

**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, 2023

OR

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

Commission File Number 001-40815

**Definitive Healthcare Corp.**

(Exact name of Registrant as specified in its Charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)  
492 Old Connecticut Path, Suite 401  
Framingham, MA  
(Address of principal executive offices)

86-3988281  
(I.R.S. Employer  
Identification No.)

01701  
(Zip Code)

Registrant's telephone number, including area code: (508) 720-4224

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.001 par value	DH	The Nasdaq Stock Market LLC

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 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, 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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 the 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 Class A Common Stock held by non-affiliates of the Registrant on June 30, 2023, based on the reported closing price of the Registrant's Class A Common Stock on the Nasdaq Global Select Market on that date, was approximately \$525.8 million.

The number of shares of Registrant's Class A Common Stock outstanding as of February 23, 2024 was 117,723,025.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's proxy statement for the 2024 annual meeting of stockholders to be filed pursuant to Regulation 14A within 120 days after the registrant's fiscal year ended December 31, 2023, are incorporated by reference in Part III of this Form 10-K.

Auditor Firm Id: PCAOB No. 34

Auditor Name: Deloitte & Touche LLP

Auditor Location: Boston, MA

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## GLOSSARY

As used in this Annual Report on Form 10-K, the terms identified below have the meanings specified below unless otherwise noted or the context indicates otherwise. References in this Form 10-K to “Definitive Healthcare Corp.” refer to Definitive Healthcare Corp. and not to any of its subsidiaries unless the context indicates otherwise. References in this Form 10-K to “Definitive Healthcare,” “Definitive,” the “Company,” “we,” “us,” and “our” refer (1) prior to the consummation of the Reorganization Transactions, to Definitive OpCo and its consolidated subsidiaries, and (2) after the consummation of the Reorganization Transactions, to Definitive Healthcare Corp. and its consolidated subsidiaries unless the context indicates otherwise.

- “Advent” refers to funds affiliated with Advent International, a global private equity firm.
- “Advent Acquisition” refers to the purchase of a majority of the issued and outstanding units of DH Holdings by Advent in 2019. The acquisition was accounted for as a business combination with purchase accounting applied.
- “AIDH Buyer” refers to AIDH Buyer, LLC, which is a wholly owned subsidiary of Definitive OpCo and the direct parent company of DH Holdings.
- “Amended LLC Agreement” refers to the second amended and restated limited liability company agreement entered into by Definitive OpCo pursuant to which members have the right to exchange all or a portion of their LLC units for newly issued shares of Class A Common Stock in Definitive Healthcare Corp.
- “ARR” refers to annual recurring revenue or annualized contractually recurring revenue as of period end, which is calculated by aggregating annual subscription revenue from committed contractual amounts for all existing customers during that period.
- “Blocker Company” or “Blocker Companies” refers to certain entities treated as corporations for U.S. federal income tax purposes, as defined within Note 1 to our audited consolidated financial statements included in Part II, Item 8 of this Form 10-K.
- “Continuing Pre-IPO LLC Members” refers to certain Pre-IPO LLC Members who retained their equity ownership in Definitive OpCo in the form of LLC Units immediately following the consummation of the Reorganization Transactions.
- “Definitive OpCo” refers to AIDH TopCo, LLC, a Delaware limited liability company, and a subsidiary of Definitive Healthcare Corp., following the Reorganization Transactions.
- “DH Holdings” refers to Definitive Healthcare Holdings, LLC, a Delaware limited liability company and wholly owned subsidiary of AIDH Buyer.
- “LLC Units” refers to limited liability company interests in Definitive OpCo.
- “LTV” refers to customer lifetime value, or the value that we expect to generate from a customer during the period that the customer continues to subscribe to our healthcare commercial intelligence platform. We calculate LTV as the product of (i) our average ARR per customer as of period end, multiplied by (ii) our Adjusted Gross Margin, divided by (iii) the annual revenue churn rate, which is defined as the percentage of ARR associated with customers that cancel during the period divided by the ARR at the beginning of the period.
- “IPO” refers to the initial public offering of Class A Common Stock of Definitive Healthcare Corp.
- “NDR” or “Net Dollar Retention Rate” refers to net dollar retention rate, which we calculate as the percentage of ARR retained from existing customers across a defined period, after accounting for upsell, down-sell, pricing changes, and churn. We calculate net dollar retention as beginning ARR for a period, plus (i) expansion ARR (including, but not limited to, upsell and pricing increases), less (ii) churn (including, but not limited to, non-renewals and contractions), divided by (iii) beginning ARR for a period.
- “Populi” refers to Populi, Inc., a Delaware corporation.
- “Pre-IPO LLC Members” refers to certain affiliates of Spectrum Equity, Jason Krantz, DH Holdings, AIDH Management Holdings, LLC, certain affiliates of 22C Capital, certain affiliates of Advent and certain other minority equity holders of Definitive OpCo prior to the Reorganization Transactions.
- “Reorganization Parties” refers to the shareholders of the Blocker Companies prior to the merger of the Blocker Companies into Definitive Healthcare Corp.
- “Reorganization Transactions” refers to transactions completed in connection with the Company’s IPO as defined within Note 1 to our audited consolidated financial statements included in Part II, Item 8 of this Form 10-K.
- “Spectrum Equity” refers to investment funds associated with Spectrum Equity Management, L.P., a private equity firm.
- “Sponsors” refers collectively to Advent, 22C Capital, and Spectrum Equity.
- “Tax Receivable Agreement” refers to the Tax Receivable Agreement, dated September 14, 2021, between Definitive Healthcare Corp., Definitive OpCo, and the TRA Parties.
- “TRA Parties” refers to the Continuing Pre-IPO LLC Members, the Reorganization Parties, and any future party to the Tax Receivable Agreement.
- “22C Capital” refers to investment funds associated with 22C Capital LLC, a private equity firm.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this “Annual Report”) contains forward-looking statements. Forward-looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects,” and similar references to future periods, or by the inclusion of forecasts or projections. Examples of forward-looking statements include, but are not limited to, statements we make regarding the outlook for our future business and financial performance, such as those contained in “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy, and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict. As a result, our actual results may differ materially from those contemplated by the forward-looking statements. We caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements that are included elsewhere in this Annual Report, including under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Any forward-looking statement made by us speaks only as of the date on which we make it. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, regional, national or global political, economic, business, competitive, market, and regulatory conditions. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

## SUMMARY OF RISK FACTORS

The following is a summary of the principal risks that may materially adversely affect our business, financial condition, results of operations and cash flows. The following is a summary only, and should be read in conjunction with Part I, Item 1A “Risk Factors” and the other information contained in this Annual Report.

- Our inability to generate sales of subscriptions to our platform or any decline in demand for our platform and the data we offer could have a material adverse effect on our business, financial condition and results of operations;
- Our inability to attract new customers and expand subscriptions of current customers could negatively impact our revenue growth and financial performance;
- The market in which we operate is competitive, and if we do not compete effectively, it could have a material adverse effect on our business, financial condition and results of operations;
- We may fail to maintain and improve our platform, or develop new modules, functionality, or insights for healthcare commercial intelligence, whereby competitors could surpass the depth, breadth or accuracy of our platform;
- We may be unable to obtain and maintain accurate, comprehensive or reliable data, which could result in reduced demand for our platform;
- Our recent growth rates may not be indicative of our future growth;
- We may be unable to achieve or sustain profitability in the future compared to historical levels as we increase investments in our business;
- Any loss of our access to our data providers could negatively impact our platform and have a material adverse effect on our business, financial condition and results of operations;
- We may fail to respond to advances in healthcare commercial intelligence, which could result in competitors surpassing the depth, breadth or accuracy of our platform;
- If our information technology systems or those of third parties upon which we rely, or our data are or were compromised, we could experience material adverse effects on our reputation, business, financial condition and results of operations;
- The war between Russia and Ukraine, the evolving conflict in Israel and surrounding areas, global geopolitical tension, and worsening global macroeconomic conditions could have a material adverse effect on our business, financial condition, and results of operations;
- If our security measures are breached or unauthorized access to data is otherwise obtained, our platform may be perceived as not being secure, customers may reduce the use of or stop using our platform, and we may incur significant liabilities;
- We previously identified a material weakness in our internal control over financial reporting and we are working to remediate it. Consequently, our management has concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this report. We cannot assure you that additional material weaknesses or significant deficiencies will not occur in the future. If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, our stockholders could lose confidence in our financial reporting, which could harm our business and the trading price of our common stock; and
- Our results of operations may be harmed if we are required to collect sales or other related taxes for subscriptions to our platform in jurisdictions where we have not historically done so.



## PART I

### Item 1. Business.

#### Our Mission

Our mission is to transform data, analytics, and expertise into healthcare commercial intelligence. We help clients uncover the right markets, opportunities, and people, so they can shape tomorrow's healthcare industry. Our software-as-a-service ("SaaS") platform creates new paths to commercial success in the healthcare market, so companies can identify where to go next.

#### Overview

Definitive Healthcare is a leading provider of healthcare commercial intelligence. Our solutions are designed to provide accurate and comprehensive information on healthcare providers and their activities to help our customers optimize everything from product development to go-to-market planning and sales and marketing execution. Delivered through our SaaS platform, our intelligence has become important to the commercial success of our over 2,900 customers as of December 31, 2023. We generally define a customer as a company that maintains one or more active paid subscriptions to our platform.

Our healthcare commercial intelligence platform brings together comprehensive, in-depth and high-quality intelligence, a powerful artificial intelligence ("A.I.") engine, and an intuitive front-end SaaS platform, which have all been built, modified and improved upon over the last 13 years to create a highly differentiated offering.

Definitive Healthcare was founded in 2011 and incorporated as Definitive Healthcare Corp. in May 2021 for the purposes of facilitating an IPO of its Class A Common Stock, which was completed on September 17, 2021. The Company is headquartered in Framingham, MA. Our primary website address is [www.definitivehc.com](http://www.definitivehc.com). The information on our website is not incorporated herein or otherwise part of this Annual Report on Form 10-K.

#### The Definitive Healthcare Platform

Our SaaS-based healthcare commercial intelligence platform is designed to provide comprehensive and accurate information on the healthcare ecosystem in the U.S. The platform uses deep analytics and data science to help customers develop data-driven strategic decisions such as finding new markets to enter, building comprehensive go-to-market strategies, accessing tactical information to help target the right decision makers and improving win rates with detailed contextual information. All of this helps our customers succeed in this important but complicated industry.

#### Our Data Sources and Data Engine

Our comprehensive, high-quality healthcare commercial intelligence is made up of thousands of data sources and billions of data points that enrich and power our platform. We transform this data into intelligence through A.I. and machine learning ("M.L.") algorithms that ingest, cleanse, link, and analyze the data to create powerful new intelligence and analytics. Each new data source and each new algorithm created by our data science team makes our entire platform and the intelligence modules contained within more valuable to our clients. Built and enhanced since our inception, our platform contains a full 360-degree, longitudinal view of the healthcare ecosystem and depicts how the ecosystem connects together, creating a true barrier to entry.

## Our Competition and Competitive Strengths

We operate in a highly fragmented market. We have a competitive advantage that is based on our comprehensive dataset built up over 13 years, our application of the data science, which has created proprietary intelligence and linkages that we do not see elsewhere, and a user interface that provides customers access to answers, not data, in an integrated manner. Our competitive strengths include:

- ***Proprietary Healthcare-specific Commercial Intelligence.*** We have built proprietary intelligence via first-party research, aggregated, linked, cleansed, and inferred information from thousands of data sources and we have tied billions of data points together into a comprehensive view of the entire U.S. healthcare ecosystem.
- ***An Integrated Data and Technology Foundation that Creates a Flywheel of Innovation.*** Our technology platform provides the foundation for rapid product development and innovation by leveraging our existing data assets to produce new modules and features that solve a growing number of business problems.
- ***Powerful Go-to-Market Engine.*** We have a highly efficient and effective go-to-market engine that combines effective marketing with an inside sales force comprised of highly trained, vertically focused sales executives.
- ***Visionary Management Team with a Track Record of Execution.*** Our management team has a strong track record of exceptional financial performance and of building an award-winning culture to attract and retain highly talented individuals.

While we believe no competitor matches our breadth of data and intelligence solutions or offers as comprehensive and accurate a commercial intelligence platform, we compete either directly or indirectly with:

- Legacy raw claims data providers, such as Clarivate, IQVIA, and Symphony Health;
- Niche healthcare specialists, such as Komodo Health, H1 Healthcare, Marketware, Trella Health, and Trilliant Health;
- Ecosystem players that may house or analyze similar intelligence, such as SG2 and Veeva; and
- Horizontal go-to-market intelligence platforms, such as ZoomInfo, LinkedIn, and Dun & Bradstreet.

We believe the principal competitive factors in our markets are:

- Depth, breadth, and accuracy of healthcare-specific commercial intelligence;
- Healthcare subject matter expertise;
- A.I. and data science capabilities;
- Ease of use and deployment; and
- Data privacy and security.

## Our Growth Strategies

We intend to drive growth through the following strategies:

- ***Acquiring new customers***
- ***Expanding our relationships with existing customers***
- ***Continuing to innovate to strengthen our platform and market leadership position***
- ***Making selective strategic acquisitions and investments***



## **Our Customers**

Our integrated platform is designed to drive commercial success for companies that sell into or compete in the healthcare ecosystem, creating large end-markets for us, including life sciences, healthcare information technology ("HCIT"), healthcare providers and other diversified companies, such as staffing firms, commercial real estate firms, financial institutions and other organizations seeking commercial success in the attractive, but complex, healthcare ecosystem.

## **Our Go-to-Market Strategy**

We believe we have a very efficient go-to-market model, driven by a high-velocity inside sales and marketing team, experienced sales executives ("SEs") and a well-defined verticalized sales strategy.

Our go-to-market strategy begins with a high-velocity marketing engine that generates more than 10,000 inbound Marketing Qualified Leads ("MQLs") each year. These inbound leads are quickly converted into demos for our SEs, who are organized into specific verticals. This vertical specialization ensures that each SE understands the specific business problems of their customers and can guide them through an online demo to the exact intelligence that will be most impactful to their business. As our brand presence continues to grow, we have seen a significant increase in the number of inbound MQLs received.

We complement our marketing efforts with a highly targeted outbound effort focused on important prospects across our target universe of over 100,000 companies, with an estimated total addressable market of more than \$10 billion. These companies are prioritized and targeted with a measurable outbound effort led by our inside sales representative team.

Once a new company signs up as a subscriber, they are transferred to our Customer Experience managers ("CX") who assist with onboarding and training, answering questions, and maintaining a "health score," which is a predictive metric used to determine whether customers are likely to renew their subscription. In addition, an account executive ("AE") is typically assigned to each customer, with a focus on deepening the relationship and identifying opportunities to expand the relationship to new departments and sell additional intelligence modules and workflow products. The CX and AE teams are also organized by vertical end market to ensure appropriate subject matter expertise.

## **Human Capital at Definitive Healthcare**

Our community has continued to grow rapidly since our founding 13 years ago. While our people are primarily concentrated in the Boston metro area, we have expanded globally and increased our reach with a flourishing remote employee base.

As of January 31, 2024, our workforce included 830 employees — of whom 571 were based in the U.S., 50 were based in Europe, and another 209 were based in India. Functionally, our workforce includes 327 in sales and marketing, 233 in product development, 119 in customer support, 87 in general and administrative roles, 39 in professional services, and 25 in data acquisition roles. Our workforce is comprised of a wide variety of professionals, including business development representatives, data scientists, software engineers, and more.

### ***People and culture***

We consistently receive workplace accolades. In 2023, we were recognized by The Boston Globe as a Top Place to Work for the seventh consecutive year. We were also awarded Energage's "Top Workplace in the US" for the second consecutive year and have been recognized as a best place to work by the Boston Business Journal's "Best Place to Work" for five of the past seven years.

We are committed to putting our community first. For us that means centering our culture around collaboration and community engagement. DefinitiveCares, our employee-led charitable organization, is at the core of our company culture. The mission of DefinitiveCares is to give back to the community through employee-led volunteer initiatives.

As a company, we are collaborative, energetic, approachable, and driven. These attributes have allowed us to develop and maintain our customer-focused culture, where we are not afraid to roll up our sleeves to get the job done. We also realize that there is more to life than work, so we try to have some fun together and ensure that every employee maintains a healthy work-life balance.

### ***Diversity, equity, and inclusion***

At Definitive Healthcare, we invite everyone to come as they are. We value our employees' unique perspectives, backgrounds, and voices because these diverse experiences drive new ideas and help us build a better community. We provide opportunities for our employees to grow and develop awareness around diversity, equity, and inclusion through company-sponsored speakers and presentations. We promote diversity and inclusion in our hiring processes by training our hiring managers on unconscious bias, by engaging with diverse student groups at college fairs, by increasing our work visa sponsorship program, and by incorporating inclusive, gender-neutral language into our job descriptions.

In addition, our employee-led affinity groups provide a way for everyone to come together and share their common experiences. Alongside their allies, these employees promote a sense of community, belonging, and understanding at Definitive Healthcare. The affinity groups include Women's Empowerment @ DHC, Out @ DHC (LGBTQIA), Black, Indigenous, and People of Color @ DHC, Working Parents, and AVID @ DHC (visible and invisible disabilities), as well as a wide variety of clubs and special interest groups.

### ***Health, wellness, and total rewards***

Our goal is to offer a best-in-class total rewards package that supports employees and their families, attracts top talent, and ensures pay equity. We provide competitive pay and benefits to attract and retain high quality talent. As part of our total rewards package, U.S. employees are eligible for variable compensation and we pay for employees' individual full medical coverage, in addition to providing generous healthcare, investment, retirement, educational assistance and reimbursement, and paid time off.

Promoting a culture that supports health and well-being continues to be a priority for the organization. After initially transitioning to a fully remote work approach in response to the COVID-19 pandemic, we have since implemented and chosen to maintain a hybrid work environment, enabling all employees to work between our offices and remotely, which we believe enables greater flexibility for a successful work-life balance. Since 2022, we have offered unlimited paid time off and expanded parental leave for U.S.-based employees.

We reward high performance and effort, regardless of experience or title. We recognize employees who do exceptional work four times a year through our Rockstars awards, which are granted to those who embody our guiding principles in extraordinary ways, and recipients are determined by employee nominations.

### ***Employee Development and Advancement***

Our people are our greatest asset. Enabling their career growth and upward mobility is critical to retaining and engaging our talent. We provide employees with the tools, learning, and internal opportunities to find their path and build the skills and abilities to take on new roles. As part of our offerings, we provide a comprehensive learning management system, with a mix of professional, technical, managerial, and leadership development programs across a number of learning pathways.

Each year, we conduct a robust talent review process that includes performance assessments and goal setting to enable growth and employee advancement while creating alignment with both company goals and values. This process ties into our compensation strategy to ensure that we reward and incentivize our high performers.

## **Intellectual Property**

Our data driven platform and our approach to keeping it current is our defensive moat and protecting our intellectual property is a crucial aspect of our business. While, as of December 31, 2023, we have not pursued any patents, we secure and protect our intellectual property rights in material unregistered intellectual property by entering into invention assignment contracts with all of our employees and confidentiality agreements with our employees, vendors, customers, and other parties with whom we conduct business and share confidential information to control access to our proprietary information, technology and processes.

We continually assess our strategy with respect to the protection of new intellectual property and intend to pursue additional avenues to intellectual property protection to the extent we believe it would be cost-effective and beneficial to our business.

## **Data Privacy and Security**

The information we collect, use, disclose, and/or otherwise process from healthcare organizations and professionals in the ordinary course of our business is integral to providing a comprehensive healthcare commercial intelligence platform to our customers. As a result, numerous state, federal, and foreign laws, including consumer protection laws, regulations, industry standards, and other obligations govern our collection, use, disclosure, and/or processing of personal data, including health-related information. For example, in the United States, numerous federal and state laws and regulations, including data breach notification laws, health information privacy and security laws, including Health Insurance Portability and Accountability Act, as amended by the Health Information Technology for Economic and Clinical Health Act, and their implementing regulations (collectively, “HIPAA”), federal and state consumer protection laws and regulations (e.g., Section 5 of the Federal Trade Commission Act), and other similar laws (e.g., wiretapping) govern the collection, use, disclosure, protection, and/or processing of health-related and other personal data and could apply to our operations or the operations of our partners or customers.

In addition, certain U.S. state laws, such as the CCPA<sup>4</sup>, and foreign laws, such as<sup>5</sup>), the European Union's General Data Protection Regulation (“EU GDPR”) and the United Kingdom's GDPR (“UK GDPR”) govern the privacy and security of personal data, including health-related information in certain circumstances, some of which are more stringent than HIPAA and many of which differ from each other in significant ways, thus complicating our compliance efforts. Any actual or perceived failure to comply with these laws, where applicable, can result in the imposition of significant administrative, civil and/or criminal penalties and private litigation. Data privacy and security laws, regulations, industry standards, and other obligations are constantly evolving, may conflict with each other, and can result in investigations, proceedings, or actions that lead to significant penalties and restrictions on data processing.

**Other Available Information**

We make our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to these filings, available free of charge as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC on our website at <https://ir.definitivehc.com/financial-information/sec-filings> or by contacting our Investor Relations department at our office address listed above. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at [www.sec.gov](http://www.sec.gov). The contents of these websites are not incorporated into this filing. Further, the Company's references to the URLs for these websites are intended to be inactive textual references only.

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

*You should carefully consider each of the following risk factors, as well as other information contained in this Form 10-K, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our audited consolidated financial statements and related notes. The occurrence of any of the following risks could have a material adverse effect on our business, financial condition and results of operations, in which case the trading price of our Class A Common Stock could decline and you could lose all or part of your investment. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business.*

### **Risks Related to Our Business and Industry**

***We generate substantially all of our revenue from sales of subscriptions to our platform and any decline in demand for our platform and the data we offer could have a material adverse effect on our business, financial condition and results of operations.***

For the year ended December 31, 2023, we derived 97% of our revenue from subscription services, and we expect to continue to generate substantially all of our revenue from the sale of subscriptions to our platform. As a result, the continued use of healthcare provider data, sales intelligence and healthcare market analytics by the healthcare ecosystem is critical to our future growth and success. If the healthcare data market fails to grow, or grows more slowly than we currently anticipate, or if there is a decrease in the use of healthcare commercial intelligence, demand for our platform would be negatively affected. For example, difficult macroeconomic conditions have impacted our existing and prospective customers, which has in some cases resulted in longer deal cycles, more stringent approval processes and deferred purchasing decisions, and we expect this to continue until macroeconomic conditions improve.

Changes in preferences for healthcare commercial intelligence may have a disproportionately greater impact on us than if we offered diversified solutions. Demand for healthcare data in general, and our platform in particular, is affected by a number of factors, many of which are beyond our control. Some of these factors include:

- awareness and acceptance of the healthcare commercial intelligence platform category generally, and the growth and evolution of the category and our addressable market;
- availability of products and services that compete with our platform;
- brand recognition;
- pricing;
- ease of adoption and use;
- performance, features and user experience, and the development and acceptance of new features, integrations and capabilities;
- ability to consistently procure high-quality and useful data;
- the level of customer support we provide;
- accessibility across several operating system and applications;
- integration with workflow insights and technologies; and
- macroeconomic factors and their impacts on users of healthcare data.

The market in which we operate is subject to rapidly changing user demand and preference trends. Failure to successfully predict and address these trends, meet user demands or achieve more widespread market acceptance of our platform could have a material adverse effect on our business, financial condition and results of operations.

***The market in which we operate is highly competitive, such that if we do not compete effectively, it could have a material adverse effect on our business, financial condition and results of operations.***

The market in which we operate is becoming increasingly competitive as large, well-funded organizations in the healthcare ecosystem, including life sciences companies, healthcare providers and HCIT companies, among others, develop internal technologies to create healthcare commercial intelligence. Demand for our platform is also price sensitive. Many factors, including our marketing, customer acquisition and technology costs, and the pricing and marketing strategies of our competitors, can significantly affect our pricing strategies. Such competition may result in pricing pressures, reduced profit margins or lost market share, or a failure to grow or maintain our market share, any of which could have a material adverse effect on our business, financial condition and results of operations. Our competitors may expand their operations to internally analyze data relating to the healthcare ecosystem. Many of our competitors have significant competitive advantages over us, including longer operating histories, internal datasets and greater financial, sales and marketing, research and development and other resources. In addition, some of our competitors may make acquisitions or enter into strategic relationships to offer a more comprehensive or affordable range of solutions and platform than we do. We also expect that there will be significant competition as we continue to expand our intelligence modules and enter new verticals. Our inability to compete successfully against our competitors and maintain our gross margin could have a material adverse effect on our business, financial condition and results of operations.

***If we fail to respond to advances in healthcare commercial intelligence, competitors could surpass the depth, breadth or accuracy of our platform.***

Current or future competitors may seek to develop new solutions for more efficiently transforming, cleansing and linking data and creating healthcare commercial intelligence. Such actions may enable a competitor to create a platform that is comparable or superior to ours, that takes substantial market share from us, or that creates or maintains healthcare commercial intelligence at a lower cost than we currently provide. We expect continuous improvements in computer hardware, network operating systems, programming tools, programming languages, operating systems, data matching, data filtering, data predicting and other database technologies and the use of the Internet. These improvements, as well as changes in customer preferences or regulatory requirements, may require changes in the technology used to process and analyze data. Our future success will depend, in part, upon our ability to internally develop and implement new and competitive intelligence modules and features, use third-party technologies to source data effectively, and respond to advances in healthcare commercial intelligence and technology. If we fail to respond to changes in healthcare commercial intelligence or technology, our competitors may be able to develop solutions that will take market share from us, and the demand for our platform, the delivery of our solutions or our market reputation could be adversely impacted, which could have a material adverse effect on our business, financial condition and results of operations.

***If we are not able to obtain and maintain accurate, comprehensive or reliable data, we could experience reduced demand for our platform.***

The healthcare landscape is complex, opaque and constantly evolving and our success depends in large part on our customers' confidence in the depth, breadth and accuracy of our data and analytics. The task of providing a comprehensive view of the healthcare ecosystem, including information on healthcare providers, physicians and how they are affiliated and interconnected, how they refer patients to each other, the quality of care they provide and procedure and diagnosis volumes, is challenging and expensive. Many of our contracts with our customers include a contractual right pursuant to which our customers may unilaterally terminate their subscription with us and we could be obligated to reimburse certain payments if customers experience any issues with the availability of the platform. Unavailability of our platform for routine scheduled maintenance does not trigger the termination right. If the data we obtain from third parties and our own first party research cannot be obtained on a timely basis, or at all, or maintained, customers may be dissatisfied with our platform reducing the likelihood of customers to renew or upgrade their subscriptions. In addition, if we are no longer able to maintain accuracy in our data and analytics, we may face legal claims by our customers, which could have a material adverse effect on our business, financial condition and results of operations.

***We have experienced rapid growth in recent periods, and our recent growth rates may not be indicative of our future growth.***

We have experienced rapid organic and acquisition-driven growth in recent periods. For the year ended December 31, 2023, our revenue was \$251.4 million, an increase of 12.9% as compared to our revenue of \$222.7 million for the year ended December 31, 2022. We cannot guarantee that we will sustain our recent revenue growth rate in future periods. Further, as we operate in a new and rapidly changing market, widespread acceptance and use of our platform is critical to our future growth and success. Our revenue growth may slow or our revenue may decline for a number of other reasons, including reduced demand for our platform, increased competition, a decrease in the growth or reduction in size of our overall market, failure to capitalize on growth opportunities, and the impacts to our business from macroeconomic factors such as the Russia-Ukraine war, the evolving conflict in Israel and surrounding areas, global geopolitical tension, and more recently, inflation and high interest rates, volatility in the capital markets and related market uncertainty. Our current and prospective customers are impacted by difficult macroeconomic conditions to varying degrees and as a result, in some cases we are observing deal cycles lengthen for new and existing customers, as well as more stringent approval processes and deferred purchasing decisions, which we expect will impact our growth unless macroeconomic conditions improve.

We expect our operating expenses to increase in future periods, and if our revenue growth does not increase to offset these anticipated increases in our operating expenses, it will have a material adverse effect on our business, financial condition and results of operations and we may not be able to achieve or maintain profitability. Further, our rapid growth may make it difficult to evaluate our future prospects. Our ability to forecast our future results of operations is subject to a number of uncertainties, including our ability to effectively plan for and model future growth. If we fail to achieve the necessary level of efficiency in our organization as it grows, or if we are not able to accurately forecast future growth, it could have a material adverse effect on our business, financial condition and results of operations.

***We may not achieve or sustain profitability in the future compared to historical levels as we increase investments in our business.***

We have incurred operating losses in the past and may continue to incur net losses in the future. For the year ended December 31, 2023, we had a net loss of \$289.6 million, compared to a net loss of \$24.2 million for the year ended December 31, 2022. We expect our operating expenses to increase in the future as we invest capital to make acquisitions, develop new features, add to our existing intelligence modules and invest in new products and data sources. Further, our administrative costs have significantly increased relative to prior periods due to the incremental costs associated with operating as a public company, including corporate insurance costs, additional accounting and legal expenses, and additional resources associated with controls, reporting, and disclosure. While in light of macroeconomic conditions we have made efforts to contain our operating expenses, including implementation of restructuring plans (the "Plans") in the first and third quarters of 2023 and in the first quarter of 2024, such efforts may not achieve the cost savings that we expect. Our efforts to grow our business may be more costly than we expect and we may not be able to increase our revenue enough to offset higher operating expenses. We may not be able to achieve or sustain profitability in subsequent periods and we may incur significant losses in the future for a number of reasons, including the foregoing as well as unforeseen expenses, difficulties, complications and delays, the other risks described in this Annual Report and other unknown events. The amount of any future net losses will depend, in part, on the growth of our future expenses and our ability to generate revenue. If we incur losses in the future, any such future losses will have an adverse effect on our stockholders' equity and working capital. If we are unable to achieve or sustain profitability, the market price of our Class A Common Stock may significantly decrease and our ability to raise capital, expand our business or continue our operations may be impaired. A decline in the price of our Class A Common Stock may cause you to lose all or part of your investment.

***We could lose our access to our data providers, which could negatively impact our platform and could have a material adverse effect on our business, financial condition and results of operations.***

Our platform depends extensively upon continued access to and receipt of data from external sources, including real-time claims data, as well as data received from customers, strategic partners and various government and public records repositories. In some cases, we compete with our data providers. Our data providers could stop providing data, provide outdated data or inaccurate data or increase the costs for their data for a variety of reasons, including a perception that our systems are insecure as a result of a data security breach, budgetary constraints, a desire to generate additional revenue or for regulatory or competitive reasons. We could also become subject to increased legislative, regulatory or judicial restrictions or mandates on the collection, disclosure or use of such data, in particular if such data is not collected by our data providers in a way that allows us to legally use the data. If we were to lose access to this external data, either temporarily or permanently, or if our access or use were restricted or were to become less economical or desirable, our ability to provide the full breadth of our healthcare commercial intelligence on our platform could be negatively impacted, which could have a material adverse effect on our business, financial condition and results of operations. If our competitors are able to purchase similar external data on

better terms, our ability to compete would be harmed. We cannot provide assurance that we will be successful in maintaining our relationships with these external data providers or that we will be able to continue to obtain data from them on acceptable terms or at all. Further, we cannot provide assurance that we will be able to obtain adequate data on commercially acceptable terms from alternative sources if our current sources become unavailable.

***Our ability to introduce new features, intelligence modules, updates, integrations, capabilities and enhancements to our existing platform is dependent on innovation and our research and product development resources. If our investments in innovation do not translate into material enhancements to our platform or if those investments are more costly than we expect, we may not be able to effectively compete, which could have a material adverse effect on our business, financial condition and results of operations.***

Our ability to compete effectively and to attract new customers and increase revenue from existing customers depends in large part on our ability to continually enhance and improve our platform and the features, intelligence modules and capabilities we offer. It also requires the introduction of compelling new features, intelligence modules and capabilities that reflect the changing nature of our market to maintain and improve the quality and value of our platform, which depends on our ability to continue investing in innovation and our successful execution and our efforts to improve and enhance our platform. The success of any enhancement to our platform depends on several factors, including availability, frequent updates, analytics reflecting current healthcare commercial intelligence, competitive pricing, adequate quality testing, integration with existing technologies and overall market acceptance. Any new features, integrations or capabilities that we develop may not be introduced in a timely or cost-effective manner, may contain errors, failures, vulnerabilities or bugs or may not achieve the market acceptance necessary to generate significant revenue. Maintaining adequate research and product development resources, such as the appropriate personnel and development technology, to meet the demands of the market is essential. Moreover, innovation can be technically challenging and expensive. If we are unable to successfully develop new features, integrations and capabilities to enhance our platform to meet the requirements of current and prospective customers or otherwise gain widespread market acceptance, it could have a material adverse effect on our business, financial condition and results of operations.

Further, our competitors may expend more resources on their respective innovation programs or may be acquired by larger companies that would allocate greater resources to our competitors' innovation programs or our competitors may be more efficient and/or successful in their innovation activities. Our failure to continue to innovate or to effectively compete with the innovation programs of larger, better-funded companies would give an advantage to such competitors and could have a material adverse effect on our business, financial condition and results of operations.

***If we are unable to attract new customers and expand subscriptions of current customers, our revenue growth and financial performance will be negatively impacted.***

To increase our revenue and achieve profitability, we must retain and grow the subscriptions of existing customers and attract new customers. We price our services on a tiered subscription-based model that allows our customers to choose a core plan based on their needs and the customers subscribe to the platform on a per user per month basis. Customers can then add users and intelligence modules for additional monthly rates depending on their individual needs. We seek to expand existing customer subscriptions by adding new customers and intelligence modules, including through expanding the adoption of our platform into other departments within existing customers. We do not know whether we will continue to achieve similar customer acquisition, retention and subscription growth rates in future periods as we have in the past, including in light of recently difficult macroeconomic conditions, which we have seen result in lengthening deal cycles that we expect will continue until macroeconomic conditions improve. Numerous other factors may also impede our ability to add new customers and retain and expand existing customer subscriptions, including failure to hire effective sales personnel, adequately train new sales personnel, provide a high-quality customer experience and ensure the effectiveness of our go-to-market programs that drive customer referrals. Additionally, increasing our sales to enterprise organizations (including customers generating more than \$100,000 in ARR, which we refer to as "Enterprise Customers") requires increasingly sophisticated and costly sales and account management efforts targeted at senior management and other personnel and generally involve longer sales cycles. If our efforts to sell to Enterprise Customers are not successful or do not generate additional revenue, our growth will suffer, which could have a material adverse effect on our business, financial condition and results of operations.

