members or Affiliates; provided, however, that (a) the provisions of this Section 8.3, Article 11 and all applicable definitions shall remain in full force and effect and survive any termination of this Agreement, and (b) nothing herein shall relieve any party hereto from Liability in connection with any fraud or intentional breach prior to such termination.

ARTICLE 9

SURVIVAL OF REPRESENTATIONS, INDEMNIFICATION AND REMEDIES

Section 9.1 Survival. If the First Merger is consummated, the representations, warranties, covenants and agreements contained in or made pursuant to this Agreement or in any Schedules or Exhibits hereto, together with the certifications made with respect to such representations, warranties, covenants and agreements pursuant to Article 7 hereof, shall survive the Closing, and thereafter: (a) each Fundamental Representation shall survive until the sixth (6^{th}) anniversary of the Closing Date; (b) each

General Representation shall survive until the first (1st) anniversary of the Closing Date; and (c) the covenants and agreements shall survive for a period of ninety (90) days after the end of the period contemplated by their respective terms. Notwithstanding the foregoing, (x) the parties acknowledge and agree that with respect to any claims for indemnification pursuant to this Agreement, the survival periods set forth above shall govern when any such claim may be brought and shall replace and supersede any statute of limitations that may otherwise be applicable, (y) any Claim that is set forth in a Notice of Claim delivered in accordance with Section 9.4 and that is pending but unresolved on the date of the expiration of the applicable survival period set forth in the immediately preceding sentence may continue to be asserted and shall be indemnified against until fully and finally resolved and (z) the expiration of any representation, warranty, covenant or agreement shall not affect the rights of any Parent Indemnified Party, under this Article 9 or otherwise, to seek recovery of Losses arising out of any fraud, which rights will survive until the ninetieth (90th) day following the expiration of the statute of limitations applicable to such fraud.

Section 9.2 Indemnification of Parent and Parent Indemnified Parties. From and after the Closing, each Company Securityholder shall severally (based on each such Company Securityholder's Indemnification Pro Rata Share as of the Final Determination Date with respect to a particular Claim), and not jointly, indemnify and hold harmless each of Parent and its Affiliates (including, following the Effective Time, the Surviving Entity and the Subsidiaries) and its and their respective officers, managers, directors, agents, representatives, equityholders and employees (each hereinafter referred to individually as a "**Parent Indemnified Party**" and collectively as the "**Parent Indemnified Parties**") from and against any and all Losses incurred by a Parent Indemnified Party, directly or indirectly (and whether arising out of a Third Party Claim, a direct claim, an enforcement action, an audit or a review), arising out of or resulting from or in connection with:

(a) any inaccuracy in, misrepresentation of, or breach of the representations and warranties of the Company set forth in this Agreement, any Company Ancillary Document, or in any certificate delivered by the Company or any Subsidiary in connection herewith;

(b) any breach of, or failure to perform or comply with, any of the covenants of or agreements made by the Company, any Subsidiary or the Representative in this Agreement or in any Company Ancillary Agreement;

(c) any inaccuracies or errors in, or omissions from, the Estimated Closing Statement or the Example Distribution Waterfall, the Closing Distribution Waterfall and/or any Updated Distribution Waterfall;

(d) any claim asserted by any current, former or alleged securityholder (including any current, former or alleged holder of Equity Interests, convertible notes or other convertible loan arrangements of any type) of the Company or any Subsidiary or any Person who has any right or claim, directly or indirectly, with respect to ownership of any Company Stock or any other Equity Interests of the Company, or any Subsidiary (whether against the Company, any Subsidiary, the Surviving Entity, Parent, any Merger Sub, any Affiliate of the Company, or any officer, manager, director, employee, agent or representative of any of the foregoing) relating to any prior transactions concerning the capitalization or funding of the Company or any Subsidiary (including, without limitation, the issuance and sale of any Company Convertible Notes) and/or relating to this Agreement, any other agreement entered into in connection with this Agreement, the Mergers or any of the other transactions contemplated hereby or thereby (including claims as to the amount, adequacy, fairness or allocation of the Merger Consideration or claims relating to any actual or alleged breach of fiduciary duties);

(e) the exercise by any Company Securityholder of appraisal rights under applicable Law, including any payment made with respect to any Dissenting Share to the extent that such payment exceeds the value of the amount that otherwise would have been payable pursuant to Article 2 upon the exchange of such Dissenting Share and the reasonable costs and expenses incurred in connection with defending against and resolving any claim with respect to Dissenting Shares;

(f) any Indebtedness, Transaction Expenses and/or Pre-Closing Taxes to the extent not expressly taken into account in the calculation of the Base Cash Consideration or in the Final Closing Adjustment Amount; and

(g) the [***] and the [***], including without limitation, (i) the documents, representations, certifications, calculations and statements made by the Company, and of the Subsidiaries or any of their respective predecessors to the applicable lenders, any of the lender's Affiliates, the [***] or any other Governmental Authority in connection therewith (and any inaccuracies or misrepresentation therein), (ii) [***], (iii) [***], and (iv) [***].

Section 9.3 Limitations.

(a) No Company Securityholder shall be required to provide indemnification for Claims made solely under Section 9.2(a) unless the Parent Indemnified Party's Losses for all such Claim(s) shall exceed $215,000 in the aggregate (the "**Basket**") (it being agreed that the Basket is in the nature of a deductible). Notwithstanding anything to the contrary contained in this Agreement, the Basket shall not apply to Claims or Losses based upon, arising out of, with respect to or by reason of (i) a breach of or inaccuracy in any Company Fundamental Representation or (ii) any fraud.

(b) In no event shall the aggregate liability of the Company Securityholders, with respect to all Claims of indemnification made solely under Section 9.2(a), exceed the General Representation Cap with respect to claims made solely with respect to breaches of or inaccuracies in General Representations. Notwithstanding anything to the contrary contained in this Agreement, the General Representation Cap shall not apply to Claims or Losses based upon, arising out of, with respect to or by reason of (i) a breach of or inaccuracy in any Company Fundamental Representation or (ii) any fraud.

(c) Subject to Section 9.3(d), the aggregate liability of any Company Securityholder for all Claims under Section 9.2 shall be capped at an amount equal to (i) such Company Securityholder's Indemnification Pro Rata Share multiplied by (ii) an aggregate amount equal to the Merger Consideration and other amounts (including amounts in respect of Company Convertible Notes) paid or payable to all Company Securityholders pursuant to this Agreement, as the same is finally determined pursuant to the terms of this Agreement.

(d) Notwithstanding anything herein to the contrary, there shall be no maximum liability for any Company Securityholder who committed, participated in or had actual knowledge of fraud.

(e) Notwithstanding anything herein to the contrary, no Company Securityholder shall be obligated to indemnify for Losses under this Article 9 to the extent that such Losses were accrued for or counted as a liability in the calculation of the Final Closing Adjustment Amount (as such amount is finally determined pursuant to Section 2.9 hereof).

(f) In determining whether there has been a breach of or inaccuracy in any representation or warranty, as well as the amount of any Losses in respect thereof, any materiality, Material Adverse Effect or similar qualification limiting the scope of such representation or warranty shall be disregarded (except for the materiality qualification set forth in Section 3.12(bb)).

(g) Notwithstanding anything herein to the contrary, for purposes of calculating or determining the amount of Losses incurred under this Article 9, there shall be deducted from any Losses an amount equal to the amount of any proceeds actually received by the Parent Indemnified Party(ies) (or any of their respective Affiliates) from any third-party insurer or other third party for such Losses (other than proceeds received under the R&W Policy and after giving effect to any deductible or retention or increase in premium associated therewith to the extent paid or payable and net of any costs, Taxes and expenses of recovery or collection thereof), provided, however, that no Parent Indemnified Party shall have any absolute obligation to (i) seek recovery against any insurance policies (other than against the R&W Policy) or any unaffiliated third party, or (ii) obtain insurance coverage with respect to any particular matter.

(h) The rights to indemnification set forth in this Agreement shall not be affected by any investigation conducted by or on behalf of Parent or any other Parent Indemnified Party, or any knowledge acquired (or capable of being acquired) at any time (whether before or after the Agreement Date or the Closing Date), with respect to the accuracy or inaccuracy of, or compliance with, any representation, warranty, covenant, agreement or obligation or the existence of facts and circumstances that provide the basis for a Claim hereunder. No Parent Indemnified Party shall be required to show reliance on any representation, warranty, covenant or agreement in order for such Parent Indemnified Party to be entitled to indemnification hereunder.

Section 9.4 Notice of Claim. A Parent Indemnified Party seeking indemnification hereunder shall give a written notice (a "**Notice of Claim**") specifying the facts and details constituting the basis for its Claim and, the applicable provision(s) of this Agreement upon which the Parent Indemnified Party relies for its demand and a good faith estimate of the amount of the Claim, and provide all material documentation then available that is relevant to the Claim, to the Representative. If the Claim is not a Third Party Claim, the Representative shall have thirty (30) calendar days after delivery of the Notice of Claim to notify the Parent Indemnified Party in writing of the nature and basis of its objection, if any, to the asserted Claim for indemnification. If no such objection is received by the Parent Indemnified Party within thirty (30) calendar days after delivery of the Notice of Claim, the Claim shall be deemed to be allowed and shall be deemed finally determined in favor of the Parent Indemnified Party. If an objection is received by the Parent Indemnified Party within thirty (30) calendar days after delivery of the Notice of Claim, the dispute shall be resolved in accordance with Section 9.6(a). If a Parent Indemnified Party is seeking indemnification because of a claim asserted by any claimant other than a Parent Indemnified Party, the Parent Indemnified Party shall deliver a Notice of Claim to the Representative promptly after such assertion is actually known to the Parent Indemnified Party; provided, however, that the right of a Person to be indemnified hereunder in respect of claims made or alleged by any such claimant (a "**Third Party Claim**") shall not be adversely affected by a failure to give such notice unless, and then only to the extent that, the Representative or any Company Securityholder is materially prejudiced thereby. Each of the parties hereto shall and shall cause their Affiliates (and their respective officers, directors, employees, consultants and agents) to make available to the other parties all relevant information in his, her or its possession relating to the underlying substance of any Notice of Claim.

Section 9.5 Defense of Third Party Claims. Parent shall have the right in its sole discretion to conduct the defense of, and to settle or resolve, any Third Party Claim; provided that the Representative shall be entitled (on behalf of the Company Securityholders, at their expense), to participate in, but not to determine or conduct, the defense of such Third Party Claim. The Representative shall have the right to receive copies of all pleadings, notices and communications with respect to any such Third Party Claim to the extent that receipt of such documents does not affect any privilege relating to Parent or any Parent Indemnified Party and subject to execution by the Representative of Parent's standard non-disclosure agreement to the extent that such materials contain confidential or Proprietary Information. The reasonable costs and expenses incurred or paid by any Parent Indemnified Party in connection with the defense (including reasonable attorneys' fees, other professionals' and experts' fees, costs of investigation and court or arbitration costs) of any such Third Party Claim, and the reasonable amounts paid or incurred in the settlement or other resolution of any such Third Party Claim, are recoverable by the Parent Indemnified Party as Losses pursuant to this Article 9 regardless of the outcome of such Third Party Claim, subject to the limitations on recovery in Section 9.3. Any amounts required to be paid or incurred by a Parent Indemnified Party pursuant to the final determination of a Governmental Authority presiding over any such Third Party Claim shall be deemed reasonable for purposes of this Section 9.5.

Section 9.6 Determination of Claims; Payment of Claims.

(a) A Claim for indemnification under this Article 9 shall be deemed finally determined upon the occurrence of any of the following: (a) it is deemed allowed under the third (3rd) sentence of Section 9.4; (b) entry of any final judgment or award rendered by a court of competent jurisdiction and the expiration of time in which to appeal therefrom; or (c) the execution by the Representative and Parent of a mutually binding settlement agreement with respect to a Claim (the date of such final determination, the "**Final Determination Date**").

(b) Upon the final determination of a Claim in favor of a Parent Indemnified Party, the Parent Indemnified Party(ies) shall be entitled to, subject to the limitations contained in this Article 9, recover any amount owed under this Article 9 as follows:

(i) any Losses payable to a Parent Indemnified Party in respect of a claim for indemnification brought solely pursuant to Section 9.2(a) (other than claims relating to a Company Fundamental Representation) shall (A) first, be recoverable from the Indemnification Escrow Fund to the extent of available funds therein (in which case the Representative and Parent shall execute a joint written instruction to the Escrow Agent instructing the Escrow Agent to release such amount to the Parent Indemnified Party(ies) from the Indemnification Escrow Fund (or, if such amount exceeds the amounts then remaining in the Indemnification Escrow Fund, the entire remaining Indemnification Escrow Fund)), and (B) thereafter, be recoverable solely from the R&W Policy in accordance with the terms thereof;

(ii) any Losses payable to a Parent Indemnified Party in respect of a claim for indemnification brought solely pursuant to Section 9.2(a) that relates to an inaccuracy or breach of a Company Fundamental Representation shall (A) first, be recoverable from the Indemnification Escrow Fund to the extent of available funds therein (in which case the Representative and Parent shall execute a joint written instruction to the Escrow Agent instructing the Escrow Agent to release such amount to the Parent Indemnified Party(ies) from the Indemnification Escrow Fund (or, if such amount exceeds the amounts then remaining in the Indemnification Escrow Fund, the entire remaining Indemnification Escrow Fund)), (B) second, be recoverable from the R&W Policy in accordance with the terms thereof and (C) thereafter, be recoverable from the Company Securityholders (subject to the limitations set forth in this Article 9); and

(iii) any Losses payable to a Parent Indemnified Party in respect of a claim for indemnification pursuant to this Article 9 (other than claims addressed in clauses (i) and (ii) above) shall (A) first, be recoverable from the Indemnification Escrow Fund to the extent of available funds therein (in which case the Representative and Parent shall execute a joint written instruction to the Escrow Agent instructing the Escrow Agent to release such amount to the Parent Indemnified Party(ies) from the Indemnification Escrow Fund (or, if such amount exceeds the amounts then remaining in the Indemnification Escrow Fund, the entire remaining Indemnification Escrow Fund)) and (B) thereafter, be recoverable from the Company Securityholders (subject to the limitations set forth in this Article 9).

To the extent that the Company Securityholders have payment obligations pursuant to this Section 9.6(b), each Company Securityholder shall, within five (5) Business Days following the date such amount is finally determined pursuant clause (a) above, pay in cash such Company Securityholder's Indemnification Pro Rata Share of the amount owed to such Parent Indemnified Party(ies). The Representative hereby agrees to give notice to each Company Securityholder of such payment obligation within three (3) Business Days following the applicable Final Determination Date in accordance with clause (a) above.

(c) Notwithstanding anything to the contrary in this Agreement, the parties hereby acknowledge and agree, that in addition to any other right hereunder, if any amount is finally determined to be owed to any Parent Indemnified Party in accordance with this Section 9.6, then, subject to the limitations contained in Section 9.3, Parent may, in its sole discretion, from time to time elect to set-off any such amount from any portion of the Earn-Out Amount that is, or may become, payable pursuant to Section 2.12, including for the avoidance of doubt, if such Earn-Out Amount becomes payable following the expiration of any of the survival periods set forth in Section 9.1 hereof.

Section 9.7 Indemnification Escrow Arrangements.

(a) The Indemnification Escrow Fund shall be available to indemnify the Parent Indemnified Parties for any Losses for which they are entitled to recover in accordance with the terms of this Article 9 and Article 10.

(b) As soon as reasonably practicable following the date that is twelve (12) months following the Closing Date (the "**Indemnification Escrow Expiration Date**"), Parent and Representative, subject to Section 9.7(c), will jointly direct the Escrow Agent to release the portion of the Indemnification Escrow Fund, if any, that has not previously been delivered to the Parent Indemnified Party(ies) (less the portion of the Indemnification Escrow Fund having a value equal to the amount that may be necessary to satisfy all unresolved, unsatisfied or disputed Claims for Losses specified in any Notice of Claim delivered to the Representative before the Indemnification Escrow Expiration Date (based on the total maximum amount of Losses then being claimed by Parent Indemnified Parties in such unresolved, unsatisfied or disputed Claims)) for payment to the Company Securityholders in accordance with Section 2.4(f)(ii) hereof. If any Claim is unresolved, unsatisfied or disputed as of the Indemnification Escrow Expiration Date, then the Escrow Agent shall retain possession and custody of the portion of the Indemnification Escrow Fund with a value that equals the total maximum amount of Losses then being claimed by Parent Indemnified Parties in all such unresolved, unsatisfied or disputed Claims. Promptly following the resolution of any Claim, Parent and the Representative shall jointly direct the Escrow Agent to (i) disburse to the Parent Indemnified Party(ies) any amounts due and owing in respect of such resolution in the manner described in Section 9.6(b) and (ii) subject to Section 9.7(c), release any remaining amount relating to such resolved Claim for payment to the Company Securityholders in accordance with Section 2.4(f)(ii) hereof.

(c) With respect to each delivery of any portion of the Indemnification Escrow Fund to the Company Securityholders pursuant to Section 9.7(b) (the aggregate amount of such delivered portion, an "**Indemnification Escrow Release**"), Parent shall within ten (10) Business Days after the later to occur of (x) any such Indemnification Escrow Release or (ii) delivery by the Representative of the Updated Distribution Waterfall in respect of such Indemnification Escrow Release, pay or cause to be paid to the Company Securityholders (through the Exchange Agent or the Post-Closing Payroll Account, as applicable) an aggregate amount of consideration equal to such Indemnification Escrow Release in accordance with the provisions of Section 2.4(f)(ii).

Section 9.8 Tax Consequences of Indemnification Payments. All payments (if any) made to a Parent Indemnified Party pursuant to any indemnification obligations under this Article 9 or pursuant to Article 10 will be treated as adjustments to the Merger Consideration for Tax purposes and such agreed treatment will govern for purposes of this Agreement, unless otherwise required by Law.

Section 9.9 No Right of Contribution. Notwithstanding anything to the contrary in this Agreement, no Company Securityholder shall have any right of contribution against Parent, the Company, any Subsidiary, the Surviving Entity or any other Parent Indemnified Party with respect to any obligations of, or Claims against, such Company Securityholder under or with respect to this Agreement or the transactions contemplated hereby (subject to Section 5.9 with respect to their capacity as a director and/or officer, but not as a Company Securityholder).

Section 9.10 R&W Policy. It is acknowledged that Parent is entering into the R&W Policy and that, in connection therewith, Parent Indemnified Parties may make claims for the same Loss or series of related Losses under both this Article 9 and the R&W Policy. It is further acknowledged and agreed that the denial of any claim made by any Parent Indemnified Party under the R&W Policy shall not be construed as, or used as evidence that, such Parent Indemnified Party is not entitled to indemnification under this Article 9.

Section 9.11 Exclusive Remedy. Except with respect to matters covered by Section 2.10 and Article 10, from and after the Closing, the remedies provided in this Article 9 shall be the sole and exclusive remedies of Parent and its Affiliates, representatives, successors and assigns for any and all Losses arising out of, relating to, or resulting from, any breach of any of the representations, warranties, covenants and agreements contained in this Agreement; provided, however, that nothing herein is intended to waive or otherwise limit (a) any claims for Losses arising out of, relating to, or resulting from fraud or (b) a party's right to seek or obtain specific performance or any other equitable remedies to which a party may be entitled.

ARTICLE 10

TAX MATTERS

Section 10.1 Tax Returns.

(a) The Representative shall prepare or cause to be prepared at the Company Securityholders' sole cost and expense including from the Representative Fund, all Tax Returns of the Company and each Subsidiary for Tax periods that end on or before the Closing Date that are required to be filed after the Closing Date (including, without limitation, Tax returns relating to the period beginning January 1, 2024, and ending on the Closing Date) (collectively the "**Pre-Closing Tax Returns**"). The Representative shall be authorized to engage the Company's historical tax preparer to prepare the Pre-Closing Tax Returns; provided, however, that for each Pre-Closing Tax Return, the Representative shall furnish, no later than forty-five (45) days (or, in the case of a Tax Return that is not an income Tax Return, as soon as reasonably practicable) prior to the anticipated filing date for such Pre-Closing Tax Returns, a draft to Parent of all such Pre-Closing Tax Returns (including copies of all work papers related thereto) and such other information regarding such Pre-Closing Tax Returns as may be reasonably requested by Parent for Parent's review and comment, and the Representative shall not cause to be filed such Pre-Closing Tax Returns without the prior written consent of Parent (which consent shall not be unreasonably withheld, conditioned or delayed). Such Pre-Closing Tax Returns shall be prepared in a manner consistent with past practice and custom of the Company except as otherwise required by Law. The Representative shall (on behalf of the Company Securityholders) pay all Taxes required to be paid in respect of such Pre-Closing Tax Returns to the extent such Taxes were not expressly taken into account in the calculation of the Base Cash Consideration or in the Final Closing Adjustment Amount, and file or cause to be filed such Pre-Closing Tax Returns.