Moreover, our business is subscription-based, and therefore our customers are not obligated to and may not renew their subscriptions after their existing subscriptions expire or may renew at a lower price, including if such customers choose to reduce the intelligence modules to which they have access or reduce their number of users. Most of our subscriptions are sold for multi-year terms, though some organizations purchase a one-year subscription plan. While our subscription agreements typically provide for automatic renewal, our customers may opt-out of automatic renewal and customers have no obligation to renew a subscription after the expiration of the term. Our customers may or may not renew their subscriptions as a result of a number of factors, including their satisfaction or dissatisfaction with our platform, decreases in the number of users at the



organization, our pricing or pricing structure, the pricing or capabilities of the products and services offered by our competitors, the effects of economic conditions (including as a result of general economic downturns and difficult macroeconomic conditions) or reductions in our paying customers' spending levels. Our contracts typically require advance notice to terminate a contract in the absence of a default by the Company. In addition, our customers may renew for shorter contract lengths if they were previously on multi-year contracts or switch to lower cost offerings of our platform. Our attrition rates may increase or fluctuate as a result of a number of factors, including customer dissatisfaction with our services, customers' spending levels, mix of customer base, decreases in the number of users at our customers, competition, pricing increases or changing or deteriorating general economic conditions. If customers do not renew their subscriptions or renew on less favorable terms, we fail to add more users, or if we fail to expand subscriptions of existing customers, our revenue may decline or grow less quickly than anticipated and we may not be able to achieve our anticipated LTV from our customer relationships, which could have a material adverse effect on our business, financial condition and results of operations.

***Perceived issues arising from the use of A.I. (including M.L.) in our platforms may result in reputational harm or liability.***

We leverage the use of A.I. in the provision of our solutions. As with many developing technologies, A.I. presents risks and challenges that could affect its further development, adoption, and use, and therefore our business. A.I. algorithms may be flawed. Datasets may be insufficient, of poor quality, or contain biased information. If the recommendations, forecasts, or analyses that A.I. applications assist in producing are deficient or inaccurate, we could be subjected to competitive harm, potential legal liability, and brand or reputational harm. Some A.I. scenarios present ethical issues. Though our business practices are designed to mitigate many of these risks, if we enable or offer A.I. solutions that are controversial because of their purported or real impact on human rights, privacy, employment, or other social issues, we may experience brand or reputational harm.

***We may fail to offer the optimal pricing and packaging of our solutions, which could negatively impact our growth strategy and ability to effectively compete in the market.***

We may make changes to our pricing model from time to time. Demand for our solutions is sensitive to price, and depends substantially on levels of expenditures by our customers and their ability to access capital. Sustained market uncertainty can also result in lower demand and pricing for our products and services. Current or prospective customers may choose not to subscribe or renew their subscriptions due to costs. Further, certain of our competitors may in the future offer lower-priced or free services that compete with our platform or may bundle functionality compatible with our platform and/or offer a broader range of solutions. Similarly, certain competitors may use marketing strategies that enable them to acquire customers more rapidly and/or at a lower cost than us. In addition, if our mix of features and capabilities on our platform changes or if we develop additional intelligence modules for specific use cases or additional premium versions, then we may need or choose to revise our pricing.

***In deploying our solutions, we rely upon third-party providers of cloud-based infrastructure ("Cloud Providers") to provide our services. Any disruption in the operations of Cloud Providers or interference with our use of Cloud Providers would adversely affect our business, results of operations and financial condition.***

We outsource infrastructure relating to our cloud offerings to Cloud Providers. Customers of our cloud-based solutions need to be able to access our platform at any time, without interruption or degradation of performance. Our cloud-based solutions depend on protecting the virtual cloud infrastructure hosted by Cloud Providers by maintaining its configuration, architecture, features and interconnection specifications, as well as the information stored in these virtual data centers and which third-party internet service providers transmit. Any incident affecting our Cloud Providers' infrastructure that may be caused by fire, flood, severe storm, earthquake or other natural disasters, cyber-attacks and other cybersecurity threats, computer viruses, power failure, terrorist or other attacks, and other similar events beyond our control could negatively affect our cloud-based solutions. A prolonged service disruption affecting our cloud-based offerings for any of the foregoing reasons would negatively impact our ability to serve our customers and could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers or otherwise harm our business. We may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the Cloud Provider services we use.

In the event that our service agreements with our Cloud Providers are terminated, or there is a lapse of service, elimination of services or features that we utilize, interruption of internet service provider connectivity or damage to such facilities, we could experience interruptions in access to our platform as well as significant delays and additional expense in arranging or creating new facilities and services and/or re-architecting our cloud offering for deployment on a different cloud infrastructure service provider, which may adversely affect our business, operating results and financial condition.

***As more of our sales efforts target larger Enterprise Customers, our sales cycle may become longer and more expensive, and we may encounter pricing pressure and implementation and configuration challenges that may require us to delay revenue recognition for some complex transactions, all of which could have a material adverse effect on our business, financial condition and results of operations.***

Enterprise Customers are a key focus of our go-to-market programs. As we target more of our sales efforts at larger Enterprise Customers, we may face longer sales cycles, greater competition, more complex customer due diligence, less favorable contractual terms and less predictability in completing some of our sales. Consequently, a target customer's decision to use our solutions may be an enterprise-wide decision and, if so, these types of sales would require us to provide greater levels of education regarding the use and benefits of our platform, as well as education regarding data privacy and security obligations to prospective customers. In addition, larger Enterprise Customers and governmental entities may demand more configuration and integration services and features. As a result of these factors, these sales opportunities may require us to devote greater sales support and professional services resources to smaller Enterprise Customers, which could increase the costs and time required to complete sales and diverting resources to a smaller number of larger transactions, while potentially requiring us to delay revenue recognition on some of these transactions until the technical or implementation requirements have been met.

In addition, our ability to improve our sales of products to large Enterprise Customers is partially dependent on us continuing to attract and retain sales personnel with experience in selling to large organizations. Also, because security breaches with respect to larger, high-profile Enterprise Customers are likely to be heavily publicized, there is increased reputational risk associated with serving such customers. If we are unable to continue to increase sales of our products to large Enterprise Customers while mitigating the risks associated with serving such customers, our business, financial position, and results of operations may suffer.

***If we fail to offer high-quality customer experience, our business and reputation will suffer.***

Numerous factors may impact a customer's experience which may in turn impact the likelihood of such customer renewing its subscription. Those factors include the usability of the platform, the depth, breadth and accuracy of the data, the adequacy of our data synthesis, and the quality of our onboarding, training, account management and customer technical and support functions. Our number of customers has grown rapidly, and the continued growth that we anticipate will put additional pressure on our customer experience programs. It may be difficult for us to identify, recruit, train and manage enough employees with sufficient skill and talent in each area of the customer experience to adequately scale those functions to match the growth of our customer base. In addition, larger Enterprise Customers and customers with larger subscriptions are more demanding of our customer experience programs. If and as we add additional large Enterprise Customers and increase the annual contract value of existing subscriptions, we may need to devote even more resources to such programs, and we may find it difficult to effectively scale those programs. If we do not adequately scale our customer experience operations to meet the demands of our growing customer base, an increase in large Enterprise Customers and large customer subscriptions, or if we otherwise fail to provide an overall high-quality customer experience, fewer customers could renew or upgrade their subscriptions, and our reputation could suffer, negatively impacting our ability to acquire new customers, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, from time to time customers rely upon our support teams to resolve technical issues relating to our platform. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for support services. Increased customer demand for these services, without corresponding revenue, could increase costs and adversely affect our reputation and results of operations.

***Our customers or unauthorized parties could use our platform in a manner that is contrary to our values or applicable law, which could harm our relationships with customers or employees, or expose us to litigation or harm our reputation.***

Because our platform includes health information about millions of individuals and businesses, some of which we source ourselves and some of which is provided by third-party data providers and de-identified, our platform and data could be misused by customers or by parties who have obtained access to our platform without authorization to access individuals' health information for purposes that we would not permit, including to perpetrate scams. Our customers could use our platform for purposes beyond the scope of their contractual terms or applicable laws or regulations. For example, our customers are subject to broad healthcare fraud and abuse laws that may limit their appropriate use of our platform and information obtained therein. In addition, third parties could gain access to our platform through our customers or through malfeasance or cyber-attacks and use our platform for purposes other than its intended purpose or to create products that compete with our platform. Our customers' or third parties' misuse of our platform, inconsistent with its permitted use, could result in reputational damage, adversely affect our ability to attract new customers, expose us to potential litigation and cause existing customers to reduce or discontinue the use of our platform, any of which could have a material adverse effect on our business, financial condition and results of operations.

Our brand may be negatively affected by the actions of persons using our platform that are hostile or inappropriate, by the actions of individuals acting under false or inauthentic identities, by the use of our platform to disseminate information that is misleading (or intended to manipulate opinions), by perceived or actual efforts by governments to obtain access to user information for security-related purposes or to censor certain content on our platform, or by the use of our platform for illicit, objectionable or illegal ends. Further, we may fail to respond expeditiously or appropriately to the inappropriate use of our platform outside of the terms of a customer's subscription, which could erode confidence in our business.

***As we acquire and invest in companies or technologies, we may not realize expected business or financial benefits and the acquisitions or investments could prove difficult to integrate, disrupt our business, dilute stockholder value and adversely affect our business, financial condition and results of operations.***

As part of our business strategy, we make investments in, or acquisitions of, complementary businesses, solutions, databases and technologies, and we expect that we will continue to make such investments and acquisitions in the future to further grow our business and our platform. For example, in July 2023, we completed our acquisition of Populi, a provider-focused data and analytics company that works with healthcare organizations to optimize physician relationships, reduce network leakage, and expand market share, and are in the process of integrating Populi's business with ours.

Our strategy to make selective acquisitions to complement our platform depends on our ability to identify, and the availability of, suitable acquisition candidates. We may not be able to find suitable acquisition candidates in the future and we may not be able to complete acquisitions on favorable terms, if at all. Acquired assets, data or businesses may not be successfully integrated into our operations, costs in connection with acquisitions and integrations may be higher than expected and we may also incur unanticipated acquisition-related costs. These costs could adversely affect our financial condition, results of operations or prospects. Any acquisition we complete could be viewed negatively by customers, users or investors, and could have adverse effects on our existing business relationships.

Acquisitions and other transactions, arrangements and investments involve numerous risks and could create unforeseen operating difficulties and expenditures, including:

- potential failure to achieve the expected benefits on a timely basis or at all;
- difficulties in, and the cost of, integrating operations, technologies, solutions and platforms;
- diversion of financial and managerial resources from existing operations;
- the potential entry into new markets in which we have little or no experience or where competitors may have stronger market positions;
- potential write-offs of acquired assets or investments and potential financial and credit risks associated with acquired customers;
- differences between our values and those of our acquired companies;
- difficulties in re-training key employees of acquired companies and integrating them into our organizational structure and corporate culture;
- difficulties in, and financial costs of, addressing acquired compensation structures inconsistent with our compensation structure;
- inability to generate sufficient revenue to offset acquisition or investment costs;
- inability to maintain, or changes in, relationships with customers and partners of the acquired business and costs to optimize any redundant data provider agreements;
- challenges converting and forecasting the acquired company's revenue recognition policies including subscription-based revenue and revenue based on the transfer of control, as well as appropriate allocation of the customer consideration to the individual deliverables;
- difficulty with, and costs related to, transitioning the acquired technology onto our existing platform and customer acceptance of a new or changed platform on a temporary or permanent basis;
- augmenting the acquired technologies and platforms to the levels that are consistent with our brand and reputation;
- potential for acquired platforms to impact the financial performance of existing platform;
- increasing or maintaining the security standards for acquired technology consistent with our platform;

- potential unknown liabilities associated with the acquired businesses, including risks associated with acquired technologies;
- challenges relating to the structure of an investment, such as governance, accountability and decision-making conflicts that may arise in the context of a joint venture or other majority ownership investments;
- a material adverse effect on our results of operations because of the depreciation and amortization of amounts related to acquired intangible assets, fixed assets and deferred compensation;
- additional stock-based compensation;
- the loss of acquired unearned revenue and unbilled unearned revenue;
- delays in customer purchases due to uncertainty related to any acquisition;
- ineffective or inadequate controls, procedures and policies at the acquired company;
- in the case of foreign acquisitions, challenges caused by integrating operations over distance and across different languages, cultures and political environments;
- currency and regulatory risks and potential additional cybersecurity and compliance risks resulting from entry into new markets;
- tax effects and costs of any such acquisitions, including the related integration into our tax structure and assessment of the impact on the realizability of our future tax assets or liabilities; and
- potential challenges by governmental authorities, including the U.S. Department of Justice, for anti-competitive or other reasons.

Any of these risks could harm our business. In addition, to facilitate these acquisitions or investments, we may seek additional equity or debt financing, which may not be available on terms favorable to us or at all, including in light of difficult macroeconomic conditions such as high interest rates and volatility in the capital markets, and may affect our ability to complete subsequent acquisitions or investments and increase the risks of owning our Class A Common Stock. For example, if we finance acquisitions by issuing equity or convertible debt securities or loans, our existing stockholders may be diluted, or we could face constraints related to the terms of, and repayment obligation related to, the incurrence of indebtedness that could affect the market price of our Class A Common Stock.

***If we fail to maintain adequate operational and financial resources, particularly if we continue to grow rapidly, we may be unable to execute our business plan or maintain high levels of service and customer satisfaction.***

We have experienced, and expect to continue to experience, rapid growth, which has placed, and may continue to place, significant demands on our management and our operational and financial resources. As of December 31, 2023, we have one office located in Massachusetts, and as a result of prior acquisitions, an office in Sweden and an office in India. We have experienced significant growth in headcount, with approximately 670 employees in 2021 to over 950 employees in 2023. We have also experienced significant growth in the number of customers using our platform and in the amount of data in our databases. In addition, our organizational structure is becoming more complex as we scale our reporting systems and procedures and our operational, financial and management controls with international expansion. As we continue to grow, we face challenges of integrating, developing, training and motivating a rapidly growing employee base in our various offices and maintaining our company culture across multiple offices. Certain members of our management have not previously worked together for an extended period of time, and most do not have prior experience managing a public company, which may affect how they manage our growth. If we fail to manage our anticipated growth and change in a manner that preserves the key aspects of our corporate culture, the quality of our solutions may suffer, which could negatively affect our brand and reputation and harm our ability to retain and attract users, employees and customers.

To manage growth in our operations and personnel, we will need to continue to expand and improve our operational, financial and management controls and our reporting systems and procedures. We will require significant capital expenditures and the allocation of valuable management resources to grow and change in these areas. Our expansion has placed, and our expected future growth will continue to place, a significant strain on our management, customer experience, innovation, sales and marketing, administrative, financial and other resources. In light of macroeconomic conditions and their actual and potential future impacts on our business, we have made and expect to continue to make efforts to contain our operating expenses, including implementing restructuring plans in the first and third quarters of 2023 and in the first quarter of 2024. These efforts have placed additional strain on our employees and other resources and diverted attention from our operations, and may continue to do so, which could impact our ability to operate our business effectively.

We anticipate that significant additional investments will be required to scale our operations and increase productivity, to address the needs of our customers, to further develop and enhance our platform, to expand into new geographic areas and to scale with our overall growth. If additional investments are required due to significant growth, this will increase our cost base, which will make it more difficult for us to offset any future revenue shortfalls by reducing expenses in the short term.

In addition, as we expand our business, it is important that we continue to maintain a high level of customer service and satisfaction. As our customer base continues to grow, we will need to increase our account management, customer service and other personnel, which will require more complex management and systems. Additionally, since a significant portion of our new business is derived from customer referrals, customers may be less likely to refer new customers if they are not satisfied with our platform. If we are not able to continue to provide high levels of customer service, it could have a material adverse effect on our business, financial condition and results of operations.

***We depend on our executive officers and other key employees, and the loss of one or more of these employees or an inability to attract and retain other highly skilled employees could have a material adverse effect on our business, financial condition and results of operations.***

Our success depends largely upon the continued services of our executive officers and other key employees. We rely on our leadership team in the areas of sales and marketing, product development, strategy and corporate development and network development. From time to time, there have been and may in the future be changes in our executive management team resulting from the hiring or departure of executives, which could disrupt our business. While we seek to manage these transitions carefully, including by establishing strong processes and procedures and succession planning, such changes may result in a loss of institutional knowledge and cause disruption to our business. The loss of one or more of our executive officers or key employees could have a material adverse effect on our business, financial condition and results of operations.

In addition, to execute our growth plan, we must attract and retain highly qualified employees. Competition for these employees is intense, especially for data scientists experienced in designing and developing software and SaaS applications and experienced sales professionals. We have from time to time experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. In addition, certain domestic immigration laws restrict or limit our ability to recruit internationally. Any changes to U.S. immigration policies that restrain the flow of technical and professional talent may inhibit our ability to recruit and retain highly qualified employees. Many of the companies with which we compete for experienced employees have greater resources than us and may be able to offer more attractive terms of employment. In addition, we invest significant time and expense in training our employees, which increases their value to competitors who may seek to recruit them.

If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees have breached their legal obligations, resulting in a diversion of our time and resources. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, it may harm our ability to recruit and retain highly skilled employees. If we fail to attract new employees or fail to retain and motivate our current employees, our business and future growth prospects could be materially and adversely affected. Meanwhile, additions of executive-level management and large numbers of employees could significantly and adversely impact our culture. If we do not maintain and continue to develop our corporate culture as we grow and evolve, it could harm our ability to foster the innovation, creativity and teamwork we believe that we need to support our growth.

In addition, many of our essential technologies and systems are custom-made for our business by our key employees. The loss of key employees, including members of our management team, as well as certain of our sales, data scientists or other technology employees could disrupt our operations and have an adverse effect on our ability to grow and maintain our business.

***If we fail to protect and maintain our brand, our reputation may be harmed and our ability to attract and retain customers will be impaired.***

We believe that developing, protecting and maintaining awareness of our brand is critical to achieving widespread acceptance of our platform and is an important element in attracting new organizations to our platform. Further, we believe that the importance of brand recognition will increase as competition in our market increases. Successful promotion of our brand will depend largely on the effectiveness of our marketing efforts and on our ability to ensure that our platform remains high-quality, reliable and useful at competitive prices.

Brand promotion activities may not yield increased revenue, and, even if they do, any increased revenue may not offset the expenses we incur in building our brand. If we fail to successfully promote and maintain our brand, or incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, our reputation may be harmed and we may fail to attract new customers to the extent necessary to realize a sufficient return on our brand-building efforts, and our business, results of operations and financial condition could suffer.

***A substantial portion of our revenue and cash flows from sales of our subscriptions to our platform to customers in the healthcare ecosystem, and factors that adversely affect it, including health reform measures and mergers within the healthcare ecosystem or regulatory changes, could also adversely affect us.***

Demand for our solutions could be affected by factors that affect the healthcare ecosystem, including:

- Changes in regulations could negatively impact the business environment for us, our data sources, or our healthcare customers. Healthcare laws and regulations are rapidly evolving and may change significantly in the future. In particular, legislation or regulatory changes regarding data analytics companies has continued to be a topic of discussion by political leaders and regulators in the U.S. and elsewhere.
- Consolidation within the healthcare ecosystem has accelerated in recent years, and this trend could continue. We have in the past, and may in the future, suffer reductions in user subscriptions or non-renewal of customer subscription orders due to industry consolidation. We may not be able to expand sales of our platform to new customers enough to counteract any negative impact of company consolidation on our business. In addition, new companies that result from such consolidation may decide that our platform is no longer needed because of their own internal processes or alternative solutions. As these companies consolidate, competition to provide our platform will become more intense and establishing relationships with large industry participants will become more important. These industry participants may also try to use their market power to negotiate price reductions for our platform. If consolidation of our larger customers occurs, the combined company may represent a larger percentage of business for us and, as a result, we are likely to rely more significantly on revenue from the combined company to continue to achieve growth. In addition, if large healthcare companies merge, it would have the potential to reduce per-unit pricing for our platform for the merged companies.
- Healthcare companies may be unsuccessful and may subsequently declare bankruptcy. If our customers declare bankruptcy or otherwise dissolve, they may terminate their agreements with us or we may not be able to recoup the full payment of fees owed to us.
- The implications of precision medicine treatments, changes in the practices of prescribing providers and patients, changes with respect to payer relationships, the policies and preferences of healthcare professionals and healthcare organizations with respect to the sales and marketing efforts of healthcare companies, changes in the regulation of the sales and marketing efforts and pricing practices of healthcare companies, and other factors such as the impact of public health crises, could lead to a significant reduction in businesses that use our platform or otherwise change the demand for our platform. Changes in public perception regarding the practices of the healthcare ecosystem may result in political pressure to increase the regulation of healthcare companies in one or more of the areas described above, which may negatively impact demand for our platform.

- Our business depends on the overall economic health of our existing and prospective customers. Subscribing to our platform may involve a significant commitment of capital and other resources for certain customers. If economic conditions, including the ability to market commercial intelligence in the healthcare ecosystem or the demand for healthcare products globally deteriorates, many of our customers may delay on growth initiatives that would require our solutions. We have seen this happen in response to difficult macroeconomic conditions and expect it will continue until they improve. In particular, these trends have been more pronounced for our existing and prospective life science and provider customers. For example, difficult macroeconomic conditions have impacted our existing and prospective customers and their business spendings, which has in some cases resulted in longer deal cycles, more stringent approval processes and deferred purchasing decisions, and we expect this to continue until macroeconomic conditions improve. Such macroeconomic conditions may also result in reductions in sales of our solutions, reductions in subscription duration and value, slower adoption of new solutions, and increased price competition.

Accordingly, our operating results and our ability to efficiently provide our solutions to healthcare companies and to grow or maintain our customer base could be adversely affected as a result of these factors and others that affect the healthcare ecosystem generally.

***Changes in the sizes or types of organizations that subscribe to our platform could affect our business and our financial results may fluctuate due to increasing variability in our sales cycles.***

Our strategy is to sell subscriptions of our platform to organizations of all sizes, ranging from life science companies, healthcare information technology companies, healthcare providers and other companies that sell into the healthcare ecosystem. Selling to small-to-medium sized businesses may involve greater credit risk and uncertainty, as well as lower retention rates and limited interaction with our sales and other personnel. Conversely, sales to Enterprise Customers may entail longer sales cycles, more significant selling efforts and greater uncertainty. If we are successful in expanding our customer base to include more Enterprise Customers, our sales cycles may lengthen and become less predictable, which, in turn, may adversely affect our financial results. Factors that may influence the length and variability of our sales cycle include:

- the need to educate prospective customers about the uses and benefits of our platform;
- the discretionary nature of purchase and budget cycles and decisions;
- evolving functionality demands;
- announcements of planned introductions of new intelligence modules by us or our competitors; and
- lengthy and multi-faceted purchasing approval processes.

If there are changes in the mix of organizations that purchase our platform, our gross margins and operating results could be adversely affected and fluctuations increasing the variability in our sales cycles could negatively affect our financial results.

***If we have overestimated the size of our total addressable market, our future growth rate may be limited.***

We have estimated the size of our total addressable market based on internally generated data and assumptions, and such information is inherently imprecise. In addition, our projections, assumptions, and estimates of opportunities within our market are subject to a high degree of uncertainty and risk due to a variety of factors, including, but not limited to, those described in this Annual Report. If these internally generated data prove to be inaccurate or we make errors in our assumptions based on that data, our actual market may be more limited than our estimates. In addition, these inaccuracies or errors may cause us to misallocate capital and other critical business resources, which could have a material adverse effect on our business, financial condition and results of operations.

Even if our total addressable market meets our size estimates and experiences growth, we may not continue to grow our share of the market. Our growth is subject to many factors, including our success in implementing our business strategy and the activities of our current and potential future competitors, which are subject to many risks and uncertainties. Accordingly, our estimates of our total addressable market should not be taken as indicative of our ability to grow our business.

***Our business could be negatively affected by changes in search engine algorithms and dynamics or other traffic-generating arrangements.***

We rely on Internet search engines, including through the purchase of sales and marketing-related keywords and other web pages, to generate a portion of the traffic to our website. Search engines frequently update and change the logic that determines the placement and display of results of a user's search, such that the purchased or algorithmic placement of links to our website can be negatively affected. Pricing and operating dynamics for these traffic sources can change rapidly, both technically and competitively. Moreover, a search engine could, for competitive or other purposes, alter its search algorithms or results, which could cause a website to place lower in search query results or inhibit participation in the search query results. If a major search engine changes its algorithms or results in a manner that negatively affects the search engine ranking, paid or unpaid, of our website, or if competitive dynamics impact the costs or effectiveness of search engine optimization, search engine marketing or other traffic-generating arrangements in a negative manner, our business and financial performance would be adversely affected.

***Operations outside the U.S. expose us to risks inherent in international operations.***

Our Monocl business, along with the acquisition of AW in 2022, create exposure to risks inherent in international operations. Any new markets or countries into which we attempt to sell subscriptions to our platform may not be as receptive to our solutions as we anticipate. It is costly to establish, develop and maintain international operations and develop and promote our platform in international markets. A significant increase in international customers or an expansion of our operations into other countries would create additional risks and challenges which could have a material adverse effect on our business, financial condition and results of operations.

***We have a limited operating history in an evolving industry, which makes it difficult to forecast our revenue and evaluate our business and future prospects.***

We have a limited operating history at the current scale of our business in an evolving industry that may not develop as expected, if at all. As a result, our ability to forecast our future results of operations and plan for and model future growth is limited and subject to a number of uncertainties, and our historical operating results may not be indicative of our future operating results, making it difficult to assess our future prospects. We have encountered and expect to continue to encounter risks and uncertainties frequently experienced by growing companies in rapidly evolving industries, such as the risks and uncertainties described herein. In addition, we have faced and continue to face evolving macroeconomic conditions that negatively impact our business and future prospects, which are hard to predict. Accordingly, we may be unable to prepare accurate internal financial forecasts or replace anticipated revenue that we do not receive as a result of these factors, and our results of operations in future reporting periods may be below the expectations of investors. If we do not address these risks successfully, our results of operations could differ materially from our estimates and forecasts or the expectations of investors, causing our business to suffer and our Class A Common Stock price to decline.

***Our failure to raise additional capital or generate cash flows necessary to expand our operations and invest in new technologies in the future could reduce our ability to compete successfully and have a material adverse effect on our business, financial condition and results of operations.***

We may require additional financing, and we may not be able to obtain debt or equity financing on favorable terms, if at all. The terms of any additional debt financing may be similar or more restrictive than our current debt facilities. Difficult macroeconomic conditions, including high interest rates and volatility in the capital markets, exacerbate this risk.

If we need additional capital and cannot raise it on acceptable terms, or at all, we may not be able to, among other things:

- develop new features, intelligence modules, updates, integrations, capabilities and enhancements;
- continue to provide synthesis of real-time data;
- hire, train and retain employees;
- respond to competitive pressures or unanticipated working capital requirements; or
- pursue acquisition opportunities.



***We have recently undertaken internal restructuring activities, and may do so again in the future. The assumptions underlying these activities may prove to be inaccurate, or we may fail to achieve the expected benefits therefrom.***

In light of recent macroeconomic conditions, we have made, and will continue to make, judgments as to whether we should further reduce, relocate or otherwise change our workforce. For example, in January 2024, we took certain actions to reduce our global headcount by 154 employees. This reduction in force, and any other future reductions, and the attrition that may occur following them, result in the loss of institutional knowledge and expertise and the reallocation and combination of certain roles and responsibilities across the organization, all of which could adversely affect our operations. These restructurings and other additional measures we might take to reduce costs could strain our workforce, divert management attention, yield attrition beyond our intended reduction in force, reduce employee morale, cause us to delay, limit, reduce or eliminate certain development plans or otherwise interfere with our ability to operate and grow our business effectively, each of which could have an adverse impact on our business, operating results and financial condition. Charges and costs incurred in connection with workforce reduction efforts may be significant and higher than estimated. In connection with these actions, we estimate that we will incur pre-tax cash restructuring and related charges of approximately \$6.5 million to \$7.2 million in the first half of 2024, consisting primarily of severance payments, employee benefits, and related cash expenses, as well as a non-cash stock-based compensation charge related to the vesting of share-based awards for employees who are terminated. We may not complete the current or any future restructuring activities on the anticipated timetable, and even if successfully completed, we may not achieve the anticipated cost savings, operating efficiencies or other benefits of such activities.

***Catastrophic events could disrupt our business and adversely affect our operating results.***

We are a global technology company with a corporate headquarters located in Framingham, Massachusetts and international offices in Sweden and India. Instability and unforeseen changes in any of the markets in which we operate could result in business disruptions or operational challenges that may adversely affect the demand for our products and services, or our reputation, financial condition, results of operations or cash flows. Additionally, we rely on our network and third-party infrastructure and enterprise applications, internal technology systems and our website, for our product development, analytics innovation, marketing, operational support, hosted services and sales activities. In the event of a major weather event or threatened public health emergency (e.g., the COVID-19 pandemic), or other catastrophic event such as fire, power loss, telecommunications failure, cyber-attack, war or terrorist attack, we may be unable to continue our operations at full capacity or at all and may experience system interruptions, reputational harm, delays in our solution development, lengthy interruptions in our services, breaches of data security, loss of key employees and loss of critical data.

Global geopolitical tension may also be disruptive to our business, including as a result of the military conflict between Russia and Ukraine and the evolving conflict in Israel and surrounding areas. The sanctions announced by the U.S. and other countries against Russia to date include restrictions on selling or importing goods, services or technology in or from affected regions and travel bans and asset freezes impacting connected individuals and political, military, business and financial organizations in Russia. The U.S. and other countries could impose wider sanctions and take other actions should the conflict further escalate. It is not possible to predict the broader consequences of these conflicts, which have included or could include further sanctions, embargoes, regional instability, prolonged periods of higher inflation, geopolitical shifts, and adverse effects on macroeconomic conditions, currency exchange rates and financial markets, all of which could have a material adverse effect on our business, financial condition and results of operations.

***Our solutions utilize 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.***

Our solutions include software subject to open-source licenses and we may incorporate third-party open source software in our solutions in the future. Particular uses of open-source software and the terms of various open-source licenses have not been interpreted by U.S. courts, and there is a risk that such use or licenses could be construed in a manner that imposes unanticipated conditions or restrictions with respect to our platform and proprietary technology. From time to time, companies that use third-party open source software have faced claims challenging the use of such open source software and requesting compliance with the open source software license terms. Accordingly, we may be subject to suits by parties claiming ownership of what we believe to be open source software or claiming non-compliance with the applicable open source licensing terms. If we were to receive a claim of non-compliance with the terms of any of these open source licenses, we could be required to incur significant legal expenses defending against those allegations and could be subject to significant damages, enjoined from offering or selling our solutions that contained the open source software, and required to comply with the foregoing conditions. We could also be required to expend substantial time and resources to re-engineer some of our software. Any of the foregoing could disrupt and harm our business.

Additionally, the use of certain open-source software in certain manners requires that other licensees be granted the right to make any derivative works of any proprietary software linked to or used with the open-source code, or make such proprietary software available to others on terms that are unfavorable to such licensee or at no cost. This can effectively render what was previously proprietary software open-source software.

It is possible under the terms of certain open-source licenses (often called “copyleft” or “viral” licenses), if we combine our proprietary software with open-source software in a certain manner, that we could be required to release the source code of our proprietary software and make our proprietary software available under open-source licenses. In the event that portions of our proprietary software are determined to be subject to an open-source license, we could be required to publicly release the affected portions of our source code, re-engineer all or a portion of our solutions, or otherwise be limited in the licensing of our solutions, and each of such instances could reduce or eliminate the value of our solutions. In addition to risks related to license requirements, use of open-source software can lead to greater risks than use of third-party commercial software, as open-source licensors generally do not provide warranties, controls on the origin of the software, bug fixing, or security scans. Use of open-source software may also present additional security risks because the public availability of such software may make it easier for hackers and other third parties to determine how to compromise our solutions. Any of the foregoing could harm our business and could help our competitors develop platforms and applications that are similar to or better than ours.

***We are subject to subscription and payment processing risk from our third-party vendors and any disruption to such processing systems could have a material adverse effect on our business, financial condition and results of operations.***

We rely on a third-party subscription management platform to process the subscription plans and billing frequencies of our customers. In addition, we rely primarily on third parties for payment processing services. If these third-party vendors were to experience an interruption, delay or outages in service and availability, we may be unable to process new and renewing subscriptions or invoices. Further, if these third-party vendors experience a cybersecurity breach affecting data related to services provided to us, we could experience reputational damage or incur liability. Although alternative service providers may be available to us, we may incur significant expense and research and product development efforts to deploy any alternative service providers. To the extent there are disruptions in our third-party subscription and payment processing systems, we could experience revenue loss, accounting issues and harm to our reputation and customer relationships, which could have a material adverse effect on our business, financial condition and results of operations.

## Risks Related to Data Privacy and Cybersecurity

***If our information technology systems or those of third parties upon which we rely, or our data are or were compromised, we could experience material adverse consequences resulting from such compromise, including but not limited to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; and other adverse consequences.***

In the ordinary course of business, including when we provide our solutions to customers, we collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (collectively, “process”) personal data and other sensitive information, including proprietary and confidential business data, trade secrets, intellectual property, sensitive third-party data, business plans, transactions, and financial information (collectively, sensitive data). As a result, our business, brand, reputation and ability to attract and retain customers depends upon the satisfactory performance, reliability, and availability of our platform and solutions. Cyber-attacks, malicious internet-based activity, online and offline fraud, and other similar activities threaten the confidentiality, integrity, and availability of our sensitive data and information technology systems, and those of the third parties upon which we rely. Such threats are prevalent and continue to rise, are increasingly difficult to detect, and come from a variety of sources, including traditional computer “hackers,” threat actors, “hacktivists,” organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states, and nation-state-supported actors.

Some actors now engage and are expected to continue to engage in cyber-attacks, including without limitation nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we and the third parties upon which we rely may be vulnerable to a heightened risk of these attacks, including retaliatory cyber-attacks, that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our services.

We and the third parties upon which we rely are subject to a variety of evolving threats, including but not limited to social-engineering attacks (including through deep fakes, which may be increasingly more difficult to identify as fake, and phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), credential harvesting, personnel misconduct or error, ransomware attacks, supply-chain attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, attacks enhanced or facilitated by AI, telecommunications failures, earthquakes, fire, flood, power loss, system failures, computer viruses, software errors, physical or electronic break-ins or malicious hacks or attacks on our systems (such as denial of service attacks), and other similar threats.