(b) Parent shall prepare or cause to be prepared, and file or cause to be filed, all other Tax Returns of the Company and the Subsidiaries that are required to be filed after the Closing Date, other than the Pre-Closing Tax Returns. In the case of a Tax Return relating to Taxes for a Straddle Period or as to which Taxes are otherwise the obligation of the Company Securityholders ("**Post-Closing Tax Returns**"), Parent shall prepare or cause to be prepared such Post-Closing Tax Returns in a manner consistent with past practice and custom of the Company except as otherwise required by Law. Parent shall furnish a draft to the Representative of all such Post-Closing Tax Returns (including copies of all work papers related thereto) and such other information regarding such Tax Returns as may be reasonably requested by the Representative at least forty-five (45) days (or, in the case of a Tax Return that is not an income Tax Return, as soon as reasonably practicable) prior to the anticipated filing date for such Post-Closing Tax Returns. The Representative shall have the right to review and comment, and Parent shall not file such Post-Closing Tax Returns without the prior written consent of Representative (which consent shall not be unreasonably withheld, conditioned or delayed).

(c) Not later than five (5) Business Days prior to the due date of the payment of Taxes on any Tax Returns which Parent has the responsibility to cause to be filed pursuant to Section 10.1(b), without duplication of, or prejudice to, the Parent Indemnified Parties' rights to indemnification under Section 9.2, Parent shall be entitled to recover from the Indemnification Escrow Fund an amount with a value equal to the amount of Pre-Closing Taxes, to the extent not expressly taken into account in the calculation of the Base Cash Consideration or in the Final Closing Adjustment Amount, as jointly determined by Parent and the Representative reasonably and in good faith, due in respect of such Tax Returns, and Parent and the Representative will promptly deliver written instructions to the Escrow Agent instructing the Escrow Agent to deliver such amounts to Parent.

Section 10.2 Cooperation. Parent and the Representative agree to furnish or cause to be furnished to the other, upon request, as promptly as practicable, such information and assistance relating to Taxes, including access to books and records, as is reasonably necessary for the filing of all Tax Returns by Parent or the Representative, the making of any election relating to Taxes, the preparation for any audit by any Tax authority and the prosecution or defense of any claim, suit or proceeding relating to any Tax. Parent, the Company and the Representative shall each retain all books and records in their possession with respect to Taxes for a period of at least seven (7) years following the Closing Date. Notwithstanding the foregoing or any other provision herein to the contrary, in no event shall the

Representative be entitled to review or otherwise have access to any income Tax Return, or information related thereto, of Parent or its Affiliates (other than income Tax Returns of the Company for Pre-Closing Tax Periods and the pre-Closing Straddle Period).

Section 10.3 Tax Audits.

(a) If written notice of any Action or threatened Action with respect to Taxes of the Company or any Subsidiary (a "**Tax Claim**") shall be received by any party for which any other party may reasonably be expected to be liable, the notified party shall notify such other party or parties in writing of such Tax Claim; provided, however, that the failure of the notified party to give any other party notice as provided herein shall not relieve such other party of its indemnification obligations under Article 9 or this Article 10 except to the extent that such other party is actually and materially prejudiced thereby. Notwithstanding any provision herein to the contrary, to the extent that a provision of this Section 10.3 directly conflicts with any provision of Article 9, this Section 10.3 shall govern.

(b) Parent shall have the right to control the conduct of any Tax Claim of the Company or any Subsidiary. To the extent a Tax Claim relates to Taxes attributable to a Pre-Closing Tax Period, Parent shall (i) keep the Representative reasonably informed of all material developments on a timely basis, (ii) provide to the Representative copies of any and all material correspondence from any Governmental Authority related to such Tax Claim and (iii) not settle such Tax Claim without the consent of the Representative (such consent not to be unreasonably withheld, conditioned or delayed), if the impact of the resolution of such Tax Claim or other compromise would give rise to a material amount of Pre-Closing Taxes; provided that the Representative shall be entitled, at its own cost and expense, to participate in any Tax Claim with respect to a Pre-Closing Tax Period.

Section 10.4 Transfer Taxes. Any transfer, stamp, documentary, sales, use, registration, VAT and other similar Taxes (including all applicable real estate transfer Taxes) incurred in connection with this Agreement and the transactions contemplated hereby ("**Transfer Taxes**") will be borne (i) with respect to the Mergers, fifty percent (50%) by the Company Securityholders and fifty percent (50%) by Parent. The Representative agrees to file or cause to be filed in a timely manner all necessary documents (including all Tax Returns) with respect to all such amounts for which the Company Securityholders are so liable.

Section 10.5 Tax Refunds. Any Tax refunds or credits that are received or otherwise applied by Parent, the Company, or the Surviving Entity that relate to Pre-Closing Tax Periods shall be for the account of each Company Securityholder except to the extent that such refunds were expressly taken into account in the calculation of the Base Cash Consideration or in the Final Closing Adjustment Amount. After the Closing, Parent, the Company, or the Surviving Entity shall, in Parent's sole discretion, either (i) permanently release a portion of the Adjustment Escrow Fund or Indemnification Escrow Fund with a value equal to the amount of such refund or credit or (ii) pay over, or cause to be paid over, to the Representative (on behalf of the Company Securityholders) any refunds that relate to a Pre-Closing Tax Period within ten (10) Business Days after receipt or application thereof by Parent, the Company, or the Surviving Entity.

Section 10.6 Post-Closing Actions. If Parent determines, in its good faith discretion, that it is in the best interest of the Surviving Entity to initiate voluntary disclosure agreements, initiatives and similar processes, including the filing and/or amendment of any Tax Returns or agreements, for the mitigation of any Company or Surviving Entity liability for sales and use Taxes, state income, franchise or gross receipts Tax and any similar or equivalent Taxes (any such tax, a "**S/U Tax**") with respect to a Pre-Closing Tax Period (any such action, a "**VDA Process**"), then Parent shall promptly notify the Representative of such determination. Not less than ten (10) Business Days prior to actually filing a formal voluntary disclosure agreement or other Tax Return described in this Section 10.6, Parent shall give the Representative a right to review and comment thereon, and Parent shall consider in good faith any reasonable comments to such filings that are timely provided by the Representative and, prior to filing, any such filings shall require the prior written consent of the Representative (not to be unreasonably withheld or conditioned and provided that if no response is received by Parent from Representative on or before the third (3rd) Business Day prior to any filing deadline relating thereto, the Representative's consent shall be deemed given). Parent shall control any such VDA Process; provided

that Parent shall consult with the Representative in good faith with respect to any communications and/or requests from a state or local Tax authority with respect to a VDA Process.

ARTICLE 11

MISCELLANEOUS

Section 11.1 Appointment of Representative.

(a) By voting in favor of the adoption of this Agreement, executing and delivering this Agreement or a Support Agreement and/or participating in the Mergers and receiving the benefits thereof, each Company Securityholder shall be deemed to have approved the designation of, and hereby designates, the Representative as the representative of the Company Securityholders and as the attorney-in-fact and agent for and on behalf of each Company Securityholder, to act on behalf of each Company Securityholder with the same effect as if taken by the Company Securityholders to institute, make or pursue claims, counterclaims or defenses, enter into, modify, amend, implement or waive any contract, compromise, settle or surrender any disputes or claims or make any other determination or take any other action or assert or compromise any claim in connection with all matters relating to the Mergers, this Agreement and any of the transactions contemplated hereby, including the receipt and delivery at Closing of certificates and other documents and the giving and receipt of notices by and behalf of the Company Securityholders for all purposes under Article 2, Article 9, Article 10 and otherwise under and in relation to this Agreement and the transactions contemplated hereby. The Representative hereby accepts the appointment as "Representative" pursuant to this Agreement effective on the Agreement Date, in accordance with the terms set forth in this Section 11.1.

(b) Without limiting the foregoing, the Representative is authorized, on behalf of the Company Securityholders, to take any and all actions and the make any decisions required or permitted to be taken by the Representative under this Agreement, including the exercise of the power to: (i) give and receive notices and communications (on behalf of itself or any other Company Securityholder) relating to this Agreement or any of the transactions and other matters contemplated hereby, (ii) authorize Parent to be paid any Closing Adjustment Overpayment, including through the forfeiture of all or any portion of the Adjustment Escrow Fund or the Indemnification Escrow Fund or through direct recovery from Company Securityholders; (iii) authorize Parent and any other applicable Parent Indemnified Party to be indemnified for Losses, including through the forfeiture of all or any portion of the Indemnification Escrow Fund or direct recovery from the Company Securityholders, in satisfaction of Claims by Parent or any other Parent Indemnified Party pursuant to Article 9 (including by not objecting to such Claims), (iv) agree to, object to, negotiate, resolve, enter into settlements and compromises of, demand litigation of, and comply with orders of courts with respect to (A) Claims by Parent or any other Parent Indemnified Party pursuant to Article 9 or (B) any dispute between any Parent Indemnified Party and the Company Securityholders, in each case, relating to this Agreement or any of the transactions or other matters contemplated hereby and (v) take all actions necessary or appropriate in the judgment of the Representative for the accomplishment of the foregoing. The Company Securityholders and their respective successors, heirs, estates and assigns shall be bound by all actions taken and documents executed by the Representative pursuant to this Section 11.1, and Parent and the other Parent Indemnified Parties shall be entitled to rely on any action or decision of the Representative.

(c) The Company Securityholders recognize and intend that the power of attorney granted in this Section 11.1 and the powers, immunities and rights to indemnification granted to the Representative hereunder: (i) are coupled with an interest and are irrevocable; (ii) may be delegated by the Representative; and (ii) shall survive the death, incapacity, dissolution, liquidation, bankruptcy or winding up of each of the Company Securityholders and shall be binding on any successor thereto.

(d) The Representative may engage attorneys, accountants and other professionals and experts. The Representative may in good faith rely conclusively upon information, reports, statements and opinions prepared or presented by such professionals, and any action taken by the Representative based on such reliance shall be deemed conclusively to have been taken in good faith.

(e) Notices or communications to or from the Representative shall constitute notice to or from each of the Company Securityholders. Parent may conclusively rely, without independent verification or investigation, upon any action of the Representative as being the binding decision or action of the Company Securityholders, and Parent shall not be liable to any Company Securityholder or any other Person for any actions taken or omitted from being taken by them or by Parent in accordance with or reliance upon any decision or action of the Representative.

(f) The entity serving as the Representative may be replaced from time to time by Company Securityholders holding not less than a majority of the of the Company Stock (on an as-converted basis). The Representative may resign upon at least thirty (30) days prior written notice to the Company Securityholders. Following a resignation of the Representative, a new Representative may be appointed by Company Securityholders holding not less than a majority of the of the Company Stock (on an as-converted basis). After such resignations or removal any successor shall succeed the former Representative as the Representative hereunder.

(g) In performing the functions specified in this Agreement, the Representative will incur no liability of any kind with respect to any action or omission by the Representative in connection with the Representative's services pursuant to this Agreement and any agreements ancillary hereto, except in the event of liability directly resulting from the Representative's gross negligence or willful breach on the part of the Representative. In no event shall Representative be responsible or liable for special, indirect, punitive, incidental, or consequential loss or damages of any kind whatsoever. The Representative shall not be liable for any action or omission pursuant to the advice of counsel or accounting specialist. The Company Securityholders will jointly and severally indemnify, defend and hold harmless the Representative from and against any and all losses, liabilities, damages, claims, penalties, fines, forfeitures, actions, fees, costs and expenses (including the fees and expenses of counsel and experts and their staffs and all expense of document location, duplication and shipment) (collectively, "**Representative Losses**") arising out of or in connection with the Representative's execution and performance of this Agreement and any agreements ancillary hereto, in each case as such Representative Loss is suffered or incurred; provided, that in the event that any such Representative Loss is finally adjudicated to have been directly caused by the gross negligence or willful misconduct of the Representative, the Representative will reimburse such Company Securityholders the amount of such indemnified Representative Loss to the extent attributable to such gross negligence or willful misconduct. The Representative shall be entitled to recover any such Representative Losses which are indemnifiable hereunder (i) *first*, by recourse to any amounts available in the Representative Fund and (ii) *second*, to the extent sufficient funds are not available in the Representative Fund, then by recourse directly to the Company Securityholders based on their respective Indemnification Pro Rata Shares; provided that while this Section 11.1(g) allows the Representative to be paid from the Representative Fund, this does not relieve the Company Securityholders from their obligation to promptly pay such Representative Losses as they are suffered or incurred, nor does it prevent the Representative from seeking any remedies available to it at law or otherwise. The Company Securityholders acknowledge that the Representative shall not be required to expend or risk his, her or its own funds or otherwise incur any financial liability in the exercise or performance of any of his, her or its powers, rights, duties or privileges or pursuant to this Agreement or the transactions contemplated hereby or thereby. The foregoing indemnities will survive the Closing, the resignation or removal of the Representative or the termination of this Agreement. If any funds remain in the Representative Fund after completion of the Representative's responsibilities, the Representative, as soon as practicable after completion of the Representative's responsibilities, will release such remaining funds and pay or cause to be paid such remaining funds to the Company Securityholders in accordance with Section 2.4(f)(ii) hereof. For income tax purposes, the Representative Fund shall be treated as having been received and voluntarily set aside by the Company Securityholder on the Closing Date.

(h) The Representative represents and warrants to Parent and the Merger Subs as of the Agreement Date and as of the Closing Date as follows: (i) the Representative is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to execute and deliver this Agreement and any other applicable Contract, instrument or document contemplated hereby and to perform its obligations hereunder and thereunder; (ii) the execution, delivery and performance by the Representative of this Agreement and any other applicable Contract, instrument or document contemplated hereby have been

duly and validly authorized by the Representative and no other act or proceeding on the part of the Representative or its equity holders is necessary to authorize the execution, delivery or performance of this Agreement or any other applicable Contract, instrument or document contemplated hereby; (iii) this Agreement and any other applicable Contract, instrument or document contemplated hereby has been duly executed and delivered by the Representative and constitutes a valid and binding obligation of the Representative, enforceable in accordance with its terms, subject to the General Enforceability Exceptions; and (iv) neither the execution, delivery or performance of this Agreement or any other applicable Contract, instrument or document contemplated hereby by the Representative nor the consummation of the Mergers will conflict with, or result in a termination, breach, impairment or violation of, the organizational or other governing documents of the Representative, or any applicable Law or Contract to which the Representative or its assets or properties is bound. The Representative shall have no duties or obligations hereunder, including any fiduciary duties, expect those set forth herein, and such duties and obligations shall be determined solely by the express consent of this Agreement.

Section 11.2 Governing Law; Jurisdiction; Venue. This Agreement shall be governed and construed in accordance with the internal Laws of the State of Delaware, irrespective of its conflicts of law principles and any other Law that would cause the application of the Laws (including the statute of limitations) of any jurisdiction other than the State of Delaware. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the Court of Chancery of the State of Delaware (unless the Federal courts have exclusive jurisdiction over the matter, in which case the United States District Court for the District of Delaware) for any action, suit or proceeding arising out of or relating to this Agreement and of any of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby and thereby (including resolution of disputes under Section 9.6(a)), and hereby irrevocably waive, and agree not to assert, as a defense in any action, suit or proceeding arising out of or relating to this Agreement and of any of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby and thereby, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action, suit or proceeding shall be heard and determined in the Court of Chancery of the State of Delaware or the United States District Court for the District of Delaware.

Section 11.3 Assignment; Binding Upon Successors and Assigns. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise by any of the parties hereto without the prior written consent of the other parties hereto, and any such assignment without such prior written consent shall be null and void, except that Parent may assign this Agreement to any Affiliate of Parent or to any Person who acquires all or substantially all of the assets of Parent or a majority of the outstanding voting securities of Parent (whether by merger, consolidation, securities purchase or otherwise) without the prior consent of any other party hereto. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and assigns.

Section 11.4 Severability. If any provision of this Agreement, or the application thereof, shall for any reason and to any extent be declared invalid, illegal or unenforceable, then the remainder of this Agreement shall remain in full force and effect and the application of such provision to other persons or circumstances shall be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that shall achieve, to the maximum extent permitted by Law, the original economic, business and other purposes of the void or unenforceable provision.

Section 11.5 Counterparts. This Agreement may be executed in any number of counterparts (including via .pdf, DocuSign or other electronic means), each of which shall be an original as regards any party whose signature appears thereon and all of which together shall constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all parties reflected hereon as signatories.

Section 11.6 Other Remedies. Except as otherwise expressly provided herein, any and all remedies herein expressly conferred upon a party hereunder shall be deemed cumulative with and not

exclusive of any other remedy conferred hereby or by Law or equity on such party, and the exercise of any one remedy shall not preclude the exercise of any other. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, and that money damages would not be an adequate remedy for any such damage. The parties hereto agree that the parties shall be entitled to equitable relief by way of an injunction or injunctions, specific performance or otherwise (without posting a bond or other security) to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any State having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

Section 11.7 Amendments and Waivers. This Agreement may be amended in writing by the parties hereto; provided, however, that after the receipt of Written Consents constituting the Stockholder Approval, no amendment shall be made that requires further approval by the Company Securityholders under the DGCL or the Company's Charter Documents without obtaining such requisite approval. No waiver will be binding unless executed in writing by the party making the waiver. No waiver of any of the provisions of this Agreement will be deemed to be or shall constitute a continuing waiver. No delay in exercising any right under this Agreement shall constitute a waiver of such right, and no waiver of any breach or default shall be deemed a waiver of any other breach or default of the same or any other provision in this Agreement.

Section 11.8 Expenses. Except as otherwise expressly provided herein, whether or not the Mergers are successfully consummated, each party shall bear its own respective legal, accounting, and financial advisory fees and other expenses incurred with respect to this Agreement, the Mergers and the transactions contemplated hereby, it being the intention of the parties that if the First Merger is consummated, the Unpaid Transaction Expenses shall be taken into account in calculating the Base Cash Consideration and the Final Closing Adjustment Amount as set forth herein and, to the extent not so taken into account, shall be Losses for which Parent is entitled to be indemnified for under Article 10.

Section 11.9 Notices. All notices and other communications required or permitted under this Agreement shall be in writing and shall be either hand delivered in person, sent by electronic mail, sent by certified or registered first-class mail, postage pre-paid, or sent by nationally recognized express overnight service. Such notices and other communications shall be effective and be deemed delivered and received (a) upon receipt if hand delivered, (b) on the date of transmission if transmitted by electronic mail by 5:00 p.m. (Mountain time) on a Business Day, otherwise on the next Business Day after transmission, (c) three (3) Business Days after mailing if sent by mail, and (d) one (1) Business Day after dispatch if sent by overnight courier, to the addresses set forth on Schedule 11.9, or such other addresses as any party may notify the other parties in accordance with this Section 11.9.

Section 11.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY HERETO CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.10.

Section 11.11 Third-Party Beneficiary Rights. Except as is set forth in Section 5.9, none of the provisions of this Agreement are intended, nor shall be interpreted, to provide or create any third party beneficiary rights or any other rights of any kind in any client, customer, employee, Affiliate, stockholder, partner or any party hereto or any other Person unless specifically provided otherwise herein and, except

as so provided, all provisions hereof shall be personal solely between the parties to this Agreement; provided, however, that Article 9 is intended to benefit the Parent Indemnified Parties.

Section 11.12 Public Announcement. Parent may issue such press releases, and make such other public announcements and disclosures relating to this Agreement, the Mergers or the other transactions contemplated hereby as it determines are required under applicable securities Laws or regulatory or stock exchange rules or as it deems otherwise appropriate; provided, however, that, and to the extent it does not cause impermissible delay in complying with applicable securities Laws or regulatory or stock exchange rules, Parent shall provide the Company (prior to Closing) or the Representative (after the Closing) an advance draft of any such public announcements and disclosures and shall consider in good faith and reasonably incorporate any comments provided to Parent by the Company or the Representative (as applicable). Neither the Company nor the Representative shall, and each shall cause its respective Affiliates and representatives not to, issue any press releases or make any public announcements or disclosures relating to this Agreement, the Mergers or the other transactions contemplated hereby without Parent's prior written consent.

Section 11.13 Confidentiality. The parties acknowledge that the Company and Parent previously have executed the Confidentiality Agreement, which will continue in full force and effect in accordance with its terms until the Effective Time, at which time, and without further action by any party hereto, it shall terminate and be of no further force and effect; provided that nothing in the Confidentiality Agreement shall be deemed to restrict Parent's rights under Section 11.12. If this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreement shall continue in full force and effect in accordance with its terms.

Section 11.14 Entire Agreement. This Agreement, the Exhibits and Schedules hereto (including the Disclosure Schedules), the Confidentiality Agreement, the Company Ancillary Agreements, the Parent Ancillary Agreements, and the Merger Sub Ancillary Agreements constitute the entire understanding and agreement of the parties hereto with respect to the subject matter hereof and supersede all prior and contemporaneous agreements or understandings, inducements or conditions, express or implied, written or oral, between the parties with respect hereto or thereto. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof.

Section 11.15 Interpretation. When a reference is made in this Agreement to an Article, Section, paragraph, clause, schedule, or Annex, such reference shall be deemed to be to this Agreement unless otherwise indicated. The words "herein", "hereof", "hereby", "hereto", and "hereunder" refer to this Agreement as a whole. The recitals of this Agreement are incorporated herein by reference as reflecting the general understanding and intent of the parties hereto. The headings contained herein and on the Disclosure Schedules are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes", or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". Any reference herein to any federal, state, local, or foreign Law shall be deemed also to refer to all rules and regulations promulgated thereunder. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party hereto by virtue of the authorship of any of the provisions of this Agreement.

Section 11.16 Legal Representation. It is acknowledged by each of the parties that the Company has retained Neal, Gerber & Eisenberg LLP (the "**Retained Counsel**") to act as its counsel in connection with the Mergers and related transactions contemplated hereby and that the Retained Counsel has not acted as counsel for any other party in connection with the transactions contemplated hereby and that none of the other parties has the status of a client of the Retained Counsel for conflict of interest or similar purposes as a result thereof. The Company agrees that after Closing, the Retained Counsel may represent the Representative in the matters related to this Agreement and the transactions contemplated hereby, including without limitation in respect of any indemnification claims pursuant hereto. The parties hereby agree, on their own behalf and on behalf of their respective managers, directors, equityholders, members, partners, officers, employees and Affiliates, that, in the event that a dispute arises after the

Closing between the Company Securityholders, on the one hand, and the Surviving Entity, Parent and/or its Affiliates, on the other hand, the Retained Counsel may represent the Company Securityholders in such dispute even though the interests of the Company Securityholders (or any of their Affiliates) may be directly adverse to Parent and/or the Surviving Entity, and even though the Retained Counsel may have represented the Company in a matter substantially related to such dispute. Parent further agrees that, as to all communications among the Retained Counsel, on the one hand, and the Company, on the other hand, made in connection with the negotiation and consummation of the Mergers that are entitled to the protection of the attorney-client privilege, attorney work-product doctrine or similar protection under applicable Law (collectively, the "**Legal Communications**"), the attorney-client privilege (as it relates to the Retained Counsel), and after the Closing, the expectation of client confidence belongs to the Company Securityholders and shall not pass to or be claimed by Parent or the Surviving Entity; provided, that the Company Securityholders shall not waive such privilege without the prior written consent of Parent, not to be unreasonably withheld. Legal Communications shall not include communications that do not involve the giving of legal advice or information about facts and circumstances that do not relate to the Mergers. Notwithstanding the foregoing, in the event that a dispute arises between Parent, the Surviving Entity and/or any of their respective Affiliates and a third party (other than a Company Securityholder or any Affiliate thereof) after the Closing, Parent may assert the attorney-client privilege to prevent disclosure of confidential communications by the Retained Counsel to such third party or such privilege may be asserted by the Retained Counsel in connection with its representation of a party in such dispute; provided, however, that Parent may not waive such privilege without the prior written consent of the Representative (not to be unreasonably withheld, conditioned or delayed). To the extent that Legal Communications are contained in files or other materials maintained by the Retained Counsel, such portion of such files or other materials that contain Legal Communications constitute property of the Company Securityholders. The Retained Counsel shall be a third-party beneficiary of this Section 11.16, and such section shall not be amended without consent of the Retained Counsel.

[Signature Pages Follow]

In Witness Whereof, the parties hereto have executed this Agreement and Plan of Merger as of the date first above written.

PARENT:

HEALTH CATALYST, INC.

By:__
Name: Jason Alger
Title: Chief Financial Officer

MERGER SUB I:

TRAVERSE MERGER SUB I, INC.

By:__
Name:
Title:

MERGER SUB II:

TRAVERSE MERGER SUB II, LLC

By:__
Name:
Title:

COMPANY:

UPFRONT HEALTHCARE SERVICES, INC.

By:__
Name:
Title:

REPRESENTATIVE:

WT REPRESENTATIVE LLC

By:__
Name: Fiona Boger
Title: Managing Director

EXHIBIT A

Defined Terms

"**Accounting Firm**" has the meaning provided in Section 2.9(e).

"**Accounting Principles**" means: (i) the accounting principles, policies, procedures and categorizations set out in Part 1 of Exhibit H attached hereto; (ii) to the extent not inconsistent with clause (i) above and only to the extent consistent with GAAP, the accounting principles, practices, methodologies, procedures, and policies as applied in the preparation of the December 31, 2023 balance sheet of the Company Financial Statements; and (iii) to the extent not inconsistent with (i) and (ii), GAAP. For the avoidance of doubt, clause (i) shall take precedence over clauses (ii) and (iii); and clause (ii) shall take precedence over clause (iii).

"**Accredited Investor**" means a Company Securityholder who either (i) completes, executes and delivers to the Company or Parent, prior to the applicable IQ Cut-Off Time, an Investor Questionnaire certifying that such Company Securityholder is an "accredited investor" as set forth therein or (ii) is determined by Parent in its sole discretion prior to the Closing to be an "accredited investor" as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

"**Acquisition Proposal**" means any agreement, offer, proposal or bona fide indication of interest (other than this Agreement or any other offer, proposal or indication of interest by Parent or any Affiliate of Parent), or any public announcement of intention to enter into any such agreement or of (or intention to make) any offer, proposal or bona fide indication of interest, relating to, or involving: (i) any acquisition or purchase by any Person of any securities of the Company or any Subsidiary (other than pursuant to the exercise of any Company Option disclosed on Schedule 3.4(c) or any Company Warrant disclosed on Schedule 3.4(d)) or any tender offer or exchange offer for outstanding securities of the Company or any Subsidiary or any merger, consolidation, business combination or similar transaction involving the Company, any Subsidiary or any of their respective securities, (ii) any sale, lease, mortgage, pledge, exchange, transfer, license, acquisition, or disposition of any of the assets of the Company or any Subsidiary in any single transaction or series of transactions (other than the sale of Company Offerings in the Ordinary Course of Business), or (iii) any other transaction outside of the Ordinary Course of Business the consummation of which would impede, interfere with, prevent or delay, or could reasonably be expected to impede, interfere with, prevent or delay, the consummation of the Mergers or the other transactions contemplated hereby.

"**Action**" means any action, order, writ, injunction, demand, claim, suit, litigation, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, arbitration, mediation, audit, inquiry, dispute, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Authority or any arbitrator or arbitration panel.

"**Adjustment Escrow Amount**" means $500,000.

"**Adjustment Escrow Fund**" has the meaning provided in Section 2.5(a).

"**Affiliate**" means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person, and the term "**control**" (including the terms "**controlled by**" and "**under common control with**") means the possession, directly or indirectly, of the power to direct or cause the direction of the

management and policies of such Person, whether through ownership of voting securities, by Contract or otherwise. References herein to Affiliates of Parent shall be deemed to include the Surviving Entity, and the Subsidiaries following the Second Effective Time.

"**Aggregate Post-Closing Payment Amount**" means, with respect to any Post-Closing Payment made pursuant to Section 2.4(d) hereof, an aggregate amount of consideration equal to the sum of (x) the amount of such Post-Closing Payment *plus* (y) to the extent that such Post-Closing Payment results in any Post-Closing In The Money Options (which had not previously become Final In The Money Options) becoming Final In The Money Options, the aggregate exercise price associated therewith (if any).

"**Agreed Adjustments**" has the meaning provided in Section 2.9(d).

"**Agreed Earn-Out Adjustments**" has the meaning provided in Section 2.12(b)(iii).

"**Agreement**" has the meaning provided in the Preamble.

"**Agreement Date**" has the meaning provided in the Preamble.

"**Balance Sheet Date**" means November 30, 2024.

"**Base Cash Consideration**" means an amount in cash equal to (without duplication): (i) $41,500,000; *plus* (ii) the Estimated Closing Cash Amount; *plus* (iii) the Closing Aggregate Exercise Price; *minus* (iv) the Estimated Closing Indebtedness Amount; *minus* (v) the Estimated Unpaid Transaction Expenses; *minus* (vi) the Estimated Unpaid Pre-Closing Taxes; *plus* (vii) the Estimated Net Working Capital Surplus, if any; and *minus* (viii) the Estimated Net Working Capital Shortfall, if any.

"**Basket**" has the meaning provided in Section 9.3(a).

"**Board Approval**" has the meaning provided in Section 3.3(c).

"**Books and Records**" has the meaning provided in Section 3.18(a).

"**Bribery Act**" has the meaning provided in Section 3.23(a).

"**Business**" means the business of the Company and the Subsidiaries as presently conducted and as conducted as of the Closing Date, including the provision of: (1) technology products (and professional services necessary to implement such technology products) related to patient engagement and population health, including, without limitation, patient engagement related to patient acquisition and patient retention through the care continuum, and (2) any of the Company Offerings.

"Business Associate" has the meaning ascribed by HIPAA at 45 C.F.R. § 160.103.

"Business Associate Agreement" means a contract between a "covered entity" (as defined by HIPAA at 45 C.F.R. § 160.103) and a Business Associate or between a Business Associate and a subcontractor Business Associate that complies with the HIPAA requirements for such contract at 45 C.F.R. §§ 164.314(a) and 164.504(e).

"**Business Day**" means any day that is not a Saturday, Sunday or other day on which banks are required or authorized by Law to be closed in Salt Lake City, Utah.

"**C2b Solutions**" means C2b Solutions, LLC, formerly an Ohio limited liability company and former subsidiary of the Company, which was dissolved on February 27, 2023 pursuant to the filing of a certificate of dissolution with the Secretary of State of the State of Ohio.

"**CARES Act**" has the meaning provided in the definition of [***].

"**Cash and Cash Equivalents**" means all cash and cash equivalent assets (including marketable securities) of the Company and each Subsidiary; provided that Cash and Cash Equivalents shall (i) be net of uncashed and uncleared checks and wires issued by the Company or any Subsidiary, but shall be calculated inclusive of checks, wires and drafts deposited or available for deposit for the account of the Company or any Subsidiary or issued and not yet received and (ii) not include any Restricted Cash.

"**Cash Only Closing Payments**" has the meaning provided in Section 2.4(c).

"**Charter**" means the Fourth Amended and Restated Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on August 12, 2022, as the same has been amended as of January 10, 2025.

"**Charter Documents**" has the meaning provided in Section 3.1.

"**Claim**" means a claim for indemnification for Losses under Article 9.

"**Closing**" has the meaning provided in Section 2.1.

"**Closing Adjustment Amount**" means an amount equal to (without duplication) (i) the Closing Cash Amount *minus* (ii) the Closing Indebtedness Amount *minus* (iii) the Unpaid Transaction Expenses *minus* (iv) the Unpaid Pre-Closing Taxes *plus* (v) the Net Working Capital Surplus, if any, *minus* (vi) the Net Working Capital Shortfall, if any, as such amount is finally determined pursuant to Section 2.9 hereof.

"**Closing Adjustment Overpayment**" has the meaning provided in Section 2.10(f).

"**Closing Adjustment Underpayment**" has the meaning provided in Section 2.9(g).

"**Closing Aggregate Exercise Price**" means the aggregate exercise price of all Company Options (other than the Post-Closing In The Money Options) and all In the Money Company Warrants.

"**Closing Cash Amount**" means the amount of all Cash and Cash Equivalents of the Company and the Subsidiaries as of the Measurement Time.

"**Closing Date**" has the meaning provided in Section 2.1.

"**Closing Distribution Waterfall**" means the Example Distribution Waterfall, as is updated by the Company and the Representative in good faith to reflect the amounts set forth in the Estimated Closing Statement.

"**Closing Employee Payment**" means:

(i) any retention, bonus, change in control or other similar payment or benefit obligation arising or being accelerated as a result of either of the Mergers, this Agreement

or the transactions contemplated by this Agreement, including without limitation the Closing Sale Bonus Payments;

(ii) all unpaid bonus amounts payable to employees of the Company (including, Offered Employees, Declining Employees and employees listed on Schedule 5.7(a)(i))) relating to any period prior to the Closing;

(iii) except to the extent included in the Net Working Capital or paid directly to the employees of the Company pursuant to Section 5.7(a)(ii) hereof, any unpaid compensation, wages, plan contributions or premiums, vacation and paid-time-off entitlements and the like for any employee attributable to any period prior to the Closing Date (whether or not accrued and whether or not due or payable as a result of either of the Mergers), including without limitation any payments in respect of the Company's and the India Subsidiary's annual employee bonus structure for employees / managers, directors / senior directors / principals, vice presidents / managing principals, and senior vice presidents, the Retention Bonuses (as defined in the Disclosure Schedules), and the Variable Compensation Agreements (as defined in the Disclosure Schedules);

(iv) without duplication of any of the foregoing, the amounts described under the heading "Separation Amounts Economically Borne by Company Securityholders" on Schedule 5.7(a)(i);

(v) fifty percent (50%) of the retention bonus amounts set forth on Schedule 5.7(a)(iv); and

(vi) the employer portion of any payroll, employment, or similar Tax (including, without limitation, all Social Security, Medicare, etc. amounts) related to any of the foregoing payments.

"**Closing Indebtedness Amount**" means the total amount of Indebtedness of the Company and the Subsidiaries as of the Measurement Time.

"**Closing In The Money Options**" means each Company Option that is set forth on Schedule A-1 hereto.

"**Closing Payment**" has the meaning provided in Section 2.4(b).

"**Closing Payment Cash**" has the meaning provided in Section 2.4(c).

"**Closing Payment Parent Stock**" has the meaning provided in Section 2.4(a).

"**Closing Payment Pro Rata Share**" means with respect to each Company Securityholder (excluding holders of Dissenting Shares and Company Securityholders that hold only Post-Closing In The Money Options), a fraction (expressed as a percentage), (a) the numerator of which is the portion of the Closing Payment to be paid to each such Company Securityholder pursuant to the terms of this Agreement and as is set forth in the Closing Distribution Waterfall and (b) the denominator of which is the aggregate portion of the Closing Payment paid to all Company Securityholders pursuant to the to the terms of this Agreement and as is set forth in the Closing Distribution Waterfall.

"**Closing Sale Bonus Payments**" has the meaning provided in Section 2.4(c)(iii).

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Commercially Available Software**" means Software that is licensed or made available to the Company or any Subsidiary pursuant to a Contract that meets the following conditions: (i) such Contract grants a non-exclusive license to download or use generally commercially available, non-customized Software subject to terms and conditions that are non-negotiated, including, without limitation, with respect to pricing terms, (ii) such Software is not included, incorporated or embedded in any Company Offering or distributed to any third parties, (iii) such Software is not Open Source Software, (iv) such Contract does not require the Company or any Subsidiary to pay any ongoing fees that exceed Fifty Thousand Dollars ($50,000) per year and was not originally licensed by the Company or any Subsidiary for a one-time license fee of more than One Hundred Thousand Dollars ($100,000), and (v) the Company or any Subsidiary uses such Software in the Ordinary Course of Business.

"**Common Securities Pro Rata Share**" means with respect to each holder of Company Common Securities at the time of a Post-Closing Payment of the nature described in Section 2.4(d)(i) or Section 2.4(d)(ii)(B) hereof, a fraction (expressed as a percentage):

(a) the numerator of which is the aggregate number of shares of Company Common Stock held by such holder of Company Common Securities (excluding, for this purpose, (i) all Excluded Securities and (ii) any shares of Company Preferred Stock (or Company Warrants for the purchase of Company Preferred Stock) that such holder of Company Common Securities may hold) on an as-converted to / as-exercised for Company Common Stock basis; and

(b) the denominator of which is the aggregate number of shares of Company Common Stock held by all holders of Company Common Securities (excluding, for this purpose, (i) all Excluded Securities and (ii) any shares of Company Preferred Stock (or Company Warrants for the purchase of Company Preferred Stock)) on an as-converted to / as-exercised for Company Common Stock basis,

as such fraction (expressed as a percentage) is calculated by the Representative in good faith and is set forth in the Updated Distribution Waterfall applicable to such Post-Closing Payment. For the sake of clarity, the numerator and denominator of "Common Securities Pro Rata Share" shall not take into account any Company Preferred Stock (or Company Warrants for the purchase of Company Preferred Stock) which may be held by a holder of Company Common Securities.

"**Company**" has the meaning provided in the Preamble, and, for purposes of the representations and warranties set forth in Article 3 hereof, shall include PatientBond, Inc., a Delaware corporation, and any other former subsidiary or predecessor of the Company.

"**Company Ancillary Agreement**" means each agreement or document (other than this Agreement) that the Company or any Subsidiary is to enter into as a party thereto pursuant to this Agreement.

"**Company Balance Sheet**" means the unaudited, consolidated balance sheet of the Company and the Subsidiaries as of the Balance Sheet Date that is included in the Company Financial Statements.

"**Company Benefit Arrangement**" has the meaning provided in Section 3.17(j).

"**Company Common Securities**" means collectively: (a) the Company Common Stock (including Company Restricted Stock), (b) the Company Options, and (c) those Company Warrants that are exercisable for shares of Company Common Stock.

"**Company Common Stock**" means the Company's common stock, $0.0001 par value per share (including, for the avoidance of doubt, all Company Restricted Stock).

"**Company Convertible Notes**" means those convertible promissory notes issued by the Company set forth on or that should be set forth on Schedule 3.4(e).

"**Company Customer**" means each current customer of the Company, any Subsidiary or the Business, whether a direct customer of the Company, any Subsidiary or the Business or an indirect customer of the Company, any Subsidiary or the Business through a reseller.

"**Company Data**" means all data, meta-data, or information (i) transmitted to the Company, any Subsidiary or any of their respective subcontractors or agents by users or customers of any of the Company Offerings (including any PHI created, received, maintained, or transmitted by the Company, any Subsidiary or any of their respective subcontractors or agents, notwithstanding that under HIPAA such PHI is not the property of the Company, any Subsidiary or any of their respective subcontractors or agents), or (ii) contained in any IT Systems or other databases of the Company, any Subsidiary or any of their respective subcontractors or agents (including any and all Proprietary Information, User Data, listings and other content displayed or distributed on or through any Company Offering or Company Software) and all other information, data and compilations thereof used by, or necessary to the Business.

"**Company Employee Agreement**" means each employment (including offer letters), bonus, commission, incentive compensation, retention, change in control, severance, Tax gross-up, consulting, relocation or other similar Contract between either the Company or any Subsidiary, on the one hand, and any employee, officer, independent contractor, director or other service provider of either the Company or any Subsidiary, on the other hand.