In addition, the software, internal applications and systems underlying our platform are complex and may not be error-free. Any inefficiencies, errors or technical problems with our platform, internal applications and systems could reduce the quality of our solutions or interfere with our customers’ use of our platform, which could reduce demand, lower our revenues and increase our costs.

In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in our operations, ability to provide our products or services, loss of sensitive data and income, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments.

Further, our platform utilizes certain A.I. and machine learning technology to provide services, and this technology is integrated into the platform, making us susceptible to additional cybersecurity threats. Additionally, confidential and sensitive data of the Company and our customers may be leaked, disclosed, or revealed as a result of or in connection with our employees’, personnel’s, or vendors’ use of A.I. and machine learning technologies.

Remote work has become more common and has increased risks to our information technology systems and data, as more of our employees utilize network connections, computers, and devices outside our premises or network, including working at home, while in transit, and in public locations. Additionally, future or past business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities’ systems and technologies. Furthermore, we may discover security issues that were not found during due diligence of such acquired or integrated entities, and it may be difficult to integrate companies into our information technology environment and security program.

Furthermore, because the techniques used to obtain unauthorized access to, or to sabotage, systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. We may also experience security breaches that may remain undetected for an extended period, due to, among other things, the breadth and complexity of our operations and the high volume of transactions that we process, the large number of customers, counterparties and third party service providers with which we do business, the proliferation and increasing sophistication of cyber-attacks, and the possibility that a third party, after establishing a foothold on an internal network without being detected, might obtain access to other networks and systems.

We have also outsourced elements of our information technology infrastructure to third parties, including, without limitation, cloud-based infrastructure, data center facilities, encryption and authentication technology, employee email, content delivery to customers, and other functions. We also rely on third-party service providers to provide other products, services, parts, or otherwise to operate our business. Our reliance on these third-party service providers could introduce new cybersecurity risks and vulnerabilities, including supply-chain attacks, and other threats to our business operations. Our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place. If our third-party service providers experience a security incident or other interruption, we could experience adverse consequences. While we may be entitled to damages if our third-party service providers fail to satisfy their privacy or security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. In addition, supply-chain attacks have increased in frequency and severity, and we cannot guarantee that third parties' infrastructure in our supply chain or our third-party partners' supply chains have not been compromised.

While we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. We take steps designed to detect, mitigate, and remediate vulnerabilities in our information systems (such as our hardware and/or software, including that of third parties upon which we rely). We may not, however, detect and remediate all such vulnerabilities including on a timely basis. Further, we may experience delays in developing and deploying remedial measures and patches designed to address identified vulnerabilities. Vulnerabilities could be exploited and result in a security incident.

Any of the previously identified or similar threats could cause a security incident or other interruption that could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our sensitive data or our information technology systems, or those of the third parties upon whom we rely. A security incident or other interruption could disrupt our ability (and that of third parties upon whom we rely) to provide our services.

We may expend significant resources or modify our business activities to try to protect against security incidents. Additionally, certain data privacy and security obligations may require us to implement and maintain specific security measures or industry-standard or reasonable security measures to protect our information technology systems and sensitive data.

Applicable data privacy and security obligations may require us to notify relevant stakeholders, including affected individuals, customers, regulators, and investors, of security incidents. Such disclosures are costly, and the disclosure or the failure to comply with such requirements could lead to adverse consequences.

If we (or a third party upon whom we rely) experience a security incident or are unable to protect our computer systems, software, networks, sensitive data and other technology assets, or there is a perception that we have failed to do so, we may experience adverse consequences, such as government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and/or oversight; restrictions on processing sensitive data (including personal data); litigation (including class claims); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; diversion of management attention; interruptions in our operations (including availability of data); financial loss; and other similar harms. These events may have a material adverse effect on our business, financial condition, and results of operations.

Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. We maintain insurance policies that cover certain security and privacy damages. However, we cannot guarantee that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all.

In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive data about us from public sources, data brokers, or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position.

***Our actual or perceived failure to comply with applicable U.S. and foreign privacy and security laws, regulations, industry standards, contractual obligations, and other requirements could lead to regulatory investigations or actions; litigation (including class claims) and mass arbitration demands; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; and other adverse business consequences.***

Our customers use our solutions to understand and navigate the healthcare ecosystem. As a result, we process sensitive data that subjects us to a variety of laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements, and other obligations relating to data privacy and security. In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, data privacy laws, consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), and other similar laws (e.g., wiretapping laws). These laws and regulations are constantly evolving and may be interpreted, applied, created, or amended in a manner that could harm our current or future business and operations. 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 perception of their requirements may have on our business. This evolution may create uncertainty in our business, affect our ability to operate in certain jurisdictions or to process personal data, necessitate the acceptance of more onerous obligations in our contracts, result in liability or impose additional costs on us. These laws, regulations, and other obligations may also be interpreted and applied inconsistently from jurisdiction to jurisdiction which may make compliance difficult or impossible in certain circumstances.

Our platform involves use and disclosure of de-identified data, which must be de-identified in accordance with applicable laws, including Health Insurance Portability and Accountability Act (“HIPAA”). Certain states have signed into law or are intending to enact laws governing the use and disclosure of such de-identified information, and there is some uncertainty regarding those laws’ conformity with the HIPAA de-identification standards. Compliance with state laws could require additional investment and management attention and may subject us to significant liabilities if we do not comply appropriately with new and potentially conflicting regulations. If there is a future change in law, we may also face limitations on our ability to use de-identified information that could harm our business. There is also a risk that the third-party vendors that provide our data sets may fail to properly de-identify protected health information (“PHI”) under HIPAA or applicable state laws, some of which impose different standards for de-identification than those imposed by HIPAA. We are also required to ensure that such information remains de-identified and our failure to do so could result in non-compliance with Privacy Laws and contractual obligations.

The privacy, security and breach notification rules promulgated under HIPAA establish a set of national privacy and security standards for the protection of PHI, by health plans, health care clearinghouses, and certain health care providers, referred to as covered entities, and the business associates with whom such covered entities contract for services that involve creating, receiving, maintaining or transmitting PHI, and their covered subcontractors.

Certain of our customers may be either “business associates” or “covered entities” under HIPAA, including certain of our customers that are not traditional healthcare providers. For example, some of our customers are medical device companies that may work with healthcare professionals or researchers from whom they receive PHI for data analysis purposes, thus triggering compliance obligations under HIPAA. While such PHI is de-identified before it is introduced into our systems, in certain scenarios, we may nevertheless be contractually obligated to comply with certain HIPAA obligations, including the various requirements of the HIPAA de-identification rules. Additionally, if PHI is inadvertently introduced into our systems without being properly de-identified, we may be directly liable for mishandling PHI and for failing to comply with HIPAA as a “business associate.” The U.S. Department of Health and Human Services Office for Civil Rights, or OCR, may impose penalties for a failure to comply with applicable requirement of HIPAA. Penalties will vary significantly depending on factors such as the date of the violation, whether the business associate knew or should have known of the failure to comply, or whether the business associate’s failure to comply was due to willful neglect. Penalties for HIPAA violations can be significant. A single breach incident can result in violations of multiple standards. If a person knowingly or intentionally obtains or discloses PHI in violation of HIPAA requirements, criminal penalties may also be imposed.

Further, our use of A.I. and M.L. technologies may be subject to laws and evolving regulations regarding the use of A.I., controlling for data bias, and antidiscrimination. For example, due to inaccuracies or flaws in the inputs, outputs, or logic of the A.I. and machine learning, the model could be biased and could lead us to make decisions that could bias certain individuals (or classes of individuals), and adversely impact their rights, employment, and ability to obtain certain pricing, products, services, or benefits. The Federal Trade Commission (“FTC”) enforces consumer protection laws such as Section 5 of the FTC Act, the Fair Credit Reporting Act, and the Equal Credit Opportunity Act, which prohibit unfair and deceptive practices, including use of biased algorithms in AI. The FTC has required other companies to turn over (or disgorge) valuable insights or trainings generated through the use of A.I. and machine learning where they allege the company has violated privacy and consumer protection laws. Several jurisdictions around the globe have proposed or enacted laws governing A.I., such as the European Union’s (“EU’s”) AI Act, and we expect other jurisdictions will adopt similar laws. The cost of compliance with these laws, regulations and standards is high and is likely to increase in the future. Furthermore, if we cannot use A.I. and machine learning or that use is restricted, our business may be less efficient, or we may be at a competitive disadvantage.

In addition to government regulations, privacy advocates and other key industry players have established or may establish various new, additional, or different policies or self-regulatory standards in certain digital environments that may place additional resource constraints on us or limit our ability to generate certain analytics. Our customers may expect us to meet voluntary certifications or adhere to other standards established by third parties. If we are unable to maintain these certifications or meet these standards, it could reduce demand for our solutions and adversely affect our business and operating results.

Many data privacy and security obligations protect more than health-related information, and although they vary by jurisdiction, these obligations can extend to employee information, business information, healthcare provider information and other information relating to individuals. Our actual or perceived failure to comply with these laws may result in, among other things, civil and criminal liability, negative publicity, damage to our reputation and liability under contractual provisions. These obligations may also increase our compliance costs and influence or limit the types of services we can provide. The occurrence of any of the foregoing could impact our ability to provide the same level of service to our customers, require us to modify our offerings or increase our costs, which could have a material adverse effect on our business, financial condition and results of operations.

In the past few years, numerous U.S. states—including California, Virginia, Colorado, Connecticut, and Utah—have enacted comprehensive privacy laws that impose certain obligations on covered businesses, including providing specific disclosures in privacy notices and affording residents with certain rights concerning their personal data. As applicable, such rights may include the right to access, correct, or delete certain personal data, and to opt-out of certain data processing activities, such as targeted advertising, profiling, and automated decision-making. The exercise of these rights may impact our business and ability to provide our products and services. Certain states also impose stricter requirements for processing certain personal data, including sensitive data, such as conducting data privacy impact assessments. These state laws allow for statutory fines for noncompliance. For example, the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act of 2020 (“CPRA”) (collectively, “CCPA”), applies to personal data of consumers, business representatives, and employees who are California residents, and requires businesses to provide specific disclosures in privacy notices and honor requests of such individuals to exercise certain privacy rights. The CCPA provides for fines of up to \$7,500 per intentional violation and allows private litigants affected by certain data breaches to recover significant statutory damages. Many similar laws have been proposed or enacted at the federal and local levels, all of which could increase our risk and compliance costs. These regulations and legislative developments have potentially far-reaching consequences and may require us to modify our data management practices and to incur substantial expense in order to comply.

Furthermore, our business relies on the acquisition and sale of data, including data obtained from third-party data suppliers. The acquisition and sale of data from or to third parties has become subject to increased regulatory scrutiny. Therefore, obtaining and selling data from third parties carries risk to us as a data purchaser and reseller. For example, as a data supplier, we are required to register as a data broker under California, Oregon, and Vermont law and file reports with regulators, which exposes us to increased scrutiny. Additionally, California’s Delete Act requires the CPPA to establish, by January 1, 2026, a mechanism to allow California consumers to submit a single, verifiable request to delete all of their personal data held by all registered data brokers and their service providers. Moreover, third-party data suppliers have recently been subject to increased litigation under various claims of violating certain state privacy laws. These laws and challenges may make it so difficult for us and our suppliers to provide the data and the costs associated with the data materially increase or may materially decrease the availability of data that we or our data suppliers can provide.

Additionally, under various privacy laws and other obligations, we may be required to obtain certain consents to process personal data. For example, some of our information processing practices may be challenged under wiretapping laws, if we obtain consumer information from third parties through various methods, including chatbot and session replay providers, or via third-party marketing pixels. These practices may be subject to increased challenges by class action plaintiffs. Our inability or failure to obtain consent for these practices could result in adverse consequences, including class action litigation and mass arbitration demands.

We are, or may become, subject to foreign laws, regulations, and industry standards that govern data privacy and security, such as the EU GDPR, the UK GDPR, Canada’s Personal Information Protection and Electronic Documents Act, and China’s Personal Information Protection Law (“PIPL”), and other foreign data privacy, security, data localization and similar national, state/provincial and local laws which impose strict requirements for processing personal data. For example, under GDPR, companies may face temporary or definitive bans on data processing and other corrective actions; fines of up to 20 million Euros under the EU GDPR, 17.5 million pounds sterling under the UK GDPR or, in each case, 4% of annual global revenue, whichever is greater; or private litigation related to processing of personal data brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests. Because our EU subsidiary, Monocl AB, operates under a Swedish publishing certificate issued in accordance with Swedish national law, such processing of personal data by our EU subsidiary comes under the Swedish constitutional protection enshrining freedom of expression and consequently falls within the scope of Article 85 EU GDPR and is exempt from certain core provisions of the EU GDPR. Legal

challenges against the general right to publish personal data based on the publishing certificate and consequent exemption from the GDPR, if upheld, may potentially result in the exemption being deemed invalid in certain circumstances

In addition, we may be unable to transfer personal data from Europe and other jurisdictions to the United States or other countries due to data localization requirements or limitations on cross-border data flows. Europe and other jurisdictions have enacted laws requiring data to be localized or limiting the transfer of personal data to other countries. In particular, the European Economic Area (“EEA”), and the United Kingdom (“UK”) have significantly restricted the transfer of personal data to the United States and other countries whose privacy laws it generally believes are inadequate. Other jurisdictions may adopt similarly stringent interpretations of their data localization and cross-border data transfer laws. Although there are currently various mechanisms that may be used to transfer personal data from the EEA and UK to the United States in compliance with law, such as the EEA’s standard contractual clauses, the UK’s International Data Transfer Agreement / Addendum, and the EU-U.S. Data Privacy Framework and the UK extension thereto (which allows for transfers to relevant U.S.-based organizations who self-certify compliance and participate in the Framework), these mechanisms are subject to legal challenges, and there is no assurance that we can satisfy or rely on these measures to lawfully transfer personal data to the United States. If these existing or new mechanisms for transferring personal data from the EEA, the UK, or other jurisdictions are unavailable, we may be prevented from transferring personal data of employees, customers or others in those regions to the United States. The efficacy and longevity of current transfer mechanisms between the EU, the UK and the United States also remains uncertain. There is also a trend toward countries enacting data localization or other country specific requirements, which could be problematic to cloud software providers that we rely on to conduct our business. If there is no lawful manner for us to transfer personal data from the EEA, the UK or other jurisdictions to the United States, or if the requirements for a legally-compliant transfer are too onerous, we could face significant adverse consequences, including the interruption or degradation of our operations, the need to relocate part of or all of our business or data processing activities to other jurisdictions (such as Europe) at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners, vendors and other third parties, and injunctions against our processing or transferring of personal data necessary to operate our business. Additionally, companies that transfer personal data out of the EEA and UK to other jurisdictions, particularly to the United States, are subject to increased scrutiny from regulators, individual litigants, and activist groups. Some European regulators have ordered certain companies to suspend or permanently cease certain transfers of personal data out of Europe for allegedly violating the EU GDPR’s cross-border data transfer limitations.

In addition, legislative proposals and present laws and regulations regulate the use of cookies and other tracking technologies, electronic communications, and marketing. For example, in the EEA and the UK, regulators are increasingly focusing on compliance with requirements related to the targeted advertising ecosystem. European regulators have issued significant fines in certain circumstances where the regulators alleged that appropriate consent was not obtained in connection with targeted advertising activities. It is anticipated that the ePrivacy Regulation and national implementing laws will replace the current national laws implementing the ePrivacy Directive, which may require us to make significant operational changes.

Understanding and implementing such country specific certifications on top of our security certifications could require additional investment and management attention and may subject us to significant liability if we do not comply with particular requirements. Compliance with global privacy obligations has and will continue to require valuable management and employee time and resources, and failure to comply with these regulations could include severe penalties and could reduce demand for our solutions. Any failure or perceived failure by us to comply with federal, state or foreign laws or regulation, our internal policies and procedures or our contracts governing our processing of personal data could result in negative publicity, government investigations and enforcement actions, claims by third parties and damage to our reputation, any of which could have a material adverse effect on our reputation, business, financial condition and results of operations.

We also publish privacy policies, marketing materials, and other statements, such as compliance with certain certifications or self-regulatory principles, regarding data privacy and security. If these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators, or other adverse consequences.

Customers expect that our solutions can be used in compliance with privacy and security obligations. The functional and operational requirements and costs of compliance with such obligations may adversely impact our business, and failure to enable our solutions to comply with such obligations could lead to significant fines and penalties imposed by regulators, as well as claims by our customers or third parties. These domestic and foreign legislative and regulatory initiatives could adversely affect our customers’ ability or desire to collect, use, process, store and disclose personal data and health data using our solutions, or to license data products from us, which could reduce demand for our solutions.

We have established frameworks, models, processes and technologies designed to manage data privacy and security for many data types and from a variety of sources, though such measures may not always be effective. Due to the complex and evolving nature of privacy obligations, we cannot guarantee that the safeguards and controls employed by us, or third parties upon which we rely, will be sufficient to prevent a breach of these obligations, or that claims, complaints, investigations, or inquiries will not be filed or lodged against us or our data suppliers despite such safeguards and controls.

Furthermore, we are bound by contractual obligations and industry standards related to data privacy and security, and our efforts to comply with such obligations may not be successful. For example, certain privacy laws require our customers to impose specific contractual restrictions on their service providers. Failure to comply with such contractual obligations, certain certification/registration requirement, annual re-certification/registration requirements associated with various privacy obligations, and failure to resolve any serious data privacy or security related complaints or requests, may result in, among other things, regulatory sanctions, criminal prosecution, civil liability, negative publicity, damage to our reputation, or data being blocked from use or liability under contractual provisions.

We may at times fail (or be perceived to have failed) in our efforts to comply with our data privacy and security obligations. Moreover, despite our efforts, our personnel or third parties upon which we rely may fail to comply with such obligations, which could negatively impact our business operations. If we or the third parties on which we rely fail, or are perceived to have failed, to address or comply with applicable data privacy and security obligations, we could face significant consequences, including but not limited to: government enforcement actions (e.g., investigations, fines, penalties, audits, inspections, and similar); litigation (including class-action claims) and mass arbitration demands; additional reporting requirements and/or oversight; bans on processing personal data; and orders to destroy or not use personal data. In particular, plaintiffs have become increasingly more active in bringing privacy-related claims against companies, including class claims and mass arbitration demands. Some of these claims allow for the recovery of statutory damages on a per violation basis, and, if viable, carry the potential for monumental statutory damages, depending on the volume of data and the number of violations. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to: loss of customers; inability to process personal data or to operate in certain jurisdictions; limited ability to develop or commercialize our products; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to our business model or operations.



## Legal and Regulatory Risks

***Our platform addresses heavily regulated functions within the healthcare ecosystem and such regulations and laws are subject to change. Failure to comply with applicable laws and regulations could lessen the demand for our solutions or subject us to significant claims and losses.***

Our customers use our platform for business activities that are subject to a complex regime of global laws and regulations, including requirements for maintenance of electronic records and electronic signatures, requirements regarding processing of health data, healthcare fraud and abuse, and other laws and regulations. Our customers expect to be able to use our platform in a manner that is compliant with the regulations to which they are subject. Our efforts to provide solutions that comply with such laws and regulations are time-consuming and costly and include validation procedures that may delay the release of new versions of our solutions. As these laws and regulations change over time, we may find it difficult to adjust our platform to comply with such changes.

As we increase the number of intelligence modules we offer and potentially the number of countries in which we operate, the complexity of adjusting our solutions to comply with legal and regulatory changes will increase. If we are unable to effectively manage this increased complexity or if we are not able to provide solutions that can be used in compliance with applicable laws and regulations, customers may be unwilling to use our solutions, and any such non-compliance could result in the termination of our customer agreements or claims arising from such agreements with our customers.

Additionally, Populi participates in the Centers for Medicare & Medicaid Services (“CMS”) Qualified Entity Certification Program (“QECP”) as a qualified entity and is subject to the QECP participant requirements. Failure to comply with such requirements could result in removal from the QECP and penalties.

***We are subject to sanctions, export controls, anti-corruption, anti-bribery, anti-money laundering and similar laws, and non-compliance with such laws can subject us to criminal penalties or significant fines and have a material adverse effect on our business, financial condition and results of operations.***

We are subject to applicable anti-corruption, anti-bribery, and similar laws, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”), the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the U.K. Bribery Act 2010. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years. The FCPA and other anti-corruption laws prohibit companies and their employees and agents from corruptly promising, authorizing, making, offering or providing anything of value to a foreign government official for the purpose of influencing official decisions or obtaining or retaining business, or otherwise obtaining an improper business advantage. The FCPA also requires that we keep accurate books and records and maintain a system of adequate internal controls. The UK Bribery Act 2010 and other anti-corruption laws also prohibit commercial bribery not involving government officials, and requesting or accepting bribes. We also are subject to applicable anti-money laundering laws, which prohibit engaging in certain transactions involving criminally-derived property or the proceeds of criminal activity. Our activities are also subject to applicable export controls, trade and economic sanctions laws and regulations, including those administered by the U.S. Treasury Department’s Office of Foreign Assets Control, the U.S. Department of Commerce, and the U.S. Department of State. These trade laws and regulations prohibit certain transactions involving sanctioned countries, governments, and persons without a license or other appropriate authorization. As we increase our international sales and business, our risks under these laws may increase. Changes to U.S. export and sanctions policy could also affect our ability to interact, directly and indirectly, with targeted persons or companies, or companies in sanctioned markets. Noncompliance with these laws could subject us to investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, adverse media coverage and other consequences. Any investigations, actions or sanctions could have a material adverse effect on our business, financial condition and results of operations. In addition, in the future we may use third parties to sell access to our platform and conduct business on our behalf abroad. We or such future third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities, which increases our risks under the FCPA and other public corruption laws. We can be held liable for the corrupt or other illegal activities by our employees and, in certain circumstances, by our third-party intermediaries, even if we do not explicitly authorize such activities. Although we have controls in place to promote compliance with these laws and regulations, we cannot provide assurance that our internal controls and compliance systems will always prevent illegal or improper acts by employees, agents, third parties, or business partners. Controls intended to prevent access to our platform from certain geographies may not be effective in all cases.

Any violation or allegation of violations of economic and trade sanctions laws, export controls, the FCPA or other applicable anti-corruption laws, or anti-money laundering laws could subject us to significant sanctions, including civil or criminal fines and penalties, disgorgement of profits, injunctions and debarment from government contracts, as well as related stockholder lawsuits and other remedial measures, all of which could adversely affect our reputation, business, financial condition and results of operations, and could also result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, any of which could have a material adverse effect on our reputation, business, results of operations and prospects.

***We could be subject to claims brought by our customers, which could be costly and time consuming to defend.***

We could be, from time to time, subject to claims brought by our customers in connection with commercial disputes or other proceedings. We may incur material costs and expenses in connection with any claims, including but not limited to fines or penalties and legal costs, or be subject to other remedies, any of which could have a material adverse effect on our business, financial condition and results of operations. Insurance may not cover such claims, may not be sufficient for one or more such claims and may not continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs, management distraction or reputational harm, which could have a material adverse effect on our business, financial condition and results of operations.

***We may be subject to litigation, investigations or other actions, which could harm our reputation and have a material adverse effect on our business, financial condition and results of operations.***

In the ordinary course of business, we may be involved in and subject to litigation for a variety of claims or disputes and receive regulatory inquiries. These claims, lawsuits and proceedings could include labor and employment, wage and hour, commercial, intellectual property, data privacy and security, antitrust, alleged securities law violations or other investor claims and other matters. The number and significance of these potential claims and disputes may increase as our business expands. Any claim against us, regardless of its merit, could be costly, divert management's attention and operational resources and harm our reputation. As litigation is inherently unpredictable, we cannot assure you that any potential claims or disputes will not have a material adverse effect on our business, financial condition and results of operations. Any claims or litigation, even if fully indemnified or insured, could make it more difficult to effectively compete or to obtain adequate insurance in the future.

In addition, we may be required to spend significant resources to monitor and protect our contractual, intellectual property and other rights, including collection of payments and fees and enforcement of intellectual property rights. Litigation has been and may be necessary in the future to enforce such rights. Such litigation could be costly, time consuming and distracting to management and could result in the impairment or loss of our rights. Further, our efforts to enforce our rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of such rights. Our inability to protect our rights as well as any costly litigation or diversion of our management's attention and resources, could have a material adverse effect on our business, financial condition and results of operations.

***We may be subject to liability if we breach our contracts, and our insurance may be inadequate to cover our losses.***

We are subject to numerous obligations in our contracts with organizations using our platform, as well as vendors and other companies with which we do business. We may breach these commitments, whether through a weakness in our procedures, systems and internal controls, negligence or through the willful act of an employee or contractor. Our insurance policies, including our errors and omissions insurance, may be inadequate to compensate us for the potentially significant losses that may result from claims arising from breaches of our contracts, as well as disruptions in our services, failures or disruptions to our infrastructure, catastrophic events and disasters or otherwise.

In addition, our insurance may not cover all claims made against us, and defending a suit, regardless of its merit, could be costly and divert management's attention. Further, such insurance may not be available to us in the future on economically reasonable terms, or at all.

***We may be subject to legal liability for collecting, displaying or distributing information.***

Because the content in our database is collected from various sources and distributed to others, we may be subject to claims for breach of contract, defamation, negligence, unfair competition or copyright or trademark infringement or claims based on other theories, such as breach of laws related to data privacy and security. We could also be subject to claims based upon the content that is accessible from our website through links to other websites or information on our website supplied by third parties. Even if these claims do not result in liability to us, we could incur significant costs in investigating and defending against any claims and we could be subject to public notice requirements that may affect our reputation. Our potential liability for information distributed by us to others could require us to implement measures to reduce our exposure to such liability, which may require us to expend substantial resources and limit the attractiveness of our analytics to users.

## **Risks Related to Intellectual Property**

*We may not be able to adequately protect our proprietary and intellectual property rights in our data analytics or data science.*

Our success is dependent, in part, upon protecting our proprietary information and technology including our trade secrets and other unregistered intellectual property, which our competitors could use to market and deliver similar solutions, decreasing the demand for our platform. We may be unsuccessful in adequately protecting the proprietary aspects of our technology and solutions such as our proprietary software and databases. To protect our intellectual property rights, we primarily rely upon trade secret protection, including by entering into confidentiality and non-disclosure agreements, and other contractual arrangements, along with copyright law, rather than on registered intellectual property such as patents, registered copyrights or registered trademarks. No assurance can be given that confidentiality, non-disclosure, or invention assignment agreements with employees, consultants or other parties will not be breached and will otherwise be effective in controlling access to and distribution of our platform, or certain aspects of our platform and proprietary information. Further, these agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our platform. Additionally, certain unauthorized use of our intellectual property may go undetected, or we may face legal or practical barriers to enforcing our legal rights even where unauthorized use is detected.

Current law may not provide for adequate protection of our platform or proprietary information and technology. In addition, legal standards relating to the validity, enforceability and scope of protection of proprietary rights in datasets and Internet-related businesses are uncertain and evolving, and changes in these standards may adversely impact the viability or value of our proprietary rights. Some license provisions protecting against unauthorized use, copying, transfer, and disclosure of our platform, or certain aspects of our platform, or our data analytics may be unenforceable under the laws of certain jurisdictions. Further, the laws of some countries in which we operate or intend to operate do not protect proprietary rights to the same extent as the laws of the U.S., and mechanisms for enforcement of intellectual property rights in some foreign countries may be inadequate. To the extent we expand our international activities, our exposure to unauthorized copying and use of our proprietary information or technology, or certain aspects of our platform, or our data analytics may increase. Further, competitors, foreign governments, foreign government-backed actors, criminals or other third parties may gain unauthorized access to our proprietary information and technology. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our technology and intellectual property.

To protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights, and we may not be able to detect infringement or misappropriation by our customers, business partners, or other third parties. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Such litigation could be costly, time consuming, and distracting to management and could result in the impairment or loss of portions of our intellectual property. Further, 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. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our platform, impair the functionality of our platform, delay introductions of new features, integrations and capabilities, result in our substituting inferior or more costly technologies into our platform, or injure our reputation. In addition, we may be required to license additional technology and data from third parties to develop and market new features, integrations and capabilities, and we cannot be certain that we could license that technology or data on commercially reasonable terms or at all, and our inability to license this technology or data could harm our ability to compete and have a material adverse effect on our business, financial condition and results of operations.

Further, third parties may misappropriate our data or data analytics through website scraping, robots or other means and aggregate and display this data or data analytics on their websites. In addition, "copycat" websites may misappropriate data or data analytics on our website or platform and attempt to imitate our brands or the functionality of our website or platform. We may not be able to detect all such copycats in a timely manner and, even if we could, technological and legal measures available to us may be insufficient to stop their operations and the misappropriation of our data or data analytics. Any measures that we may take to enforce our rights could require us to expend significant financial or other resources.

***We may be subject to claims by others that we are infringing on their intellectual property rights.***

Our competitors, as well as a number of other entities and individuals, including so-called non-practicing entities, may own or claim to own intellectual property relating to our product offering. From time to time, third parties may claim that we are infringing upon their intellectual property rights or that we have misappropriated their intellectual property. As competition in our market grows, the possibility of patent infringement, trademark infringement and other intellectual property claims against us increases. 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.

Third parties may assert claims that we or our customers infringe or otherwise violate their intellectual property rights and these claims, with or without merit, could be expensive to litigate, cause us to incur substantial costs and divert management resources and attention in defending the claim. In some jurisdictions, plaintiffs can also seek injunctive relief that may limit the operation of our business or prevent the marketing and selling of our products or services that infringe or allegedly infringe on the plaintiff's intellectual property rights. To resolve these claims, we may enter into licensing agreements with restrictive terms or significant fees, stop making our technology, products or services available, be required to implement costly redesigns to the affected technology, or products or services, or pay damages to satisfy contractual obligations to others. If we do not resolve these claims in advance of a trial, there is no guarantee that we will be successful in court. These outcomes could have a material adverse effect on our business, financial condition and operations.

In addition, certain contracts with our suppliers or customers contain provisions whereby we are required to indemnify the counterparty for damages suffered as a result of claims related to intellectual property infringement and the use of data analytics by our technology, products, or services. Claims made under these provisions could be expensive to litigate and could result in significant payments. Even if we were to prevail in such a dispute, any litigation regarding our or others' intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations. The occurrence of infringement claims may grow as the market for our products grows.

***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 Internet-based 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 platform 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, additional taxes, fees or other charges have been imposed and may, in the future, be imposed for Internet access 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 customers' use of our platform, 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 customers' use of our platform 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. Furthermore, 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. Moreover, 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 platform specifically, is adversely affected by these or other issues, we could be forced to incur substantial costs, demand for our platform could decline, and our results of operations and financial condition could be harmed.

## **Risks Related to Certain Tax Matters**

### ***Unanticipated changes in our effective tax rate and additional tax liabilities may impact our financial results.***

We are subject to taxes in the U.S. and certain foreign jurisdictions. Due to economic and political conditions, tax rates in various jurisdictions, including the U.S., may be subject to change. The U.S. government may enact significant changes to the taxation of business entities, including, among others, a permanent increase in the corporate income tax rate, an increase in the tax applicable to the global low-taxed income and the imposition of minimum taxes or surtaxes on certain types of income. For example, beginning in 2022, the Tax Cuts and Jobs Act of 2017 eliminated the option of expensing all research and development expenditures in the current year, instead requiring amortization over five years for expenditures in the U.S. and over fifteen years for foreign-based expenditures, pursuant to Section 174 of the Internal Revenue Code. In the future, Congress may consider legislation that would eliminate the capitalization and amortization requirement. There is no assurance that the requirement will be deferred, repealed, or otherwise modified. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities and changes in tax laws or their interpretation.

We may also be subject to additional tax liabilities and penalties due to changes in non-income based taxes resulting from changes in federal, state or foreign tax laws, changes in taxing jurisdictions' administrative interpretations, decisions, policies and positions, results of tax examinations, settlements or judicial decisions, changes in accounting principles, changes to the business operations, including acquisitions, as well as the evaluation of new information that results in a change to a tax position taken in a prior period. Any resulting increase in our tax obligation or cash taxes paid could adversely affect our cash flows and financial results.

### ***Changes in tax laws or regulations in the various tax jurisdictions we are subject to that are applied adversely to us or our paying customers could increase the costs of our platform and harm our business.***

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time. Those enactments could harm our domestic and foreign business operations and our business, financial condition and results of operations. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. These events could require us or our paying customers to pay additional tax amounts on a prospective or retroactive basis, as well as require us or our paying customers to pay fines and/or penalties and interest for past amounts deemed to be due. If we raise our prices to offset the costs of these changes, existing and potential future paying customers may elect not to subscribe to our platform in the future. Additionally, new, changed, modified or newly interpreted or applied tax laws could increase our paying customers' and our compliance, operating and other costs, as well as the costs of our platform. Further, these events could decrease the capital we have available to operate our business. Any or all of these events could harm our business, financial condition and results of operations.

Additionally, the application of U.S. federal, state, local and foreign tax laws to services provided electronically is unclear and continually evolving. Existing tax laws, statutes, rules, regulations or ordinances could be interpreted or applied adversely to us, possibly with retroactive effect, which could require us or our paying customers to pay additional tax amounts, as well as require us or our paying customers to pay fines or penalties, as well as interest for past amounts. If we are unsuccessful in collecting such taxes due from our paying customers, we could be held liable for such taxes, fines or penalties and thereby have a material adverse effect on our business, financial condition and results of operations.

For example, during the quarter ended June 30, 2023, we determined that sales in certain states were subject to sales tax and that we had not assessed such sales tax on sales of our services to customers. As a result, we entered into voluntary disclosure agreements with the applicable jurisdictions and will continue to accrue interest on any outstanding liabilities until the voluntary disclosure agreements are settled.

***Our results of operations may be harmed if we are required to collect sales or other related taxes for subscriptions to our platform in jurisdictions where we have not historically done so.***

States and some local taxing jurisdictions have differing rules and regulations governing sales and use taxes, and these rules and regulations are subject to varying interpretations that may change over time. The application of federal, state, local and foreign tax laws to services provided electronically is unclear and continually evolving. In particular, the applicability of sales taxes to our platform in various jurisdictions is unclear. For example, during the quarter ended June 30, 2023, we determined that sales in certain states were subject to sales tax and that we had not assessed such sales tax on sales of our services to customers. As a result, we entered into voluntary disclosure agreements with the applicable jurisdictions and will continue to accrue interest on any outstanding liabilities until the voluntary disclosure agreements are settled.

We collect and remit U.S. sales tax and foreign value-added tax (“VAT”), in a number of jurisdictions. It is possible, however, that we could face sales tax or VAT audits and that our liability for these taxes could exceed our estimates as state and foreign taxing authorities could still assert that we are obligated to collect additional tax amounts from our paying customers and remit those taxes to those authorities. We could also be subject to audits in states and foreign jurisdictions for which we have not accrued tax liabilities. A successful assertion that we should be collecting additional sales tax, VAT or other taxes on our services in jurisdictions where we have not historically done so and do not accrue for sales taxes and VAT could result in substantial tax liabilities for past sales or services, discourage organizations from subscribing to our platform, or otherwise have a material adverse effect on our business, financial condition and results of operations.

Further, one or more state or foreign taxing authorities could seek to impose additional sales tax, use tax, VAT or other tax collection and record-keeping obligations on us or may determine that such taxes should have, but have not been, paid by us. Liability for past taxes may also include substantial interest and penalty charges. Any successful action by state or foreign taxing authorities to compel us to collect and remit sales tax, use tax, VAT or other taxes, either retroactively and/or prospectively, could have a material adverse effect on our business, financial condition and results of operations.

## **Risks Related to Accounting and Financial Reporting Matters**

### ***Deferred revenue and change in deferred revenue may not be accurate indicators of our future financial results.***

The annualized value of some customer subscriptions may not be completely reflected in deferred revenue at any single point in time. We may agree to allow customers to change the renewal dates of their orders to, for example, align more closely with a customer's annual budget process or to align with the renewal dates of other orders placed by other entities within the same corporate control group, or to change payment terms from annual to quarterly, or vice versa. Such changes typically result in an order of less than one year as necessary to align all orders to the desired renewal date and, thus, may result in a lesser increase to deferred revenue than if the adjustment had not occurred. Additionally, changes in renewal dates may change the fiscal quarter in which deferred revenue associated with a particular order is booked. However, many companies that provide cloud-based software report changes in deferred revenue or calculated billings as key operating or financial metrics, and it is possible that analysts or investors may view these metrics as important. Thus, any changes in our deferred revenue balances or deferred revenue trends, or in the future, our unbilled accounts receivable balances or trends, could adversely affect the market price of our Class A Common Stock.

### ***Because we recognize subscription revenue over the subscription term, downturns or upturns in new sales and renewals are not immediately reflected in full in our results of operations.***

We recognize revenue from subscriptions to our platform on a straight-line basis over the term of the contract subscription period beginning on the date access to our platform is granted, provided all other revenue recognition criteria have been met. Our subscription arrangements generally have contractual terms requiring advance payment for annual or quarterly periods. As a result, much of the revenue we report each quarter is the recognition of deferred revenue from recurring subscriptions entered into during previous quarters. Consequently, a decline in new or renewed recurring subscription contracts in any one quarter will not be fully reflected in revenue in that quarter but will negatively affect our revenue in future quarters.

Accordingly, the effect of significant downturns in new or renewed sales of our recurring subscriptions are not reflected in full in our results of operations until future periods. Our subscription model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from new customers is typically recognized over the applicable subscription term. By contrast, a majority of our costs are expensed as incurred, which could result in our recognition of more costs than revenue in the earlier portion of the subscription term, and we may not attain profitability in any given period.

### ***We have broad discretion in the use of our cash and short-term investment balances and may not use them effectively.***

We have broad discretion in the use of our cash balances and may not use them effectively. The failure by our management to apply these funds effectively could adversely affect our business, financial condition and results of operations. Pending their use, we may invest our cash balances in a manner that does not produce income or that loses value. Our investments may not yield a favorable return to our investors and may have a material adverse effect on the price of our Class A Common Stock.

### ***We have a significant amount of goodwill and intangible assets on our balance sheet, and our results of operations may be adversely affected if we fail to realize the full value of our goodwill and intangible assets.***

We have a significant amount of goodwill and intangible assets on our balance sheet, and our results of operations may be adversely affected if we fail to realize the full value of our goodwill and intangible assets. Our balance sheet reflects goodwill of \$1.1 billion and \$1.3 billion as of December 31, 2023 and 2022, respectively, and intangible assets, net of \$323.1 million and \$350.7 million as of December 31, 2023 and 2022, respectively. In accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), goodwill and intangible assets with an indefinite life are not amortized but are subject to a periodic impairment evaluation. Goodwill and acquired intangible assets with an indefinite life are tested for impairment at least annually or when events and circumstances indicate that fair value of a reporting unit may be below their carrying value. Acquired intangible assets with definite lives are amortized on a straight-line basis over the estimated period over which we expect to realize economic value related to the intangible asset. In addition, we review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset might not be recoverable. If indicators of impairment are present, we evaluate the carrying value in relation to estimates of future undiscounted cash flows. Our ability to realize the value of the goodwill and intangible assets will depend on the future cash flows of the businesses we have acquired, which in turn depend in part on how well we have integrated these businesses into our own business. Judgments made by management relate to the expected useful lives of long-lived assets and our ability to realize undiscounted cash flows of the carrying amounts of such assets. The accuracy of these judgments may be adversely affected by several factors, including significant:

- underperformance relative to historical or projected future operating results;



- changes in the manner of our use of acquired assets or the strategy for our overall business;
- negative industry or economic trends; or
- decline in our market capitalization relative to net book value for a sustained period.

These types of events or indicators and the resulting impairment analysis could result in impairment charges in the future. If we are not able to realize the value of the goodwill and intangible assets, we may be required to incur material charges relating to the impairment of those assets. Such impairment charges could have a material adverse effect on our business, financial condition and results of operations.

During the quarter ended September 30, 2023, we experienced a sustained decline in our stock price and market capitalization, which resulted in a goodwill impairment charge of \$287.4 million recorded as of September 30, 2023. Refer to Note 9. *Goodwill and Intangible Assets* for further information. Our reporting unit is at risk of future goodwill impairments if we again experience a continued decline in our market capitalization or if macroeconomic conditions worsen, which could represent potential indicators of impairment requiring further impairment analysis in 2024. We continue to monitor for potential impairment should impairment indicators arise. If actual results in our single reporting unit are substantially lower than the projections used in our valuation methodology, or if market discount rates substantially increase or our market capitalization substantially decreases, then our future valuations could be adversely affected. We could be required to record a significant charge to earnings in our financial statements during the period in which any impairment of our goodwill or intangible assets is determined, negatively impacting our results of operations.

***We have identified a material weakness in our internal control over financial reporting, and our management has concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this report. While we are working to remediate the identified material weakness, we cannot assure you that additional material weaknesses or significant deficiencies will not occur in the future. If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, our stockholders could lose confidence in our financial reporting, which could harm our business and the trading price of our common stock.***

The Sarbanes-Oxley Act of 2002 requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting.

As disclosed within this Annual Report on Form 10-K, management identified a material weakness in internal control related the collection and remittance of sales tax and concluded that our internal control over financial reporting was not effective as of December 31, 2023, as described in more detail in Part II — Item 9A, “Controls and Procedures.” Management is actively engaged in remediation efforts to address our material weakness. However, we may not be successful in promptly remediating the material weakness identified by management or be able to identify and remediate additional control deficiencies, including material weaknesses, in the future. The material weakness in the Company’s internal control over financial reporting will not be considered remediated until the controls operate for a sufficient period of time and management has concluded, through testing that these controls operate effectively. If we do not successfully remediate the material weakness, or if other material weaknesses or other deficiencies arise in the future, we may be unable to accurately report our financial results, which could cause our financial results to be materially misstated and require restatement. In such case, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting, and our stock price may decline as a result. We cannot assure you that the measures we have taken to date, or any measures we may take in the future, will be sufficient to avoid potential future material weaknesses.

## **Risks Related to Our Indebtedness**

***We may not be able to secure sufficient additional financing on favorable terms, or at all, to meet our future capital needs.***

We may require additional capital in the future to pursue business opportunities or acquisitions or respond to challenges and unforeseen circumstances. We may also decide to engage in equity or debt financings or enter into additional credit facilities for other reasons. We may not be able to secure additional debt or equity financing in a timely manner, on favorable terms, or at all. Any debt financing we obtain in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and pursue business opportunities, including potential acquisitions.

***Any default under our debt agreements could have significant consequences.***

The 2021 Credit Agreement (as defined below) contains covenants imposing certain restrictions on our business. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. The 2021 Credit Agreement contains restrictive covenants including, with specified exceptions, limitations on our ability to incur debt and liens; make certain investments, acquisitions and loans; pay dividends or make other distributions; make payments on subordinated debt; enter into burdensome agreements or affiliate transactions; consolidate, merge or dissolve; acquire or dispose of assets; materially alter our business, amend our organizational documents or the terms of certain restricted debt; and modify our fiscal year end. The 2021 Credit Agreement also requires us to, commencing on the last day of the fiscal quarter ended December 31, 2021, maintain a maximum total leverage ratio.

Our ability to comply with these covenants under the 2021 Credit Agreement may be affected by events beyond our control, including prevailing economic, financial and industry conditions. The breach of any of these covenants could result in an event of default, which would permit Bank of America, N.A. (the “Administrative Agent”) or the specified threshold of lenders to declare all outstanding debt to be due and payable, together with accrued and unpaid interest. Our obligations under the 2021 Credit Agreement are secured by liens on substantially all of our assets, subject to agreed-upon exceptions. Any default by us under the 2021 Credit Agreement could have a material adverse effect on our business, financial condition and results of operations.

***Our level of indebtedness could have a material adverse effect on our business, financial condition and results of operations.***

The total principal amount of debt outstanding, excluding unamortized debt issuance costs, under the 2021 Credit Agreement as of December 31, 2023 was \$257.8 million.

Our indebtedness could have significant effects on our business, such as:

- limiting our ability to borrow additional amounts to fund acquisitions, debt service requirements, execution of our growth strategy, capital expenditures and other purposes;
- limiting our ability to make investments, including acquisitions, loans and advances, and to sell, transfer or otherwise dispose of assets;
- requiring us to dedicate a substantial portion of our cash flow from operations to pay principal and interest on our borrowings, which would reduce availability of our cash flow to fund working capital, acquisitions, execution of our growth strategy, capital expenditures and other general corporate purposes;
- making us more vulnerable to adverse changes in general economic, industry and competitive conditions, in government regulation and in our business by limiting our ability to plan for and react to changing conditions;
- placing us at a competitive disadvantage compared with our competitors that have less debt; and
- exposing us to risks inherent in interest rate fluctuations because our borrowings are at variable rates of interest, which could result in higher interest expense in the event of increases in interest rates.

In addition, we may not be able to generate sufficient cash flow from our operations to repay our indebtedness when it becomes due and to meet our other cash needs. If we are not able to pay our borrowings as they become due, we will be required to pursue one or more alternative strategies, such as selling assets, refinancing or restructuring our indebtedness or selling additional debt or equity securities. We may not be able to refinance our debt or sell additional debt or equity securities or our assets on favorable terms, if at all, and if we must sell our assets, it could have a material adverse effect on our business, financial condition and results of operation.

Pursuant to our 2021 Credit Agreement, we are required to maintain, commencing on the last day of the fiscal quarter ending December 31, 2021, on a consolidated basis, a maximum ratio of consolidated net debt to consolidated EBITDA (with certain adjustments as set forth in the 2021 Credit Agreement), tested as of the last day of any fiscal quarter. Events beyond our control, including changes in general economic and business conditions, may affect our ability to satisfy the financial covenant. We cannot assure you that we will satisfy the financial covenant in the future, or that our lenders will waive any failure to satisfy the financial covenant.

***The failure to comply with the covenants under our 2021 Credit Agreement or volatility in the credit and capital markets could have a material adverse effect on our business, financial condition, liquidity and results of operation.***

Our ability to manage our debt is dependent on our level of positive cash flow from the sale of our platform. An economic downturn may negatively impact our cash flows. Credit and capital markets can be volatile, and have recently experienced such volatility in light of global economic factors, which could make it more difficult for us to refinance our existing debt or to obtain additional debt or equity financings in the future. Such constraints could increase our costs of borrowing and could restrict our access to other potential sources of future liquidity. Future volatility or disruption in the credit and capital markets could require us to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for our business needs can be arranged. Our failure to comply with the covenants under the 2021 Credit Agreement or to have sufficient liquidity to make interest and other payments required by our debt could result in a default of such debt and acceleration of our borrowings, which could have a material adverse effect on our business, financial condition and results of operations.

## Risks Related to Our Organizational Structure

***We are a holding company, and our principal asset is our 74.9% ownership interest in Definitive OpCo, and we are accordingly dependent upon distributions from Definitive OpCo to pay dividends, if any, and taxes, make payments under the Tax Receivable Agreement and pay other expenses.***

We are a holding company and our principal asset is our ownership of 74.9% of the outstanding LLC Units (as of December 31, 2023), exclusive of unvested LLC Units. We have no independent means of generating revenue. We anticipate that Definitive OpCo will continue to be treated as a partnership for U.S. federal and applicable state and local income tax purposes and, as such, will generally not be subject to entity-level U.S. federal and applicable state and local income tax. Instead, the taxable income of Definitive OpCo is allocated among its members, including us. Accordingly, we incur income taxes on our allocable share of any taxable income of Definitive OpCo. We also incur expenses related to our operations, and have obligations to make payments under the Tax Receivable Agreement. As the sole managing member of Definitive OpCo, we intend to cause Definitive OpCo to make distributions to the holders of LLC Units in amounts sufficient to (i) cover all of the income taxes payable by holders of LLC Units (including us) on such holders' respective allocable shares of the taxable income of Definitive OpCo, (ii) allow us to make any payments required under the Tax Receivable Agreement, (iii) fund dividends to our stockholders in accordance with our dividend policy, to the extent that our board of directors declares such dividends and (iv) pay our expenses.

Deterioration in the financial condition, earnings or cash flow of Definitive OpCo and its subsidiaries for any reason could limit or impair their ability to pay such distributions. Additionally, to the extent that we need funds and Definitive OpCo is restricted from making such distributions under applicable law or regulation, as a result of covenants in its debt agreements or otherwise, we may not be able to obtain such funds on terms acceptable to us, or at all, which could have a material adverse effect on our liquidity and financial condition. In addition, for taxable years beginning after December 31, 2017, liability for adjustments to a partnership's tax return can be imposed on the partnership itself in certain circumstances, absent an election to the contrary. Definitive OpCo could be subject to material liabilities pursuant to adjustments to its partnership tax returns if, for example, its calculations or allocations of taxable income or loss are incorrect, which also could limit its ability to make distributions to us.

***In certain circumstances, Definitive OpCo will be required to make distributions to us and the other holders of LLC Units, and the distributions that Definitive OpCo will be required to make may be substantial.***

Under the Amended LLC Agreement, Definitive OpCo is required from time to time to make pro rata distributions in cash to us and the other holders of LLC Units at certain assumed tax rates in amounts that are intended to be sufficient to cover the income taxes payable on our and the other LLC Unit holders' respective allocable shares of the taxable income of Definitive OpCo. As a result of (i) potential differences in the amount of taxable income allocable to us and the other LLC Unit holders, (ii) the lower tax rate applicable to corporations than individuals and (iii) the use of an assumed tax rate (based on the tax rate applicable to individuals) in calculating Definitive OpCo's distribution obligations, we may receive tax distributions significantly in excess of our tax liabilities and obligations to make payments under the Tax Receivable Agreement. Our board of directors, in its sole discretion, will make any determination from time to time with respect to the use of any such excess cash so accumulated, which may include, among other uses, funding repurchases of Class A Common Stock, acquiring additional newly issued LLC Units from Definitive OpCo at a per unit price determined by reference to the market value of the Class A Common Stock, paying dividends, which may include special dividends, on its Class A Common Stock, or any combination of the foregoing. We will have no obligation to distribute such cash (or other available cash other than any declared dividend) to our stockholders. To the extent that we do not distribute such excess cash as dividends on our Class A Common Stock or otherwise take ameliorative actions between LLC Units and shares of Class A Common Stock and instead, for example, hold such cash balances, holders of our LLC Units (other than Definitive Healthcare Corp.) may benefit from any value attributable to such cash balances as a result of their ownership of Class A Common Stock following a redemption or exchange of their LLC Units, notwithstanding that such holders of our LLC Units (other than Definitive Healthcare Corp.) may previously have participated as holders of LLC Units in distributions by Definitive OpCo that resulted in such excess cash balances at Definitive Healthcare Corp.

***Our organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the TRA Parties that will not benefit holders of our Class A Common Stock to the same extent that it will benefit the TRA Parties. The Tax Receivable Agreement with the TRA Parties requires Definitive Healthcare Corp. to make cash payments to TRA Parties in respect of certain tax benefits to which it may become entitled, and we expect that such payments will be substantial.***

Our organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the TRA Parties that will not benefit the holders of Class A Common Stock to the same extent that it will benefit the TRA Parties. Although Definitive Healthcare Corp. holds 15% of the amount of such tax benefits, this and other aspects of our organizational structure may adversely impact the future trading market for our Class A Common Stock. Under the Tax Receivable Agreement, we are

required to make cash payments to the TRA Parties equal to 85% of the tax benefits, if any, that Definitive Healthcare Corp. actually realizes, or in certain circumstances are deemed to realize, as a result of (i) certain tax attributes that Definitive Healthcare Corp. acquired from the Blocker Companies, (ii) certain tax basis adjustments resulting from (a) acquisitions by Definitive Healthcare Corp. of LLC Units from existing holders and (b) future redemptions or exchanges of LLC Units by holders of LLC Units for Class A Common Stock or other consideration and (iii) certain payments made under the Tax Receivable Agreement. The payment obligations under the Tax Receivable Agreement are obligations of Definitive Healthcare Corp. and we expect that the amount of the cash payments that we are required to make under the Tax Receivable Agreement will be significant. Any payments made by Definitive Healthcare Corp. to the TRA Parties under the Tax Receivable Agreement will not be available for reinvestment in our business and will generally reduce the amount of overall cash flow that might have otherwise been available to us. The payments under the Tax Receivable Agreement are not conditioned upon continued ownership of us by the exchanging TRA Parties. Furthermore, Definitive Healthcare Corp.'s future obligation to make payments under the Tax Receivable Agreement could make us a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the tax benefits that are the subject of the Tax Receivable Agreement.

***In certain cases, payments under the Tax Receivable Agreement to the TRA Parties may be accelerated or significantly exceed any actual benefits we realize in respect of the tax attributes subject to the Tax Receivable Agreement.***

The Tax Receivable Agreement provides that upon certain mergers, asset sales, other forms of business combinations or other changes of control, upon a breach of any of our material obligations under the Tax Receivable Agreement or if, at any time, we elect an early termination of the Tax Receivable Agreement, then our obligations, or our successor's obligations, under the Tax Receivable Agreement to make payments will accelerate. The accelerated payments required in such circumstances will be calculated by reference to the present value (at a discount rate equal to LIBOR plus 100 basis points or a replacement rate) of all future payments that TRA Parties or other recipients would have been entitled to receive under the Tax Receivable Agreement, and such accelerated payments and any other future payments under the Tax Receivable Agreement will be based on certain assumptions, including an assumption that we would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement.

As a result of the foregoing, we could be required to make payments under the Tax Receivable Agreement that are greater than the specified percentage of any actual benefits we ultimately realize in respect of the tax benefits that are subject to the Tax Receivable Agreement, and we could be required to make payments under the Tax Receivable Agreement significantly in advance of the actual realization, if any, of such future tax benefits. In these situations, our obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control. There can be no assurance that we will be able to fund or finance our obligations under the Tax Receivable Agreement.

***The acceleration of payments under the Tax Receivable Agreement in the case of certain changes of control may impair our ability to consummate change of control transactions or negatively impact the value received by owners of our Class A Common Stock.***

In the case of certain changes of control, payments under the Tax Receivable Agreement will be accelerated and may significantly exceed the actual benefits we realize in respect of the tax attributes subject to the Tax Receivable Agreement. We expect that the payments that we may make under the Tax Receivable Agreement in the event of a change of control will be substantial. As a result, our accelerated payment obligations and/or the assumptions under the Tax Receivable Agreement in the case of a change of control may impair our ability to consummate change of control transactions or negatively impact the value received by owners of our Class A Common Stock in a change of control transaction.

***We will not be reimbursed for any payments made to the TRA Parties under the Tax Receivable Agreement in the event that any tax benefits are disallowed.***

Payments under the Tax Receivable Agreement will be based on the tax reporting positions that we determine, and the U.S. Internal Revenue Service, or the IRS, or another taxing authority may challenge all or part of the tax basis increases or other tax benefits that we claim, as well as other related tax positions we take, and a court could sustain such challenge. If the outcome of any such challenge would reasonably be expected to materially affect a recipient's payments under the Tax Receivable Agreement, then we will not be permitted to settle or fail to contest such challenge without the consent (not to be unreasonably withheld or delayed) of certain TRA Parties. The interests of the TRA Parties in any such challenge may differ from or conflict with our interests and your interests, and the TRA Parties may exercise their consent rights relating to any such challenge in a manner adverse to our interests and your interests. We will not be reimbursed for any cash payments previously made to the TRA Parties under the Tax Receivable Agreement in the event that any tax benefits initially claimed by us and for which payment has been made to a TRA Party are subsequently challenged by a taxing authority and are ultimately disallowed. Instead, any excess cash payments made by us to a TRA Party will be netted against any future cash payments that we might

otherwise be required to make to such TRA Party, as applicable, under the terms of the Tax Receivable Agreement. However, we might not determine that we have effectively made an excess cash payment to a TRA Party for a number of years following the initial time of such payment and, if any of our tax reporting positions are challenged by a taxing authority, we will not be permitted to reduce any future cash payments under the Tax Receivable Agreement until any such challenge is finally settled or determined. Moreover, the excess cash payments we previously made under the Tax Receivable Agreement could be greater than the amount of future cash payments against which we would otherwise be permitted to net such excess. As a result, payments made under the Tax Receivable Agreement could be significantly in excess of any tax savings that we realize from the tax attributes could be that are the subject of the Tax Receivable Agreement

***If we were deemed to be an investment company under the Investment Company Act of 1940, as amended (the “1940 Act”), as a result of our ownership of Definitive OpCo, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.***

Under Sections 3(a)(1)(A) and (C) of the 1940 Act, a company generally will be deemed to be an “investment company” for purposes of the 1940 Act if (i) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, or trading in securities or (ii) it engages, or proposes to engage, in the business of investing, reinvesting, owning, holding, or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We do not believe that we are an “investment company,” as such term is defined in either of those sections of the 1940 Act.

As the sole managing member of Definitive OpCo, we control and operate Definitive OpCo. On that basis, we believe that our interest in Definitive OpCo is not an “investment security” as that term is used in the 1940 Act. However, if we were to cease participation in the management of Definitive OpCo, or if Definitive OpCo itself becomes an investment company, our interest in Definitive OpCo, could be deemed an “investment security” for purposes of the 1940 Act.

We and Definitive OpCo intend to conduct our operations so that we will not be deemed an investment company. If it were established that we were an unregistered investment company, there would be a risk that we would be subject to monetary penalties and injunctive relief in an action brought by the SEC, that we would be unable to enforce contracts with third parties, and that third parties could seek to obtain rescission of transactions undertaken during the period it was established that we were an unregistered investment company. If we were required to register as an investment company, restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

## **Risks Related to Ownership of Our Class A Common Stock**

### ***Future offerings of debt or equity securities by us may have a material adverse effect on the market price of our Class A Common Stock.***

In the future, we may attempt to obtain financing or to further increase our capital resources by issuing additional shares of our Class A Common Stock or by offering debt or other equity securities, including senior or subordinated notes, debt securities convertible into equity or shares of preferred stock. Any future debt financing could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which might make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. Moreover, if we issue debt securities, the debt holders would have rights to make claims on our assets senior to the rights of our holders of our Class A Common Stock. The issuance of additional shares of our Class A Common Stock or other equity securities or securities convertible into equity may dilute the economic and voting rights of our existing stockholders and/or reduce the market price of our Class A Common Stock. Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Preferred shares, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of our Class A Common Stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, which may have a material adverse effect on the amount, timing, or nature of our future offerings. Thus, holders of our Class A Common Stock bear the risk that our future offerings may reduce the market price of our Class A Common Stock and dilute their stockholdings in us.

### ***Certain of our directors and stockholders will not have any obligation to present business opportunities to us and may compete with us.***

Our amended and restated certificate of incorporation provides that our directors and stockholders affiliated with Advent and Spectrum Equity do not have any obligation to offer us an opportunity to participate in business opportunities presented to them even if the opportunity is one that we might reasonably have pursued (and therefore may be free to compete with us in the same business or similar businesses) and that, to the extent permitted by law, such directors and stockholders will not be liable to us or our stockholders for breach of any duty by reason of any such activities.

As a result, our directors and stockholders affiliated with Advent and Spectrum Equity will not be prohibited from investing in competing businesses or doing business with our customers. Therefore, we may be in competition with our directors and stockholders or their respective affiliates, and we may not have knowledge of, or be able to pursue, transactions that could potentially be beneficial to us. Accordingly, we may lose certain corporate opportunities or suffer competitive harm, which could have a material adverse effect on our business, financial condition and results of operations.

### ***Our quarterly results of operations may fluctuate significantly and could fall below the expectations of securities analysts and investors due to seasonality and other factors, some of which are beyond our control, resulting in a decline in our stock price.***

Our quarterly results of operations may fluctuate due principally to seasonal factors. Accordingly, results for any one quarter are not necessarily indicative of results to be expected for any other quarter or for any year. In addition, if we increase our marketing or promotional activity in certain periods, the seasonality of our business may be amplified. In the future, results of operations may fall below the expectations of securities analysts and investors. In that event, the price of our Class A Common Stock could be adversely impacted.

### ***The market price and trading volume of our Class A Common Stock may be volatile, which could result in rapid and substantial losses for our stockholders, and you may lose all or part of your investment.***

Shares of our Class A Common Stock may experience significant volatility. An active, liquid and orderly market for our Class A Common Stock may not be sustained, which could depress the trading price of our Class A Common Stock or cause it to be highly volatile or subject to wide fluctuations. The market price of our Class A Common Stock may fluctuate or may decline significantly in the future and you could lose all or part of your investment. Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our Class A Common Stock include:

- variations in our quarterly or annual results of operations;
- changes in our earnings estimates (if provided) or differences between our actual results of operations and those expected by investors and analysts;
- the contents of published research reports about us or our industry or the failure of securities analysts to cover our Class A Common Stock;

- additions or departures of key management personnel;
- any increased indebtedness we may incur in the future;
- announcements by us or others and developments affecting us;
- actions by institutional stockholders;
- litigation and governmental investigations;
- legislative or regulatory changes;
- judicial pronouncements interpreting laws and regulations;
- changes in government programs;
- changes in market valuations of similar companies;
- sales of substantial amounts of our Class A Common Stock in the public markets;
- speculation or reports by the press or investment community with respect to us or our industry in general;
- announcements by us or our competitors of significant contracts, acquisitions, dispositions, strategic relationships, joint ventures or capital commitments; and
- general market, political and economic conditions, including local conditions in the markets in which we operate.

These broad market and industry factors may decrease the market price of our Class A Common Stock, regardless of our actual financial performance. The stock market in general has from time to time experienced extreme price and volume fluctuations, and the trading prices of technology company securities have been highly volatile, including recently. In addition, in the past, following periods of volatility in the overall market and decreases in the market price of a company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources, which could have a material adverse effect on our business, financial condition and results of operations.

***The market price of our Class A Common Stock could be negatively affected by sales of substantial amounts of our Class A Common Stock in the public markets.***

As of December 31, 2023, we had a total of 116,562,252 shares of Class A Common Stock outstanding. Of those shares, 62,493,676 shares were held by Advent, our largest stockholder and one of our pre-IPO owners. In addition, as of December 31, 2023, our pre-IPO owners held directly or indirectly a total of 39,762,700 LLC Units that, subject to applicable time-vesting conditions (some of which have already been met), can ultimately be redeemed or exchanged for our Class A Common Stock. In connection with the completion of our IPO, we entered into a Registration Rights Agreement with certain pre-IPO owners, including Advent, Spectrum Equity, 22C Capital and our founder. Any sales in connection with the Registration Rights Agreement or otherwise in compliance with the Securities Act of 1933, as amended (the "Securities Act"), or the prospect of any such sales, could materially and adversely impact the market price of our Class A common stock and could impair our ability to raise capital through future sales of equity securities.

In addition, as of December 31, 2023, up to 6,828,490 shares of our Class A common stock may be issued upon vesting and settlement of outstanding RSUs, and 7,284,174, 887,819, and 2,549,556 shares of our Class A common stock are available for future issuance under our 2021 Equity Incentive Plan, our 2023 Inducement Plan, and our 2021 Employee Stock Purchase Plan, respectively, and will become eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules, exercise limitations and the securities laws. We have registered all of the shares of Class A Common Stock issuable upon vesting and settlement of restricted stock units, as well as other equity incentive awards we may grant in the future for public resale under the Securities Act. Shares of Class A Common Stock will become eligible for sale in the public market to the extent such restricted stock units settle, subject to compliance with applicable securities laws.

The sale of substantial amounts of shares of our Class A common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our Class A common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell shares of our Class A common stock in the future at a time and at a price that we deem appropriate.



***The future issuance of additional Class A Common Stock in connection with any equity plans, acquisitions or otherwise will dilute all other stockholdings.***

As of December 31, 2023 we had an aggregate of 465,887,709 shares of Class A Common Stock authorized but unissued and not reserved for issuance under our equity incentive plans. We may issue all these shares of Class A Common Stock without any action or approval by our stockholders, subject to certain exceptions. The issuance of any Class A Common Stock in connection with any equity incentive plan, the exercise of outstanding stock options or otherwise would dilute the percentage ownership held by owners of our Class A Common Stock.

***As a public company, we incur significant costs to comply with the laws and regulations affecting public companies, which could harm our business and results of operations.***

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, and the listing requirements of Nasdaq, and other applicable securities rules and regulations. These rules and regulations have increased and will continue to increase our legal, accounting and financial compliance costs and have made and will continue to make some activities more time-consuming and costly. We have experienced, and expect to continue to experience, costs associated with being a public company, including costs associated with compliance with the auditor attestation requirement of Section 404 of the Sarbanes-Oxley Act, or Section 404, the adoption of certain accounting standard updates, and additional disclosure requirements. These rules and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board or our board committees or as executive officers. Our management and other personnel devote a substantial amount of time to these compliance initiatives, diverting their attention from other business concerns, which could harm our business, financial condition and results of operations.

To comply with the requirements of being a public company, including the Sarbanes-Oxley Act, we continue to undertake various actions, such as further developing and refining internal controls and procedures and hiring accounting or internal audit staff or outsourcing certain functions to third parties, which could have a material adverse effect on our business, financial condition and results of operations.

***Delaware law and our organizational documents, as well as our existing and future debt agreements, may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium for their shares.***

Definitive Healthcare Corp. is a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third-party to acquire control of us, even if a change of control would be beneficial to our existing stockholders. In addition, provisions of our amended and restated certificate of incorporation and amended and restated bylaws may make it more difficult for, or prevent a third-party from, acquiring control of us without the approval of our Board. Among other things, these provisions generally:

- provide for a classified Board with staggered three-year terms;
- do not permit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates;
- delegate the sole power of a majority of the Board to fix the number of directors;
- provide that the Board has the sole power to fill any vacancy on our Board, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;
- authorize the issuance of preferred stock without any need for action by stockholders;
- do not permit stockholders to call special meetings of stockholders;
- prohibit our stockholders from acting by written consent once Advent's ownership falls below 30%; and establish advance notice requirements for nominations for election to our Board or for proposing matters that can be acted on by stockholders at stockholder meetings.

In addition, our 2021 Credit Agreement imposes, and we anticipate that documents governing our future indebtedness may impose, limitations on our ability to enter into change of control transactions. The occurrence of a change of control transaction could constitute an event of default thereunder permitting acceleration of the indebtedness, thereby impeding our ability to enter into certain transactions.

The foregoing factors, as well as the significant Class A Common Stock ownership by Advent, could impede a merger, takeover or other business combination, or discourage a potential investor from making a tender offer for our Class A Common Stock, which, under certain circumstances, could reduce the market value of our Class A Common Stock.

***Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.***

Our amended and restated certificate of incorporation and amended and restated bylaws provide that we will indemnify our directors and officers, in each case, to the fullest extent permitted by Delaware law. Pursuant to our charter, our directors will not be liable to us or any stockholders for monetary damages for any breach of fiduciary duty, except (i) for acts that breach his or her duty of loyalty to us or our stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law; (iii) pursuant to Section 174 of the Delaware General Corporate Law (the “DGCL”), which provides for liability of directors for unlawful payments of dividends or unlawful stock purchase; or (iv) for any transaction from which the director derived an improper personal benefit. The amended and restated bylaws also require us, if so requested, to advance expenses that such director or officer incurred in defending or investigating a threatened or pending action, suit or proceeding, provided that such person will return any such advance if it is ultimately determined that such person is not entitled to indemnification by us. Any claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.

***Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, and designates the federal district courts of the United States as the sole and exclusive forum for claims arising under the Securities Act, which, in each case could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers employees, agents or other stockholders.***

Our amended and restated certificate of incorporation provides that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for any (a) derivative action or proceeding brought on our behalf; (b) action asserting a claim of breach of a fiduciary duty owed by or other wrongdoing by any current or former director, officer, employee, agent or stockholder to us or our stockholders; (c) action asserting a claim arising under any provision of the DGCL or our amended and restated certificate of incorporation or amended and restated bylaws (as either may be amended from time to time), or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware; or (d) action asserting a claim governed by the internal affairs doctrine. For the avoidance of doubt, our amended and restated certificate of incorporation provides that the foregoing exclusive forum provision does not apply to actions brought to enforce any liability or duty created by the Securities Act or the Exchange Act, or any rules or regulations promulgated thereunder, or any other claim or cause of action for which the federal courts have exclusive jurisdiction.

Our amended and restated certificate of incorporation provides that, unless we consent in writing to an alternative forum, the federal district courts of the United States shall be the sole and exclusive forum for the resolution of any action asserting a claim arising under the Securities Act or the rules and regulations promulgated thereunder. Pursuant to the Exchange Act, claims arising thereunder must be brought in federal district courts of the United States.

To the fullest extent permitted by law, any person or entity purchasing or otherwise acquiring or holding any interest in any shares of our capital stock shall be deemed to have notice of and consented to the forum provision in our amended and restated certificate of incorporation. This choice of forum provision may limit a stockholder's ability to bring a claim in a different judicial forum, including one that it may find favorable or convenient for a specified class of disputes with us or our directors, officers, other stockholders or employees, which may discourage such lawsuits, make them more difficult or expensive to pursue and result in outcomes that are less favorable to such stockholders than outcomes that may have been attainable in other jurisdictions.