"**Company Employee Plan**" means, other than a Company Employee Agreement, each pension benefit, 401(k), profit sharing, retirement, deferred compensation, welfare, insurance, health benefit, sick or disability pay, cafeteria, flexible benefit, fringe benefit, death benefit, Equity Interest, stock, membership interest, option or other equity-based compensation, bonus, incentive compensation, vacation or other paid-time off, change in control, severance or retention pay and other similar plans, programs and agreements, whether reduced to writing or not, maintained or contributed by the Company, any Subsidiary or any of their respective ERISA Affiliates that relate to the current or former employees, contractors, directors or managers of the Company, any Subsidiary or any such ERISA Affiliate, or with respect to which the Company, any Subsidiary or any such ERISA Affiliate has any current or potential Liability.

"**Company Equity Plan**" means the Company's 2016 Stock Incentive Plan, as amended from time to time.

"**Company Financial Statements**" means: (i) the audited, consolidated balance sheet of the Company and the Subsidiaries for the years ended December 31, 2022 and December 31, 2023, together with the audited, consolidated statements of operations, stockholders' equity and cash flows of the Company and the Subsidiaries for such years; (ii) the Company Balance Sheet; and (iii) the related internally prepared statements of operations, stockholders' equity and cash flows of the Company and the Subsidiaries for the eleven (11) month period ended on the Balance Sheet Date.

"**Company Fundamental Representations**" means each of the representations and warranties of the Company set forth in Sections 3.1 (Company Organization), 3.2 (Company Subsidiaries), 3.3

(Company Authority and Validity), 3.4 (Capitalization), 3.5(a)(i) (Company No Conflict), 3.7 (Company Taxes), and 3.26 (Company No Brokers).

"**Company Intellectual Property Right**" means any Intellectual Property Right that is owned, purported to be owned, used, held for use, or practiced by, or exclusively licensed to, the Company or any Subsidiary, including any Intellectual Property Right incorporated into any Company Offering or Company Data.

"**Company Material Contract**" means any (i) Contract listed or required to be listed on Schedule 3.8, Schedule 3.12, Schedule 3.14 or Schedule 3.15 (whether or not so listed) and (ii) any Contract between the Company and/or any Subsidiary, on the one hand, and any Significant Customer or Significant Vendor, on the other hand.

"**Company Offering**" means (i) any Company Software, product (including any application programming interface (API)) or service (including hosted Software or cloud services), in each case, that is offered, licensed, provided, sold or distributed by or for the Company or any Subsidiary, whether already developed or otherwise under development, (ii) each website owned, maintained, or operated by or on behalf of the Company or any Subsidiary, and (iii) the Company Data. For the avoidance of doubt, "Company Offerings" include Ruby Platforms, Emerald Platform, Market Insights Platform (previously known as Insights Accelerator), Campaign Solution, as are further described on Exhibit M attached hereto.

"**Company Optionholder**" means any holder of Company Options.

"**Company Options**" means options to purchase shares of Company Common Stock, excluding Company Warrants.

"**Company Preferred Stock**" means the Company's preferred stock, which have been designated as Series A-1 Company Preferred Stock, Series A-2 Company Preferred Stock, Series A-3 Company Preferred Stock, Series A-4 Company Preferred Stock, Series B Company Preferred Stock, Series B-2 Company Preferred Stock, and Series C Company Preferred Stock.

"**Company Representatives**" has the meaning provided in Section 5.4(a).

"**Company Securities**" means collectively: (a) the Company Preferred Stock and Company Common Stock (including Company Restricted Stock), (b) the Company Options, and (c) the Company Warrants.

"**Company Securityholders**" means collectively: (a) the holders of Company Preferred Stock and Company Common Stock (including holders of Company Restricted Stock), (b) the Company Optionholders, and (c) the Company Warrantholders.

"**Company Software**" means all Software owned by or developed by or for, or purported to be owned by, the Company or any Subsidiary.

"**Company Stock**" means, collectively, the Company Common Stock and the Company Preferred Stock.

"**Company Warrantholder**" means any holder of Company Warrants.

"**Company Warrants**" means those warrants to purchase Company Stock set forth on or that should be set forth on Schedule 3.4(c).

"**Confidentiality Agreement**" means that certain Mutual Non-Disclosure Agreement, by and between Parent and the Company, dated as of June 3, 2024, as the same may be amended and/or restated from time to time.

"**Contract**" means any legally-binding written or oral contract, agreement, instrument, arrangement, commitment, understanding or undertaking (including leases, licenses, mortgages, notes, guarantees, sublicenses, subcontracts, purchase orders and sale orders).

"**Copyleft License**" means any license that provides, as a condition to the use, modification, or distribution of such license, that such licensed items or any other items that are incorporated into, derived from, based on, linked to, or used or distributed or made available with such licensed items, be licensed, distributed, or otherwise made available (i) in a form other than binary or object code (e.g., in source code form), (ii) under terms that permit redistribution, reverse engineering or creation of derivative works or other modification or (iii) without a license fee. "Copyleft License" includes without limitation the GNU General Public License, the GNU Library General Public License, the GNU Lesser General Public License, the Affero General Public License, the Mozilla Public License, the Common Development and Distribution License, the Eclipse Public License, and any Creative Commons "sharealike" license.

"**Copyright**" means any copyright, whether in published or unpublished works, which includes: (a) literary works and any other original works of authorship fixed in any tangible medium of expression; (b) databases, data collections and rights therein, Software, website and social media account content; (c) moral rights, rights to compilations, collective works and derivative works of any of the foregoing; and (d) registrations and applications for registration for any of the foregoing and any renewals or extensions thereof.

"**COVID-19**" means SARS CoV-2 or COVID-19, and any evolutions, intensification, resurgence or mutations thereof, or related or associated epidemics, pandemics, disease outbreaks or public health emergencies.

"**COVID-19 Measures**" means any quarantine, "shelter in place," "stay at home," social distancing, sequester or other applicable Law, order, directive, guidelines or recommendations by any Governmental Authority in connection with or in response to COVID-19, as well as any shut down, closure, workforce reduction, layoff, furlough instituted in connection with or in response to COVID-19.

"**D&O Indemnified Parties**" has the meaning provided in Section 6.9.

"**D&O Tail Policy**" has the meaning provided in Section 6.9.

"**Declining Employee**" has the meaning provided in Section 5.7(a)(i).

"**DGCL**" has the meaning provided in the Recitals.

"**Disclosure Schedules**" has the meaning provided in Article 3.

"**Disputed Items Notice**" has the meaning provided in Section 2.9(c).

"**Dissenting Share**" means any share of Company Stock that is issued and outstanding immediately prior to the Effective Time and in respect of which appraisal rights have been perfected in accordance with Section 262 of the DGCL in connection with the First Merger.

"**DLLCA**" has the meaning provided in the Recitals.

"**Domain Name**" means any website domain name, uniform resource locator or other name or locator associated with the Internet or social media identifier.

"**Earn-Out Amount**" has the meaning provided on Schedule 2.12.

"**Earn-Out Dispute Notice**" has the meaning provided in Section 2.12(b)(ii)

"**Earn-Out Measurement Date**" has the meaning provided on Schedule 2.12.

"**Earn-Out Payment Parent Stock**" has the meaning provided in Section 2.4(f)(iii).

"**Earn-Out Statement**" has the meaning provided in Section 2.12(b)(i).

"**Effective Time**" has the meaning provided in Section 2.1.

[***]

"**Employer Payroll Taxes**" has the meaning provided in Section 2.4(h).

"**Employment Documents**" has the meaning provided in the Recitals.

"**Encumbrance**" means, with respect to any asset, any mortgage, deed of trust, lien, pledge, charge, security interest, title retention device, collateral assignment, adverse claim, exclusive license or covenant, option to obtain an exclusive license or covenant, restriction or other encumbrance of any kind in respect of such asset.

"**Environmental Law**" means any Law or other legal requirement relating to pollution, contamination, or protection of human health or the environment (including ambient air, surface water, ground water, storm water, land surface or subsurface strata), natural resources, or health and safety, or the generation, storage, treatment, use, mixture, transportation, disposal, recycling, reporting, emission, discharge, release or threatened release of Hazardous Materials or other materials, wastes, chemicals or substances regulated by or subject to standards of control or liability by any Governmental Authority, each as amended.

"**Equity Interests**" means any and all shares, membership interests, equity securities, equity participations, other equity interests or equity-linked interests of any kind or other equivalents (however designated) of capital stock of a corporation and any and all ownership or equity interest of any kind in a Person (other than a corporation), including membership interests, partnership interests, joint venture interests, phantom equity and equity appreciation rights, and any and all warrants, options, rights to vote or purchase or any other rights or securities convertible into, exchangeable or exercisable for or related to any of the foregoing.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

"**ERISA Affiliate**" means any entity that would within the six (6) year period ending on the Closing Date have ever been considered a single employer with the Company under Section 4001(b) of ERISA or part of the same "controlled group" as the Company for purposes of Section 302(d)(3) of ERISA.

"**Escrow Agent**" means Wilmington Trust National Association or any successor Escrow Agent appointed in accordance with the terms of the Escrow Agreement.

"**Escrow Agreement**" has the meaning provided in Section 2.5(a).

"**Estimated Closing Adjustment Amount**" means an amount equal to (without duplication): (i) the Estimated Closing Cash Amount; *minus* (ii) the Estimated Closing Indebtedness Amount; *minus* (iii) the Estimated Unpaid Transaction Expenses; *minus* (iv) the Estimated Unpaid Pre-Closing Taxes; *plus* (v) the Estimated Net Working Capital Surplus, if any; and *minus* (vi) the Estimated Net Working Capital Shortfall, if any.

"**Estimated Closing Cash Amount**" has the meaning provided in the definition of "Estimated Closing Statement".

"**Estimated Closing Indebtedness Amount**" has the meaning provided in the definition of "Estimated Closing Statement".

"**Estimated Closing Statement**" means a statement prepared by the Company setting forth the Company's good faith estimates (calculated in accordance with the Accounting Principles and prepared in accordance with the illustrative calculation of Net Working Capital set forth in Exhibit H hereto) of: (i) the consolidated balance sheet of the Company and the Subsidiaries as of the Measurement Time; (ii) the Closing Aggregate Exercise Price; (iii) the Closing Indebtedness Amount (the "**Estimated Closing Indebtedness Amount**") (including an itemized list thereof and, with respect to all Indebtedness that is subject to Indebtedness Pay-Off Documentation, wire transfer instructions); (iv) the Unpaid Transaction Expenses (the "**Estimated Unpaid Transaction Expenses**") (including an itemized list thereof and wire transfer instructions with respect to each payee of Unpaid Transaction Expenses); (v) the Unpaid Pre-Closing Taxes (the "**Estimated Unpaid Pre-Closing Taxes**") (including an itemized list thereof); (vi) the Closing Cash Amount (the "**Estimated Closing Cash Amount**"); (vii) the Net Working Capital (the "**Estimated Net Working Capital**") and, based thereon, the Net Working Capital Surplus (the "**Estimated Net Working Capital Surplus**") or the Net Working Capital Shortfall (the "**Estimated Net Working Capital Shortfall**"), as applicable; (viii) the Estimated Closing Adjustment Amount; (ix) the Merger Consideration based on the foregoing amounts (the "**Estimated Merger Consideration**"); and (x) the amount of the Closing Payment. The Estimated Closing Statement shall also set forth the additional information described on Exhibit N attached hereto and be accompanied by the Closing Distribution Waterfall. Parent shall be entitled to rely on the information in the Estimated Closing Statement and the Closing Distribution Waterfall for all relevant purposes hereunder, it being acknowledged and agreed that its use thereof shall not affect, in any manner whatsoever, any Parent Indemnified Party's right to indemnification pursuant to Section 10.2 if any of the information on the Estimated Closing Statement and/or the Closing Distribution Waterfall is not accurate or complete or for any omissions therefrom.

"**Estimated Net Working Capital**" has the meaning provided in the definition of "Estimated Closing Statement".

"**Estimated Net Working Capital Shortfall**" has the meaning provided in the definition of "Estimated Closing Statement".

"**Estimated Merger Consideration**" has the meaning provided in the definition of "Estimated Closing Statement".

"**Estimated Net Working Capital Surplus**" has the meaning provided in the definition of "Estimated Closing Statement".

"**Estimated Unpaid Pre-Closing Taxes**" has the meaning provided in the definition of "Estimated Closing Statement".

"**Estimated Unpaid Transaction Expenses**" has the meaning provided in the definition of "Estimated Closing Statement".

"**Example Distribution Waterfall**" means the spreadsheet or other schedule in form and substance reasonably acceptable to Parent, which sets forth an illustrative waterfall of the payments to be made to Company Securityholders, holders of Company Convertible Notes and other applicable Persons as contemplated by this Agreement, which is attached as Exhibit O hereto.

"**Exchange Agent**" has the meaning provided in Section 2.6(a)(i).

"**Exchange Agent Agreement**" has the meaning provided in Section 2.6(a)(i).

"**Excluded Securities**" means, with respect to any Post-Closing Payment made pursuant to Section 2.4(d) hereof, all Dissenting Shares and all Post-Closing In The Money Options that have not become Final In the Money Options (either in connection with such Post-Closing Payment or any previously made Post-Closing Payment).

"**Executory Period**" has the meaning provided in Section 6.1.

"**FASC**" means First Analysis Securities Corporation, the Company's financial advisor in connection with the Mergers.

"**FCPA**" has the meaning provided in Section 3.23(a).

"**FDA**" means the United States Food and Drug Administration.

"**Federal Health Care Program**" means, as set forth under 42 U.S.C. § 1320a-7b(f), (i) any plan or program that provides health benefits, whether directly, through insurance, or otherwise, that is funded directly, in whole or in part, by the United States Government, which includes Medicare, Medicaid, TRICARE, and Veterans Health, and (ii) any State health care program, as defined by 42 U.S.C. § 1320-7(h), which includes Medicaid and Children's Health Insurance Program, but (iii) excludes the Federal Employee Health Benefits Program established by 5 U.S.C. chapter 89.

"**Final Closing Adjustment Amount**" has the meaning provided in Section 2.9(e).

"**Final Determination Date**" has the meaning provided in Section 9.6(a).

"**Final Earn-Out Amount**" has the meaning provided in Section 2.12(b)(iv).

"**Final In The Money Options**" means any Post-Closing In the Money Option where, as a result of a specific Post-Closing Payment made pursuant to Section 2.4(d) hereof (when aggregated with the Closing Payment and any Post-Closing Payments that occurred prior to the payment of such Post-Closing Payment), the amount such Company Optionholder would have received as the holder of the number of shares of Company Common Stock underlying such holder's Post-Closing In The Money Options pursuant to Section 2.3(a)(iii) hereof if such Post-Closing In The Money Options had been exercised in full without regard to vesting would exceed the aggregate exercise price for the shares of Company Common Stock underlying such Post-Closing In The Money Company Options (as set forth in the Updated Distribution Waterfall).

"**First Certificate of Merger**" has the meaning provided in Section 2.1.

"**First Merger**" has the meaning provided in the Recitals.

"**Flipping As-Converted Preferred Stock**" has the meaning provided in Section 2.4(d)(ii).

"**Flipping As-Converted Pro Rata Share**" means with respect to each holder of Flipping As-Converted Preferred Stock at the time of a Post-Closing Payment of the nature described in Section 2.4(d)(ii) hereof, a fraction (expressed as a percentage):

(a) the numerator of which is the aggregate number of shares of Company Common Stock held by such holder in respect of his, her or its Flipping As-Converted Preferred Stock only (and any Company Warrants exercisable for Flipping As-Converted Preferred Stock held by such holder other than Out Of The Money Company Warrants) on an as-converted-to-Company Common Stock basis; and

(b) the denominator of which is the aggregate number of shares of Company Common Stock held by all Company Securityholders in respect of (i) Flipping As-Converted Preferred Stock (and any Company Warrants exercisable for Flipping As-Converted Preferred Stock other than Out Of The Money Company Warrants), (ii) Previously Flipped As-Converted Preferred Stock (and any Company Warrants exercisable for Previously Flipped As-Converted Preferred Stock other than Out Of The Money Company Warrants) and (iii) Company Common Securities (excluding, for this purpose, all Excluded Securities) on an as-converted-to-Company Common Stock basis,

as such fraction (expressed as a percentage) is calculated by the Representative in good faith and is set forth in the Updated Distribution Waterfall applicable to such Post-Closing Payment.

"**Foreign Person**" has the meaning provided in Section 3.23(a).

"**Fully As-Converted Pro Rata Share**" means with respect to each holder of (v) Company Common Securities, (w) Series B Company Preferred Stock (and any Company Warrants exercisable for Series B Company Preferred Stock other than Out Of The Money Company Warrants), (x) Series A-3 Company Preferred Stock, (y) Series A-2 Company Preferred Stock and (z) Series A-1 Company Preferred Stock at the time of a Post-Closing Payment of the nature described in Section 2.4(d)(iv) hereof, a fraction (expressed as a percentage):

(a) the numerator of which is the aggregate number of shares of Company Common Stock held by such holder in respect of his, her or its (i) Company Common Securities (excluding, for this purpose, Excluded Securities), (ii) Series B Company Preferred Stock (or

Company Warrants to purchase Series B Company Preferred Stock), (iii) Series A-3 Company Preferred Stock, (y) Series A-2 Company Preferred Stock and (iv) Series A-1 Company Preferred Stock, in each case on an as-converted to / as exercised for Company Common Stock basis; and

(b) the denominator of which is the aggregate number of shares of Company Common Stock held by all Company Securityholders in respect of (i) Company Common Securities (excluding, for this purpose, Excluded Securities), (ii) Series B Company Preferred Stock (or Company Warrants to purchase Series B Company Preferred Stock), (iii) Series A-3 Company Preferred Stock, (y) Series A-2 Company Preferred Stock and (iv) Series A-1 Company Preferred Stock, in each case on an as-converted to / as exercised for Company Common Stock basis,

as such fraction (expressed as a percentage) is calculated by the Representative in good faith and is set forth in the Updated Distribution Waterfall applicable to such Post-Closing Payment. For the sake of clarity, the numerator and denominator of "Fully As-Converted Pro Rata Share" shall not take into account any Series C Company Preferred Stock (or any Company Warrants to purchase Series C Company Preferred Stock), Series B-2 Company Preferred Stock or Series A-4 Company Preferred Stock which may be held by a Company Securityholder.

"**Fundamental Representations**" means, collectively, the Company Fundamental Representations and the Parent Fundamental Representations.

"**GAAP**" means United States generally accepted accounting principles as in effect for the applicable period or date.

"**General Enforceability Exceptions**" has the meaning provided in Section 3.3(b).

"**General Representation Cap**" means $215,000.

"**General Representations**" means the representations and warranties of the Company set forth in Article 3 and the representations and warranties of Parent set forth in Article 4, in each case other than the Fundamental Representations.

"**Governmental Authority**" means any (i) national, federal, state, local, municipal, foreign or other government, or (ii) governmental authority of any nature (including any governmental division, department, agency, bureau, commission, instrumentality, official, unit, body, subdivision, court, arbitrator or other tribunal and any authority with responsibility for overseeing and/or enforcing Healthcare Laws or Privacy Laws), or (iii) any other body having authority to issue rules or standards with which the Company or any Subsidiary is legally required to comply.

"**Governmental Permits**" has the meaning provided in Section 3.16(b).

"**Hazardous Materials**" means any material, substance, chemical, pollutant, contaminant, waste, toxic substance, petroleum or petroleum product, petroleum hydrocarbons, crude oil and any fractions or derivatives thereof, medical waste, asbestos or asbestos containing materials, polychlorinated biphenyls, per- and polyfluoroalkyl substances, radon, gas, urea formaldehyde insulation, explosive, radioactive, carcinogenic, flammable, infectious, corrosive, toxic, mutagenic, natural gas, natural gas liquids, gasoline and synthetic gas, pollutant, contaminant, or course, byproduct or mixture of such, or any other substance that is historically or currently regulated by an Environmental Law, or that is otherwise a potential danger

or nuisance to health and safety, reproduction, the environment or natural resources, whether by its nature, its use, or exposure to or could give rise to liability under any Environmental Law.

"**Healthcare Laws**" means any Law relating to the regulation, provision or administration of, or billing or payment for, healthcare products or services applicable to the Business, including, but not limited to: (i) the federal Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b)) and other federal and state false claim, false statement, and healthcare fraud civil and criminal Laws; (ii) other federal and state Laws relating to transparency, disclosure of financial relationships with healthcare professionals, inducements of patient or healthcare professionals, or conflicts of interest; and (iii) similar foreign or local Laws (each of (i) through (iii) as amended from time to time).