By agreeing to this provision, however, stockholders are not deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable. If a court were to find the choice of forum provisions in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could have a material adverse effect on our business, financial condition and results of operations.

***Our ability to issue preferred stock may deter takeover attempts.***

Our Board is empowered to issue, without stockholder approval, preferred stock with dividends, liquidation, conversion, voting or other rights, which could decrease the amount of earnings and assets available for distribution to holders of our Class A Common Stock and adversely affect the relative voting power or other rights of the holders of our Class A Common Stock. In the event of issuance, the preferred stock could be used as a method of discouraging, delaying or preventing a change in control. Our amended and restated certificate of incorporation authorizes the issuance of up to 10 million shares of "blank check" preferred stock with such designations, rights and preferences as may be determined from time to time by our Board. Although we have no present intention to issue any shares of our preferred stock, we may do so in the future under appropriate circumstances.

## **Item 1B. Unresolved Staff Comments.**

None.

## **Item 1C. Cybersecurity**

### ***Risk Management and Strategy***

We have implemented and maintain various information security processes designed to identify, assess and manage material risks from cybersecurity threats to our critical computer networks, third party hosted services, communications systems, hardware and software, and our critical data, including intellectual property, confidential information that is proprietary, strategic or competitive in nature, and data of our customers and employees (“Information Systems and Data”).

Our Information Security function is overseen by our Chief Technology Officer (“CTO”), our information security team, security management, engineering operations, legal, risk management, and various third-party service providers, including our virtual Chief Information Security Officer (“vCISO”). In doing so, they identify, assess and manage the Company’s cybersecurity threats and risks, using various methods including, for example, manual and automated tools, subscribing to reports and services that identify cybersecurity threats, analyzing reports of threats and actors, conducting scans of the threat environment, evaluating our and our industry’s risk profile, evaluating threats reported to us, coordinating with law enforcement concerning threats, conducting internal and/or external audits and threat assessments for internal and external threats, utilizing third-party threat assessments, conducting threat and vulnerability assessments, using external intelligence feeds, and using third parties to conduct tabletop incident response exercises and other tests.

Depending on the environment, we implement and maintain various technical, physical, and organizational measures, processes, standards and policies designed to manage and mitigate material risks from cybersecurity threats to our Information Systems and Data, including, for example: an incident response plan and incident response policy, incident detection and response capabilities, a vulnerability management policy, disaster recovery/business continuity plans, risk assessments, implementation of security standards and certifications for certain platforms, encryption of certain data, network security controls and data segregation for certain environments, access controls for certain systems, physical security, asset management, tracking and disposal, systems monitoring, incident response table-top exercises, vendor risk management program, employee training, penetration testing, cybersecurity insurance, and dedicated cybersecurity staff.

Our assessment and management of material risks from cybersecurity threats are integrated into the Company’s overall risk management processes. Cyber risk is addressed as a critical component of the company’s enterprise risk management program and is based upon entity-level controls found in our SOC2 compliance program, addressing all five trust service criteria: security, availability, confidentiality, privacy, and processing integrity. The Company recently received an unqualified opinion from an industry-recognized audit firm attesting to our SOC2 Type II compliance as of the date of such report.

We use third-party service providers to assist us from time to time to identify, assess, and manage material risks from cybersecurity threats, including, for example, professional services firms (such as outside legal counsel), penetration testing firms, threat intelligence service providers, dark web monitoring services, forensic investigators, cybersecurity software providers, managed cybersecurity service providers, and cybersecurity consultants.

We use third-party service providers to perform a variety of functions throughout our business, such as application providers, hosting companies, and supply chain resources. We have a vendor management program to manage cybersecurity risks associated with our use of these providers. The program includes security questionnaires, risk assessments for each vendor, reviewing certain vendors’ security assessments and written information security programs, the imposition of information contractual obligations, and, in certain instances, security assessment calls with select vendors’ security personnel. Depending on the nature of the services provided, the sensitivity of the Information Systems and Data at issue, and the identity of the provider, our vendor management process may involve different levels of assessment designed to help identify cybersecurity risks associated with a provider and impose contractual obligations related to cybersecurity on the provider, including providing third-party attestations of compliance with certain cybersecurity frameworks, such as SOC2 or ISO 27001.

For a description of the risks from cybersecurity threats that may materially affect the Company and how they may do so, see our “Risks Related to Data Privacy and Cybersecurity” under Part 1. Item 1A. Risk Factors in this Annual Report.

## ***Governance***

Our audit committee of the board of directors addresses the Company's cybersecurity risk management as part of its general oversight function. The audit committee is responsible for overseeing Company's cybersecurity risk management processes, including oversight of risks from cybersecurity threats.

Our cybersecurity risk assessment and management processes are implemented and maintained by certain Company management, including our Senior Principal Security and Infrastructure Architect with over 20 years managing large scale enterprise security systems and programs.

The CTO is responsible for hiring appropriate personnel, helping to integrate cybersecurity risk considerations into the Company's overall risk management strategy, and communicating key priorities to relevant personnel. The CTO is also responsible for approving budgets, helping prepare for cybersecurity incidents, approving cybersecurity processes, and reviewing security assessments and other security-related reports.

Our cybersecurity incident response and vulnerability management policies are designed to escalate certain cybersecurity incidents to members of management depending on the circumstances, including the Chief Financial Officer, Chief Legal Officer and Chief Executive Officer in their role as executive leadership for the Incident Response Team. The executive leadership team will work with the Company's incident response team to help the Company mitigate and remediate cybersecurity incidents of which they are notified. In addition, the Company's incident response and vulnerability management policy include reporting to the audit committee for certain cybersecurity incidents.

The audit committee receives quarterly reports from the CTO concerning the Company's significant cybersecurity threats and risk and the processes the Company has implemented to address them. The audit committee also receives various reports, summaries or presentations related to cybersecurity threats, risk and mitigation.

## **Item 2. Properties.**

Our corporate headquarters is located in Framingham, Massachusetts and consists of approximately 55,700 square feet of space under a lease that expire in January 2029, with extension options. As of December 31, 2023, we have other offices in Sweden and India. We lease all of our facilities and do not own any real property. We believe that our facilities are adequate for our current and anticipated future use and that we will be able to secure additional space as needed to accommodate expansion of our operations.

## **Item 3. Legal Proceedings.**

We are subject to various legal proceedings, claims, and governmental inspections, audits, or investigations that arise in the ordinary course of our business. Although the outcomes of these claims cannot be predicted with certainty, in the opinion of management, the ultimate resolution of these matters would not be expected to have a material adverse effect on our business, results of operations or financial condition.

## **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 Common Stock**

Our Class A Common Stock is listed and traded on the Nasdaq Global Select Market under the trading symbol “DH”. There is no established public trading market for our Class B Common Stock.

#### **Stockholders**

As of February 23, 2024, there were 34 holders of record of our Class A 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. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

#### **Dividends**

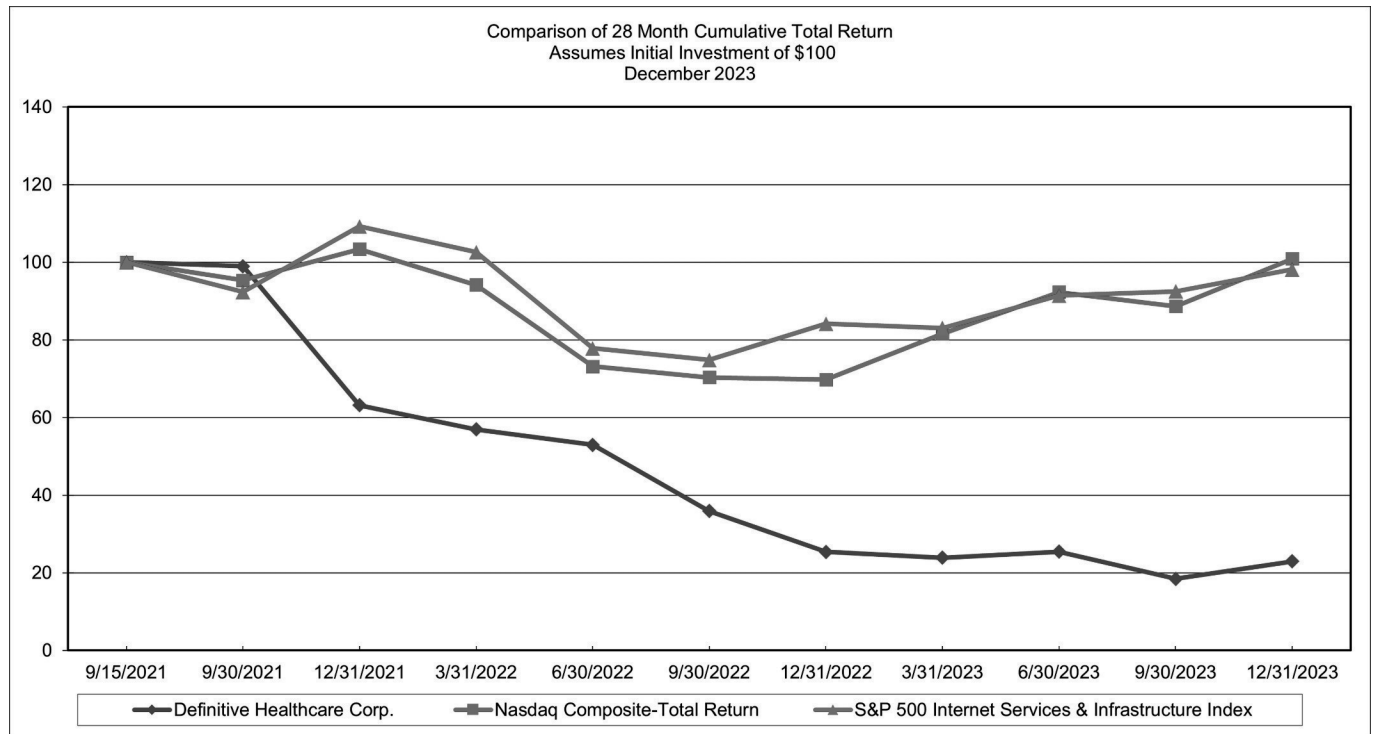
We have no current plans to pay dividends on our Class A common stock. The declaration, amount, and payment of any future dividends on shares of Class A Common Stock is at the sole discretion of our board of directors, and we may reduce or discontinue entirely the payment of such dividends at any time. Our board of directors may take into account general and economic conditions, our financial condition and operating results, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us, and such other factors as our board of directors may deem relevant.

## Stock Performance Graph

The following shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of our other filings under the Securities Act or the Exchange Act.

The graph below compares the cumulative total stockholder return on our Class A Common Stock with the cumulative total return on the Nasdaq Composite Total Return (^XCMP) and the S&P 500 Internet Services & Infrastructure Index, assuming an initial investment of \$100 at the market close on September 15, 2021, the date our Class A Common Stock commenced trading on the Nasdaq Global Select Market. Data for the Nasdaq Composite Total Return and S&P 500 Internet Services & Infrastructure Index assume reinvestment of dividends.

The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our Class A Common Stock.



## Recent Sales of Unregistered Equity Securities and Use of Proceeds

### *Unregistered Sales of Equity Securities*

Pursuant to the terms of the Amended LLC Agreement, holders of LLC Units have the right to exchange all or a portion of their LLC Units for newly issued shares of Class A Common Stock on a one-for-one basis, which issuances are made in reliance on Section 4(a)(2) of the Securities Act. Upon any such exchange, a corresponding number of shares of Class B Common Stock held by the LLC Unit holder are cancelled. Such exchanges executed in the fourth quarter of 2023 are as follows:

<b>Date of Exchange</b>	<b>Number of Shares Exchanged</b>
November 27, 2023	1,332
December 11, 2023	666
December 21, 2023	12,970
Total	14,968

### *Use of Proceeds*

Not applicable.

### **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 includes a comparison of our results of operations, financial condition, and liquidity and capital resources for fiscal years 2023, 2022 and 2021. This discussion is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and accompanying Notes to the Financial Statements found in Part II, Item 8 of this Form 10-K. It contains forward-looking statements that involve risks and uncertainties and our actual results may differ materially from those discussed. Factors that could cause or contribute to these differences include, but are not limited to, those identified below and those discussed in “Risk Factors” under Part I, Item 1A of this Annual Report.*

#### **Overview**

Definitive Healthcare is a leading provider of healthcare commercial intelligence. Our solutions are designed to provide accurate and comprehensive information on healthcare providers and their activities to help our customers optimize everything from product development to go-to-market planning and sales and marketing execution. Delivered through our software as a service (“SaaS”) platform, our intelligence has become important to the commercial success of our approximately 2,900 customers as of December 31, 2023. We generally define a customer as a company that maintains one or more active paid subscriptions to our platform.

Our customers include biopharmaceutical and medical device companies, healthcare information technology companies, healthcare providers and other diversified companies, such as staffing firms, commercial real estate firms, financial institutions and other organizations seeking commercial success in the attractive but complex healthcare ecosystem. Within these organizations, our platform is leveraged by a broad set of functional groups, including sales, marketing, clinical research & product development, strategy, talent acquisition and physician network management. We offer access to our platform on a subscription basis, and we generate substantially all of our revenue from subscription fees.

We were founded in 2011 by our Executive Chairman and current Interim Chief Executive Officer, Jason Krantz. Mr. Krantz founded the Company to provide healthcare commercial intelligence that enables companies that compete within or sell into the healthcare ecosystem to make better, informed decisions and be more successful. Over time, we have expanded our platform with new intelligence modules, innovative analytics, workflow capabilities and additional data sources.

We believe any company selling or competing within the healthcare ecosystem is a potential customer for us and contributes to our estimated current total addressable market of over \$10 billion. In total, we have identified more than 100,000 potential customers that we believe could benefit from our platform.



## Recent Developments

### *Acquisitions*

On July 21, 2023, the Company completed the acquisition of Populi, Inc. (“Populi”), a provider-focused data and analytics company that works with healthcare organizations to optimize physician relationships, reduce network leakage, and expand market share, for total consideration of \$54.1 million, consisting of approximately \$46.4 million of cash paid at closing, a \$0.1 million reimbursement from sellers for working capital adjustments, and up to \$28.0 million of contingent consideration, with an initial estimated fair value of \$7.8 million, subject to meeting certain revenue metrics during calendar years 2024 and 2025. The initial accounting for the business combination is complete but provisional measurements of fair values reported as of December 31, 2023 are subject to change and accordingly, we expect to finalize the purchase price allocations as soon as practical, but no later than one year from the acquisition date. See Note 3. *Acquisitions* in the accompanying consolidated financial statements.

On January 16, 2024, the Company completed the purchase of assets comprising the Carevoyance business line of H1 Insights, Inc., a product that helps MedTech customers to improve segmentation, targeting, and prospect engagement for \$14.0 million, subject to closing adjustments. The initial accounting for the business combination is incomplete as a result of the timing of the acquisition.

### *Goodwill Impairment*

During the quarter ended September 30, 2023, we experienced a sustained decline in our stock price and market capitalization, which represented a triggering event and required us to perform a goodwill impairment test as of September 30, 2023. As a result of our quantitative impairment test, we determined that the fair value of our single reporting unit was lower than its carrying value and, accordingly, recorded a non-cash, pretax, goodwill impairment charge of \$287.4 million. The goodwill impairment charge did not affect our liquidity or the financial covenants in our outstanding debt agreement.

During the quarter ended December 31, 2023, we performed a quantitative assessment and concluded that the fair value of our single reporting unit exceeded its carrying value as of December 31, 2023. We will continue to monitor for potential impairment should impairment indicators arise. See Note 9. *Goodwill and Intangible Assets* in the accompanying consolidated financial statements. Our reporting unit is at risk for future goodwill impairments if we experience a continued decline in our market capitalization or worsening macroeconomic conditions.

### *Restructuring Charges*

During the first and third quarters of 2023, we committed to restructuring plans intended to reduce operating costs, improve operating margins, and continue advancing our ongoing commitment to profitable growth by reducing our workforce by approximately 100 people and, as a result, incurred restructuring and related charges of \$4.7 million during the year ended December 31, 2023. These charges consisted primarily of severance payments, employee benefits, and related cash expenses. These charges were recognized within Transaction, integration, and restructuring expenses in the accompanying consolidated statement of operations.

On January 3, 2024, we committed to a restructuring plan intended to further reduce operating costs, improve operating margins, and continue advancing our ongoing commitment to profitable growth. This plan provided for a reduction of our current workforce by 154 people. We estimate that in the first half of 2024, we will incur pre-tax cash restructuring and related charges of approximately \$6.5 million to \$7.2 million, consisting primarily of severance payments, employee benefits, and related cash expenses, as well as an approximate \$1.5 million non-cash stock-based compensation charge related to the vesting of share-based awards for employees who are terminated. We expect these actions will be substantially complete by the end of the second quarter of 2024. We do not expect to incur any further material charges associated with these specific restructuring plans other than as described above.

## ***Restatement of Previously Issued Financial Statements***

In the first quarter of 2023, we began a review of our sales tax positions, and related accounting matters, with the assistance of outside consultants. As a result of the review, we determined during the second quarter of 2023 that sales in certain states were subject to sales tax and that we had not assessed such sales tax on sales of our services to customers. We determined that we did not accrue sales taxes and corrected these misstatements by recording sales tax accruals through general and administrative expense as of the end of each affected period. The original accrual amounts assumed that (i) customers who have not provided certificates or other documentation of exemption from sales tax are taxable, (ii) maximum interest and penalty assessments may be imposed, and (iii) we will not receive waivers of interest and penalties or other benefits under agreements we may obtain with jurisdictions from outreach with voluntarily disclosures. These accrual amounts have been, and will continue to be, adjusted as we enter into voluntary disclosure agreements with the applicable jurisdictions. We will continue to accrue interest on any outstanding liabilities until the voluntary disclosure agreements are settled. The misstatements that appeared in the previously issued financial statements were material, and we also corrected other immaterial errors.

As described in additional detail in the Explanatory Note in our Amendment No. 1 on Form 10-K/A to our Annual Report on Form 10-K for the year ended December 31, 2022 (the “2022 Form 10-K/A”) filed with the SEC on August 14, 2023, we restated our audited consolidated financial statements as of and for the years ended December 31, 2022, 2021 and 2020, as well as the unaudited condensed consolidated quarterly financial information for the quarterly periods in the fiscal years ended December 31, 2022, 2021, and 2020, to reflect the correction of the misstatements and other immaterial adjustments, and to make corresponding disclosures. We also filed an Amendment No. 1 on Form 10-Q/A to amend the Quarterly Report on Form 10-Q for the three months ended March 31, 2023 with the SEC on August 14, 2023, to restate our unaudited condensed consolidated financial statements for the three months ended March 31, 2023 and 2022.

The restated prior-year results are reflected in the consolidated financial results disclosed within this Annual Report on Form 10-K.

## **Macroeconomic Conditions**

As a corporation with a global footprint, we are subject to risks and exposures caused by significant events and their macroeconomic impacts, including, but not limited to, the Russia-Ukraine war, the evolving conflict in Israel and surrounding areas, global geopolitical tension and more recently, inflation and high interest rates, volatility in the capital markets, liquidity concerns at, and failures of, banks and other financial institutions, and related market uncertainty. We continuously monitor the direct and indirect impacts, and the potential for future impacts, of these circumstances on our business and financial results, as well as the overall global economy and geopolitical landscape. While our revenue and earnings have historically been relatively predictable as a result of our subscription-based business model, the potential implications of these macroeconomic events on our business, results of operations and overall financial position, particularly in the long term, introduce additional uncertainty.

Our current and prospective customers and their business spendings are impacted by difficult macroeconomic conditions to varying degrees and as a result, in some cases we are observing deal cycles lengthen for new and existing customers, in part as a result of more stringent approval processes, as well as a significant number of deferred purchasing decisions. We are also experiencing heightened customer churn. These trends have been particularly pronounced for smaller customers and in the life science and provider markets. This churn impacted our revenue growth in 2023, and we expect this will continue to impact our growth in 2024 as we remediate the underlying issues. We are continuing to evaluate these and other past and potential future direct and indirect impacts on our business and results of operations.

## **Key Factors Affecting Our Performance**

We believe that the growth and future success of our business depend on many factors, including the following:

### ***Acquiring New Customers***

We plan to continue to organically grow the number of customers that use our platform by increasing demand for our platform and penetrating our addressable market. Our results of operations and growth prospects will depend, in part, on our ability to attract new customers. We intend to drive new customer acquisition with our efficient go-to-market engine by continuing to invest in our sales and marketing efforts and developing new use cases for our platform. Customers generating more than \$100,000 in ARR, which we refer to as “Enterprise Customers”, represent the majority of our ARR and are a key focus of our go-to-market programs. As of December 31, 2023, we had 565 Enterprise Customers and approximately 2,900 customers overall, and as of December 31, 2022, we had 537 Enterprise Customers and approximately 3,000 customers overall. While our Enterprise Customer count has grown, our total customer counts decreased slightly in 2023, reflecting the impact of macroeconomic conditions on our prospective and existing customers. We have identified more than 100,000 potential customers across the healthcare ecosystem that we believe could benefit from our platform. Our ability to attract and acquire new customers is dependent on the strength of our platform and effectiveness of our go-to-market strategy, as well as macroeconomic factors and their impact on our potential customers’ business spending.

### ***Expanding Relationships with Existing Customers***

We believe there is a significant opportunity to generate additional revenue from our existing customer base of approximately 2,900 as of December 31, 2023.

Our customers have historically increased their spending by adding functionality and by expanding use-cases across departments. Our customers are typically assigned to one of our vertically-focused teams, which is responsible for driving usage and increasing adoption of the platform, identifying expansion opportunities and driving customer renewals. Real-time input from these customer centric teams feeds directly into our product innovation teams, enhancing the development of new capabilities. We believe this feedback loop and our ability to innovate creates significant opportunities for continual existing customer expansion. Our ability to generate additional revenue from existing customers is also subject to such existing customers’ business spending trends and the impact of macroeconomic conditions thereon.

Our progress in expanding usage of our platform with our existing customers is demonstrated by our NDR (see “Key Metrics”). For the year ended December 31, 2023, our NDR for customers generating more than \$100,000 in ARR (“Enterprise Customers”) was 96%. As of December 31, 2023, we had 565 Enterprise Customers, which represented approximately 65% of our ARR. Our NDR for all customers over \$17,500 ARR was 92%. For the year ended December 31, 2022, our NDR for Enterprise Customers was 110% and our NDR for all customers over \$17,500 ARR was 103%. For the year ended December 31, 2021, our NDR for Enterprise Customers was 120% and our NDR for all customers over \$17,500 ARR was 111%.

### ***Continuing to Innovate and Expand Our Platform***

The growth of our business is driven in part by our ability to apply our deep healthcare domain expertise to innovate and expand our platform. We have continually created new products since our founding in 2011. We plan to continue to invest significantly into our engineering and research and development efforts to enhance our capabilities and functionality and facilitate the expansion of our platform to new use cases and customers. In addition, we work to continuously release updates and new features. While we are primarily focused on organic investments to drive innovation, we will also evaluate strategic acquisitions and investments that further expand our platform.

## Key Metrics

We monitor the following key metrics to help us evaluate our business performance, identify financial trends, formulate business plans, and make strategic operational decisions.

### *Net Dollar Retention Rate (“NDR”)*

We believe the growth in use of our platform by our existing customers is an important measure of the health of our business and our future growth prospects. We evaluate and report on our NDR on an annual basis to measure this growth. We define NDR as the percentage of ARR retained from existing customers across a defined period, after accounting for upsell, down-sell, pricing changes and churn. We calculate NDR as beginning ARR for a period, plus (i) expansion ARR (including, but not limited to, upsell and pricing increases), less (ii) churn (including, but not limited to, non-renewals and contractions), divided by (iii) beginning ARR for a period.

Unfavorable macroeconomic challenges are elongating deal cycles as customers implement more stringent approval processes or delay spending decisions, which impacts revenue from our existing customers, including upsells. As previously discussed, we have also experienced a significant number of deferred purchasing decisions and heightened customer churn, particularly in the life science and provider markets. As a result, our total NDR of 91% for the year ended December 31, 2023 has been reduced relative to our total NDR of 102% for the year ended December 31, 2022.

### *Current Remaining Performance Obligations (“cRPO”)*

We monitor current remaining performance obligations as a metric to help us evaluate the health of our business and identify trends affecting our growth. cRPO represents the amount of contracted future revenue that has not yet been recognized, including both deferred revenue and non-cancelable contracted amounts that will be invoiced and recognized as revenue within the next twelve months. cRPO is not necessarily indicative of future revenue growth. In addition to total contract volume, cRPO is influenced by several factors, including seasonality, disparate contract terms, and the timing of renewals, because renewals tend to be most frequent in the fourth quarter. The value of contracts that included cancellation terms increased significantly in the fourth quarter compared with prior periods. This precludes several millions of dollars of business from being included in the cRPO metric and puts further downward pressure on the cRPO growth rate. Due to these factors, it is important to review cRPO in conjunction with revenue and other financial metrics.

Our cRPO will continue to be impacted by macroeconomic challenges, which have resulted in elongating deal cycles as customers implement more stringent approval processes or push out final decisions to later periods. We have also observed cancellations due to the impacts of such challenges on the financial condition of our customers, particularly in the life science and provider markets. We expect this trend to reduce our revenue growth rate for 2024 relative to 2023.

The following table presents cRPO as of December 31, 2023 and 2022:

<i>(in thousands)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current	\$ 187,331	\$ 183,527
Non-current	89,636	93,464
Total	<u>\$ 276,967</u>	<u>\$ 276,991</u>

## Impact of Acquisitions

We seek to enhance our platform, data and business through internal development and through acquisitions of and investments in businesses that broaden and strengthen our platform. On January 16, 2024, we completed the purchase of assets comprising the Carevoyance business line of H1 Insights, Inc., a product that helps MedTech customers to improve segmentation, targeting, and prospect engagement. In July 2023, we completed the acquisition of Populi, Inc., a provider-focused data and analytics company that works with healthcare organizations to optimize physician relationships, reduce network leakage, and expand market share. In February 2022, we completed our acquisition of Analytical Wizards Inc., a company that specializes in automating complex analytic models using tools that expedite efficient big data mining through A.I. and M.L. power to uncover deep insights. These acquisitions have strengthened our data platform and our business. Acquisitions can result in transaction costs, amortization expense and other adjustments as purchase accounting requires that all assets acquired and liabilities assumed be recorded at fair value on the acquisition date. See Note 3 in our consolidated financial statements included in Part II, Item 8 of this Form 10-K.

## Components of our Results of Operations

### *Revenue*

For the year ended December 31, 2023, we derived approximately 97% of our revenue from subscription services and the remainder from professional services. Our subscription services consist primarily of subscription fees for access to our platform and stand-ready support. Our subscription contracts typically have a term ranging from 1 to 3 years and are non-cancellable. We typically bill for services in advance annually, and we typically require payment at the beginning of each annual period. Our subscription revenue is recognized ratably over the contract term. Our professional services revenue typically is derived from non-recurring consulting services which are generally capable of being distinct and can be accounted for as separate performance obligations. Revenue related to these professional services is insignificant and is recognized at a point in time, when the performance obligations under the terms of the contract are satisfied and control has been transferred to the customer.

Because of the macroeconomic challenges described above, we expect a reduction in our revenue growth rate for 2024 relative to 2023.

### *Cost of Revenue*

*Cost of Revenue.* Cost of revenue, excluding amortization of acquired technology and data, consists of direct expenses related to the support and operations of our SaaS platform, such as data and infrastructure costs, personnel costs for our professional services, customer support and data research teams, such as salaries, bonuses, stock-based compensation, and other employee-related benefits, as well as allocated overheads. We anticipate that we will continue to invest in cost of revenue and that cost of revenue as a percentage of revenue will stay consistent or modestly increase as we add to our existing intelligence modules and invest in new products and data sources. Cost of data is included in the cost of revenue and is a fundamental driver of innovation.

*Amortization.* Includes amortization expense for technology and data acquired in business combinations and asset purchase agreements. We anticipate that amortization will increase only if we make additional acquisitions in the future.

At the beginning of 2023, additional third-party data sources were rolled out to our customers, which resulted in, and is expected to continue to result in, an increase in cost of revenue.

### *Gross Profit*

Gross profit is revenue less cost of revenue, and gross margin is gross profit as a percentage of revenue. Gross profit and gross margin have been and will continue to be affected by various factors, including the costs associated with third-party data and third-party hosting services, leveraging economies of scale, and the extent to which we introduce new intelligence modules, features or functionality or expand our customer support and service organizations, hire additional personnel or complete additional acquisitions. We expect that our gross profit and gross margin will fluctuate from period to period depending on the interplay of these various factors.

While we expect our overall gross profit to increase for 2024 due to anticipated revenue growth, our gross margin is expected to modestly decrease due to the expansion of data sources, as described above, and costs associated with the acquisition of Populi.

### *Operating Expenses*

The most significant component of our operating expenses is personnel costs, which consist of salaries, bonuses, sales commissions, stock-based compensation, and other employee-related benefits. Operating expenses also include non-personnel costs such as facilities, technology, professional fees, and marketing. In light of macroeconomic conditions and their past and potential future impacts on our business, we have made efforts to contain our operating expenses, including implementing restructuring plans. Inflation, and in particular increases to the cost of labor due to cost-of-living increases, have negatively impacted our operating expenses, and we expect this to continue. However, inflation has not materially affected our business to date.

*Sales and marketing.* Sales and marketing expenses primarily consist of personnel costs such as salaries, bonuses, sales commissions, stock-based compensation, and other employee-related benefits for our sales and marketing teams, as well as non-personnel costs including overhead costs, technology and advertising costs. While we have slowed hiring in response to macroeconomic conditions, and expect to maintain slower levels until macroeconomic conditions improve, we have continued to hire additional sales and marketing personnel, enhance our digital marketing infrastructure and invest in marketing programs targeting our major vertical markets.

*Product development.* Product development expenses primarily consist of personnel costs such as salaries, bonuses, stock-based compensation, and other employee-related benefits for our engineering, data science and product teams, as well as non-personnel costs including overhead costs. We believe that our core technologies and ongoing innovation represent a significant competitive advantage for us, and we continue to invest in systems optimization and product improvements for our customers, enhance our software development team and invest in automation and A.I. to drive higher quality data and deeper insights.

*General and administrative.* General and administrative expenses primarily consist of personnel costs such as salaries, bonuses, stock-based compensation, and other employee-related benefits for our executive, finance, legal, human resources, IT and operations, and administrative teams, as well as non-personnel costs including overhead costs, professional fees and other corporate expenses. General and administrative expenses also include sales tax amounts payable to taxation authorities, inclusive of interest and penalties, for customers that we did not collect sales taxes from, due to misclassifications of products and services for sales tax purposes. We do not expect sales taxes and related interest and penalties to be an ongoing component of our general and administrative expense as we complete voluntary disclosure agreements, register with certain tax authorities, and commence collection of sales taxes from customers in these tax jurisdictions. General and administrative costs have increased relative to prior periods due to the incremental costs associated with operating as a public company, including corporate insurance costs, incremental accounting and legal expenses, and additional resources associated with controls, reporting, and disclosure. We have slowed hiring in response to macroeconomic conditions and do not expect to increase it until macroeconomic conditions improve.

*Depreciation and Amortization.* Depreciation and amortization expenses consist primarily of amortization of intangible assets resulting from acquisitions and business combinations, as well as depreciation of property and equipment. We anticipate depreciation of property and equipment as a percentage of revenue to moderately decrease, although amortization will increase if we make additional acquisitions in the future.

*Transaction, integration and restructuring expenses.* Transaction, integration, and restructuring expenses are costs directly associated with various acquisition and integration activities we have undertaken, primarily accounting and legal due diligence, and consulting and advisory fees, as well as expenses related to our restructuring plans committed to in the first and third quarters of 2023 and our office relocations.

*Goodwill impairment.* Goodwill represents the excess of consideration transferred over the fair value of tangible and identifiable intangible net assets acquired and the liabilities assumed in a business combination. Substantially all of our goodwill was recognized in the purchase price allocations when our Company was acquired in 2019 by Advent, with smaller incremental amounts recognized in subsequent business combinations. Goodwill is not amortized, but is tested for impairment at the reporting unit level annually and more frequently if indicators of potential impairment arise. In conducting the impairment test, we first review qualitative factors to determine whether it is more likely than not that the fair value of our single reporting unit is less than its carrying amount.

When testing goodwill for impairment, we have the option of first performing a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If we elect to bypass the qualitative assessment, or if a qualitative assessment indicates it is more likely than not that carrying value exceeds its fair value, we perform a quantitative goodwill impairment test. Under the quantitative goodwill impairment test, if our reporting unit's carrying amount exceeds its fair value, we will record an impairment charge based on that difference. The Company performed interim goodwill impairment tests during the third quarter of 2023 and concluded that the carrying value of the single reporting unit exceeded its fair value and, accordingly, recorded a \$287.4 million non-cash goodwill impairment charge for the year ended December 31, 2023.

### ***Other Income, Net***

*Interest expense* consists of interest expense on our debt obligations and the amortization of debt discounts and debt issuance costs.

*Interest income* consists of earnings resulting from our short-term investments.

*Other income, net* consists primarily of the revaluation of tax receivable agreement liabilities and realized and unrealized gains and losses related to the impact of transactions denominated in a foreign currency. Significant changes in the projected liability resulting from the tax receivable agreement may occur based on changes in anticipated future taxable income, changes in applicable tax rates, or other changes in tax attributes that may occur and could affect the expected future tax benefits to be received by us. We do not have significant exposure to foreign exchange volatility and do not anticipate foreign currency transaction gains or losses to materially impact our results of operations.

## Results of Operations

The discussion of our consolidated results of operations includes year-over-year comparisons of 2023 results compared to those in 2022. For a discussion of the 2022 results compared to those in 2021, see the discussion in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2022 Form 10-K/A, which is incorporated by reference herein.

The following table sets forth a summary of our consolidated statements of operations for the periods presented:

<i>(in thousands)</i>	Year Ended December 31,		
	2023	2022	2021
Revenue	\$ 251,415	\$ 222,653	\$ 166,154
Cost of revenue:			
Cost of revenue	34,740	25,866	19,421
Amortization	12,742	16,759	21,268
Total cost of revenue	47,482	42,625	40,689
Gross profit	203,933	180,028	125,465
Operating expenses:			
Sales and marketing	94,534	89,585	56,387
Product development	42,441	34,890	18,565
General and administrative	58,861	51,561	32,864
Depreciation and amortization	39,008	40,145	38,679
Transaction, integration and restructuring expenses	11,489	7,890	6,287
Goodwill impairment	287,400	—	—
Total operating expenses	533,733	224,071	152,782
Loss from operations	(329,800)	(44,043)	(27,317)
Total other income (expense), net	21,620	2,166	(35,450)
Loss before income taxes	(308,180)	(41,877)	(62,767)
Benefit from income taxes	18,553	17,698	443
Net loss	(289,627)	(24,179)	(62,324)
Less: Net loss attributable to Definitive OpCo prior to the Reorganization Transactions	-	-	(34,068)
Less: Net loss attributable to noncontrolling interests	(87,239)	(16,957)	(10,416)
Net loss attributable to Definitive Healthcare Corp.	<u>\$ (202,388)</u>	<u>\$ (7,222)</u>	<u>\$ (17,840)</u>

### *Year Ended December 31, 2023 compared to Year Ended December 31, 2022*

#### Revenue

Revenue increased \$28.8 million, or 13%, for the year ended December 31, 2023 compared with the same period in the prior year, resulting from higher subscription revenue of \$26.0 million and higher professional service revenue of \$2.7 million. Increases were primarily driven by the organic addition of new customers in the amount of \$12.9 million, the acquisition of Populi in the amount of \$4.9 million, and a \$11.0 million net increase in revenue from customers that existed as of the end of the comparable prior-year period.

#### Cost of Revenue

Cost of revenue increased \$4.9 million, or 11%, for the year ended December 31, 2023 compared with the same period in the prior year. This increase was driven primarily by a \$7.9 million increase in hosting fees and data subscription costs as a result of expanded customer usage of our platform, the rollout of additional third-party data sources to our customers at the beginning of 2023, and the Populi acquisition, along with an increase of \$0.8 million in employee and other costs driven primarily by the expansion of customer support and professional service roles that support our revenue growth. These increases were partially offset by a net \$4.0 million reduction in amortization, primarily due to a substantial acquired data asset reaching the end of its economic life in July 2022, partially offset by the amortization of new data assets commencing in 2023.

## Operating Expenses

Operating expenses, which include a goodwill impairment charge of \$287.4 million recorded during the third quarter of 2023 (refer to Note 9. *Goodwill and Intangible Assets* in the accompanying consolidated financial statements for further details), increased \$309.7 million, or 138%, for the year ended December 31, 2023 compared with the same period in the prior year. Excluding the goodwill impairment charge, the net increase to operating expenses was primarily due to:

- An increase in sales and marketing expense of \$4.9 million for the year ended December 31, 2023, primarily due to increased personnel costs resulting from additional hiring and compensation driven by increased sales volume, partially offset by a decrease in stock-based compensation expense primarily due to key role transitions occurring during the comparable prior year period;
- An increase in product development expense of \$7.6 million for the year ended December 31, 2023, primarily due to increased personnel costs, including stock-based compensation expense from new equity grants, resulting from additional hiring and the acquisition of Populi;
- An increase in general and administrative expense of \$7.3 million for the year ended December 31, 2023, primarily due to increased stock-based compensation expense resulting from new equity grants in the current year and key role transitions occurring during the comparable prior year period, increased professional service fees resulting from the filing delay and restatement of our previously issued financial statements and for strategic consulting services associated with commercial and operational reorganization initiatives, along with increased legal costs. These increases were partially offset by savings resulting from lower franchise taxes and relief from sales tax exposure, including penalties and interest, resulting from voluntary disclosure agreements, new insurance policies, and lower rent expense due to the exit of certain office facilities;
- A decrease in depreciation and amortization expense of \$1.1 million for the year ended December 31, 2023, primarily due to the full amortization of a significant database intangible asset during the comparable prior year period; and
- An increase in transaction, integration and restructuring expenses of \$3.6 million for the year ended December 31, 2023, due primarily to costs associated with restructuring plans announced in the first and third quarters of 2023 and the acquisition of Populi. These expenses were partially offset by a decrease in expenses resulting from a go-to-market integration project conducted in the third quarter of 2022 that did not repeat in 2023.

## Other Income, Net

Total other income, net was \$21.6 million for the year ended December 31, 2023 compared to total other income, net of \$2.2 million in the same period in the prior year. The overall increase was primarily attributed to a \$13.8 million increase in the TRA liability remeasurement gain driven by future realizability of tax attributes payable under the TRA and the impact of the goodwill impairment on the TRA and a \$10.9 million increase in interest income earned from our short-term investments, partially offset by a \$1.2 million change in foreign currency gains and losses and a \$4.0 million increase in interest expense due to high interest rates from our debt obligations.

## Benefit From Income Taxes

Benefit from income taxes for the year ended December 31, 2023 was \$18.6 million compared to \$17.7 million in the same period in the prior year. The overall increase was primarily driven by increased losses of the partnership allocated to the Company.



## Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we believe certain non-GAAP measures are useful in evaluating our operating performance. Non-GAAP measures include, but are not limited to, Adjusted Gross Profit, Adjusted Gross Margin, Adjusted EBITDA, and Adjusted EBITDA Margin. We believe these non-GAAP measures are useful to investors because they eliminate certain items that affect period-over-period comparability and provide consistency with past financial performance and additional information about our underlying results and trends by excluding certain items that may not be indicative of our business, results of operations, or outlook.

We view Adjusted Gross Profit, Adjusted Gross Margin, Adjusted EBITDA, and Adjusted EBITDA Margin as operating performance measures. As such, we believe the most directly comparable GAAP financial measures to Adjusted Gross Profit and Adjusted Gross Margin are GAAP Gross Profit and GAAP Gross Margin, respectively, and the most directly comparable GAAP financial measure to Adjusted EBITDA and Adjusted EBITDA Margin is GAAP net loss and GAAP net loss margin, respectively.

Non-GAAP measures are supplemental financial measures of our performance and should not be considered substitutes for net loss, gross profit, or any other measure derived in accordance with GAAP. This information should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. There are limitations to these non-GAAP financial measures because they are not prepared in accordance with GAAP and may not be comparable to similarly titled measures of other companies due to potential differences in methods of calculation and items or events being adjusted. In addition, other companies may use different 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.

### Adjusted Gross Profit and Adjusted Gross Margin

We define Adjusted Gross Profit as Gross Profit, excluding acquisition-related depreciation and amortization, and equity-based compensation costs. We exclude acquisition-related depreciation and amortization expenses as they have no direct correlation to the cost of operating our business on an ongoing basis. A small portion of equity-based compensation is included in cost of revenue in accordance with U.S. GAAP, but is excluded from our Adjusted Gross Profit calculations due to its non-cash nature. Gross Margin is defined as Gross Profit as a percentage of revenue and Adjusted Gross Margin is defined as Adjusted Gross Profit as a percentage of revenue. These are key metrics used by management and our board of directors to assess our operations.

The following table presents a reconciliation of gross profit and gross margin to adjusted gross profit and adjusted gross margin for the periods presented:

(in thousands)	Year Ended December 31,					
	2023		2022		2021	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
<b>Reported gross profit and margin</b>	\$203,933	81%	\$180,028	81%	\$125,465	76%
Amortization of intangible assets resulting from acquisition-related purchase accounting adjustments <sup>(a)</sup>	9,044	4%	15,715	7%	20,220	12%
Equity-based compensation costs	1,097	0%	942	0%	277	0%
<b>Adjusted gross profit and margin</b>	<u>\$214,074</u>	<u>85%</u>	<u>\$196,685</u>	<u>88%</u>	<u>\$145,962</u>	<u>88%</u>

- (a) Amortization of intangible assets resulting from purchase accounting adjustments represents non-cash amortization of acquired intangibles, primarily resulting from the Advent Acquisition.

### Adjusted EBITDA and Adjusted EBITDA Margin

We present “Adjusted EBITDA” as a measure of our operating performance. EBITDA is defined as earnings before (i) debt-related costs, including interest expense and loss from extinguishment of debt, (ii) interest income, (iii) income taxes, and (iv) depreciation and amortization. Management further adjusts EBITDA in its presentation of Adjusted EBITDA to exclude (i) other (income) expense, (ii) equity-based compensation, (iii) acquisition, integration, and restructuring expenses, (iv) goodwill impairments, and (v) other non-core items. We exclude these items because they are by nature non-cash, non-recurring, and/or unrelated to our core operations, and therefore we do not believe them to be representative of ongoing operational performance. Adjusted EBITDA Margin is defined as Adjusted EBITDA as a percentage of revenue. Adjusted EBITDA and Adjusted EBITDA Margin are key metrics used by management and our board of directors to assess the profitability of our operations. We believe these metrics provide useful measures to investors to assess our operating performance and in measuring the profitability of our operations on a consolidated level.

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

<i>(in thousands)</i>	Year Ended December 31,					
	2023		2022		2021	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
<b>Net loss and margin</b>	\$ (289,627)	(115)%	\$ (24,179)	(11)%	\$ (62,324)	(38)%
Interest expense, net	1,559	1%	8,413	4%	25,871	16%
Income tax benefit	(18,553)	(7)%	(17,698)	(8)%	(443)	(0)%
Loss from extinguishment of debt	—	0%	—	0%	9,873	6%
Depreciation & amortization	51,750	21%	56,904	26%	59,947	36%
<b>EBITDA and margin</b>	(254,871)	(101)%	23,440	11%	32,924	20%
Other income, net <sup>(a)</sup>	(23,179)	(9)%	(10,579)	(5)%	(294)	(0)%
Equity-based compensation <sup>(b)</sup>	48,739	19%	36,434	16%	9,957	6%
Transaction, integration and restructuring expenses <sup>(c)</sup>	11,489	5%	7,890	4%	6,287	4%
Goodwill impairment <sup>(d)</sup>	287,400	114%	—	0%	—	0%
Other non-core items <sup>(e)</sup>	4,875	2%	6,561	3%	7,116	4%
<b>Adjusted EBITDA and margin</b>	\$ 74,453	30%	\$ 63,746	29%	\$ 55,990	34%

- (a) Primarily represents foreign exchange and TRA liability remeasurement gains and losses.
- (b) Equity-based compensation represents non-cash compensation expense recognized in association with equity awards made to employees and directors.
- (c) Transaction and integration expenses primarily represent legal, accounting, and consulting expenses and fair value adjustments for contingent consideration related to our acquisitions. Restructuring expenses relate to our restructuring plans committed to in the first and third quarters of 2023 and impairment and restructuring charges related to office closures and relocations.

<i>(in thousands)</i>	Year Ended December 31,		
	2023	2022	2021
Merger and acquisition due diligence and transaction costs	\$ 5,419	\$ 1,580	\$ 2,496
Integration costs	934	3,765	27
Fair value adjustment for contingent consideration	302	1,250	3,764
Restructuring charges for severance and other separation costs	4,679	—	—
Office closure and relocation restructuring charges and impairments	155	1,295	—
Total transaction, integration and restructuring expense	\$ 11,489	\$ 7,890	\$ 6,287

- (d) Goodwill impairment represents a non-cash, pretax, goodwill impairment charge of \$287.4 million recorded during the quarter ended September 30, 2023. We experienced a sustained decline in our stock price and market capitalization, which represented a triggering event and required us to perform a goodwill impairment test as of September 30, 2023. As a result of our quantitative impairment test, we determined that the fair value of our single reporting unit was lower than its carrying value and, accordingly, recorded this impairment charge.
- (e) Other non-core items represent expenses driven by events that are typically by nature one-time, non-operational, and/or unrelated to our core operations. These expenses are comprised of non-core legal and regulatory costs isolated to unique and extraordinary litigation, legal and regulatory matters that are not considered normal and recurring business activity including sales tax accrual charges inclusive of penalties and interest for sales taxes that we may have been required to collect from customers in 2023 and certain previous years, professional fees related to the filing delay and restatement of our previously issued financial statements filed concurrently with our Quarterly Report on Form 10-Q for the second quarter of 2023, and other non-recurring legal and regulatory matters. Other non-core items also include non-recurring strategic consulting fees associated with a strategic initiative to restructure and transform the Company through commercial and operational reorganization that right sizes the organization as well as professional fees related to financing, capital structure changes, and other non-recurring set-up costs related to public company operations.

(in thousands)	Year Ended December 31,		
	2023	2022	2021
Non-core legal and regulatory	\$ 2,370	\$ 3,696	\$ 2,770
Consulting fees for non-recurring strategic restructuring	1,977	-	-
Professional fees for set-up of Up-C, TRA, tax and public company infrastructure	—	2,467	4,075
Other non-core expenses	528	398	271
Total other non-core items	\$ 4,875	\$ 6,561	\$ 7,116

## Liquidity and Capital Resources

### Overview

As of December 31, 2023, we had \$131.0 million of cash and cash equivalents, \$177.1 million of short-term investments and \$74.4 million available under our revolving credit facility. Our principal sources of liquidity are cash and cash equivalents and short-term investments on hand, primarily from our IPO and follow-on offering, as well as the cash flows we generate from operations. Our principal uses of liquidity have been, and are expected to continue to be, primarily for investment in long-term growth of the business through capital expenditures and acquisitions, as well as debt services (see Note 10. *Long-Term Debt* in the accompanying consolidated financial statements for further details) and distributions to members of Definitive OpCo.

All of our business is conducted through Definitive OpCo and its consolidated subsidiaries and affiliates, and the financial results are included in the consolidated financial statements of Definitive Healthcare Corp. Definitive Healthcare Corp. has no independent means of generating revenue. The Amended LLC Agreement provides that certain distributions will be made to cover Definitive Healthcare Corp.'s taxes and such tax distributions are also expected to be used by Definitive Healthcare Corp. to satisfy its obligations under the TRA. We have broad discretion to make distributions out of Definitive OpCo. In the event Definitive Healthcare Corp. declares any cash dividend, we expect to cause Definitive OpCo to make distributions to us, in an amount sufficient to cover such cash dividends declared by us. Deterioration in the financial condition, earnings, or cash flow of Definitive OpCo and its subsidiaries for any reason could limit or impair their ability to pay such distributions. In addition, the terms of our 2021 Credit Agreement contain covenants that may restrict DH Holdings and its subsidiaries from paying such distributions, subject to certain exceptions. Further, Definitive OpCo and Definitive Healthcare Corp. are generally prohibited under Delaware law from making a distribution to a member to the extent that, at the time of the distribution, after giving effect to the distribution, liabilities of Definitive OpCo and DH Holdings (with certain exceptions), as applicable, exceed the fair value of its assets. Subsidiaries of DH Holdings are generally subject to similar legal limitations on their ability to make distributions to DH Holdings.

We believe that our cash flow from operations, availability under the 2021 Credit Agreement and available cash and cash equivalents and short-term investments will be sufficient to meet our liquidity needs for at least the next twelve months. We anticipate that to the extent that we require additional liquidity, it will be funded through the incurrence of additional indebtedness, the issuance of additional equity, or a combination thereof. We cannot provide assurance that we will be able to obtain this additional liquidity on reasonable terms, or at all.

Additionally, our liquidity and our ability to meet our obligations and fund our capital requirements are dependent on our future financial performance, which is subject to general economic, financial, and other factors that are beyond our control. See the "Risk Factors" section within this Annual Report and the factors described elsewhere in this "Management's Discussion and Analysis of Financial Condition and Results of Operations." Macroeconomic conditions, including inflation and a potential recession, could increase our anticipated funding requirements. In the event we need to seek additional funding, high interest rates, stock market volatility, or other unfavorable macroeconomic conditions may also prevent us from obtaining additional financing on favorable terms or at all. Additionally, future adverse developments with respect to specific financial institutions or the broader financial services industry may lead to market-wide liquidity shortages that could impact us and our customers, and materially harm our business and financial condition. Our ability to access our cash, cash equivalents and investments, including transferring funds, making payments or receiving funds could be threatened and our ability to raise additional capital could be substantially impaired, any of which could materially and adversely affect our business and financial condition. Accordingly, we cannot provide assurance that our business will generate sufficient cash flow from operations or that future borrowings will be available from additional indebtedness or otherwise to meet our liquidity needs. In addition, if we decide to pursue one or more significant acquisitions, we may incur additional debt or sell or issue additional equity to finance such acquisitions, which could possibly result in additional expenses or dilution.

## Impact of Inflation

While inflation and increases to the cost of and competition for labor have negatively impacted and continue to negatively impact our operating expenses, we do not believe inflation has had a material effect on our business, financial condition, or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset higher costs through price increases and our inability or failure to do so could potentially harm our business, financial condition, and results of operations.

## Credit Risk

Our financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, and trade and other receivables. We hold cash with reputable financial institutions that often exceed federally insured limits. We manage our credit risk by concentrating our cash deposits with high-quality financial institutions and periodically evaluating the credit quality of those institutions. The carrying value of cash approximates fair value.

## Cash Flows

The discussion of our cash flows includes a year-over-year comparison of 2023 cash flows to those in 2022. For a discussion of our 2022 cash flows compared to 2021 cash flows, see the discussion in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2022 Form 10-K/A, which is incorporated by reference herein.

The following table summarizes our cash flows for the periods presented:

<i>(in thousands)</i>	Year Ended December 31,		
	2023	2022	2021
Cash provided by (used in):			
Operating activities	\$ 41,190	\$ 35,579	\$ 25,212
Investing activities	(31,782)	(248,903)	(46,731)
Financing activities	(25,584)	(26,696)	384,372
Change in cash and cash equivalents (excluding effect of exchange rate changes)	<u>\$ (16,176)</u>	<u>\$ (240,020)</u>	<u>\$ 362,853</u>

### Cash Flows provided by Operating Activities

Net cash provided by operating activities was \$41.2 million during the year ended December 31, 2023, primarily as a result of a net loss of \$289.6 million and a \$30.4 million net decrease in our operating assets and liabilities, offset by non-cash charges of \$361.2 million. The non-cash charges were primarily comprised of a \$287.4 million goodwill impairment charge recorded during the third quarter of 2023, amortization of intangible assets of \$49.8 million, equity compensation costs of \$48.7 million, and a gain on remeasurement of the TRA of \$23.5 million. The net decrease in operating assets and liabilities of \$30.4 million for the year ended December 31, 2023 was primarily driven by an increase in deferred contract costs of \$18.8 million, an increase in prepaid expenses and other assets of \$7.2 million, and a decrease in deferred revenue of \$6.6 million due to the timing of billings and cash received in advance of revenue recognition for subscription services. These factors were partially offset by cash inflows resulting from an increase in accounts payable, accrued expenses, and other liabilities, collectively, of \$1.3 million and a decrease in accounts receivable of \$0.8 million.

### Cash Flows used in Investing Activities

Cash used in investing activities during the year ended December 31, 2023 was \$31.8 million, driven primarily by \$259.2 million in purchases of short-term investments and \$45.0 million in cash paid for the acquisition of Populi, net of cash acquired, partially offset by \$275.4 million in maturities of short-term investments.

### Cash Flows used in Financing Activities

Cash used in financing activities during the year ended December 31, 2023 was \$25.6 million, primarily driven by \$12.3 million in tax distribution payments to noncontrolling interest members, repayments of the 2021 Term Loan (as defined below) of \$8.6 million, and taxes paid related to the net share settlement of equity awards of \$4.4 million.

Refer to *Debt Obligations* for additional information related to our debt obligations.

## ***Debt Obligations***

On September 17, 2021, DH Holdings entered into the 2021 Credit Agreement, providing for (i) a \$275.0 million term loan A facility (the “2021 Term Loan”) and (ii) a \$75.0 million revolving credit facility (the “2021 Revolving Line of Credit” and together with the 2021 Term Loan, collectively, the “2021 Credit Facilities”). The 2021 Credit Facilities thereunder are guaranteed by all of DH Holdings’ wholly owned domestic restricted subsidiaries and AIDH Buyer, the direct parent company of DH Holdings, in each case, subject to customary exceptions, and are secured by a lien on substantially all of the assets of DH Holdings and such guarantors, including a pledge of the equity of DH Holdings, in each case, subject to customary exceptions.

The 2021 Term Loan is for \$275.0 million and has a maturity date of September 17, 2026. The 2021 Term Loan was recorded net of \$3.5 million in issuance costs. The issuance costs are amortized to interest expense over the term of the 2021 Term Loan using the effective interest method.

The 2021 Term Loan is subject to annual amortization of principal, payable in equal quarterly installments on the last day of each fiscal quarter, commencing on the Initial Amortization Date, equal to approximately 2.5% per annum of the principal amount of the term loans in the first year and second year after the Initial Amortization Date and approximately 5.0% per annum of the principal amount of the term loans in the third year, fourth year, and fifth year after the Initial Amortization Date. A balloon payment of approximately \$220.0 million will be due at the maturity of the 2021 Term Loan. There was \$257.8 million outstanding on the 2021 Term Loan at December 31, 2023.

The 2021 Revolving Line of Credit is committed for \$75.0 million and has a maturity date of September 17, 2026. There was no outstanding balance on the 2021 Revolving Line of Credit as of December 31, 2023 and 2022. During the quarter ended December 31, 2023, the lessor of the Company’s corporate headquarters transitioned from one entity to another. As a result, in lieu of a security deposit, the Company provided a standby letter of credit of \$0.6 million, which reduces the amount available under our revolving credit facility to \$74.4 million.

On October 31, 2022, the Company amended the 2021 Credit Agreement to replace the LIBO rate with Term SOFR plus an applicable rate.

The 2021 Credit Agreement includes certain customary financial covenants, and the Company was compliant with its financial covenants under the 2021 Credit Agreement as of December 31, 2023.

## ***Financing Obligations***

Financing obligations generally include repayment of principal amounts of our term loan (as detailed above in “Debt Obligations”), lease payments and purchase obligations. The leases relate to office facilities and expire at various times through 2029. The lease obligations include \$2.7 million to be paid in 2024 and \$10.2 million thereafter. Refer to Note 5. *Leases* within the accompanying consolidated financial statements for further information. Estimated purchase commitments, which currently run through 2026, are \$17.6 million in 2024 and \$15.9 million thereafter. Refer to Note 14. *Commitments and Contingencies* within the accompanying consolidated financial statements for further information.

## ***Tax Receivable Agreement (“TRA”)***

In connection with the Reorganization Transactions and the IPO, the Company entered into the TRA with certain of our pre- IPO holders of LLC Units and the former shareholders of certain Blocker Companies. The TRA provides for the payment by Definitive Healthcare Corp. of 85.0% of the amount of any tax benefits that it actually realizes, or in some cases is deemed to realize, as a result of (i) certain tax attributes that it acquired from the Blocker Companies in the Reorganization Transactions (including net operating losses and the unamortized portion of the increase in tax basis in the tangible and intangible assets of Definitive OpCo and its subsidiaries resulting from the prior acquisitions of interests in Definitive OpCo by the Blocker Companies), (ii) certain tax basis adjustments resulting from the acquisition of LLC Units by Definitive Healthcare Corp and (iii) certain payments made under the TRA.

In each case, these tax basis adjustments generated over time may increase (for tax purposes) the Definitive Healthcare Corp.’s depreciation and amortization deductions and, therefore, may reduce the amount of tax that the Definitive Healthcare Corp. would otherwise be required to pay in the future, although the IRS may challenge all or part of the validity of that tax basis, and a court could sustain such a challenge. The anticipated tax basis adjustments upon redemptions or exchanges of LLC Units may also decrease gains (or increase losses) on future dispositions of certain assets to the extent tax basis is allocated to those assets. The payment obligations under the TRA are an obligation of Definitive Healthcare Corp., but not of Definitive OpCo. Definitive Healthcare Corp. expects to benefit from the remaining 15% of realized cash tax benefits. For purposes of the TRA, the realized cash tax benefits will be computed by comparing the actual income tax liability of Definitive Healthcare Corp. (calculated with certain assumptions) to the amount of such taxes that Definitive Healthcare Corp. would have been required to pay had there been no tax basis adjustments of the assets of Definitive Healthcare Corp. as a result of redemptions or exchanges and no utilization of certain tax attributes of the Blocker Companies, and had Definitive Healthcare Corp. not

entered into the TRA. The term of the TRA will continue until all such tax benefits have been utilized or expired, unless (i) Definitive Healthcare Corp. exercises its right to terminate the TRA for an amount based on the agreed payments remaining to be made under the agreement, (ii) Definitive Healthcare Corp. breaches any of its material obligations under the TRA in which case all obligations (including any additional interest due relating to any deferred payments) generally will be accelerated and due as if Definitive Healthcare Corp. had exercised its right to terminate the TRA, or (iii) there is a change of control of Definitive Healthcare Corp., in which case, all obligations (including any additional interest due relating to any deferred payments) generally will be accelerated and due as if Definitive Healthcare Corp. had exercised its right to terminate the TRA as described above in clause (i). Estimating the amount of payments that may be made under the TRA is by its nature imprecise, insofar as the calculation of amounts payable depends on a variety of factors. The amount of the anticipated tax basis adjustments, as well as the amount and timing of any payments under the TRA, will vary depending upon a number of factors, including the timing of exchanges, the price of shares of our Class A Common Stock at the time of an exchange, the extent to which such exchanges are taxable, the amount of tax attributes, and the amount and timing of our income.

We expect that as a result of the size of the anticipated tax basis adjustment of the tangible and intangible assets of Definitive OpCo upon the exchange or redemption of LLC Units and our possible utilization of certain tax attributes, the payments that Definitive Healthcare Corp. may make under the TRA will be substantial. The payments under the TRA are not conditioned upon continued ownership of us by the exchanging holders of LLC Units. See Note 19 in our consolidated financial statements included in Part II, Item 8 of this Form 10-K.

### **Capital Expenditures**

Capital expenditures decreased by \$5.3 million to \$3.0 million for the year ended December 31, 2023 compared to \$8.3 million for the same period in the prior year, primarily driven by lower spend on historical data purchases in the current year compared with the comparable prior year period.

### **Off-Balance Sheet Arrangements**

As a requirement of our lease agreement for our corporate headquarters, in lieu of a security deposit, we provided a standby letter of credit of \$0.6 million, which is effective through March 2038.

### **Critical Accounting Policies and Estimates**

Our consolidated financial statements and notes have been prepared in accordance with GAAP. Our critical accounting policies are those that are reflective of uncertainties resulting from significant, complex and subjective judgements, though the accounting treatment for the majority of our revenue, expenses, assets, and liabilities is specifically dictated by GAAP, with no need for the application of judgement.

In certain circumstances, the preparation of consolidated financial statements in conformity with GAAP requires us to make certain estimates and assumptions that affect reported amounts. The estimates and assumptions are based on historical experience, current conditions, and various other factors that we believe to be reasonable under the circumstances. Our actual results may differ from those estimates, though we believe such differences are not likely to be material. We review these estimates on a periodic basis to ensure reasonableness and adequacy.

While our significant accounting policies are discussed more fully in Note 2. *Summary of Significant Accounting Policies* in the accompanying consolidated financial statements, the following topics pertain to accounting policies we believe are most critical to the preparation of our financial statements and that require our more significant, difficult, subjective or complex judgments or estimates. Other companies in similar businesses may use different estimation policies and methodologies, which may affect the comparability of our financial statements, financial condition, results of operations and cash flows to those of other companies.

## ***Revenue Recognition***

We derive our revenue primarily from subscription license fees charged for access to our database platform, and professional services. The customer arrangements include a promise to allow customers to access a subscription license to the database platform which is hosted by us over the contract period, without allowing the customer to take possession of the subscription license or transfer hosting to a third party.

We recognize revenue in accordance with ASC 606—*Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers. Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration we expect to receive in exchange for those services.

Revenue related to hosted subscription license arrangements, which often include non-distinct professional services, is recognized ratably over the contract term as the customer simultaneously receives and consumes the benefits provided by our performance. These subscription contracts typically have a term of one to three years and are non-cancellable.

We also enter into a limited number of contracts that can include various combinations of professional services, which are generally capable of being distinct and can be accounted for as separate performance obligations. Revenue related to these professional services is recognized at the time the services are performed.

When a contract contains multiple performance obligations, the contract transaction price is allocated on a relative standalone selling price (“SSP”) basis to each performance obligation. We typically determine SSP based on observable selling prices of our products and services. In instances where SSP is not directly observable, SSP is determined using information that may include market conditions and other observable inputs, or by using the residual approach.

We account for an arrangement when it has approval and commitment from both parties, the rights are identified, the contract has commercial substance, and collectability of consideration is probable. We generally obtain written purchase contracts from our customers for a specified service at a specified price, with a specified term, which constitutes an arrangement. Revenue is recognized at the amount expected to be collected, net of any taxes collected from customers, which are subsequently remitted to governmental authorities. The timing of revenue recognition may not align with the right to invoice the customer, but we have determined that in such cases, a significant financing component generally does not exist. We have elected the practical expedient that permits an entity not to recognize a significant financing component if the time between the transfer of a good or service and payment is one year or less. Payment terms on invoiced amounts are typically 30 days. We do not offer rights of return for our products and services in the normal course of business, and contracts generally do not include customer acceptance clauses.

Our arrangements typically do not contain variable consideration. However, certain contracts with customers may include service level agreements that entitle the customer to receive service credits, and in certain cases, service refunds, when defined service levels are not met. These arrangements represent a form of variable consideration, which is considered in the calculation of the transaction price. We estimate the amount of variable consideration at the expected value based on our assessment of legal enforceability, anticipated performance, and a review of specific transactions, historical experience, and market and economic conditions. We historically have not experienced any significant incidents that affected the defined levels of reliability and performance as required by the contracts.

## ***Acquisitions***

We account for business combinations using the acquisition method in accordance with ASC 805—Business Combinations. Each acquired company’s results of operations are included in our consolidated financial statements starting on the date of acquisition. We allocate purchase consideration to the tangible and identifiable intangible assets acquired, and liabilities assumed based on their estimated fair values. The purchase price is determined based on the fair value of the assets transferred, liabilities assumed, and equity interests issued, after considering any transactions that are separate from the business combination. The excess of fair value of purchase consideration over the fair values of the identifiable assets and liabilities is recorded as goodwill. Tangible and identifiable intangible assets acquired and liabilities assumed as of the date of acquisition are recorded at the acquisition date fair value. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets and contingent liabilities. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from acquired customer bases, acquired technology and acquired trade names, useful lives, royalty rates, and discount rates.

The estimates are inherently uncertain and subject to revision as additional information is obtained during the measurement period for an acquisition, which may last up to one year from the acquisition date. During the measurement period, we may record adjustments to the fair value of tangible and intangible assets acquired and liabilities assumed, with a corresponding offset to goodwill. After the conclusion of the measurement period or the final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to earnings.

In addition, uncertain tax positions and tax-related valuation allowances assumed in connection with a business combination are initially estimated as of the acquisition date. We reevaluate these items based upon the facts and circumstances that existed as of the acquisition date, with any revisions to our preliminary estimates being recorded to goodwill, provided that the timing is within the measurement period. Subsequent to the measurement period, changes to uncertain tax positions and tax related valuation allowances will be recorded to earnings.

For any given acquisition, we may identify certain pre-acquisition contingencies. We estimate the fair value of such contingencies, which are included as part of the assets acquired or liabilities assumed, as appropriate. Differences from these estimates are recorded in the consolidated statement of operations in the period in which they are identified.

## ***Derivative Instruments and Hedging Activities***

We record all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether we have elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. We may enter into derivative contracts that are intended to economically hedge certain of its risk, even though hedge accounting does not apply or we elect not to apply hedge accounting. We measure the credit risk of our derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.



## ***Goodwill and Intangible Assets***

Goodwill is calculated as the excess of the purchase consideration paid in the acquisition of a business over the fair value of the identifiable assets acquired and liabilities assumed. Goodwill is not amortized and is tested for impairment at the reporting unit level, at least annually, and more frequently if events or circumstances occur that would indicate a potential decline in fair value.

A reporting unit is an operating segment or a component of an operating segment. We first assess qualitative and quantitative factors to evaluate whether it is more likely than not that the fair value of a reporting unit is less than the carrying amount, or we may elect to bypass such assessment. If it is determined that it is more likely than not that the fair value of the reporting unit is less than its carrying value, or if we elect to bypass the qualitative assessment, our management will perform a quantitative test by determining the fair value of the reporting unit. The estimated fair value of the reporting unit is based on a combination of an income and market approach. The income approach utilizes a projected discounted cash flow model that includes significant assumptions and estimates, including the discount rate, growth rate, and future financial performance. The market approach utilizes our market capitalization plus an appropriate control premium. Market capitalization is determined by multiplying the number of shares of Class A Common Stock outstanding by the market price of our Class A Common Stock. The control premium is determined by utilizing data from publicly available premium studies for similarly situated public company transactions. If the carrying value of the reporting unit exceeds the fair value, then a goodwill impairment loss is recognized for the difference. We perform our annual impairment assessment in the first month of the fourth quarter of each calendar year.

Definite-lived intangible assets are amortized over their estimated useful lives, which represent the period over which we expect to realize economic value from the acquired asset(s), using the economic consumption method if anticipated future revenues can be reasonably estimated. The straight-line method is used when future revenues cannot be reasonably estimated. The following provides a summary of the estimated useful lives by category of asset.

Customer relationships	14 – 20 years
Technology	6 – 8 years
Tradenames / trademark	5 – 19 years
Data	3 years

During the quarter ended September 30, 2023, we experienced a sustained decline in our stock price and market capitalization, which represented a triggering event and required us to perform a goodwill impairment test as of September 30, 2023. As a result of our quantitative impairment test, we determined that the fair value of our single reporting unit was lower than its carrying value and, accordingly, recorded a non-cash, pretax, goodwill impairment charge of \$287.4 million. The goodwill impairment charge did not affect our liquidity or the financial covenants in our outstanding debt agreement.

During the quarter ended December 31, 2023, we performed a quantitative assessment and concluded that the fair value of our single reporting unit exceeded its carrying value as of December 31, 2023. We will continue to monitor for potential impairment should impairment indicators arise. Refer to Note 9. *Goodwill and Intangible Assets* in the accompanying consolidated financial statements for further details.

## ***Impairment of Long-Lived Assets***

We review the carrying value of long-lived assets, including definite-lived intangible assets and property and equipment, for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable. If estimated undiscounted future cash flows expected to result from its use and eventual disposition are not expected to be adequate to recover the asset's carrying value, an impairment charge is recorded for the excess of the asset's carrying value over its estimated fair value.

## ***Accounting for Income Taxes***

Definitive OpCo is taxed as a partnership. For federal and state income tax purposes, income, losses, and other tax attributes not generated by AW and its wholly owned U.S. and foreign subsidiaries generally pass through to the Definitive OpCo members' individual income tax returns. Additionally, Definitive OpCo may be subject to certain taxes on behalf of its members in certain states.