"**HIPAA**" means (i) the Administrative Simplification provisions of title II, subtitle F, of the Health Insurance Portability and Accountability Act of 1996 (Pub. L. 104-191), (ii) the Health Information Technology for Economic and Clinical Health Act, included in division A, title XIII, subtitle D of the American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5), and (iii) the regulations promulgated thereunder at 45 C.F.R. Parts 160, 162 and 164 (each of (i) through (iii) as amended from time to time).

"**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"**HSR Submission**" has the meaning provided in Section 5.6(c).

"**In the Money Company Warrant**" means each Company Warrant that is not an Out of the Money Company Warrant.

"**Indebtedness**" means, without duplication, whether accrued or not, (i) all obligations (including the principal amount thereof and the amount of accrued and unpaid interest thereon) of each of the Company and any Subsidiary, whether or not represented by bonds, debentures, notes, convertible loan agreements or other securities (whether or not convertible into any other security), for the repayment of money borrowed or indebtedness issued in substitution or exchange for borrowed money, whether owing to banks, financial institutions or otherwise, including with respect to all Company Convertible Notes, (ii) all deferred or unpaid indebtedness of each of the Company and any Subsidiary, contingent or otherwise, for the payment of the purchase price of property, service or assets purchased (other than accounts payable incurred in the Ordinary Course of Business that are not then past due (to the extent counted as a current liability in the calculation of Net Working Capital), but including all seller notes and "earn-out" payments and any post-closing true-up obligations with respect to the acquisition of any business, assets or securities, assuming maximum amounts earned), (iii) all obligations of each of the Company and any Subsidiary under any lease which is categorized as a capital or finance lease in the Company Financial Statements or is required to be classified as a capital or finance lease in accordance with GAAP (other than any lease that was classified or accounted for an as operating lease in accordance with GAAP prior to the implementation of FASB ASC 42 and any similar lease), (iv) all outstanding reimbursement obligations of each of the Company and any Subsidiary with respect to letters of credit, bankers' acceptances, performance bonds, surety bonds or similar facilities, (v) all obligations of each of the Company and any Subsidiary under any interest rate swap agreement, forward rate agreement, interest rate cap or collar agreement or other financial agreement or arrangement entered into for the purpose of limiting or managing interest rate risks, (vi) all obligations secured by any Encumbrance existing on property owned by the Company or any Subsidiary, (vii) all premiums, interest, penalties, fees, expenses, breakage costs and change of control payments required to be paid or offered in respect of any of the

foregoing on payment or prepayment (regardless if any of such are actually paid), as a result of the consummation of the Mergers or any of the other transactions contemplated hereby or in connection with any consent of any counterparty with respect to any such Indebtedness, (viii) all declared but unpaid dividends, and (ix) all guaranties, endorsements, assumptions and other contingent obligations of each of the Company and any Subsidiary in respect of, or to purchase or to otherwise acquire, any of the obligations and other matters of the kind described in any of the clauses (i) through (vii) appertaining to third parties.

"**Indebtedness Pay-Off Documentation**" has the meaning provided in Section 5.8.

"**Indemnification Escrow Amount**" means $215,000.

"**Indemnification Escrow Expiration Date**" has the meaning provided in Section 9.7(b).

"**Indemnification Escrow Fund**" has the meaning provided in Section 2.5(a).

"**Indemnification Escrow Release**" has the meaning provided in Section 9.7(c).

"**Indemnification Pro Rata Share**" means with respect to each Company Securityholder (excluding holders of Dissenting Shares), a fraction (expressed as a percentage), (a) the numerator of which is the Merger Consideration or other amounts (including amounts in respect of Company Convertible Notes, any Post-Closing Payments and any Earn-Out Amount) paid to such Company Securityholder pursuant to this Agreement as of the applicable Final Determination Date and (b) the denominator of which is the aggregate amount of all Merger Consideration or other amounts that have been paid or that have become payable to all Company Securityholders pursuant to this Agreement (including amounts in respect of Company Convertible Notes, any Post-Closing Payments and any Earn-Out Amount) as of the applicable Final Determination Date. The initial Indemnification Pro Rata Share of each Company Securityholder (excluding holders of Dissenting Shares) as of the Effective Time shall be set forth on the Estimated Closing Statement and/or in the Closing Distribution Waterfall, which information shall be updated following the Effective Time from time to time in the manner set forth in Section 2.4(e).

"**India Returns**" has the meaning provided in Section 3.7(d).

"**India Subsidiary**" means PatientBond India Private Limited, a private limited company incorporated under the laws of India.

"**Information Security Review**" has the meaning provided in Section 3.15(m).

"**Information Statement**" has the meaning provided in Section 5.3(b).

"**Insperity**" means the Company's payroll processor.

"**Insurance Policies**" has the meaning provided in Section 3.19.

"**Intellectual Property Right**" means, on a worldwide basis, all (i) Patents, (ii) Copyrights, (iii) other rights with respect to Software, including any registration of such right or any application to register such right, (iv) industrial designs right or registration of such right and any application to register such right, (v) right with respect to any Marks, and any registration for any Mark and any application to register any Mark, along with all goodwill associated with each of the foregoing, (vi) rights with respect

to any Domain Name, including any registration for any Domain Name, along with all goodwill associated with each of the foregoing, (vii) rights with respect to any Proprietary Information, including any right to limit the use or disclosure of Proprietary Information by any Person, (viii) rights with respect to any database, including any registration of such right and any application to register such right, (ix) rights of publicity and personality, including any right with respect to use of a Person's name, signature, likeness, image, photograph, voice, identity, personality, and biographical and personal information and materials, (x) moral rights, (xi) renewal, reissue, reversion, reexamination, or extension of any of the foregoing, and (xii) and all other intellectual property, industrial or proprietary rights (by whatever name or term known or designated) arising under law or equity, whether or not filed, perfected, registered or recorded and whether now or later existing, filed, issued or acquired.

"**Interim Flipped As-Converted Pro Rata Share**" means with respect to each holder of Previously Flipped As-Converted Preferred Stock and Company Common Securities at the time of a Post-Closing Payment of the nature described in Section 2.4(d)(iii) hereof, a fraction (expressed as a percentage):

(a) the numerator of which is the aggregate number of shares of Company Common Stock held by such holder in respect of his, her or its (i) Previously Flipped As-Converted Preferred Stock (and any Company Warrants exercisable for Previously Flipped As-Converted Preferred Stock held by such holder other than Out Of The Money Company Warrants) and (ii) Company Common Securities (excluding, for this purpose, Excluded Securities), in each case on an as-converted to / as exercised for Company Common Stock basis; and

(b) the denominator of which is the aggregate number of shares of Company Common Stock held by all Company Securityholders in respect of (i) Previously Flipped As-Converted Preferred Stock (and any Company Warrants exercisable for Previously Flipped As-Converted Preferred Stock held by such holder other than Out Of The Money Company Warrants) and (ii) Company Common Securities (excluding, for this purpose, all Excluded Securities), in each case on an as-converted to / as exercised for Company Common Stock basis,

as such fraction (expressed as a percentage) is calculated by the Representative in good faith and is set forth in the Updated Distribution Waterfall applicable to such Post-Closing Payment. For the sake of clarity, the numerator and denominator of "Interim Flipped As-Converted Pro Rata Share" shall not take into account any Company Preferred Stock that has not become Flipping As-Converted Preferred Stock in connection with a previously paid Post-Closing Payment.

"**Invention Assignment Agreement**" has the meaning provided in Section 3.14(j).

"**IQ Cut-Off Time**" means, (i) with respect to the Closing Payment, 11:59 pm Mountain Time on the date that is five (5) Business Days following the date of this Agreement or (ii) with respect to any Post-Closing Payment, the date that is five (5) Business Days prior to the delivery by the Representative of an Updated Distribution Waterfall in respect of such Post-Closing Payment.

"**Investor Questionnaire**" has the meaning provided in Section 5.6(a).

"**IRS**" means the United States Internal Revenue Service.

"**IT System**" means any information technology and computer system (including Software, information technology and telecommunication hardware, network and other equipment) relating to the transmission, storage, maintenance, organization, presentation, generation, processing or analysis of data

and information and any support, disaster recovery and online service whether or not in electronic format, used in or necessary to the conduct of the Business.

"**Key Employee**" has the meaning provided in the Recitals.

"**Knowledge of the Company**" means the actual knowledge of Benjamin Albert, Carrie Kozlowski, Ryan Royal, Stephanie St. Clair and Emily Landon, and such knowledge that any such Person should have had following a reasonable investigation in the course of such Peron's duties on behalf of the Business, including consultation with the appropriate personnel of the Company responsible for the subject matter of the applicable representation and warranty.

"**Law**" means any law, statute, ordinance, regulation, rule, order, ruling, writ, injunction, award, judgment or decree (and any regulations promulgated thereunder), of any Governmental Authority.

"**Legal Communications**" has the meaning provided in Section 11.16.

"**Letter of Transmittal**" has the meaning provided in Section 2.6(b).

"**Liability**" means any debt, duty, Tax, obligation or liability of any kind or nature (including any unknown, undisclosed, unmatured, unaccrued, unasserted, contingent, indirect, conditional, implied, vicarious, derivative, joint, several or secondary liability), regardless of whether such debt, duty, Tax, obligation or liability would be required to be disclosed on a balance sheet prepared in accordance with GAAP and regardless of whether such debt, duty, liability, Tax or obligation is immediately due and payable.

"**Licensed IP**" has the meaning provided in Section 3.14(c).

"**Losses**" means, collectively, any and all deficiencies, judgments, settlements, Actions or threatened Actions, assessments, Liabilities, losses, damages, interest, fines, penalties, costs, Taxes, and expenses of any kind or nature (including reasonable legal, accounting and other costs and expenses of professionals, and those incurred in connection with investigating, defending, settling or otherwise satisfying any of the foregoing, and in seeking and enforcing rights to indemnification hereunder); provided that "**Losses**" shall not include punitive damages except those awarded to a third party in connection with a Third Party Claim.

"**Major Stockholders**" has the meaning provided in the Recitals.

"**Mark(s)**" means any trademark, service mark, logo and design mark, trade dress, trade name, fictitious or other business name, and brand name, together with all goodwill associated with any of the foregoing.

"**Material Adverse Effect**" means (a) with respect to any Company Securityholder, the Company, or any Subsidiary, as applicable, any change, event, circumstance, condition or effect that has, or would reasonably be expected to have, a material and adverse impact on the ability of such Company Securityholder, the Company, or any Subsidiary, as applicable, to consummate the Mergers, or (b) with respect to the Company, any Subsidiary or the Business, any change, event, circumstance, condition or effect that is, or would reasonably be expected to be, individually or in the aggregate, materially adverse to the condition (financial or otherwise), assets, Liabilities, business, employees, management, operations or results of operations of the Company, any Subsidiary or the Business, taken as a whole; provided, however, that in no event shall any of the following be deemed, either alone or in combination, to

constitute, nor shall any of the following be taken into account in determining whether there has been, a Material Adverse Effect with respect to the Company, any Subsidiary or the Business except, in the cases of clauses (i) through (iv), to the extent that the same has or have a disproportionate effect on the Company, any Subsidiary and/or the Business as compared to other companies and businesses in the same industry in which the Company, and Subsidiary and the Business operate: (i) changes in general economic or political conditions; (ii) changes affecting the industry of the Company, any Subsidiary and the Business generally; (iii) any acts of war or terrorism or national pandemic; (iv) changes in Law or GAAP occurring after the Agreement Date; and (v) public announcement of the execution of this Agreement and/or the pending Mergers in accordance with this Agreement.

"**Measurement Time**" means 12:01 a.m. Mountain time on the Closing Date.

"**Merger Consideration**" has the meaning provided in Section 2.4(a).

"**Mergers**" has the meaning provided in the Recitals.

"**Merger Sub I**" has the meaning provided in the Preamble.

"**Merger Sub II**" has the meaning provided in the Preamble.

"**Merger Subs**" has the meaning provided in the Preamble.

"**Merger Sub Ancillary Agreements**" means, as to Merger Sub I or Merger Sub II, as the case may be, each agreement or document (other than this Agreement) that such Merger Sub is to enter into as a party thereto pursuant to this Agreement.

"**Multiemployer Plan**" has the meaning set forth in Section 3(37) of ERISA.

"**Net Working Capital**" means, as of the Measurement Time, a calculation of the total current assets of the Company and the Subsidiaries (excluding Cash and Cash Equivalents) *minus* the total current liabilities of the Company and the Subsidiaries (excluding Indebtedness and Transaction Expenses), as determined and calculated in accordance with the Accounting Principles, to the extent such current assets and current liabilities are described or set forth in the calculation of Net Working Capital set forth on Part 2 of Exhibit H attached hereto (and specifically excluding any asset or liability accounts that are not listed in the calculation of Net Working Capital set forth on Part 2 of Exhibit H attached hereto). Part 2 of Exhibit H shows an illustrative calculation of Working Capital.

"**Net Working Capital Shortfall**" means the amount (if any) by which the Target Net Working Capital exceeds the Net Working Capital, as the same is finally determined in accordance with Section 2.9 hereof (it being understood that if the Net Working Capital is greater than or equal to the Target Net Working Capital, the Net Working Capital Shortfall shall be $0).

"**Net Working Capital Surplus**" means the amount (if any) by which the Net Working Capital exceeds the Target Net Working Capital, as the same is finally determined in accordance with Section 2.9 hereof (it being understood that if the Net Working Capital is less than or equal to the Target Net Working Capital, then the Net Working Capital Surplus shall be $0).

"**Notice of Claim**" has the meaning provided in Section 10.4.

"**Offered Employees**" has the meaning provided in Section 6.7(a).

"**Open Source Software**" means any and all Software that is, contains, or is derived in any manner (in whole or in part) from any Software that is licensed pursuant to (i) any license that is, or is substantially similar to, a license now or in the future approved by the Open Source Initiative and listed at http://www.opensource.org/licenses, which licenses include all versions of the GNU General Public License (GPL), the GNU Lesser General Public License (LGPL), the GNU Affero GPL, the BSD license, the MIT license, the Eclipse Public License, the Common Public License, the Mozilla Public License, and the Artistic License; (ii) any license under which Software or other materials are distributed or licensed as "free software," "open source software" or under similar terms; or (iii) any Copyleft License, in each case whether or not Source Code is available or included in such license.

"**Ordinary Course of Business**" means a course of business that is in the ordinary course of business of the Company and/or any Subsidiary, consistent with the past custom and practices of the Company, any Subsidiary and the Business, including with respect to frequency and amounts.

"**Out of the Money Company Warrant**" has the meaning provided in Section 2.3(a)(v)(1).

"**Owned Company IP**" has the meaning provided in Section 3.14(c).

[***]

"**Parent**" has the meaning provided in the Preamble.

"**Parent Ancillary Agreements**" means each agreement or document (other than this Agreement) that Parent is to enter into as a party thereto pursuant to this Agreement.

"**Parent Closing Adjustment Amount**" has the meaning provided in Section 2.9(b).

"**Parent Closing Statement**" has the meaning provided in Section 2.9(b).

"**Parent Common Stock**" means the Common Stock, $0.001 par value per share, of Parent.

"**Parent Indemnified Party**" has the meaning provided in Section 9.2.

"**Parent Fundamental Representations**" means and the representations and warranties of Parent and Merger Subs set forth in Sections 4.1 (Parent Organization), 4.2 (Parent Authority and Validity), and 4.3 (Parent No Conflict).

"**Parent SEC Reports**" has the meaning provided in Section 4.5.

"**Parent Stock Ceiling**" means a number of shares of Parent Common Stock equal to 19.9% of the Parent Common Stock issued and outstanding as of the opening of the NASDAQ on the Closing Date.

"**Patent**" means any patent or patent application, utility model or application for any utility model, inventor's certificate or application for any inventor's certificate, or invention disclosure statement.

"**Payment Conditions**" has the meaning provided in Section 2.6(b).

"**Permitted Encumbrance**" means (i) prior to, and to the extent that they will be discharged at, the Closing, Encumbrances arising under or related to any Indebtedness; (ii) any lien for Taxes not yet

due or being contested in good faith by appropriate proceedings, for which adequate reserves (as determined in accordance with GAAP) have been established on the most recently dated Company Financial Statements; (iii) any mechanics', carriers', workers', repairers' or other similar lien arising or incurred in the Ordinary Course of Business relating to obligations as to which there is no default on the part of either the Company or any Subsidiary or the validity or amount of which is being contested in good faith by appropriate proceedings; (iv) with respect to any real property leased by the Company or any Subsidiary, (a) any Encumbrance on leases, subleases, easements, licenses, rights of use, rights to access and rights of way arising therefrom or benefiting or created by any superior estate, right or interest, (b) any Encumbrance that would be set forth in any title policies, endorsements, title commitments, title certificates and/or title reports and any zoning, entitlement, conservation restriction and other land use and environmental regulations by Governmental Authorities, and (c) any minor encroachment; provided, however, that none of the foregoing Encumbrances or encroachments described in clause (iv) could, individually or in the aggregate, impair, in any material respect, the continued use and operation of the property to which they relate in the Business; (v) in the case of Company Stock, Company Options, Company Warrants, Company Convertible Notes or other Equity Interests, restrictions arising under applicable securities Laws; and (vi) non-exclusive licenses of Intellectual Property Rights granted by the Company in the Ordinary Course of Business.

"**Person**" means any individual, corporation, company, limited liability company, partnership, limited partnership, limited liability partnership, trust, estate, proprietorship, joint venture, association, organization, or other entity of any kind or nature or any Governmental Authority.

"**Personal Information**" means, in addition to all information defined or described by either the Company or any Subsidiary as "personal data," "personal information," "personally identifiable information," "PII," or any similar term in the privacy policies or other public-facing statements of the Company or any Subsidiary, any information collected by or on behalf of the Company or any Subsidiary that is subject to any Privacy Law or regarding or capable of being associated with an individual or a device associated with an identifiable individual, including: (i) information that identifies, could be used to identify (alone or in combination with other information) or is otherwise identifiable with an individual or a device associated with an identifiable individual, including name, physical address, telephone number, email address, financial account number, government-issued identifier (including Social Security number and driver's license number), medical, health or insurance information, gender, date of birth, educational or employment information, any religious or political view or affiliation, marital or other status, photograph, face geometry, or biometric information, and any other data or information used or intended to be used to identify, contact or precisely locate an individual, (ii) any data regarding any activity of an individual online or on a mobile device or other application (*e.g.*, any search conducted, web page or content visited or viewed), if such information is associated with an identifiable individual, and (iii) any Internet Protocol address or other persistent identifier. Personal Information may relate to any individual, including any user of any Internet or device application who views or interacts with any Company Offering, or a current, prospective or former customer, employee or vendor of the Company or any Subsidiary. Personal Information includes information in any form, including paper, electronic and other forms.

"**PHI**" means "protected health information" as defined in 45 C.F.R. § 160.103, limited to the PHI created, received, maintained or transmitted by the Company or any Subsidiary from, for or on behalf of a "covered entity" (as defined by HIPAA at 45 C.F.R. § 160.103) or a Business Associate.

"**Post-Closing In The Money Options**" means each Company Option that is set forth on Schedule A-2 hereto.

"**Post-Closing Payment**" has the meaning provided in Section 2.4(d).

"**Post-Closing Payroll Account**" means the payroll account (or another designated bank account) of Parent or one of its Affiliates.

"**Post-Closing Tax Returns**" has the meaning provided in Section 10.1(b).

[***].

"**Pre-Closing Tax**" means (i) any Tax imposed on any of the Company or any Subsidiary in respect of any Pre-Closing Tax Period, (ii) any Tax of any Company Securityholder or any of his, her or its Affiliates for which any of the Company, any Subsidiary, or any Company Securityholder may be liable, whether by reason of any requirement to withhold or otherwise, and incurred in connection with the Mergers or this Agreement, (iii) any Tax of another Person for which any of the Company or any Subsidiary is held liable as a result of being a successor or transferee of such Person on or prior to the Closing Date or as a result of any express or implied obligation existing on or prior to the Closing Date to indemnify any such Person, by Contract or otherwise, (iv) any Tax incurred as a result of the transactions contemplated by this Agreement, including the employer portion of any payroll or employment Taxes with respect to any payments arising as a result of the transactions contemplated by this Agreement, (v) any Taxes deferred pursuant to Section 2302 of the Coronavirus Aid, Relief and Economic Security Act (Public Law 116-36), signed into law on March 27, 2020, (vi) any Taxes imposed on Parent, its Affiliates, the Company, any Subsidiary, the Representative, or the Surviving Entity as a result of any breach of a representation or warranty by the Company under Section 3.7; and (vii) any Losses incurred by Parent, its Affiliates, the Company, any Subsidiary, the Representative, the Surviving Entity or any Company Securityholder attributable to any breach by the Company of any covenant in Article 10. For purposes of the foregoing, in the case of a Straddle Period, the amount of any Tax based on or measured by income or receipts or imposed in connection with any transaction that is allocable to the portion of a Straddle Period ending on the Closing Date shall be determined based on an interim closing of the books as of the close of business on the Closing Date (and for such purpose, the Tax period of any partnership or other pass-through entity in which any of the Company or any Subsidiary holds a beneficial interest shall be deemed to terminate at such time), and the amount of any other Tax of any of the Company or any Subsidiary that is allocable to the portion of a Straddle Period ending on the Closing Date shall be deemed to be the amount of such Tax for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of days in the portion of the Straddle Period ending on and including the Closing Date, and the denominator of which is the total number of days in the entire Straddle Period. Any credit or refund resulting from an overpayment of Taxes (and associated interest) for a Straddle Period shall be attributed to the portion of the Straddle Period ending on the Closing Date and/or the portion of the Straddle Period beginning after the Closing Date based upon the method employed herein taking into account the type of Tax to which the credit or refund relates. In the case of any Tax paid based upon or measured by capital (including net worth or long-term debt) or intangibles, any amount thereof required to be apportioned herein shall be computed by reference to the level of such items on the Closing Date.

"**Pre-Closing Tax Period**" means any Tax period ending on or before the Closing Date and that portion of any Straddle Period ending on and including the Closing Date.

"**Pre-Closing Tax Returns**" has the meaning provided in Section 10.1(a).

"**Preferred As-Converted Liquidation Amount**" means the applicable Series B/C As-Converted Liquidation Amount with respect to shares of Series B Company Preferred Stock, Series B-2

Company Preferred Stock and the Series C Company Preferred Stock (as applicable) or the applicable Series A As-Converted Liquidation Amount with respect to shares of Series A-1 Preferred Company Stock, the Series A-2 Company Preferred Stock, the Series A-3 Company Preferred Stock and the Series A-4 Company Preferred Stock (as applicable).

"**Preferred Liquidation Amount**" means the applicable Series B/C Liquidation Amount with respect to shares of Series B Company Preferred Stock, Series B-2 Company Preferred Stock and the Series C Company Preferred Stock (as applicable) or the applicable Series A Liquidation Amount with respect to shares of Series A-1 Preferred Company Stock, the Series A-2 Company Preferred Stock, the Series A-3 Company Preferred Stock and the Series A-4 Company Preferred Stock (as applicable).

"**Preferred OIP Liquidation Amount**" means the applicable Series B/C OIP Liquidation Amount with respect to shares of Series B Company Preferred Stock, Series B-2 Company Preferred Stock and the Series C Company Preferred Stock (as applicable) or the applicable Series A OIP Liquidation Amount with respect to shares of Series A-1 Preferred Company Stock, the Series A-2 Company Preferred Stock, the Series A-3 Company Preferred Stock and the Series A-4 Company Preferred Stock (as applicable).

"**Previously Flipped As-Converted Preferred Stock**" means, with respect to a particular Post-Closing Payment, Company Preferred Stock that became Flipping As-Converted Preferred Stock in connection with a previously paid Post-Closing Payment.

"**Privacy Law**" means any Law that governs the receipt, collection, compilation, use, storage, processing, sharing, safeguarding, security, disposal, destruction, disclosure, transfer or breach notification of Personal Information or User Data, including, without limitation, (i) the Children's Online Privacy Protection Act, (ii) the Telephone Consumer Protection Act, (iii) the California Online Privacy Protection Act, (iv) the California Consumer Privacy Act (Cal. Civ. Code § 1798.100 *et seq*.), (v) the CAN-SPAM Act, (vi) HIPAA, (vii) the federal privacy of substance use disorder patient records at 42 U.S.C. § 290dd-2 and 42 C.F.R. Part 2, and (viii) all consumer protection laws relating to the receipt, collection, compilation, use, storage, processing, sharing, safeguarding, security, disposal, destruction, disclosure, or transfer of Personal Information.

"**Properties**" has the meaning provided in Section 3.25(a).

"**Proprietary Information**" means any information or material not generally known to the public, including any trade secret, know-how or other confidential and proprietary information.

"**R&W Policy**" means that certain buyer-side representations and warranties insurance policy issued by Berkshire Hathaway Specialty Insurance Company to Parent in connection with the Mergers and the transactions contemplated by this Agreement.

"**Reference Price**" means $7.734, as adjusted to appropriately reflect any stock split, reverse stock split, stock dividend, reorganization, reclassification, combination, recapitalization or other like change with respect to Parent Common Stock occurring after the Effective Time.

"**Registered Company Intellectual Property Right**" means (i) any issued Patent, pending Patent application, Mark registration, application for Mark registration, Copyright registration, application for Copyright registration and Domain Name registration owned, purported to be owned, filed or applied for by or on behalf of either the Company or any Subsidiary, and (ii) any other application, registration, recording and filing filed by or on behalf of the Company or any Subsidiary (or otherwise authorized by

or in the name of the Company or any Subsidiary) with respect to any Company Intellectual Property Right.

"**Regulatory Conditions**" means, collectively, the conditions to Closing set forth in Sections 7.1(a) and 7.1(c) hereof.

"**Related Parties**" has the meaning provided in Section 3.8.

"**Representative**" has the meaning provided in the Preamble.

"**Representative Fund**" has the meaning provided in Section 2.5(b).

"**Representative Fund Amount**" means $250,000.

"**Representative Losses**" has the meaning provided in Section 11.1(g).

"**Requisite Stockholders**" means those holders of Company Stock holding (i) at least a majority of all outstanding shares of Company Preferred Stock, voting together as a single class on an as-converted to Company Common Stock basis; and (ii) at least a majority of the Company Preferred Stock and the Company Common Stock, voting together as a single class on an as-converted to Company Common Stock basis.

"**Restricted Cash**" means any cash which is not freely usable by the Company or any Subsidiary because it is subject to restrictions, limitations or Taxes on use or distribution by Law, Contract or otherwise, including without limitation, restrictions on dividends, collateral for letters of credit, and repatriations or any other form of restriction.

"**Restricted Owner**" has the meaning provided in the Recitals.

"**Restriction Agreement**" has the meaning provided in the Recitals.

"**Retained Counsel**" has the meaning provided in Section 11.16.

"**S/U Tax**" has the meaning provided in Section 10.6.

"**Sale Bonus Agreements**" has the meaning provided in Section 7.2(z).

"**Sale Bonus Payments**" means the Closing Sale Bonus Payments and any additional sale bonus payments that may be due and payable to the Sale Bonus Recipients pursuant to Section 2.12 hereof in respect of the Earn-Out Amount (if any).

"**Sale Bonus Recipient**" has the meaning provided in Section 2.4(c)(iii).

"**Sanctioned Destination**" means any country or region that is, or has been in the last five (5) years, the target of a comprehensive embargo under any Trade Control Law, including Belarus, Crimea, Cuba, Iran, North Korea, Russia, Syria, and the Donetsk and Luhansk regions of Ukraine.

"**Sanctioned Person**" means any Person that is the target of sanctions under any Trade Control Laws, including: (a) any Person listed on a sanctioned party list issued by the United States, including, but not limited to, the Specially Designated Nationals and Blocked Persons List, the Sectoral Sanctions

Identifications List, the Entity List, the Denied Persons List, and the Unverified List; (b) any Person that is, in the aggregate, fifty percent (50%) or greater owned, directly or indirectly, or otherwise controlled by a Person or Persons described in clause (a); or (c) any Person organized, resident or located in a Sanctioned Destination.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Second Merger**" has the meaning provided in the Recitals.

"**Second Effective Time**" has the meaning provided in Section 2.1.

"**Securities Act**" means the Securities Act of 1933, as amended.

"**Series A As-Converted Liquidation Amount**" has the meaning provided in Section 3.4(g)(i)(B).

"**Series A Company Preferred Stock**" means, collectively, the Series A-1 Preferred Company Stock, the Series A-2 Company Preferred Stock, the Series A-3 Company Preferred Stock and the Series A-4 Company Preferred Stock.

"**Series A Liquidation Amount**" has the meaning provided in Section 3.4(g)(i)(B).

"**Series A OIP Liquidation Amount**" has the meaning provided in Section 3.4(g)(i)(B).

"**Series A-1 Company Preferred Stock**" means Company Preferred Stock designed as "Series A-1 Company Preferred Stock."

"**Series A-2 Company Preferred Stock**" means Company Preferred Stock designed as "Series A-2 Company Preferred Stock."

"**Series A-3 Company Preferred Stock**" means Company Preferred Stock designed as "Series A-3 Company Preferred Stock."

"**Series A-4 Company Preferred Stock**" means Company Preferred Stock designed as "Series A-4 Company Preferred Stock."

"**Series B Company Preferred Stock**" means Company Preferred Stock designed as "Series B Company Preferred Stock."

"**Series B-2 Company Preferred Stock**" means Company Preferred Stock designed as "Series B-2 Company Preferred Stock."

"**Series B/C As-Converted Liquidation Amount**" has the meaning provided in Section 3.4(g)(i)(A).

"**Series B/C Company Preferred Stock**" means, collectively, the Series B Company Preferred Stock, the Series B-2 Company Preferred Stock and the Series C Company Preferred Stock.

"**Series B/C Liquidation Amount**" has the meaning provided in Section 3.4(g)(i)(A).

"**Series B/C OIP Liquidation Amount**" has the meaning provided in Section 3.4(g)(i)(A).

"**Series C Company Preferred Stock**" means Company Preferred Stock designed as "Series C Company Preferred Stock."

"**Significant Customer**" has the meaning provided in Section 3.21(a).

"**Significant Vendor**" has the meaning provided in Section 3.21(b).

"**Software**" means any (i) computer program, including any API or SDK, software implementation of any algorithm, model or methodology, whether in source code, object or executable code, or other form, (ii) database, (iii) descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing, screens, subroutines, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons and (iv) documentation, including user manuals and other training documentation, related to any of the foregoing, and (v) any and all enhancements, versions, releases and updates relating to any of the foregoing, including, in each case, for the avoidance of doubt, any hosted Software or Software delivered on a Software-as-a-Service (SaaS) or on demand basis.

"**Standard EULAs**" has the meaning provided in Section 3.12(d).

"**Stockholder Approval**" has the meaning provided in Section 3.3(d).

"**Straddle Period**" means any Tax period beginning before or on the Closing Date and ending after the Closing Date.

"**Subsidiaries**" means, collectively, the U.S. Subsidiary and the India Subsidiary.

"**subsidiary**" means any Person of which (i) a majority of the outstanding share capital, voting securities or other equity interests is owned, directly or indirectly, by the Company or any Subsidiary, or (ii) the Company or any Subsidiary is entitled, directly or indirectly, to appoint a majority of the board of directors, board of managers or comparable body of such Person.

"**Support Agreement**" has the meaning provided in the Recitals.

"**Surviving Corporation**" has the meaning provided in the Recitals.

"**Surviving Entity**" has the meaning provided in Section 2.2(b)(i).

"**Target Net Working Capital**" means negative one million three hundred thousand dollars (-$1,300,000).

"**Tax**" (and, with correlative meaning, "**Taxes**") means (i) any federal, state, local or foreign income, alternative or add-on minimum, gross income, gross receipts, sales, use, VAT, transfer, franchise, profits, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental, escheat, unclaimed property, estimated or windfall profit tax, custom duty, national insurance tax, health tax or other tax or other like assessment or charge in the nature of a tax, together with any interest or any penalty, addition to tax or additional amount imposed by any Governmental Authority responsible for the imposition of any such tax (domestic or foreign), whether disputed or not, (ii) any Liability for the payment of any amount of the type described in clause (i) as a

result of being a member of an affiliated, consolidated, combined, unitary or aggregate group for any Tax period, and (iii) any Liability for the payment of any of the type described in clause (i) or (ii) as a result of being a transferee of or successor to any Person or as a result of any express or implied obligation to indemnify any other Person, by Contract or otherwise.

"**Tax Claim**" has the meaning provided in Section 10.3(a).

"**Tax Return**" means any return, amended return, election declaration, report, voluntary disclosure, claim for refund, information return or statement filed or required to be filed in respect of Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"**Terminated Benefit Plan**" has the meaning provided in Section 5.7(c).

"**Termination Date**" has the meaning provided in Section 8.2(b).

"**Third Party Claim**" has the meaning provided in Section 9.4.

"**Third-Party Platform**" means any other Person's device, platform, server, application, operating system, website, networked physical object (including Internet of Things (IoT)), Software as a service, platform as a service, infrastructure as a service, cloud service or similar service.

"**Trade Control Laws**" means: (a) all applicable trade, export control, sanctions, import, and antiboycott Laws imposed, administered, or enforced by the U.S. government, including the Arms Export Control Act (22 U.S.C. § 2778), the International Emergency Economic Powers Act (50 U.S.C. §§1701 et seq.), the Trading with the Enemy Act (50 U.S.C. app. §§1 et seq.), the International Boycott Provisions of Section 999 of the Code, Title 19 of the U.S. Code, the International Traffic in Arms Regulations (22 C.F.R. §§120 et seq.), the Export Administration Regulations (15 C.F.R. §§730 et seq.), the Foreign Trade Regulations (15 C.F.R. Part 30), and the economic sanctions laws and regulations and associated executive orders and directives administered by the Office of Foreign Assets Control of the United States Department of the Treasury, and the laws and regulations administered by United States Customs and Border Protection, including any export or import declaration filing, payment of customs duties, compliance with import quotas, import registration or any other similar requirements related to the exportation or importation of Software, hardware, supplies, technology, or services by the Company or any Subsidiary; and (b) all applicable trade, export control, import, and antiboycott Laws imposed, administered or enforced by the United Nations Security Council or any country, except to the extent inconsistent with the Laws of the United States.

"**Transaction Expense**" means any cost or expense of any kind or nature incurred by, paid by, or to be paid by, the Company, any Subsidiary, and any of the Company Securityholders on behalf of the Company or any Subsidiary in connection with either of the Mergers, this Agreement and the transactions contemplated by this Agreement, including, without duplication and whether accrued or not: (i) all fees and expenses of any investment banker, financial advisor, legal counsel, accountant or other professional advisor; (ii) fifty percent (50%) of all fees and expenses of each of the Escrow Agent and the Exchange Agent; (iii) fifty percent (50%) of all premiums and related costs with respect to the D&O Tail Policy (whether or not paid for prior to the Closing); (iv) fifty percent (50%) of all premiums and related costs with respect to the additional tail insurance policies described in Section 5.10 hereof (whether or not paid for prior to the Closing); (v) fifty percent (50%) of all fees, costs and expenses associated with the engagement of Black Duck by Parent in connection with its due diligence review of the Company and the Subsidiaries; (vi) fifty percent (50%) of all premiums, success fees, underwriting fees and related costs with respect to the R&W Policy; (vii) all Closing Employee Payments; (viii) all amounts due and owing

in connection with the termination of any Terminated Benefit Plan, as is described in Section 5.7(c); and (ix) any payment, consideration, costs or fees associated with obtaining any permits, authorizations, consents, waivers, orders or approvals of, or making any filings or providing notices to, any Governmental Authority or any other Person in connection with either of the Mergers and the transactions contemplated hereby, other than the filing fee with respect to the HSR Submission, which shall be borne by Parent.

"**Transfer**" means, with respect to any security, to sell, offer, pledge, contract to sell, grant any option, right or contract to purchase, or otherwise transfer (including by gift or operation of law), dispose of, hypothecate or encumber, directly or indirectly, such security.

"**Transfer Taxes**" has the meaning provided in Section 10.4.

"**Treasury Regulations**" means the United States Treasury Regulations promulgated under the Code.

"**U.S. Subsidiary**" means Psynteractive LLC, a Delaware limited liability company.

"**Unaccredited Investor**" means any Company Securityholder who is not an Accredited Investor.

"**Unpaid Pre-Closing Taxes**" means the aggregate amount, which may not be less than zero, of all unpaid Taxes of the Company and any Subsidiary for Pre-Closing Tax Periods, calculated through the end of the Closing Date and, with respect to a Straddle Period, in accordance with the last sentence of the definition of Pre-Closing Tax, in each case that are unpaid as of the Measurement Time.

"**Unpaid Transaction Expenses**" means all Transaction Expenses, in each case whether due prior to, on or after the Closing, which are unpaid as of the Measurement Time.

"**Unresolved Disputed Items**" has the meaning provided in Section 2.9(e).

"**Unresolved Earn-Out Disputed Items**" has the meaning provided in Section 2.12(b)(iv).

"**Updated Distribution Waterfall**" has the meaning provided in Section 2.4(e).

"**User Data**" means any Personal Information, PHI or other data or information collected by or on behalf of the Company or any Subsidiary from any user of any Company Offering.

"**VAT**" means any ad valorem, value added, goods and services or similar Tax.

"**VDA Process**" has the meaning provided in Section 10.6.

"**Virtual Data Room**" has the meaning provided in Article 3.

"**WARN Act**" means the Workers Adjustment and Retraining Notification Act, as amended, and all state and local statutory equivalents.

"**Written Consent**" has the meaning provided in the Recitals.

HEALTH CATALYST, INC.

NON-EMPLOYEE DIRECTOR COMPENSATION POLICY

The purpose of this Non-Employee Director Compensation Policy (the "Policy") of Health Catalyst, Inc., a Delaware corporation (the "Company"), is to provide a total compensation package that enables the Company to attract and retain, on a long-term basis, high-caliber directors who are not employees or officers of the Company or its subsidiaries ("Outside Directors"). This Policy will become effective as of the Annual Meeting of Stockholders of the Company in June, 2025 (the "Effective Date"). In furtherance of the purpose stated above, all Outside Directors shall be paid compensation for services provided to the Company as set forth below:

1. Cash Retainers

(a) Additional Annual Retainers for Committee Membership:

Audit Committee Chairperson: $22,500

Audit Committee member: $10,000

Compensation Committee Chairperson: $15,000

Compensation Committee member: $7,500

Nominating and Corporate Governance Committee Chairperson: $10,000

Nominating and Corporate Governance Committee member: $5,000

Transactions Committee Chairperson: $10,000

Transactions Committee member: $5,000

(b) Additional Retainer for Non-Executive Chairman of the Board: $30,000 to acknowledge the additional responsibilities and time commitment of the role.

(c) All cash retainers will be paid in cash quarterly in arrears promptly following the end of the applicable calendar quarter, but in no event more than 30 days after the end of such quarter. If an Outside Director does not serve as an Outside Director, or in the applicable positions described above, for an entire calendar quarter, the retainer paid to such Outside Director will be prorated for the portion of such calendar quarter actually served as an Outside Director, or in such position, as applicable.

Notwithstanding the foregoing, all Outside Directors may elect to receive (i) fully vested restricted stock units in lieu of the cash retainer noted above and in lieu of the retainer for Board membership noted in Section 2(e)(ii) below, or (ii) receive 50% of thereof in the form of

fully vested restricted stock units and the balance in cash ("Equity Election"). If an Outside Director makes an Equity Election, the Equity Election will continue each year unless such Outside Director notifies the Company it wishes to revoke the Equity Election for the next eligible period. Each Equity Election must be submitted to the Company in the form and manner specified by the Board or its Compensation Committee (the "Compensation Committee"). An individual who fails to make a timely Equity Election will not receive a restricted stock unit award and instead will receive the applicable annual retainer in cash. Equity Elections must comply with the following timing requirements:

- Initial Election. Each individual who first becomes an Outside Director may make an Equity Election with respect to cash retainer payments scheduled to be paid in the same calendar year as such individual first becomes a Non-Employee Director (the "Initial Equity Election"). The Initial Equity Election must be submitted to the Company on or before the date that the individual first becomes a Non-Employee Director (the "Initial Election Deadline"), and the Initial Equity Election will become final and irrevocable as of the Initial Election Deadline.
- Annual Election. No later than April 30th of each calendar year, or such earlier deadline as may be established by the Board or the Compensation Committee, in its discretion (the "Annual Election Deadline"), each individual who is an Outside Director as of immediately before the Annual Election Deadline may make an Equity Election with respect to the cash retainer relating to services to be performed following the next applicable Annual Meeting of the Stockholders (the "Annual Equity Election"). The Annual Equity Election must be submitted to the Company on or before the applicable Annual Election Deadline and will become effective and irrevocable as of the next applicable Annual Meeting of the Stockholders.