AW and its wholly-owned U.S. and foreign subsidiaries are taxed as corporations. Accordingly, AW accounts for income taxes by recognizing tax assets and liabilities for the cumulative effect of all the temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities. Deferred taxes for AW are determined using enacted federal, state, or foreign income tax rates in effect in the year in which the differences are expected to reverse.

Definitive Healthcare Corp. is subject to U.S. federal, state and local income taxes with respect to its allocable share of any taxable income of Definitive OpCo and will be taxed at the prevailing corporate tax rates. In addition to tax expenses, Definitive Healthcare Corp. will also make payments under the Tax Receivable Agreement, which we expect to be significant. We anticipate that we will account for the income tax effects and corresponding Tax Receivable Agreement's effects resulting from future redemptions or exchanges of LLC Units by recognizing an increase in Definitive Healthcare Corp.'s deferred tax assets, based on enacted tax rates at the date of the purchase or exchange.

Further, we account for amounts payable under the Tax Receivable Agreement in accordance with ASC 450—*Contingencies*. The amounts to be recorded for both the deferred tax assets and the liability for our obligations under the Tax Receivable Agreement will be estimated at the time of any purchase or exchange as a reduction to shareholders' equity, and the effects of changes in any of our estimates after this date will be included in net income or loss. Similarly, the effect of subsequent changes in the enacted tax rates will be included in net income or loss.

In assessing the realizability of deferred tax assets of the Company and its subsidiaries, management considers the weight of available evidence and whether it is more likely than not that some or all of the deferred tax assets will be realized; when necessary, a valuation allowance is established.

Under the provisions of ASC 740—*Income Taxes*, as it relates to accounting for uncertainties in tax positions, we recognize the tax benefit of tax positions to the extent that the benefit will more likely than not be realized. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances. For the tax years ended December 31, 2023, 2022, and 2021, we did not have any uncertain tax positions.

## **Recently Issued Accounting Pronouncements**

For a summary of recent accounting pronouncements applicable to our consolidated financial statements, refer to Note 2. *Summary of Significant Accounting Policies* in the Notes to our consolidated financial statements included in Part II, Item 8 of this Form 10-K.

## **Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

Market risk represents the risk of loss that may impact our financial condition due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of exposure due to potential changes in inflation, interest rates or currency rates.

### ***Interest Rate Risk***

Our cash, cash equivalents and short-term investments primarily consist of cash on hand and highly liquid investments in money market funds, U.S. government securities and commercial paper. As of December 31, 2023 we had cash and cash equivalents of \$131.0 million and short-term investments of \$177.1 million.

Our operating results are subject to market risk from interest rate fluctuations on our 2021 Term Loan, which bears a variable interest rate based on the SOFR Rate or a Base Rate plus an applicable margin. In order to reduce the interest rate risk on our debt, we have entered into an interest rate swap agreement on a portion of our borrowings. As of December 31, 2023, the total principal balance outstanding was \$257.8 million. Excluding the effect of the interest rate swap agreement, a hypothetical 1.0% increase or decrease in the interest rate associated with borrowings under the 2021 Credit Agreement would result in an approximately \$2.6 million impact to interest expense on an annual basis.

### ***Foreign Currency Exchange Risk***

To date, the majority of our sales contracts have been denominated in U.S. dollars. We have one foreign entity established in Sweden and one in India. The functional currencies of these foreign subsidiaries are the Swedish Krona and the Indian Rupee, respectively. Assets and liabilities of the foreign subsidiaries are translated into U.S. dollars at the exchange rates in effect at the reporting date and revenue and expenses are translated at average exchange rates in effect during each reporting period. Realized and unrealized foreign currency transaction gains and losses are recorded to non-operating income (loss). As the impact of foreign currency exchange rates has not been material to our historical results of operations, we have not entered into derivative or hedging transactions, but we may do so in the future if our exposure to foreign currency becomes more significant.

## **Item 8. Financial Statements and Supplementary Data.**

Our consolidated financial statements, together with the reports of our independent registered public accounting firm, appear beginning on page F-1 of this Annual Report for the year ended December 31, 2023.

## **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***

As of December 31, 2023, our management carried out an evaluation, under the supervision and participation of our Chief Executive Officer (principal executive officer) and our Chief Financial Officer (principal financial officer), of 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”). Based on our management’s evaluation, management concluded that our disclosure controls and procedures were not effective as of December 31, 2023 as a result of the material weakness discussed below. Notwithstanding this material weakness, our management concluded that our consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K fairly present, in all material respects, our financial condition, results of operations and cash flows as of and for the periods presented in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”).

### ***Management's Annual Report on Internal Controls Over Financial Reporting***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is a process designed under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, to provide reasonable assurance regarding the reliability of financing reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP.

Under the supervision and participation of our Chief Executive Officer and our Chief Financial Officer, our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2023, based on the criteria set forth in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Our management identified control deficiencies, as previously disclosed, that, individually or in the aggregate, constitute a material weakness in our internal control over financial reporting and has concluded that our internal control over financial reporting was not effective as of December 31, 2023.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

We identified a material weakness in the design of our controls over the collection and remittance of sales taxes, as well as the accurate recording of our sales tax obligations in the financial statements. This material weakness remains unremediated as of December 31, 2023.

Deloitte & Touche LLP, our independent registered public accounting firm, has audited our consolidated financial statements included in this Annual Report and issued its report, which is included herein, stating that the Company's internal controls over financial reporting were not effective as of December 31, 2023.

### ***Changes in Internal Control Over Financial Reporting***

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

### ***Remediation Efforts to Address Material Weakness***

In response to the identified material weakness, management, with the oversight of the Audit Committee of the Board of Directors, has designed and implemented measures to improve our internal control over financial reporting and remediate the material weakness. Our efforts include a number of actions:

- We immediately engaged additional third-party tax experts to assist in the review of the classification for sales tax purposes of our existing products and services;
- We have designed and implemented additional sales tax nexus reviews, including controls over the monitoring of changes in our products and service offerings and identification of new and/or enhanced products and services, to put in place effective review controls over the classification of products and services for sales tax purposes; and
- We have designed and implemented controls over the collection, control, and subsequent monitoring of applicable documentation of exempt status from customers in affected jurisdictions.

Our management believes that the measures described above will remediate the material weakness and strengthen our overall internal control over financial reporting. The material weakness will not be considered remediated until the applicable remediated controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

### ***Inherent Limitations on Effectiveness of Controls and Procedures***

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. 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, within the Company 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 the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the Board of Directors of Definitive Healthcare Corp.

### **Opinion on Internal Control over Financial Reporting**

We have audited the internal control over financial reporting of Definitive Healthcare Corp. and subsidiaries (the “Company”) as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, because of the effect of the material weakness identified below on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB) the consolidated financial statements as of and for the year ended December 31, 2023, of the Company and our report dated February 28, 2024, expressed an unqualified opinion on those financial statements.

## **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 Annual Report on Internal Controls 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.

## **Material Weakness**

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment: The Company did not have appropriately designed controls over the collection, remittance and accurate recording of sales tax obligations in the financial statements. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements as of and for the year ended December 31, 2023, of the Company, and this report does not affect our report on such financial statements.

/s/Deloitte & Touche LLP

Boston, Massachusetts  
February 28, 2024

## **Item 9B. Other Information.**

### ***Trading Arrangements***

None.

## **Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

## PART III

### **Item 10. Directors, Executive Officers and Corporate Governance.**

The information required under this item is incorporated herein by reference to the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended December 31, 2023.

As part of our system of corporate governance, our board of directors has adopted a code of business conduct and ethics. The code applies to all of our employees, officers (including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions), agents and representatives, including our independent directors and consultants, who are not employees of ours, with regard to their activities related to our business. Our code of business conduct and ethics is available in the Investor Relations section of our website at <https://ir.definitivehc.com>. We intend to post on this section of our website any amendment to our code of business conduct and ethics, as well as any waivers of our code of business conduct and ethics, that are required to be disclosed by the rules of the SEC or the Nasdaq Stock Market.

### **Item 11. Executive Compensation.**

The information required under this item is incorporated herein by reference to the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended December 31, 2023.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The information required under this item is incorporated herein by reference to the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended December 31, 2023.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence.**

The information required under this item is incorporated herein by reference to the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended December 31, 2023.

### **Item 14. Principal Accounting Fees and Services.**

The information required under this item is incorporated herein by reference to the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended December 31, 2023.

## PART IV

### Item 15. Exhibits and Financial Statement Schedules.

(1) Financial Statements

See the Index to Consolidated Financial Statements in the Financial Statements Section beginning on page F-1 of this Annual Report on Form 10-K.

(2) Financial Statement Schedules

All financial statement schedules have been omitted as they are not required, not applicable, or the required information is included in the financial statements or notes to the financial statements.

(3) Exhibits

### Exhibit Index

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Definitive Healthcare Corp. (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q (File No. 001-40815) filed with the SEC on November 8, 2021).
3.2	Amended and Restated Bylaws of Definitive Healthcare Corp. (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q (File No. 001-40815) filed with the SEC on November 8, 2021).
3.3	Second Amended and Restated Limited Liability Company Agreement of AIDH TopCo, LLC (incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q (File No. 001-40815) filed with the SEC on November 8, 2021).
4.1	Description of Registrant's Securities (incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K (File No. 001-40815) filed with the SEC on March 15, 2022).
10.1	Credit Agreement, dated September 17, 2021, by and among DH Holdings and Administrative Agent, the lenders party thereto and the issuing banks from time to time party thereto (incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K (File No. 001-40815), filed with the SEC on September 20, 2021).
10.2	Amendment No. 1, dated October 31, 2022, to Credit Agreement, dated September 17, 2021, by and among Definitive Healthcare Holdings, LLC, AIDH Buyer, LLC, Bank of America, N.A. as Administrative Agent, the lenders party thereto and the issuing banks from time to time party thereto (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q (File No.001-40815) filed with the SEC on November 3, 2022).
10.3	Reorganization Agreement, dated September 14, 2021, between Definitive Healthcare Corp., AIDH TopCo, LLC and the parties named therein (incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q (File No. 001-40815) filed with the SEC on November 8, 2021).
10.4	Registration Rights Agreement, dated September 14, 2021, by and among Definitive Healthcare Corp. and the Continuing Pre-IPO LLC Members (incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q (File No. 001-40815) filed with the SEC on November 8, 2021).
10.5	Tax Receivable Agreement, dated September 14, 2021, between Definitive Healthcare Corp. and the TRA Parties (incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form10-Q (File No. 001-40815) filed with the SEC on November 8, 2021).
10.6	Nominating Agreement, dated September 17, 2021, between the Company and Advent (incorporated by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q (File No. 001-40815) filed with the SEC on November 8, 2021).
10.7	Nominating Agreement, dated September 17, 2021 between the Company and SE VII DHC AIV, L.P. (incorporated by reference to Exhibit 10.12 to the Company's Quarterly Report on Form10-Q (File No. 001-40815) filed with the SEC on November 8, 2021).
10.8	Nominating Agreement, dated September 17, 2021, between the Company and Jason Krantz (incorporated by reference to Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q (File No. 001-40815) filed with the SEC on November 8, 2021).
10.9†	Reimbursement Agreement, dated September 17, 2021, between Definitive Healthcare Corp. and Jason Krantz and certain other stockholders (incorporated by reference to Exhibit 10.14 to the Company's Quarterly Report on Form10-Q (File No. 001-40815) filed with the SEC on November 8, 2021).



- 10.10† Stock and Unit Purchase Agreement, dated September 7, 2021, by and among Definitive Health Care Corp. and the parties named therein (incorporated by reference to Exhibit 10.19 to Amendment No. 2 to the Company's Registration Statement on Form S-1 (File No. 333-258990) filed with the SEC on September 7, 2021).
- 10.11† Stock and Unit Purchase Agreement, dated November 10, 2021, by and among Definitive Healthcare Corp. and the parties named therein (incorporated by reference to Exhibit 10.21 to the Company's Registration Statement on Form S-1 (File No. 333-261083) filed with the SEC on November 15, 2021).
- 10.12† 2019 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-1 (File No. 333-258990) filed with the SEC on August 20, 2021).
- 10.13† 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K (File No. 001-40815) filed with the SEC on March 15, 2022).
- 10.14† Form of Equity Award Agreements under 2019 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-1 (File No. 333-258990) filed with the SEC on August 20, 2021).
- 10.15† Form of Executive Equity Award Agreements under 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-1 (File No. 333-258990) filed with the SEC on August 20, 2021).
- 10.16† Form of Executive Restricted Stock Unit Award Agreement under Definitive Healthcare Corp. 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-40815) filed with the SEC on November 3, 2022).
- 10.17† Form of Executive Performance-Based Restricted Stock Unit Award Agreement under Definitive Healthcare Corp. 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K (File No. 001-40815) filed with the SEC on February 27, 2023).
- 10.18† Form of Director Restricted Stock Unit Award Agreement under Definitive Healthcare Corp. 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-40815) filed with the SEC on October 3, 2022).
- 10.19† Definitive Healthcare Corp. Cash Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-40815) filed with the SEC on February 23, 2023).
- 10.20 Form of Executive Officer and Director Indemnification Agreement for Definitive Healthcare Corp. (incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-1 (File No. 333-258990) filed with the SEC on August 20, 2021).
- 10.21† 2021 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1 (File No. 333-258990) filed with the SEC on August 20, 2021).
- 10.22† Employment Agreement, dated January 29, 2021, by and between Definitive Healthcare, LLC and Richard Booth (incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-1 (File No. 333-258990) filed with the SEC on August 20, 2021).
- 10.23† Separation Agreement, dated as of October 2, 2023, by and between Definitive Healthcare, LLC and Joseph Mirisola (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-40815) filed with the SEC on October 5, 2023).
- 10.24† Executive Chairman Agreement, dated as of May 4, 2022, by and among Definitive Healthcare, LLC, Definitive Healthcare Corp. and Jason Krantz (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-40815) filed with the SEC on May 5, 2022).
- 10.25† Amendment to Executive Chairman Agreement and Employment Agreement of Jason Krantz, dated as of February 16, 2023 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-40815) filed with the SEC on February 23, 2023).
- 10.26† Offer Letter to Kate Shamsuddin Jensen, dated February 3, 2015 (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K (File No. 001-40815) filed with the SEC on February 27, 2023).
- 10.27† Employment Agreement, dated as of September 22, 2022, by and between Definitive Healthcare, LLC and Jonathan Maack (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-40815) filed with the SEC on November 3, 2022).
- 10.28† Definitive Healthcare Corp. Severance Plan for Executives (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-40815) filed with the SEC on November 21, 2023).
- 10.29† Definitive Healthcare Corp. Change in Control Severance Plan for Executives (incorporated by reference to Exhibit 10.36 to the Company's Annual Report on Form 10-K (File No. 001-40815) filed with the SEC on February 27, 2023).
- 10.30† The Definitive Healthcare Corp. 2023 Inducement Plan (incorporated by reference to Exhibit 99.1 to the Company's S-8 (File No. 333-274370) filed with the SEC on September 6, 2023).
- 10.31† Form of RSU Award Agreement under 2023 Inducement Plan (incorporated by reference to Exhibit 99.2 to the Company's S-8 (File No. 333-274370) filed with the SEC on September 6, 2023).

10.32†	Form of PSU Award Agreement under 2023 Inducement Plan (incorporated by reference to Exhibit 99.3 to the Company's S-8 (File No. 333-274370) filed with the SEC on September 6, 2023).
10.33†	Employment Agreement, dated October 2, 2023, between Carrie Lazorchak and Definitive Healthcare Corp. (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q (File No. 001-40815) filed with the SEC on November 2, 2023).
10.34†	Separation Agreement and Release of Claims, dated as of January 12, 2024, by and between Definitive Healthcare Corp. and Robert Musslewhite (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-40815) filed with the SEC on January 16, 2024).
10.35†	The Definitive Healthcare Corp. Director Compensation Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 001-40815) filed with the SEC on August 14, 2023).
21.1	List of subsidiaries.
23.1	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm.
24.1	Power of Attorney (included on signature page).
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
97.1	Definitive Healthcare Corp. Incentive Compensation Recoupment Policy.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101.)

\* The certification attached as Exhibit 32.1 that accompanies this Annual Report on Form 10-K is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Definitive Healthcare Corp. 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.

† Management contract or compensatory plan or arrangement.

The agreements and other documents filed as exhibits to this Annual Report on Form 10-K are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

## Item 16. Form 10-K Summary

None.

## SIGNATURES

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

Definitive Healthcare Corp.

Date: February 28, 2024

By:    /s/ Jason Krantz  
**Jason Krantz**  
**Executive Chairman and Interim Chief Executive Officer**

## POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Jason Krantz and Richard Booth, and each one of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in their name, place, and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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.

Name	Title	Date
/s/ Jason Krantz <b>Jason Krantz</b>	Executive Chairman and Interim Chief Executive Officer (Principal Executive Officer)	February 28, 2024
/s/ Richard Booth <b>Richard Booth</b>	Chief Financial Officer (Principal Financial Officer and Accounting Officer)	February 28, 2024
/s/ Sastry Chilukuri <b>Sastry Chilukuri</b>	Director	February 28, 2024
/s/ Chris Egan <b>Chris Egan</b>	Director	February 28, 2024
/s/ Samuel A. Hamood <b>Samuel A. Hamood</b>	Director	February 28, 2024
/s/ Jeff Haywood <b>Jeff Haywood</b>	Director	February 28, 2024
/s/ Jill Larsen <b>Jill Larsen</b>	Director	February 28, 2024
/s/ Scott Stephenson <b>Scott Stephenson</b>	Director	February 28, 2024
/s/ Kathleen A. Winters <b>Kathleen A. Winters</b>	Director	February 28, 2024
/s/ Lauren Young <b>Lauren Young</b>	Director	February 28, 2024

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## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Definitive Healthcare Corp.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Definitive Healthcare Corp. and subsidiaries (the “Company”) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive loss, changes in members’ equity and total equity, and cash flows, for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also 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, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2024, expressed an adverse opinion on the Company's internal control over financial reporting because of a material weakness.

### 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 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.

### Goodwill Impairment — Refer to Notes 2 and 9 to the financial statements

#### Critical Audit Matter Description

The Company's evaluation of goodwill for impairment involves the comparison of the fair value of its one reporting unit to its carrying value. The Company determines the fair value of its reporting unit using income and market approaches. The determination of the fair value using an income approach involved the use of a projected discounted cash flow model that requires management to make significant estimates and assumptions, including the discount rate and forecasts of future revenues and cash flows, among others. The determination of the fair value using the market approach required management to make a significant assumption to determine the estimated control premium. As of September 30, 2023, the Company recorded a goodwill impairment charge of \$287.4 million as it was determined that the fair value of its one reporting unit was less than its carrying value. As of December 31, 2023, the goodwill balance was \$1,075 million, and as the fair value of the Company’s one reporting unit exceeded its carrying value as of December 31, 2023, no additional impairment was recognized.

We identified the valuation of goodwill for the Company's reporting unit as a critical audit matter because of the significant judgments made by management to estimate the fair value of the reporting unit. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to the discount rate, forecasts of future revenues and cash flows and the estimated control premium.

### **How the Critical Audit Matter Was Addressed in the Audit**

Our audit procedures related to management's estimates and assumptions used in its income and market approach models included the following, among others:

- We tested the effectiveness of controls over management's goodwill impairment evaluation, including those controls related to management's selection of the discount rate, forecasts of future revenues and cash flows and the estimated control premium.
- We evaluated the reasonableness of management's forecasts of future revenues and cash flows by comparing management's estimates to (1) historical results, (2) internal communications to management and the Board of Directors, and (3) forecasted information included in Company press releases, analyst and industry reports of the Company and companies in its peer group.
- With the assistance of our fair value specialists, we evaluated the discount rate, including testing the underlying source information and the mathematical accuracy of the calculations, and developing a range of independent estimates and comparing those to the discount rate selected by management.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the Company's control premium by comparing it to data from publicly available premium studies for public company transactions.

### **Income Tax Structure — Refer to Notes 2 and 19 to the financial statements**

#### **Critical Audit Matter Description**

On September 17, 2021, the Company completed its initial public offering in a series of transaction steps, which resulted in Definitive Healthcare Corp owning a majority of AIDH TopCo, LLC. Definitive Healthcare Corp is a C-corporation holding company owning a partnership interest in AIDH TopCo, LLC, commonly referred to as an Up-C structure. In connection with the initial public offering, the Company entered into a Tax Receivable Agreement ("TRA") and recorded a liability under the TRA. The balance of the TRA liability on December 31, 2023 was \$147.1 million. Under the TRA, the Company generally will be required to pay certain pre-IPO owners 85% of the amount of cash savings, if any, related to any U.S. federal, state, or local taxes that the Company actually realizes. The payments related to the initial and subsequent exchanges are treated as additional consideration paid, which in turn increases the tax basis of the Company's investment in the Partnership. Most of this additional tax basis is amortizable under requisite sections of the Internal Revenue Code and therefore subject to the TRA.

The amounts payable, as well as the timing of such payments, under the TRA are dependent upon significant future events and assumptions, including among others: (i) the amount and timing of exchanges, (ii) the characterization of the tax basis step-up, (iii) the depreciation and amortization periods that apply to the increase in tax basis, (iv) the amount and timing of taxable income the Company generates in the future, (v) the Company's state tax footprint in the years in which any benefits are generated and/or realized, and (vi) the U.S. federal and state income tax rates then applicable.

Given the complexity of the calculation and high volume of inputs used to estimate the TRA liability, performing audit procedures to evaluate the accuracy of the calculation and appropriateness of the inputs required a high degree of auditor judgment and an increased extent of effort, including the need to involve our income tax specialists who possess significant tax regulation and TRA calculation expertise.

## **How the Critical Audit Matter Was Addressed in the Audit**

Our audit procedures related to the TRA liability included the following, among others:

- We tested the effectiveness of controls over management’s determination of the TRA liability, including controls over significant tax judgments and estimates.
- With the assistance of our income tax specialists, our audit procedures related to the TRA liability included evaluating and assessing the following, among others:
  - o We evaluated the appropriateness of management’s application of the accounting for the TRA liability, and the reasonableness of the methods, inputs, and assumptions used by management to determine the TRA liability.
  - o We evaluated the impact of partnership exchange transactions on the computation of the TRA liability by performing testing, on a sample basis, of exchanges, tax basis amounts and calculations related to the step-up in basis.
  - o We tested the appropriateness of the tax rates and tax amortization utilized in the determination of the TRA liability, by agreeing to the terms in the TRA and applicable federal and state tax laws.
  - o We tested the mathematical accuracy of the TRA liability calculation by recomputing the liability.

/s/ Deloitte & Touche LLP

Boston, Massachusetts

February 28, 2024

We have served as the Company’s auditor since 2020.



**DEFINITIVE HEALTHCARE CORP.**  
**CONSOLIDATED BALANCE SHEETS**  
*(in thousands, except number of shares and par value)*

	December 31, 2023	December 31, 2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	130,976	146,934
Short-term investments	177,092	184,939
Accounts receivable, net	59,249	58,799
Prepaid expenses and other assets	13,120	12,686
Deferred contract costs	13,490	10,387
<b>Total current assets</b>	<b>393,927</b>	<b>413,745</b>
Property and equipment, net	4,471	4,464
Operating lease right-of-use assets, net	9,594	9,681
Other assets	2,388	4,683
Deferred contract costs, net of current portion	17,320	14,596
Intangible assets, net	323,121	350,722
Goodwill	1,075,080	1,324,733
<b>Total assets</b>	<b>\$ 1,825,901</b>	<b>\$ 2,122,624</b>
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable	5,787	3,948
Accrued expenses and other liabilities	51,529	26,855
Deferred revenue	97,377	99,692
Term loan	13,750	8,594
Operating lease liabilities	2,239	1,521
<b>Total current liabilities</b>	<b>170,682</b>	<b>140,610</b>
Long-term liabilities:		
Deferred revenue	9	236
Term loan	242,567	255,765
Operating lease liabilities	9,372	9,969
Tax receivable agreements liability	127,000	155,111
Deferred tax liabilities	67,163	75,737
Other liabilities	9,934	3,251
<b>Total liabilities</b>	<b>626,727</b>	<b>640,679</b>
<b>Commitments and Contingencies (Note 14)</b>		
Equity:		
Class A Common Stock, par value \$0.001, 600,000,000 shares authorized, 116,562,252 and 105,138,273 shares issued and outstanding at December 31, 2023 and 2022, respectively	117	105
Class B Common Stock, par value \$0.00001, 65,000,000 shares authorized, 39,762,700 and 39,168,047 shares issued and outstanding, respectively, at December 31, 2023, and 50,433,101 and 48,923,952 shares issued and outstanding, respectively, at December 31, 2022	—	—
Additional paid-in capital	1,086,581	970,207
Accumulated other comprehensive income	2,109	3,668
Accumulated deficit	(227,450)	(25,062)
Noncontrolling interests	337,817	533,027
<b>Total equity</b>	<b>1,199,174</b>	<b>1,481,945</b>
<b>Total liabilities and equity</b>	<b>\$ 1,825,901</b>	<b>\$ 2,122,624</b>

See notes to consolidated financial statements

**DEFINITIVE HEALTHCARE CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
*(amounts in thousands, except share amounts and per share data)*

	Year Ended December 31,		
	2023	2022	2021
Revenue	\$ 251,415	\$ 222,653	\$ 166,154
Cost of revenue:			
Cost of revenue exclusive of amortization	34,740	25,866	19,421
Amortization	12,742	16,759	21,268
Gross profit	<u>203,933</u>	<u>180,028</u>	<u>125,465</u>
Operating expenses:			
Sales and marketing	94,534	89,585	56,387
Product development	42,441	34,890	18,565
General and administrative	58,861	51,561	32,864
Depreciation and amortization	39,008	40,145	38,679
Transaction, integration, and restructuring expenses	11,489	7,890	6,287
Goodwill impairment	287,400	—	—
Total operating expenses	<u>533,733</u>	<u>224,071</u>	<u>152,782</u>
Loss from operations	(329,800)	(44,043)	(27,317)
Other income (expense), net:			
Interest income	13,644	2,787	29
Interest expense	(15,203)	(11,200)	(25,900)
Other income, net	23,179	10,579	294
Loss on extinguishment of debt	—	—	(9,873)
Total other income (expense), net	<u>21,620</u>	<u>2,166</u>	<u>(35,450)</u>
Loss before income taxes	(308,180)	(41,877)	(62,767)
Benefit from income taxes	18,553	17,698	443
Net loss	<u>(289,627)</u>	<u>(24,179)</u>	<u>(62,324)</u>
Less: Net loss attributable to Definitive OpCo prior to the Reorganization Transactions	-	-	(34,068)
Less: Net loss attributable to noncontrolling interests	(87,239)	(16,957)	(10,416)
Net loss attributable to Definitive Healthcare Corp.	<u>\$ (202,388)</u>	<u>\$ (7,222)</u>	<u>\$ (17,840)</u>
Net loss per share of Class A Common Stock:			
Basic and diluted	<u>\$ (1.79)</u>	<u>\$ (0.07)</u>	<u>\$ (0.19)</u>
Weighted average Common Stock outstanding:			
Basic and diluted <sup>(1)</sup>	<u>112,764,537</u>	<u>101,114,105</u>	<u>91,916,151</u>

(1) Basic and diluted net loss per share of Class A Common Stock is applicable only for the years ended December 31, 2023 and 2022 and for the period from September 15, 2021 through December 31, 2021, which is the period following the IPO and related Reorganization Transactions. See Note 20 for the number of shares used in the computation of net loss per share of Class A Common Stock and the basis for the computation of net loss per share.

See notes to consolidated financial statements

**DEFINITIVE HEALTHCARE CORP.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
*(amounts in thousands)*

	Year Ended December 31,		
	2023	2022	2021
Net loss	\$ (289,627)	\$ (24,179)	\$ (62,324)
Other comprehensive income (loss):			
Foreign currency translation adjustments	171	(832)	193
Unrealized gain (loss) on available-for-sale securities	291	(224)	—
Unrealized (loss) gain on interest rate hedging instruments	(2,617)	6,550	—
Comprehensive loss	(291,782)	(18,685)	(62,131)
Less: Comprehensive loss attributable to Definitive OpCo prior to the Reorganization Transactions	—	—	(33,926)
Less: Comprehensive loss attributable to noncontrolling interests	(87,835)	(15,069)	(10,416)
Comprehensive loss attributable to Definitive Healthcare Corp.	<u>\$ (203,947)</u>	<u>\$ (3,616)</u>	<u>\$ (17,789)</u>

See notes to consolidated financial statements

**DEFINITIVE HEALTHCARE CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY AND TOTAL EQUITY**  
*(amounts in thousands, except share amounts)*

	Class A Stock	Class A Amount	Class B Stock	Class B Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Noncontrolling Interests	Total Equity
Balance at December 31, 2021	97,030,095	\$ 97	58,244,627	\$ —	888,992	\$ (17,840)	\$ 62	\$ 628,525	\$ 1,499,836
Net loss	—	—	—	—	—	(7,222)	—	(16,957)	(24,179)
Other comprehensive income	—	—	—	—	—	—	3,606	1,888	5,494
Vested incentive units	—	—	—	—	(7,955)	—	—	7,955	—
Issuance of Class A Common Stock upon vesting of RSUs	716,776	—	—	—	1,717	—	—	(1,717)	—
Shares withheld related to net share settlement	(233,252)	—	—	—	(4,116)	—	—	—	(4,116)
Effect of LLC unit exchanges	7,624,654	8	(7,624,654)	—	63,343	—	—	(82,004)	(18,653)
Forfeited unvested incentive units	—	—	(186,872)	—	—	—	—	—	—
Equity-based compensation	—	—	—	—	24,172	—	—	12,262	36,434
Distributions to noncontrolling interests	—	—	—	—	4,054	—	—	(16,925)	(12,871)
Balance at December 31, 2022	105,138,273	\$ 105	50,433,101	\$ —	970,207	\$ (25,062)	\$ 3,668	\$ 533,027	\$ 1,481,945
Net loss	—	—	—	—	—	(202,388)	—	(87,239)	(289,627)
Other comprehensive loss	—	—	—	—	—	—	(1,559)	(596)	(2,155)
Vested incentive units	—	—	—	—	(6,327)	—	—	6,327	—
Issuance of Class A Common Stock upon vesting of RSUs	1,300,786	—	—	—	2,419	—	—	(2,419)	—
Shares withheld related to net share settlement	(438,840)	—	—	—	(4,432)	—	—	—	(4,432)
Effect of LLC unit exchanges	10,562,033	12	(10,562,033)	—	89,177	—	—	(112,203)	(23,014)
Forfeited unvested incentive units	—	—	(108,368)	—	—	—	—	—	—
Equity-based compensation	—	—	—	—	35,537	—	—	13,202	48,739
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(12,282)	(12,282)
Balance at December 31, 2023	116,562,252	\$ 117	39,762,700	\$ —	1,086,581	\$ (227,450)	\$ 2,109	\$ 337,817	\$ 1,199,174

See notes to consolidated financial statements

**DEFINITIVE HEALTHCARE CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY AND TOTAL EQUITY (CONTINUED)**  
*(amounts in thousands, except unit amounts)*

	Definitive Healthcare Corp.										
	AIDH TopCo, LLC (Prior to Reorganization Transactions)	Members' Equity	Class A Stock	Class A Amount	Class B Stock	Class B Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Comprehensive (Loss) Income	Noncontrolling Interests	Total Equity
Balance at December 31, 2020	\$	1,192,703					\$	\$	(131)	\$	\$ 1,192,572
Net loss prior to Reorganization Transactions		(34,068)									(34,068)
Other comprehensive income prior to Reorganization Transactions									142		142
Equity-based compensation prior to Reorganization Transactions		1,743									1,743
Members' contributions prior to Reorganization Transactions		5,500									5,500
Distributions to members prior to Reorganization Transactions		(7,139)									(7,139)
<b>Impacts of Reorganization Transactions and Initial Public Offering IPO</b>											
Initial effect of the Reorganization Transactions and IPO on noncontrolling interests		(1,158,739)	73	61,262,052		349,342				592,509	(216,815)
Issuance of Class A Common Stock in IPO, net of costs of \$11,394			18		441,400						441,418
Repurchase of Definitive Healthcare Corp. shares in connection with the IPO			(3)		(63,209)		(63,209)				(63,212)
Repurchase of Definitive OpCo units in connection with IPO					(1,169,378)		(29,600)				(29,600)
<b>Post-IPO Activity</b>								(17,840)		(10,416)	(28,256)
Net loss subsequent to Reorganization Transactions											
Other comprehensive income subsequent to Reorganization Transactions and IPO									51		51
Equity-based compensation subsequent to Reorganization Transactions						5,063				3,151	8,214
Forfeited unvested incentive units					(81,285)						
Allocation of vested incentive units to noncontrolling interests						(694)				694	
Issuance of Class A Common Stock in follow-on offering, net of costs of \$1,614			11			380,515					380,526
Repurchase of Definitive Healthcare Corp. shares in connection with the follow-on offering			(2)		(77,582)						(77,584)
Repurchase of Definitive OpCo units in connection with follow-on offering					(1,766,762)		(61,376)				(61,376)
Effect of follow-on offering on tax receivable agreements liability						(11,291)					(11,291)
Effect of follow-on offering and repurchase on noncontrolling interests						(43,576)				43,576	
Distributions to noncontrolling interests											
Balance at December 31, 2021	\$	97,030,095	97	58,244,627		\$ 888,992	\$ (17,840)	\$ 62	\$ 628,525	\$ (989)	\$ 1,499,836

See notes to consolidated financial statements

**DEFINITIVE HEALTHCARE CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(amounts in thousands)*

	Year Ended December 31,		
	2023	2022	2021
<b>Cash flows provided by operating activities:</b>			
Net loss	\$ (289,627)	\$ (24,179)	\$ (62,324)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,953	2,193	1,751
Amortization of intangible assets	49,797	54,711	58,196
Amortization of deferred contract costs	12,963	8,816	4,793
Equity-based compensation	48,739	36,434	9,957
Amortization of debt issuance costs	702	702	1,698
Provision for doubtful accounts receivable	1,374	1,325	632
Loss on extinguishment of debt	—	—	9,843
Non-cash restructuring charges	155	1,023	—
Goodwill impairment charge	287,400	—	—
Tax receivable agreement remeasurement	(23,470)	(9,717)	(151)
Changes in fair value of contingent consideration	302	1,250	3,764
Deferred income taxes	(18,713)	(17,806)	(436)
Changes in operating assets and liabilities:			
Accounts receivable	811	(13,222)	(10,726)
Prepaid expenses and other assets	(7,156)	(127)	(3,729)
Deferred contract costs	(18,790)	(15,252)	(14,441)
Contingent consideration	—	(6,400)	—
Accounts payable, accrued expenses and other liabilities	1,330	3,138	3,424
Deferred revenue	(6,580)	12,690	22,961
Net cash provided by operating activities	<u>41,190</u>	<u>35,579</u>	<u>25,212</u>
<b>Cash flows (used in) provided by investing activities:</b>			
Purchases of property, equipment, and other assets	(2,977)	(8,326)	(6,731)
Purchases of short-term investments	(259,208)	(337,961)	—
Maturities of short-term investments	275,426	153,680	—
Cash paid for acquisitions and investments, net of cash acquired	(45,023)	(56,296)	(40,000)
Net cash used in investing activities	<u>(31,782)</u>	<u>(248,903)</u>	<u>(46,731)</u>
<b>Cash flows (used in) provided by financing activities:</b>			
Proceeds from term loan	—	—	275,000
Repayments of term loans and delayed draw term loan	(8,594)	(6,875)	(474,460)
Taxes paid related to net share settlement of equity awards	(4,432)	(4,116)	—
Payment of contingent consideration	—	(1,100)	(1,500)
Payment of debt issuance costs	—	—	(3,511)
Proceeds from equity offering, net of underwriting discounts	—	—	834,952
Repurchase of outstanding equity / Definitive OpCo units	—	—	(231,772)
Payments under tax receivable agreement	(246)	—	—
Payments of equity offering issuance costs	(30)	(1,734)	(11,709)
Member contributions	—	—	5,500
Member distributions	(12,282)	(12,871)	(8,128)
Net cash (used in) provided by financing activities	<u>(25,584)</u>	<u>(26,696)</u>	<u>384,372</u>
Net (decrease) increase in cash and cash equivalents	<u>(16,176)</u>	<u>(240,020)</u>	<u>362,853</u>
Effect of exchange rate changes on cash and cash equivalents	218	(544)	(129)
Cash and cash equivalents, beginning of year	146,934	387,498	24,774
Cash and cash equivalents, end of year	<u>\$ 130,976</u>	<u>\$ 146,934</u>	<u>\$ 387,498</u>

See notes to consolidated financial statements

**DEFINITIVE HEALTHCARE CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
*(amounts in thousands)*

	Year Ended December 31,		
	2023	2022	2021
<b>Supplemental cash flow disclosures:</b>			
Cash paid during the year for:			
Interest	\$ 14,456	\$ 10,443	\$ 29,569
Income taxes	136	—	13
Acquisitions:			
Net assets acquired, net of cash acquired	\$ 52,678	\$ 97,296	\$ —
Working capital adjustment receivable	145	—	—
Initial cash investment in prior year	—	(40,000)	—
Contingent consideration	(7,800)	(1,000)	—
Net cash paid for acquisitions	<u>\$ 45,023</u>	<u>\$ 56,296</u>	<u>\$ —</u>
<b>Supplemental disclosure of non-cash investing activities:</b>			
Capital expenditures included in accounts payable and accrued expenses and other current liabilities	\$ 47	\$ 1,166	\$ 654
<b>Supplemental disclosure of non-cash financing activities:</b>			
Unpaid equity offering costs included in accrued expenses	\$ —	\$ —	\$ 1,299
	See notes to consolidated financial statements		

**DEFINITIVE HEALTHCARE CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1. Description of Business**

Definitive Healthcare Corp. (together with its subsidiaries, “Definitive Healthcare” or the “Company”), through its operating subsidiary, Definitive OpCo, provides comprehensive and up-to-date hospital and healthcare-related information and insight across the entire healthcare continuum via a multi-tenant database platform which combines proprietary and public sources to deliver insights. Unless otherwise stated or the context otherwise indicates, references to “we”, “us”, “our”, “Definitive Healthcare”, and the “Company” refer (1) prior to the consummation of the Reorganization Transactions, to Definitive OpCo and its consolidated subsidiaries, and (2) after consummation of the Reorganization Transactions, to Definitive Healthcare Corp. and its consolidated subsidiaries.