2. Equity Retainers

All grants of equity retainer awards to Outside Directors pursuant to this Policy will be automatic and nondiscretionary and will be made in accordance with the following provisions:

(a) Value. For purposes of this Policy, "Value" means with respect to (i) any award of stock options the grant date fair value of the option (i.e., Black-Scholes Value) determined in accordance with the reasonable assumptions and methodologies employed by the Company for calculating the fair value of options under ASC 718; and (ii) any award of restricted stock and restricted stock units the product of (A) the average closing market price on the NASDAQ (or such other market on which the Company's Common Stock is then principally listed) of one share of the Company's Common Stock over the trailing 30-day period ending on the last day of the month immediately prior to the month of the grant date or if the Company's Common Stock has been listed and traded for less than 30 days prior to the month of the grant date, then the average closing market price on the NASDAQ (or such other market on which the Company's Common Stock is then principally listed) of one share of the Company's Common Stock over the total trailing period ending on the day immediately prior to the grant date and (B) the aggregate number of shares pursuant to such award.

(b) Revisions. Subject to approval from the Board of Directors, the Compensation Committee in its discretion may change and otherwise revise the terms of awards to be granted

under this Policy, including, without limitation, the number of shares subject thereto, for awards of the same or different type granted on or after the date the Compensation Committee determines to make any such change or revision.

(c) Sale Event Acceleration. In the event of a Sale Event (as defined in the Company's 2019 Stock Option and Incentive Plan (the "2019 Plan")), the equity retainer awards granted to Outside Directors pursuant to this Policy shall become 100% vested and exercisable.

(d) Initial Grant. Upon initial election to the Board of Directors, each new Outside Director will receive an initial, one-time grant of restricted stock units (the "Initial Grant") with a Value of $225,000 that vests in three equal annual installments over three years; provided, however, that all vesting ceases if the director resigns from our Board of Directors or otherwise ceases to serve as a director, unless the Board of Directors determines that the circumstances warrant continuation of vesting. This Initial Grant applies to Outside Directors who are first elected to the Board of Directors effective as of or subsequent to the Company's initial public offering.

(e) Annual Grant. On the date of the Company's Annual Meeting of Stockholders, each Outside Director who will continue as a member of the Board of Directors following such Annual Meeting of Stockholders will receive a grant of restricted stock units on the date of such Annual Meeting (the "Annual Grant") comprised of a total Value of the following grants applicable to such Outside Director that vest in full on the one-year anniversary of the grant date or the next Annual Meeting of Stockholders; provided, however, that all vesting ceases if the director resigns from our Board of Directors or otherwise ceases to serve as a director, unless the Board of Directors determines that the circumstances warrant continuation of vesting.

(i) Annual Equity Long-Term Incentive: $140,000

(ii) Annual Retainer for Board Membership: $45,000 for general availability and participation in meetings and conference calls of our Board of Directors. No additional compensation for attending individual Board meetings.

(f) Equity Election In Lieu of Cash. Each Outside Director that makes an Equity Election and continues to be a member of the Board of Directors, shall receive on September 1, December 1, March 1 and June 1 following such election a grant of restricted stock units of the Company with a total Value equal to the quarterly value of the annual retainer for Board membership under Section 2(e)(ii) and the applicable quarterly value of the annual cash retainer amounts noted in Section 1 that were earned in the prior quarter that are subject to the Equity Election, each of which shall immediately vest on the date of such grant. For clarity, in the event an Outside Director does not make an Equity Election, all compensation under the Policy shall be paid in cash except for the annual equity long-term incentive noted in Section 2(e)(i).

3. Expenses

The Company will reimburse all reasonable out-of-pocket expenses incurred by Outside Directors in attending meetings of the Board of Directors or any Committee thereof.

4. Maximum Annual Compensation

The aggregate amount of compensation, including both equity compensation and cash compensation, paid to any Outside Director in a calendar year period shall not exceed (i) $1,000,000 in the first calendar year an individual becomes an Outside Director and (ii) $500,000 in any other year (or in each case, such other limits as may be set forth in Section 3(b) of the

2019 Plan or any similar provision of a successor plan). For this purpose, the "amount" of equity compensation paid in a calendar year shall be determined based on the grant date fair value thereof, as determined in accordance with ASC 718 or its successor provision, but excluding the impact of estimated forfeitures related to service-based vesting conditions.

Date Policy Approved: February 20, 2025

To: Dan LeSueur
February 5, 2024

Dear Dan,

We are pleased to extend to you an offer for a new position with Health Catalyst. This offer is subject to Board approval as well as the terms and conditions set forth in this offer. This letter does not represent a contract or agreement for employment; and employment with Health Catalyst ("HC") is at will.

Position: Chief Operating Officer
Division/Department: General and Administrative
Annual Salary: $360,000
FLSA status: Exempt
Start date: March 1, 2024
Reports To: Chief Executive Officer

In addition to the base salary, this employment offer includes the following:

Bonus
You will be eligible to receive a bonus equal to 70% of your annual base salary subject to company performance initiatives. This bonus will be prorated based upon the number of days you are employed during the fiscal year. The bonus for any fiscal year will be paid every 12 months, after approval from the Board of Directors and HC's books for that period have been closed. The bonus will only be paid if you are employed by HC on the last day of the measure period.

Restricted Stock Unit and Performance Restricted Stock Unit Grants
You will also receive a 70,000 Restricted Stock Unit (RSU) grant of the Company's RSUs. In addition to your RSU grant, you will receive a Performance Restricted Stock Unit (PRSU) grant of 35,000 shares. Restricted Stock Unit grants and PRSU grants are subject to approval by the Board of Directors at the next Board meeting because this role includes appointment as HC's Chief Operating Officer and designation as a Section 16 executive officer. This grant is subject to the terms and conditions applicable to RSUs and PRSUs granted under the HC's 2019 Stock Incentive Plan as described in the Plan and the applicable RSU award agreement. You will be vested in 33.33% of the RSUs on December 1, 2024, and the balance will vest in 8 equal quarterly installments over the following 24 months of service, as described in the applicable RSU award agreement. Performance Restricted Stock Unit vesting occurs over three years based on achievement against Total Shareholder Return, Revenue growth, and EBITDA margin targets.

Employee Invention and Confidentiality Agreement (EICA)
Your original Employee Invention and Confidentiality Agreement (EICA) is still in effect, and you agree to the on-going compliance with such agreements as a condition of employment. These agreements contain "employment at will", "non-solicitation" and "non-disclosure" provisions. A copy of the EICA is included as an attachment with this offer letter.

At Will Employment
As a reminder, employment with HC is "at-will." This means that it is not for any specified period of time and can be terminated by you or by HC at any time, with or without advance notice or additional

payment, and for any or no particular reason or cause. It also means that your job duties, title and responsibility and reporting level, compensation and benefits, as well as HC's personnel policies and procedures, may be changed at any time, with or without notice, in the sole and absolute discretion of HC.

The "at-will" nature of your employment shall remain unchanged during your tenure as a team member and may not be changed, except in an express writing signed by you and by a duly authorized officer of HC.

If you accept this offer, this letter and the written agreements referenced in this letter shall constitute the complete agreement between you and HC with respect to the initial terms and conditions of your employment. Any representations not contained in this letter, or contrary to those contained in this letter (whether written or oral), that may have been made to you are expressly canceled and superseded by this offer. Except as otherwise specified in this letter, the terms and conditions of your employment pursuant to this letter may not be changed, except by a writing signed by a duly authorized officer of HC.

Health Catalyst reserves the right to provide you with additional policies in addition to any existing written policies that would apply to the terms of your employment. Should your position, compensation, or benefits change over time the remaining sections of this agreement will still be valid. If any provision in this offer or compliance by you or HC with any provision of this offer constitutes a violation of any law, or is or becomes unenforceable or void, it will be deemed modified to the extent necessary so that it is no longer in violation of law, unenforceable or void, and such provision will be enforced to the fullest extent permitted by law. If such modification is not possible, said provision, to the extent that it is in violation of law, unenforceable or void, will be deemed severable from the remaining provisions of this offer, which provisions and terms will remain in effect.

This offer is valid until 9:00 am (MST) on February 24, 2024, and requires a response on this date. You should keep a copy of this letter for your own records. If you have any questions regarding this offer, please contact me at your earliest convenience.

We look forward to your continued contributions to Health Catalyst!

Sincerely,

Dan Burton
Chief Executive Officer

HEALTH CATALYST, INC.

INSIDER TRADING POLICY

This memorandum sets forth the policy of Health Catalyst, Inc. and its subsidiaries (collectively, the "**Company**") regarding trading in the Company's securities as described below and the disclosure of information concerning the Company. This Insider Trading Policy (the "**Insider Trading Policy**") is designed to prevent insider trading or the appearance of impropriety, to satisfy the Company's obligation to reasonably supervise the activities of Company personnel, and to help Company personnel avoid the severe consequences associated with violations of insider trading laws. It is your obligation to understand and comply with this Insider Trading Policy.

PART I. OVERVIEW

A. To Whom does this Insider Trading Policy Apply?

This Insider Trading Policy is applicable to the Company's directors, officers, employees and consultants and applies to any and all transactions by such persons and their affiliates (as defined below) in the Company's securities, including its common stock, options to purchase common stock, any other type of securities that the Company may issue (such as preferred stock, convertible debentures, warrants, exchange-traded options or other derivative securities), and any derivative securities that provide the economic equivalent of ownership of any of the Company's securities or an opportunity, direct or indirect, to profit from any change in the value of the Company's securities.

In addition, all directors, officers, employees and consultants must comply with the Trading Procedures set forth in Part II of this Insider Trading Policy (the "**Trading Procedures**") (collectively, and solely for the purposes of this Insider Trading Policy, these persons are referred to as "**Insiders**"), provided that, except as otherwise indicated, the pre-clearance procedures set forth in Part II, Section B herein only apply to the Designated Persons (as defined below). Generally, the Trading Procedures establish trading windows outside of which the persons covered by the Trading Procedures will be restricted from trading in the Company's securities.

This Insider Trading Policy, including, if applicable, the Trading Procedures contained herein, also applies to the following persons (collectively, these persons and entities are referred to as "**Affiliated Persons**"):

- your spouse, child, parent, significant other or other family member, in each case, living in the same household;
- all trusts, family partnerships and other types of entities formed for your benefit of the Insider or for the benefit of a member of your family over which you have the ability to influence or direct investment decisions concerning securities;
- all persons who execute trades on your behalf; and

- all investment funds, trusts, retirement plans, partnerships, corporations and other types of entities over which you have the ability to influence or direct investment decisions concerning securities; provided, however, that the Trading Procedures shall not apply to any such entity that engages in the investment of securities in the ordinary course of its business (e.g., an investment fund or partnership) if such entity has established its own insider trading controls and procedures in compliance with applicable securities laws.

You are responsible for ensuring compliance with this Insider Trading Policy, including the Trading Procedures contained herein, by all of your Affiliated Persons.

In the event that you leave the Company for any reason, this Insider Trading Policy, including, if applicable, the Trading Procedures contained herein, will continue to apply to you and your Affiliated Persons until the later of: (1) the second trading day following the public release of earnings for the fiscal quarter in which you leave the Company or (2) the second trading day after any material nonpublic information known to you has become public or is no longer material.

B. What is Prohibited by this Insider Trading Policy?

It is generally illegal for you to trade in the securities of the Company, whether for your account or for the account of another, while in the possession of material, nonpublic information about the Company in breach of a duty of trust or confidence. It is also generally illegal for you to disclose material, nonpublic information about the Company to others who may trade on the basis of that information. These illegal activities are commonly referred to as "*insider trading*."

Prohibited Activities

When you know or are in possession of material, nonpublic information about the Company, whether positive or negative, you are prohibited from the following activities:

- trading (whether for your account of for the account of another) in the Company's securities, which includes common stock, options to purchase common stock, any other type of securities that the Company may issue (such as preferred stock, convertible debentures, warrants, exchange-traded options or other derivative securities), and any derivative securities that provide the economic equivalent of ownership of any of the Company's securities or an opportunity, direct or indirect, to profit from any change in the value of the Company's securities, except for trades made in compliance with the affirmative defense of Rule 10b5-1 under the Exchange Act, such as when trades are made pursuant to a written plan that was adopted, or trading instructions that were given, before you knew or had possession of such material, nonpublic information and certain other conditions are satisfied;

- giving trading advice of any kind about the Company; and

- disclosing such material, nonpublic information about the Company, whether positive or negative, to anyone else (commonly known as "**tipping**").

The prohibitions in this Insider Trading Policy do not apply to: (1) an exercise of an employee stock option when payment of the exercise price is made in cash or (2) the surrender of shares to the Company in payment of the exercise price or in satisfaction of any tax withholding obligations in a manner permitted by the applicable equity award agreement or vesting of equity-based awards, in each case, that do not involve a market sale of the Company's securities if (a) such withholding is required by the applicable plan or award agreement or (b) the election to exercise such tax withholding right was made by the Insider in compliance with the Trading Procedures.

The policy does apply, however, to the use of outstanding Company securities to constitute part or all of the exercise price of an option, any sale of stock as part of a broker-assisted cashless exercise of an option or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

These prohibitions continue whenever and for as long as you know or are in possession of material, nonpublic information. Remember, anyone scrutinizing your transactions will be doing so after the fact, with the benefit of hindsight. As a practical matter, before engaging in any transaction, you should carefully consider how enforcement authorities and others might view the transaction in hindsight.

Definition of Material, Nonpublic Information

This Insider Trading Policy prohibits you from trading in the Company's securities if you are in possession of information about the Company that is both "*material*" and "*nonpublic*." If you have a question whether certain information you are aware of is material or has been made public, you are encouraged to consult with the Compliance Officer. For purposes of this Insider Trading Policy, the Compliance Officer shall be the Company's then-serving General Counsel.

What is "Material" Information?

Information about the Company is "material" if it could reasonably be expected to affect the investment or voting decisions of a stockholder or investor, or if the disclosure of the information could reasonably be expected to significantly alter the total mix of information in the marketplace about the Company. In simple terms, material information is any type of information that could reasonably be expected to affect the market price of the Company's securities. Both positive and negative information may be material. While it is not possible to identify all information that would be deemed "material," the following items are types of information that should be considered carefully to determine whether they are material:

- projections of future earnings or losses, or other earnings guidance;
- earnings or revenue that are inconsistent with the consensus expectations of the investment community;
- potential restatements of the Company's financial statements, changes in auditors or auditor notification that the Company may no longer rely on an auditor's audit report;

- pending or proposed corporate mergers, acquisitions, tender offers, joint ventures or dispositions of significant assets;
- changes in management or the Board of Directors;
- significant actual or threatened litigation or governmental investigations or major developments in such matters;
- a cybersecurity or data privacy incident;
- significant developments regarding the platform, products, customers, suppliers, orders, contracts or financing sources (e.g., the acquisition or loss of a contract);
- changes in dividend policy, declarations of stock splits, or public or private sales of additional securities;
- potential defaults under the Company's credit agreements or indentures, or the existence of material liquidity deficiencies; and
- bankruptcies or receiverships.

By including the list above, the Company does not mean to imply that each of these items above is per se material. The information and events on this list still require determinations as to their materiality (although some determinations will be reached more easily than others). For example, some new products or contracts may clearly be material to an issuer; yet that does not mean that all product developments or contracts will be material. This demonstrates, in our view, why no "bright-line" standard or list of items can adequately address the range of situations that may arise. Furthermore, the Company cannot create an exclusive list of events and information that have a higher probability of being considered material.

The Securities and Exchange Commission (the "**SEC**") has stated that there is no fixed quantitative threshold amount for determining materiality, and that even very small quantitative changes can be qualitatively material if they would result in a movement in the price of the Company's securities.

What is "Nonpublic" Information?

Material information is "nonpublic" if it has not been disseminated in a manner making it available to investors generally. To show that information is public, it is necessary to point to some fact that establishes that the information has become publicly available, such as the filing of a report with the SEC, the distribution of a press release through a widely disseminated news or wire service, or by other means that are reasonably designed to provide broad public access. Before a person who possesses material, nonpublic information can trade, there also must be adequate time for the market as a whole to absorb the information that has been disclosed. For the purposes of this Insider Trading Policy, information will be considered public after the close of trading on the second full trading day following the Company's public release of the information.

For example, if the Company announces material nonpublic information of which you are aware before trading begins on a Tuesday, the first time you can buy or sell Company securities is the opening of the market on Thursday. However, if the Company announces this material information after trading begins on that Tuesday, the first time that you can buy or sell Company securities is the opening of the market on Friday.

C. What are the Penalties for Insider Trading and Noncompliance with this Insider Trading Policy?

Both the SEC and the national securities exchanges, through the Financial Industry Regulatory Authority ("**FINRA**"), investigate and are very effective at detecting insider trading. The SEC, together with the U.S. Attorneys, pursue insider trading violations vigorously. For instance, cases have been successfully prosecuted against trading by employees in foreign accounts, trading by family members and friends, and trading involving only a small number of shares.

The penalties for violating insider trading or tipping rules can be severe and include:

- disgorgement of the profit gained or loss avoided by the trading;
- payment of the loss suffered by the persons who, contemporaneously with the purchase or sale of securities that are subject of such violation, have purchased or sold, as applicable, securities of the same class;
- payment of criminal penalties of up to $5,000,000;
- payment of civil penalties of up to three times the profit made or loss avoided;
- loss of the ability to be a director or officer of a publicly traded company; and
- imprisonment for up to 20 years.

The Company and/or the supervisors of the person engaged in insider trading may also be required to pay civil penalties of up to the greater of approximately $2,300,000 or three times the profit made or loss avoided, as well as criminal penalties of up to $25,000,000, and could under certain circumstances be subject to private lawsuits.

Violation of this Insider Trading Policy or any federal or state insider trading laws may subject the person violating such policy or laws to disciplinary action by the Company up to and including termination. The Company reserves the right to determine, in its own discretion and on the basis of the information available to it, whether this Insider Trading Policy has been violated. The Company may determine that specific conduct violates this Insider Trading Policy, whether or not the conduct also violates the law. It is not necessary for the Company to await the filing or conclusion of a civil or criminal action against the alleged violator before taking disciplinary action.

D. How Do You Report a Violation of this Insider Trading Policy?

If you have a question about this Insider Trading Policy, including whether certain information you are aware of is material or has been made public, you are encouraged to consult with the Compliance Officer. In addition, if you violate this Insider Trading Policy or any federal or state laws governing insider trading, or know of any such violation by any director, officer, employee or consultant of the Company, you should report the violation immediately to the Compliance Officer.

PART II. TRADING PROCEDURES

A. Special Trading Restrictions Applicable to Insiders

In addition to the restrictions on trading in Company securities set forth above, Insiders and their Affiliated Persons are subject to the following special trading restrictions:

1. No Trading Except During Open Trading Windows.

The announcement of the Company's quarterly financial results almost always has the potential to have a material effect on the market for the Company's securities. Although an Insider may not know the financial results prior to public announcement, if an Insider engages in a trade before the financial results are disclosed to the public, such trades may give an appearance of impropriety that could subject the Insider and the Company to a charge of insider trading. Therefore, subject to limited exceptions described herein, Insiders may trade in Company securities only during four quarterly open trading windows and then Designated Persons may trade in Company securities only after obtaining pre-clearance from the Compliance Officer in accordance with the procedures set forth below. Unless otherwise advised, the four open trading windows consist of the periods that begin after market close on the second full trading day following the Company's issuance of a press release (or other method of broad public dissemination) announcing its quarterly or annual earnings and end at the close of business on the 15th day of the third month of the then-current quarter. For example, if the Company announces its quarterly or annual earnings after the market closes on a Tuesday, the first time you can buy or sell Company securities is after the closing of the market on Thursday. Insiders may be allowed to trade outside of a trading window only (a) pursuant to a pre-approved Rule 10b5-1 Plan as described below or (b) in accordance with the procedure for waivers as described below.

2. Prohibited Transactions. Unless a waiver is obtained from the Board of Directors or the Audit Committee:

- **No Short Sales**. No Insider may at any time sell any securities of the Company that are not owned by such Insider at the time of the sale (a "**short sale**").

- **No Purchases or Sales of Derivative Securities or Hedging Transactions**. No Insider may buy or sell puts, calls, other derivative securities of the Company or any derivative securities that provide the economic equivalent of ownership of any of the Company's securities or an opportunity, direct or indirect, to profit from any change in the value of the Company's securities or engage in any other hedging transaction with respect to the Company's securities, at any time.

- **No Company Securities Subject to Margin Calls**. No Insider may use the Company's securities as collateral in a margin account.

- **No Pledges**. No Insider may pledge Company securities as collateral for a loan (or modify an existing pledge).

3. Gifts Subject to the Same Restrictions as All Other Securities Trades.

No Insider may give or make any other transfer of Company securities without consideration (e.g., a gift) during a period when the Insider is not permitted to trade unless the donee agrees not to sell the shares until such time as the Insider can sell.

B. Pre-Clearance Procedures

Designated Persons may not trade in Company securities unless the trade has been approved by the Compliance Officer in accordance with the procedures set forth below. The Compliance Officer will review and either approve or prohibit all proposed trades by Designated Persons in accordance with the procedures set forth below. The Compliance Officer may consult with the Company's other officers and/or outside legal counsel and will receive approval for his or her own trades from the Chief Financial Officer.

All directors and officers designated as officers subject to Section 16 of the Securities Exchange Act of 1934, as amended, as designated by the board of directors of the Company (the "**Section 16 Officers**") and certain designated employees, consultants, contractors and other service providers of the Company and its subsidiaries as set forth in Exhibit A, who in the ordinary course of the performance of their duties have access to material, nonpublic information regarding the Company are "**Designated Persons.**" You will be notified if you are a Designated Person.

Additionally, the Pre-Clearance Procedures set forth in this Section B also apply to all Affiliated Persons; provided, however, that these Pre-Clearance Procedures shall not apply to an Affiliated Person that is an entity that engages in the investment of securities in the ordinary course of its business (e.g., an investment fund or partnership) if such entity has established its own insider trading controls and procedures in compliance with applicable securities laws.

1. **Procedures.** No Designated Person may trade in Company securities until:

- The Designated Person has notified the Compliance Officer of the amount and nature of the proposed trade(s) using the Stock Transaction Request form attached to this Insider Trading Policy as Exhibit B. In order to provide adequate time for the preparation of any required reports under Section 16 of the Exchange Act, a Stock Transaction Request form should, if practicable, be received by the Compliance Officer at least two (2) business days prior to the intended trade date;

- The Designated Person has certified to the Compliance Officer in writing prior to the proposed trade(s) that the Designated Person is not in possession of material, nonpublic information concerning the Company;

- The Designated Person has informed the Compliance Officer, using the Stock Transaction Request form attached hereto as Exhibit B, whether, to the Designated Person's best knowledge, (a) the Designated Person has (or is deemed to have) engaged in any opposite way transactions within the previous six months that were not exempt from Section 16(b) of the Exchange Act and (b) if the transaction involves a sale by an "affiliate" of the Company or of "restricted securities" (as such terms are defined under Rule 144 under the Securities Act of 1933, as amended ("**Rule 144**")), whether the transaction meets all of the applicable conditions of Rule 144; and

- The Compliance Officer or his or her designee has approved the trade(s) and has certified such approval in writing. Such certification may be made via digitally-signed electronic mail.

The Compliance Officer does not assume the responsibility for, and approval from the Compliance Officer does not protect the Designated Person from, the consequences of prohibited insider trading.

2. Additional Information.

Designated Persons shall provide to the Compliance Officer any documentation reasonably requested by him or her in furtherance of the foregoing procedures. Any failure to provide such requested information will be grounds for denial of approval by the Compliance Officer.

3. No Obligation to Approve Trades.

The existence of the foregoing approval procedures does not in any way obligate the Compliance Officer to approve any trade requested by a Designated Person. The Compliance Officer may reject any trading request at his or her sole discretion.

From time to time, an event may occur that is material to the Company and is known by only a few directors or executives. Insiders may not trade in Company securities if they are notified by the Compliance Officer that a proposed trade has not been cleared because of the existence of a material, nonpublic development. Even if that particular Insider is not aware of the material, nonpublic development involving the Company, if any Insider engages in a trade before a material, nonpublic development is disclosed to the public or resolved, the Insider and the Company might be exposed to a charge of insider trading that could be costly and difficult to refute even if the Insider was unaware of the development. So long as the event remains material and nonpublic, the Compliance Officer may determine not to approve any transactions in the Company's securities. The Compliance Officer will subsequently notify the Insider once the material, nonpublic development is disclosed to the public or resolved. If a Designated Person requests clearance to trade in the Company's securities during the pendency of such an event, the Compliance Officer may reject the trading request without disclosing the reason.

4. Completion of Trades.

After receiving written clearance to engage in a trade signed by the Compliance Officer, a Designated Person must complete the proposed trade within five (5) business days or make a new trading request.

5. Post-Trade Reporting.

Any transactions in the Company's securities by a Designated Person (including transactions effected pursuant to a Rule 10b5-1 Plan) must be reported to the Compliance Officer by completing the "Confirmation of Transaction" section of the Stock Transaction Request form attached to this Insider Trading Policy on the same day in which such a transaction occurs. Each report a Designated Person makes to the Compliance Officer should include the date of the transaction, quantity of shares, price and broker-dealer through which the transaction was effected. This reporting requirement may be satisfied by sending (or having such Designated Person's broker send) duplicate confirmations of trades to the Compliance Officer if such information is received by the Compliance Officer on or before the required date. Compliance by directors and executive officers with this provision is imperative given the requirement of Section 16 of the Exchange Act that these persons generally must report changes in ownership of Company securities within two (2) business days. The sanctions for noncompliance with this reporting deadline include mandatory disclosure in the Company's proxy statement for the next annual meeting of stockholders, as well as possible civil or criminal sanctions for chronic or egregious violators.

C. Exemptions

1. Pre-Approved Rule 10b5-1 Plan.

Transactions effected pursuant to a Rule 10b5-1 Plan (as defined below) will not be subject to the Company's trading windows or pre-clearance procedures, and Designated Persons are not required to complete a Stock Transaction Request form for such transactions. Rule 10b5-1 of the Exchange Act provides an affirmative defense from insider trading liability under the federal securities laws for trading plans, arrangements or instructions that meet certain requirements. A trading plan, arrangement or instruction that meets the requirements of Rule 10b5-1 (a "Rule 10b5-1 Plan") enables Insiders to establish arrangements to trade in Company securities outside of the Company's trading windows, even when in possession of material, nonpublic information.

If an Insider intends to trade pursuant to a Rule 10b5-1 Plan, such plan, arrangement or instruction must:

- satisfy the requirements of Rule 10b5-1;
- be documented in writing;
- be adopted during an open trading window when such Insider does not possess material, nonpublic information;
- require that the first trade does not occur (the "**Cooling-Off Period**") until:

- for Insiders who are directors and Section 16 Officers, the earlier to occur of (a) the later of (i) 90 days after adoption or modification of the Rule 10b5-1 Plan and (ii) two business days following the disclosure of the Company's financial results in a Form 10-Q or Form 10-K for the fiscal quarter in which the Rule 10b5-1 plan was adopted or (b) 120 days after the adoption or modification of the Rule 10b5-1 Plan; or

- for Insiders other than directors or Section 16 Officers, the later of (a) 30 days after the adoption or modification of the Rule 10b5-1 Plan or (b) the next open trading window, as described above, following the adoption or modification, of the Rule 10b5-1 Plan; and

- be pre-approved by the Compliance Officer.

Insiders may not adopt more than one Rule 10b5-1 Plan at a time, except under the limited circumstances permitted by Rule 10b5-1 and subject to pre-approval by the Compliance Officer

The Compliance Officer may refuse to approve a Rule 10b5-1 Plan as he or she deems appropriate including, without limitation, if he or she determines that such plan does not satisfy the requirements of Rule 10b5-1.

Any modification to or termination of an Insider's prior Rule 10b5-1 Plan requires pre-approval by the Compliance Officer. A modification must occur during an open trading window and while such Insider is not aware of material, nonpublic information and satisfy the requirements of Rule 10b5-1. Modifications that change the amount, price, or timing of the purchase or sale of the securities underlying an existing Rule 10b5-1 Plan will trigger a new Cooling-Off Period.

Any transaction pursuant to a Rule 10b5-1 Plan must be timely reported following the transaction in accordance with the procedures set forth above.

The Company reserves the right to publicly disclose, announce, or respond to inquiries from the media regarding the adoption, modification, or termination of a Rule 10b5-1 Plan or the execution of transactions made under a Rule 10b5-1 Plan. The Company also reserves the right from time to time to suspend, discontinue, or otherwise prohibit transactions under a Rule 105b-1 Plan if the Compliance Officer or the Board of Directors, in his, her, or its discretion, determines that such suspension, discontinuation, or other prohibition is in the best interests of the Company.

Compliance of a Rule 10b5-1 Plan with the terms of Rule 10b5-1 and the execution of transactions pursuant to the Rule 10b5-1 Plan are the sole responsibility of the person initiating the Rule 10b5-1 Plan, and none of the Company, the Compliance Officer, or the Company's other employees assumes any liability for any delay in reviewing and/or refusing to approve a Rule 10b5-1 Plan submitted for approval, nor the legality or consequences relating to a person entering into, informing the Company of, or trading under, a Rule 10b5-1 Plan.

2. Employee Benefit Plans.

Exercise of Stock Options. The trading prohibitions and restrictions set forth in the Trading Procedures do not apply to the exercise of an option to purchase securities of the Company when payment of the exercise price is made in cash. However, the exercise of an option to purchase securities of the Company is subject to the current reporting requirements of Section 16 of the Exchange Act and, therefore, Designated Persons must comply with the post-trade reporting requirement described in Section C above for any such transaction. In addition, the securities acquired upon the exercise of an option to purchase Company securities are subject to all of the requirements of this Insider Trading Policy, including the Trading Procedures contained herein. Moreover, the Trading Procedures apply to the use of outstanding Company securities to constitute part or all of the exercise price of an option, any net option exercise, any exercise of a stock appreciation right, share withholding, any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

Tax Withholding on Restricted Stock/Units. The trading prohibitions and restrictions set forth in the Trading Procedures do not apply to the surrender of shares to the Company in payment of the exercise price or in satisfaction of any tax withholding obligations in a manner permitted by the applicable equity award agreement or vesting of equity-based awards, in each case, that do not involve a market sale of the Company's securities if (a) such withholding is required by the applicable plan or award agreement or (b) the election to exercise such tax withholding right was made by the Insider in compliance with the Trading Procedures.

Employee Stock Purchase Plan. The trading prohibitions and restrictions set forth in the Trading Procedures do not apply to (i) periodic wage withholding contributions by the Company or employees of the Company which are used to purchase the Company's securities pursuant to the employees' advance instructions under the Company's 2019 Employee Stock Purchase Plan or (ii) elections or withdrawals with respect to participation in the Company's Employee Stock Purchase Plan or to purchases of securities under such plan. Any sale of securities acquired under such plan is subject to the prohibitions and restrictions of the Trading Procedures.

D. Waivers

A waiver of any provision of this Insider Trading Policy, or the Trading Procedures contained herein, in a specific instance may be authorized in writing by the Audit Committee of the Board of Directors, and any such waiver shall be reported to the Company's Board of Directors.

PART III. ACKNOWLEDGEMENT

This Insider Trading Policy will be delivered to all current Insiders and to all directors, officers, employees and consultants at the start of their employment or relationship with the Company. Upon first receiving a copy of this Insider Trading Policy, each individual must acknowledge that he or she has received a copy and agrees to comply with the terms of this Insider Trading Policy, and, if applicable, the Trading Procedures contained herein. The acknowledgment attached hereto as Exhibit C must be returned within ten (10) days of receipt to:

Health Catalyst, Inc.

Attn: General Counsel
10897 South River Front Parkway, #300
South Jordan, UT 84095

This acknowledgment will constitute consent for the Company to impose sanctions for violation of the Insider Trading Policy, including the Trading Procedures, and to issue any necessary stop-transfer orders to the Company's transfer agent to ensure compliance.

All directors, officers, employees and consultants will be required upon the Company's request to re-acknowledge and agree to comply with the Insider Trading Policy (including any amendments or modifications). For such purpose, an individual will be deemed to have acknowledged and agreed to comply with the Insider Trading Policy, as amended from time to time, when copies of such items have been delivered by regular or electronic mail (or other delivery option used by the Company) by the Compliance Officer or his or her designee.

* * *

Questions regarding this Insider Trading Policy are encouraged and may be directed to the Compliance Officer.

*****

Adopted by the Board of Directors of Health Catalyst, Inc. as of June 27, 2019.
Amended on February 22, 2023

EXHIBIT A

1. DIRECTORS

All currently serving members of the board of directors of the Company

2. OFFICERS (including officers who are also directors)

Title
Chief Executive Officer
Chief Financial Officer
General Counsel
Other Section 16 Officers

3. OTHER Designated PERSONS

Name
As designated by the Compliance Officer, Chief Financial Officer or Chief Accounting Officer from time to time

EXHIBIT B

STOCK TRANSACTION REQUEST

Pursuant to Health Catalyst, Inc.'s Insider Trading Policy, I hereby notify Health Catalyst, Inc. (the "**Company**") of my intent to trade the securities of the Company as indicated below:

REQUESTER INFORMATION

Insider's Name: _____

INTENT TO PURCHASE

Number of shares: _____

Intended trade date: _____

Means of acquiring shares:

☐ Acquisition through employee benefit plan (please specify): _____

☐ Purchase through a broker on the open market

☐ Other (please specify): _____

INTENT TO SELL

Number of shares: _____

Intended trade date: _____

Means of selling shares:

☐ Sale through employee benefit plan (please specify): _____

☐ Sale through a broker on the open market

☐ Other (please specify): _____

SECTION 16

☐ I am not subject to Section 16.

☐ To the best of my knowledge, I have not (and am not deemed to have) engaged in an opposite way transaction within the previous 6 months that was not exempt from Section 16(b) of the Exchange Act.

☐ None of the above.

RULE 144 (Not applicable if transaction requested involves a purchase)

☐ I am not an "affiliate" of the Company and the transaction requested above does not involve the sale of "restricted securities" (as such terms are defined under Rule 144 under the Securities Act of 1933, as amended).

☐ To the best of my knowledge, the transaction requested above will meet all of the applicable conditions of Rule 144.

☐ The transaction requested is being made pursuant to an effective registration statement covering such transaction.

☐ None of the above.

CERTIFICATION

I hereby certify that I am not (1) in possession of any material, nonpublic information concerning the Company, as defined in the Company's Statement of Company Policy on Insider Trading and Disclosure and (2) purchasing any securities of the Company on margin in contravention of the Company's Trading Procedures. I understand that, if I trade while possessing such information or in violation of such trading restrictions, I may be subject to severe civil and/or criminal penalties, and may be subject to discipline by the Company including termination

Insider's Signature	Date

AUTHORIZED APPROVAL

Signature of Compliance Officer (or designee)	Date

**NOTE: Multiple lots must be listed on separate forms or broken out herein.*

EXHIBIT C

ACKNOWLEDGMENT

I hereby acknowledge that I have read, that I understand, and that I agree to comply with, the Insider Trading Policy of Health Catalyst, Inc. (the "**Company**"). I further acknowledge and agree that I am responsible for ensuring compliance with the Insider Trading Policy and the Trading Procedures included therein by all of my "**Affiliated Persons**" [(including such persons listed below)]. I also understand and agree that I will be subject to sanctions, including termination of employment, that may be imposed by the Company, in its sole discretion, for violation of the Insider Trading Policy, and that the Company may give stop-transfer and other instructions to the Company's transfer agent against the transfer of any Company securities in a transaction that the Company considers to be in contravention of the Insider Trading Policy.

Date: _____

Signature: _____

Name: _____

Title: _____

List of Subsidiaries of Health Catalyst, Inc.

Health Catalyst Australia PTY LTD (Australia)
Health Catalyst UK Ltd (England and Wales)
Health Catalyst India Private Limited (India)
Health Catalyst Singapore Pte. Ltd. (Singapore)
Health Catalyst Middle East FZ-LLC (incorporated within a Free Zone in the UAE)
Lumeon Ltd (England and Wales)
PatientBond India Private Limited (India)

Able Health, LLC (Delaware, United States)
ARMUS I LLC (Delaware, United States)
Carevive Systems, LLC (Delaware, United States)
Electronic Registry Systems, LLC (Delaware, United States)
Healthfinch, LLC (Delaware, United States)
Intraprise Health, LLC (Delaware, United States)
KPI Ninja, LLC (Delaware, United States)
Lumeon, LLC (Delaware, United States)
Medicity LLC (Delaware, United States)
Modern Compliance Solutions, LLC (Utah limited liability company)
Psynteractive LLC (Delaware, United States)
Twistle, LLC (Delaware, United States)
Upfront Healthcare Services, LLC (Delaware, United States)
Vitalware, LLC (Delaware, United States)

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form S-8 No. 333-232795) pertaining to the Amended and Restated 2011 Stock Incentive Plan, the 2019 Stock Option and Incentive Plan and the 2019 Employee Stock Purchase Plan of Health Catalyst, Inc.,

2. Registration Statement (Form S-8 No. 333-236731) pertaining to the 2019 Stock Option and Incentive Plan and the 2019 Employee Stock Purchase Plan of Health Catalyst, Inc.,

3. Registration Statement (Form S-8 No. 333-253542) pertaining to the 2019 Stock Option and Incentive Plan and the 2019 Employee Stock Purchase Plan of Health Catalyst, Inc.,

4. Registration Statement (Form S-3 No. 333-258625) of Health Catalyst, Inc,

5. Registration Statement (Form S-8 No. 333-263197) pertaining to the 2019 Stock Option and Incentive Plan and the 2019 Employee Stock Purchase Plan of Health Catalyst, Inc.,

6. Registration Statement (Form S-8 No. 333-270138) pertaining to the 2019 Stock Option and Incentive Plan and the 2019 Employee Stock Purchase Plan of Health Catalyst, Inc., and

7. Registration Statement (Form S-8 No. 333-277291) pertaining to the 2019 Stock Option and Incentive Plan and the 2019 Employee Stock Purchase Plan of Health Catalyst, Inc.;

of our reports dated February 26, 2025, with respect to the consolidated financial statements of Health Catalyst, Inc. and the effectiveness of internal control over financial reporting of Health Catalyst, Inc. included in this Annual Report (Form 10-K) of Health Catalyst, Inc. for the year ended December 31, 2024.

/s/ Ernst & Young LLP

Salt Lake City, UT
February 26, 2025

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Daniel Burton, certify that:

1. I have reviewed this Annual Report on Form 10-K of Health Catalyst, Inc.;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 26, 2025

/s/ Daniel Burton

Daniel Burton
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jason Alger, certify that:

1. I have reviewed this Annual Report on Form 10-K of Health Catalyst, Inc.;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 26, 2025

/s/ Jason Alger

Jason Alger
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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

In connection with the filing of the Annual Report on Form 10-K for the fiscal year ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report") by Health Catalyst, Inc. (the "Company"), Daniel Burton, as the Chief Executive Officer of the Company, and Jason Alger, as the Chief Financial Officer of the Company, each hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1 The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 26, 2025

/s/ Daniel Burton
Daniel Burton
Chief Executive Officer
(Principal Executive Officer)

/s/ Jason Alger
Jason Alger
Chief Financial Officer
(Principal Financial and Accounting Officer)