***Organization***

Definitive Healthcare LLC, a subsidiary of Definitive Healthcare Holdings, LLC (“Definitive Holdco”), was founded in 2011 for the purpose of providing healthcare commercial intelligence that enables all companies that compete within or sell into the healthcare ecosystem to be more successful. AIDH TopCo, LLC (“Definitive OpCo”) is a Delaware limited liability company that was formed by investment funds affiliated with Advent International for the purposes of acquiring Definitive HoldCo. In July 2019, Definitive OpCo acquired a majority of the issued and outstanding units of Definitive HoldCo.

In May 2021, Definitive Healthcare Corp. was formed as a Delaware corporation for the purposes of facilitating an IPO and other related transactions in order to carry on the business of Definitive OpCo. Following consummation of the Reorganization Transactions, Definitive OpCo became a subsidiary of Definitive Healthcare Corp.

The Company is headquartered in Framingham, Massachusetts.

***Initial Public Offering***

On September 17, 2021, Definitive Healthcare completed its initial public offering (“IPO”), in which it sold 17,888,888 shares of Class A Common Stock (including shares issued pursuant to the exercise in full of the underwriters’ option to purchase additional shares) at a public offering price of \$27.00 per share for net proceeds of \$452.8 million, after deducting underwriters’ discounts and commissions (but excluding other offering expenses and reimbursements).

Definitive Healthcare Corp. used net proceeds from the IPO to (i) acquire 14,222,222 newly issued LLC Units from Definitive OpCo; (ii) purchase 1,169,378 LLC Units from certain holders of LLC Units; and (iii) repurchase 2,497,288 shares of Class A Common Stock received by the former shareholders of certain Blocker Companies (as defined below). Definitive OpCo used proceeds from the IPO to pay fees and expenses of approximately \$11.4 million incurred in connection with the IPO and the Reorganization Transactions and to repay \$199.6 million, inclusive of accrued interest expense, of the outstanding borrowings under our 2019 Credit Agreement, with the remaining proceeds intended to be used for general corporate purposes.



## ***Reorganization Transactions***

In connection with the IPO, the Company completed the following transactions (the “Reorganization Transactions”). Definitive OpCo entered into an amended and restated limited liability company agreement (the “Amended LLC Agreement”) pursuant to which members of Definitive OpCo prior to the IPO who continued to hold LLC Units following the consummation of the Reorganization Transactions acquired the right to require Definitive OpCo to redeem all or a portion of their LLC Units for newly issued shares of Class A Common Stock on a one-for-one basis. Until redeemed or exchanged, each LLC Unit is paired with one share of Definitive Healthcare Corp. Class B Common Stock. The total shares of Class B Common Stock outstanding is equal to the number of vested LLC Units outstanding, excluding LLC Units held by the Company. Unvested LLC Units are paired with Class B Common Stock, which are issued but do not have voting rights and are deemed not outstanding until the corresponding LLC Units have vested. Certain entities treated as corporations for U.S. federal income tax purposes that held LLC Units (individually, a “Blocker Company” and collectively, the “Blocker Companies”) each merged with a merger subsidiary of Definitive Healthcare Corp., and subsequently merged into Definitive Healthcare Corp. (the “Mergers”). The former shareholders of the Blocker Companies collectively received a number of shares of Class A Common Stock in the Mergers equal to the number of LLC Units held by the Blocker Companies prior to the Mergers.

Following the Reorganization Transactions, Definitive Healthcare Corp. became a holding company, with its sole material asset being a controlling equity interest in Definitive OpCo. Definitive Healthcare Corp. operates and controls all of the business and affairs of Definitive OpCo, and through Definitive OpCo and its subsidiaries, conducts its business. Accordingly, Definitive Healthcare Corp. consolidates the financial results of Definitive OpCo, and reports the noncontrolling interests of unexchanged LLC Unit holders on its consolidated financial statements.

In connection with the Reorganization Transactions and the IPO, Definitive Healthcare Corp entered into a tax receivable agreement. See Note 19. *Income Taxes*.

## ***Follow-On Offering***

On November 22, 2021, Definitive Healthcare Corp. completed a follow-on offering, in which it sold 11,000,000 shares of Class A Common Stock at a public offering price of \$36.00 per share for net proceeds of \$382.1 million, after deducting underwriters’ discounts and commissions (but excluding other offering expenses and reimbursements).

Definitive Healthcare Corp. used net proceeds from the follow-on offering to (i) acquire 7,000,000 newly issued LLC Units from Definitive OpCo; (ii) purchase 1,766,762 LLC Units from certain holders of LLC Units; and (iii) repurchase 2,233,238 shares of Class A Common Stock received by the former shareholders of certain Blocker Companies. Definitive OpCo used net proceeds from the follow-on offering to pay fees and expenses of approximately \$1.6 million incurred in connection with the follow-on offering, with the remaining proceeds intended to be used for general corporate purposes.

## **2. Summary of Significant Accounting Policies**

### ***Basis of Presentation***

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). The Financial Accounting Standards Board (“FASB”) establishes these principles to ensure financial condition, results of operations, and cash flows are consistently reported. Any reference in these notes to applicable accounting guidance is meant to refer to the authoritative nongovernmental GAAP as found in the FASB Accounting Standards Codification (“ASC”).

### ***Principles of Consolidation***

The consolidated financial statements include the accounts of the Company and its consolidated subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

### ***Use of Estimates in the Preparation of Financial Statements***

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates, judgements, and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. These estimates relate, but are not limited to, revenue recognition, allowance for doubtful accounts, contingencies, valuations and useful lives of intangible assets acquired in business combinations, equity-based compensation, and income taxes. Actual results could differ from those estimates.

### ***Restatement of Previously Issued Financial Statements***

In the first quarter of 2023, the Company began a review of its sales tax positions, and related accounting matters, with the assistance of outside consultants. As a result of the review, the Company determined during the second quarter of 2023 that sales in certain states were subject to sales tax and that the Company had not assessed such sales tax on sales of its services to customers. The Company determined that it did not accrue sales taxes and corrected these Misstatements by recording sales tax accruals through general and administrative expense as of the end of each affected period. The original accrual amounts assumed that (i) customers who have not provided certificates or other documentation of exemption from sales tax are taxable, (ii) maximum interest and penalty assessments may be imposed, and (iii) the Company will not receive waivers of interest and penalties or other benefits under agreements it may obtain with jurisdictions from outreach with voluntarily disclosures. These accrual amounts have been, and will continue to be, adjusted as the Company enters into voluntary disclosure agreements with the applicable jurisdictions. The Company will continue to accrue interest on any outstanding liabilities until the voluntary disclosure agreements are settled. The misstatements that appeared in the previously issued financial statements were material, and the Company also corrected other immaterial errors.

As described in additional detail in the Explanatory Note in the Company's Amendment No. 1 on Form 10-K/A to its Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC on August 14, 2023, the Company restated its audited consolidated financial statements as of and for the years ended December 31, 2022, 2021 and 2020, as well as the unaudited condensed consolidated quarterly financial information for the quarterly periods in the fiscal years ended December 31, 2022, 2021, and 2020, to reflect the correction of the misstatements and other immaterial adjustments, and to make corresponding disclosures. The Company also filed an Amendment No. 1 on Form 10-Q/A to amend the Quarterly Report on Form 10-Q for the three months ended March 31, 2023 with the SEC on August 14, 2023, to restate its unaudited condensed consolidated financial statements for the three months ended March 31, 2023 and 2022.

The restated prior-year results are reflected in the consolidated financial results disclosed within this Annual Report on Form 10-K.

### ***Revenue Recognition***

The Company derives revenue primarily from subscription license fees charged for access to the Company’s database platform, and professional services. The customer arrangements include a promise to allow customers to access a subscription license to the database platform which is hosted by the Company over the contract period, without allowing the customer to take possession of the subscription license or transfer hosting to a third party.

The Company recognizes revenue in accordance with ASC 606—*Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers. Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services.

Revenue related to hosted subscription license arrangements, which often include non-distinct professional services, is recognized ratably over the contract term as the customer simultaneously receives and consumes the benefits provided by the Company's performance. These subscription contracts typically have a term of one to three years and are non-cancellable.

The Company also enters into a limited number of contracts that can include various combinations of professional services, which are generally capable of being distinct and can be accounted for as separate performance obligations. Revenue related to these professional services is recognized at the time the services are performed.

When a contract contains multiple performance obligations, the contract transaction price is allocated on a relative standalone selling price ("SSP") basis to each performance obligation. The Company typically determines SSP based on observable selling prices of its products and services. In instances where SSP is not directly observable, SSP is determined using information that may include market conditions and other observable inputs, or by using the residual approach.

The Company accounts for an arrangement when it has approval and commitment from both parties, the rights are identified, the contract has commercial substance, and collectability of consideration is probable. The Company generally obtains written purchase contracts from its customers for a specified service at a specified price, with a specified term, which constitutes an arrangement. Revenue is recognized at the amount expected to be collected, net of any taxes collected from customers, which are subsequently remitted to governmental authorities. The timing of revenue recognition may not align with the right to invoice the customer, but the Company has determined that in such cases, a significant financing component generally does not exist. The Company has elected the practical expedient that permits an entity not to recognize a significant financing component if the time between the transfer of a good or service and payment is one year or less. Payment terms on invoiced amounts are typically 30 days. The Company does not offer rights of return for its products and services in the normal course of business, and contracts generally do not include customer acceptance clauses.

The Company's arrangements typically do not contain variable consideration. However, certain contracts with customers may include service level agreements that entitle the customer to receive service credits, and in certain cases, service refunds, when defined service levels are not met. These arrangements represent a form of variable consideration, which is considered in the calculation of the transaction price. The Company estimates the amount of variable considerations at the expected value based on its assessment of legal enforceability, anticipated performance and a review of specific transactions, historical experience and market and economic conditions. The Company historically has not experienced any significant incidents that affected the defined levels of reliability and performance as required by the contracts.

### ***Fair Value Measurements***

The Company measures assets and liabilities at fair value based on an expected exit price, which represents the amount that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs, used in valuation techniques, are assigned a hierarchical level as follows:

- Level 1 - Observable inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 - Other inputs that are directly or indirectly observable in the marketplace
- Level 3 - Unobservable inputs that are supported by little or no market activity, including the Company's own assumptions in determining fair value.

### ***Cash and Cash Equivalents***

The Company considers all short-term, highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

### ***Marketable Securities***

All investments in marketable securities are classified as available-for-sale and are reported at fair value with unrealized gains and losses excluded from earnings and reported net of tax in accumulated other comprehensive income, which is a component of stockholders' equity. Unrealized losses that are determined to be other-than-temporary, based on current and expected market conditions, are recognized in earnings. Declines in fair value determined to be credit related are charged to earnings. The cost of marketable securities sold is determined by the specific identification method.

### ***Concentration of Credit Risk and Significant Customers***

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company holds cash at major financial institutions that often exceed Federal Deposit Insurance Corporation ("FDIC") insured limits. The Company manages its credit risk associated with cash concentrations by concentrating its cash deposits in high quality financial institutions and by periodically evaluating the credit quality of the primary financial institutions holding such deposits. The carrying value of cash approximates fair value. Historically, the Company has not experienced any losses due to such cash concentrations. The Company does not have any off-balance-sheet credit exposure related to its customers.

Concentrations of credit risk with respect to trade account receivables are limited due to the large number of customers comprising the Company's customer base. No single customer accounted for more than 10% of total net sales or receivables in 2023, 2022 or 2021.

### ***Accounts Receivable, Net and Contract Assets***

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Allowances for doubtful accounts are provided for those outstanding balances considered to be uncollectible based upon historical collection experience, changes in customer payment profiles, the aging of receivable balances, and management's overall evaluation of the outstanding balances at year end. Balances that are still outstanding after management has made reasonable collection efforts are written off through a charge to the allowance for doubtful accounts. At December 31, 2023 and 2022, the allowance for doubtful accounts was \$2.3 million and \$1.9 million, respectively.

Contract assets represent contractual rights to consideration in the future and are generated when contractual billing schedules differ from the timing of revenue recognition. The Company records accounts receivable when it has the unconditional right to issue an invoice and receive payment regardless of whether revenue has been recognized. If revenue is recognized in advance of the right to invoice, a contract asset (unbilled receivable) is recorded, which is included in accounts receivable, net in the consolidated balance sheets.

### ***Deferred Contract Costs***

Certain sales commissions earned by the Company's employees are considered incremental and recoverable costs of obtaining a contract with a customer. These sales commissions for initial and renewal contracts are capitalized and are included in current portion of deferred contract costs and deferred contract costs, net of current portion. Capitalized amounts also include the associated payroll taxes and other fringe benefits associated with the payments to the Company's employees.

Costs capitalized related to new revenue contracts are amortized on a straight-line basis over four years, which reflects the average period of benefit, including expected contract renewals. When determining the period of benefit, the Company primarily considered its initial estimated customer life, the technological life of the subscription license, as well as an estimated customer relationship period. Costs capitalized related to renewal contracts are amortized on a straight-line basis over two years, which reflects the average renewal period. Renewal contracts with a term of one year or less are expensed.

The capitalized amounts are recoverable through future revenue streams under all non-cancellable customer contracts. Amortization of capitalized costs to obtain revenue contracts is included in sales and marketing expense in the accompanying consolidated statements of operations. There were no impairments of these costs in the years ended December 31, 2023, 2022 or 2021.

### ***Property and Equipment, Net***

Property and equipment are stated at cost, net of accumulated depreciation and amortization. The assets are depreciated on a straight-line basis over the estimated useful lives as follows:

Furniture and equipment	5 years
Computers and software	3 years
Leasehold improvements	Lesser of the asset life or lease term

Upon retirement or sale, the cost of assets disposed and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized as gain or loss on disposal of assets in the consolidated statements of operations. Major replacements and improvements are capitalized, while general repairs and maintenance are charged to expense as incurred.

### ***Leases***

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

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

### ***Derivative Instruments and Hedging Activities***

The Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain of its risk, even though hedge accounting does not apply or the Company elects not to apply hedge accounting. The Company measures the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

### ***Advertising and Promotional Expenses***

The Company expenses advertising costs as incurred in accordance with ASC 720—*Other Expenses – Advertising Cost*. Advertising expenses of \$1.6 million, \$1.6 million and \$0.9 million for the years ended December 31, 2023, 2022 and 2021, respectively, are included in sales and marketing expenses on the consolidated statements of operations.

### ***Software Development Costs***

The Company accounts for its software development costs in accordance with the guidance set forth in ASC 350-40—*Intangibles – Goodwill and Other – Internal Use Software*. The Company capitalizes costs to develop software for internal use incurred during the application development stage. Costs related to preliminary project activities and post implementation activities are expensed as incurred. Capitalized costs of \$1.6 million and \$1.0 million for the years ended December 31, 2023 and 2022, respectively, are included in property and equipment, net.

### ***Acquisitions***

The Company accounts for business combinations using the acquisition method in accordance with ASC 805, *Business Combinations*. Each acquired company's operating results are included in the Company's consolidated financial statements starting on the date of acquisition. The Company allocates purchase consideration to the tangible and identifiable intangible assets acquired, and liabilities assumed based on their estimated fair values. The purchase price is determined based on the fair value of the assets transferred, liabilities assumed, and equity interests issued, after considering any transactions that are separate from the business combination. The excess of fair value of purchase consideration over the fair values of the identifiable assets and liabilities is recorded as goodwill. Tangible and identifiable intangible assets acquired and liabilities assumed as of the date of acquisition are recorded at the acquisition date fair value. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets and contingent liabilities. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from acquired customer bases, acquired technology and acquired trade names, useful lives, royalty rates, and discount rates.

The estimates are inherently uncertain and subject to revision as additional information is obtained during the measurement period for an acquisition, which may last up to one year from the acquisition date. During the measurement period, the Company may record adjustments to the fair value of tangible and intangible assets acquired and liabilities assumed, with a corresponding offset to goodwill. After the conclusion of the measurement period or the final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to earnings.

In addition, uncertain tax positions and tax-related valuation allowances assumed in connection with a business combination are initially estimated as of the acquisition date. The Company reevaluates these items based upon the facts and circumstances that existed as of the acquisition date, with any revisions to the Company's preliminary estimates being recorded to goodwill, provided that the timing is within the measurement period. Subsequent to the measurement period, changes to uncertain tax positions and tax related valuation allowances will be recorded to earnings.

For any given acquisition, the Company may identify certain pre-acquisition contingencies. The Company estimates the fair value of such contingencies, which are included as part of the assets acquired or liabilities assumed, as appropriate. Differences from these estimates are recorded in the consolidated statement of operations in the period in which they are identified.

### ***Goodwill and Intangible Assets***

Goodwill is calculated as the excess of the purchase consideration paid in the acquisition of a business over the fair value of the identifiable assets acquired and liabilities assumed. Goodwill is not amortized and is tested for impairment at the reporting unit level, at least annually, and more frequently if events or circumstances occur that would indicate a potential decline in fair value.

A reporting unit is an operating segment or a component of an operating segment. The Company first assesses qualitative factors to evaluate whether it is more likely than not that the fair value of a reporting unit is less than the carrying amount, or it may elect to bypass such assessment. If it is determined that it is more likely than not that the fair value of the reporting unit is less than its carrying value, or if the Company elects to bypass the qualitative assessment, management will perform a quantitative test by determining the fair value of the reporting unit. The estimated fair value of the reporting unit is based on a combination of an income and market approach. The income approach utilizes a projected discounted cash flow model that includes significant assumptions and estimates, including the discount rate, growth rate, and future financial performance. The market approach utilizes the Company's market capitalization plus an appropriate control premium. Market capitalization is determined by multiplying the number of shares of Class A Common Stock outstanding by the market price of the Company's Class A Common Stock. The control premium is determined by utilizing data from publicly available premium studies for similarly situated public company transactions. If the carrying value of the reporting unit exceeds the fair value, then a goodwill impairment loss is recognized for the difference. The Company performs its annual impairment assessment in the first month of the fourth quarter of each calendar year.

Definite-lived intangible assets are amortized over their estimated useful lives, which represent the period over which the Company expects to realize economic value from the acquired asset(s), using the economic consumption method if anticipated future revenues can be reasonably estimated. The straight-line method is used when future revenues cannot be reasonably estimated. The following provides a summary of the estimated useful lives by category of asset.

Customer relationships	14 – 20 years
Technology	6 – 8 years
Tradenames / trademark	5 – 19 years
Data	3 years

During the quarter ended September 30, 2023, the Company experienced a sustained decline in its stock price and market capitalization, which represented a triggering event requiring management to perform a goodwill impairment test as of September 30, 2023. As a result of the Company's impairment test, the Company determined that the fair value of its single reporting unit was lower than its carrying value and, accordingly, recorded a non-cash, pretax, goodwill impairment charge of \$287.4 million. The goodwill impairment charge did not affect the Company's liquidity or the financial covenants in its outstanding debt agreement.

During the quarter ended December 31, 2023, the Company performed a quantitative assessment and concluded that the fair value of its single reporting unit exceeded its carrying value as of December 31, 2023. The Company will continue to monitor for potential impairment should impairment indicators arise. Refer to Note 9. *Goodwill and Intangible Assets* for further details.

### ***Impairment of Long-Lived Assets***

The Company reviews the carrying value of property and equipment and other long-lived assets, including definite-lived intangible assets and property and equipment, for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable. If estimated undiscounted future cash flows expected to result from its use and eventual disposition are not expected to be adequate to recover the asset's carrying value, an impairment charge is recorded for the excess of the asset's carrying value over its estimated fair value.

### ***Deferred Revenue***

Deferred revenue consists of customer payments and billings in advance of revenue being recognized from the subscription services. If revenue has not yet been recognized, a contract liability (deferred revenue) is recorded. Deferred revenue that is anticipated to be recognized within the next 12 months is recorded as current portion of deferred revenue and the remaining portion is included in long term liabilities as deferred revenue on the consolidated balance sheets.

### ***Debt Issuance Costs***

Costs incurred in connection with the issuance of long-term debt are deferred and amortized as interest expense over the terms of the related debt using the effective interest method for term debt and on a straight-line basis for revolving debt. To the extent that the debt is outstanding, these amounts are reflected in the consolidated balance sheets as direct deductions from the long-term portions of debt, except for the costs related to the Company's revolving credit facilities, which are presented as a non-current asset on the consolidated balance sheets within other assets. Upon a refinancing or amendment, previously capitalized debt issuance costs are expensed and included in loss on extinguishment of debt, if the Company determines that there has been a substantial modification of the related debt. If the Company determines that there has not been a substantial modification of the related debt, any previously capitalized debt issuance costs are amortized as interest expense over the term of the new debt instrument. As of December 31, 2023 and 2022, the Company had \$1.5 million and \$2.0 million, respectively, of unamortized deferred financing costs related to its non-revolving credit facilities, and \$0.4 million and \$0.6 million, respectively, of unamortized deferred financing costs related to its revolving credit facility.

### ***Sales Tax***

The Company's revenues may be subject to local sales taxes in certain states, if applicable. It is the Company's policy to treat all such taxes on a "net" basis, which means the charges for sales taxes to the Company's customers are not included in revenues and the remittance of such taxes is not presented as an expense. Any amounts payable, inclusive of interest and penalties, to taxation authorities in which the Company did not charge the customer for sales taxes is recorded within general and administrative expenses in the consolidated statements of operations and is included in accrued expenses and other current liabilities in the consolidated balance sheets.

## ***Income Taxes***

Definitive OpCo is taxed as a partnership. For federal and state income tax purposes, income, losses, and other tax attributes not generated by AW and its wholly owned U.S. and foreign subsidiaries generally pass through to the Definitive OpCo members' individual income tax returns. Additionally, Definitive OpCo may be subject to certain taxes on behalf of its members in certain states.

AW and its wholly owned U.S. and foreign subsidiaries are taxed as corporations. Accordingly, AW accounts for income taxes by recognizing tax assets and liabilities for the cumulative effect of all the temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities. Deferred taxes for AW are determined using enacted federal, state, or foreign income tax rates in effect in the year in which the differences are expected to reverse.

Definitive Healthcare Corp. is subject to U.S. federal, state and local income taxes with respect to its allocable share of any taxable income of Definitive OpCo and will be taxed at the prevailing corporate tax rates. In addition to tax expenses, Definitive Healthcare Corp. will also make payments under the Tax Receivable Agreement, which the Company expects to be significant. The Company anticipates that it will account for the income tax effects and corresponding Tax Receivable Agreement's effects resulting from future redemptions or exchanges of LLC Units by recognizing an increase in Definitive Healthcare Corp.'s deferred tax assets, based on enacted tax rates at the date of the purchase or exchange.

Further, the Company accounts for amounts payable under the Tax Receivable Agreement in accordance with ASC 450—*Contingencies*. The amounts to be recorded for both the deferred tax assets and the liability for the Company's obligations under the Tax Receivable Agreement will be estimated at the time of any purchase or exchange as a reduction to shareholders' equity, and the effects of changes in any of the Company's estimates after this date will be included in net income or loss. Similarly, the effect of subsequent changes in the enacted tax rates will be included in net income or loss.

In assessing the realizability of deferred tax assets of the Company and its subsidiaries, management considers the weight of available evidence and whether it is more likely than not that some or all of the deferred tax assets will be realized; when necessary, a valuation allowance is established.

Under the provisions of ASC 740—*Income Taxes*, as it relates to accounting for uncertainties in tax positions, the Company recognizes the tax benefit of tax positions to the extent that the benefit will more likely than not be realized. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances. For the tax years ended December 31, 2023, 2022 and 2021, the Company did not have any uncertain tax positions.

## ***Net Loss Per Share***

Net income or loss per share is computed in conformity with the two-class method required for participating securities. The two-class method of computing earnings per share is required for entities that have participating securities. The two-class method is an earnings allocation formula that determines earnings per share for participating securities according to dividends declared (or accumulated) and participation rights in undistributed earnings. The participating securities do not include a contractual obligation to share in losses of the Company and are not included in the calculation of net loss per share in the periods in which a net loss is recorded.

Basic net income or loss per share is computed by dividing the net income or loss by the weighted-average number of common shares of the Company outstanding during the period. Diluted net income or loss per share is computed by giving effect to all potential shares, including exchangeable Definitive OpCo LLC Units and restricted stock units, to the extent dilutive. The Company uses the treasury stock method to calculate potentially dilutive shares, as if they were converted into Common Stock at the beginning of the period. Basic and diluted net income or loss per share was the same for the period presented as the inclusion of all potential shares outstanding would have been anti-dilutive. See Note 20. *Loss Per Share* for additional information on dilutive securities.

## ***Equity-based Compensation***

Equity instruments issued in exchange for services performed by officers, employees, consultants, and directors of the Company are accounted for using a fair-value based method, and the fair value of such equity instruments are recognized as expense in the consolidated statements of operations. The Company has issued restricted stock units ("RSUs"), the fair values of which are determined by the closing stock price on the date of grant, and prior to the IPO, issued profit interest units ("PIUs") to certain employees and officers with a return threshold that was set based on the fair value of the Company.



For PIUs, fair value was determined using a two-step process. First, the Company's enterprise value was established using generally accepted valuation methodologies, including discounted cash flow analysis, guideline comparable public company analysis, and comparable transaction method. Second, the enterprise value was allocated among the securities that comprise the capital structure of the Company using an option-pricing method based on the Black-Scholes model. For performance-based units, the Company used a Monte Carlo simulation analysis, which captures the impact of the performance vesting conditions to value the performance-based units. The use of the Black-Scholes model and the Monte Carlo simulation required the Company to make estimates and assumptions, such as expected volatility, expected term and expected risk-free interest rate.

Equity-based compensation expense is measured at the grant date fair value of the stock-based awards and is recognized as expense on a straight-line basis over the requisite service periods, which is generally the vesting period of the respective award. The Company estimates the fair value of each stock-based award on its measurement date using either the current market price of the stock or the Monte Carlo Simulation valuation model. The Monte Carlo Simulation valuation models incorporate assumptions as to stock price volatility, the expected life of options or awards, a risk-free interest rate and dividend yield.

Expense for performance restricted stock units with market-based vesting criteria is recognized based upon the fair value of the awards on the date of grant and the number of shares expected to vest based on the terms of the underlying award agreement and the requisite service periods.

For units and shares which had a performance conditions not tied to market-based criteria, we recognized compensation expense based on the Company's assessment of the probability that the performance condition(s) would be achieved. Any related compensation expense was recognized when the probability of the event was likely and performance criteria were met. Forfeitures are recognized as they occur.

The Company classifies equity-based compensation expense in its consolidated statements of operations in the same manner in which the award recipient's salary and related costs are classified.

#### ***Adoption of Recently Issued Financial Accounting Standards***

In June 2016, the FASB issued ASU No. 2016-13—*Financial Instruments – Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments*. This standard is intended to improve financial reporting by requiring earlier recognition of credit losses on financing receivables and other financial assets in scope, such as trade receivables. The amendment is effective for fiscal years beginning after December 15, 2022. The Company adopted the update effective January 1, 2023 and the adoption of the standard did not have a material impact on the Company's consolidated financial statements.

#### ***Recently Issued Accounting Pronouncements Not Yet Adopted***

In December 2023, the FASB issued Accounting Standards Update 2023-09, "Improvements to Income Tax Disclosures," ("ASU 2023-09"), which is effective for annual periods beginning after December 15, 2024. ASU 2023-09 intends to enhance the transparency as well as usefulness of income tax disclosures, primarily related to the rate reconciliation and income taxes paid. The Company is currently assessing the impact that adoption of this new accounting guidance will have on its consolidated financial statements and footnote disclosures.

### 3. Acquisitions

#### *Populi, Inc.*

On July 21, 2023, the Company completed the acquisition of Populi, Inc. (“Populi”), a provider-focused data and analytics company that works with healthcare organizations to optimize physician relationships, reduce network leakage, and expand market share, for total consideration of \$54.1 million, consisting of approximately \$46.4 million of cash paid at closing, a \$0.1 million reimbursement from sellers for working capital adjustments, and up to \$28.0 million of contingent consideration, with an initial estimated fair value of \$7.8 million. The contingent consideration relates to earn-out payments that may be paid subject to meeting certain revenue metrics during calendar years 2024 and 2025. In addition to the purchase consideration and pursuant to holdback agreements with certain key Populi employees, the Company agreed to pay \$4.8 million to certain key Populi employees in quarterly installments beginning on December 31, 2023, and continuing through September 30, 2025. The payout of the holdback is subject to continued employment, and therefore recognized as compensation expense over the requisite service period as a component of transaction, integration and restructuring expenses in the accompanying consolidated statements of operations. The assets acquired and liabilities assumed were recorded at their estimated fair values and the results of operations were included in the Company’s consolidated results as of the acquisition date.

The consideration transferred for the transaction is summarized as follows:

<i>(in thousands)</i>	
Cash consideration paid at closing	\$ 46,446
Working capital adjustment	(145)
Contingent consideration	7,800
Purchase price	<u>\$ 54,101</u>

The contingent consideration is based on the achievement of certain revenue metrics during the two-year period following the acquisition date, with potential earn-out payouts ranging from \$0 to \$28.0 million. The Company estimated the fair value of the contingent consideration to be \$7.8 million as of July 21, 2023, based on the estimated achievement of the revenue metrics and time to payment. The contingent consideration was recorded in Other liabilities in the accompanying consolidated balance sheets as of December 31, 2023. Refer to Note 12. *Fair Value Measurements* for updates to the fair value of this contingent consideration subsequent to the acquisition date.

The purchase price allocations for the Populi acquisition are provisional and are based on the information that was available as of the acquisition date to estimate the fair values of assets acquired and liabilities assumed. The Company is gathering and reviewing additional information necessary to finalize the values assigned to the acquired assets and liabilities assumed, as well as acquired identified intangible assets and goodwill. Therefore, the provisional measurements of fair values reported as of December 31, 2023 are subject to change. The Company is expected to finalize the purchase price allocations as soon as practicable, but no later than one year from the acquisition date. Acquisition-date fair values of assets and liabilities pertaining to this business combination have been allocated as follows:

<i>(in thousands)</i>	Preliminary, as originally reported	Measurement period adjustments	As adjusted
<b>Purchase price allocation:</b>			
Cash	\$ 1,423	\$ —	\$ 1,423
Accounts receivable	2,662	—	2,662
Prepaid expenses and other current assets	153	—	153
Property and equipment	42	—	42
Intangible assets	22,830	(500)	22,330
Accounts payable and accrued expenses	(3,316)	—	(3,316)
Deferred revenue	(4,010)	—	(4,010)
Deferred tax liabilities	(2,354)	(576)	(2,930)
Total assets acquired and liabilities assumed	17,430	(1,076)	16,354
Goodwill	36,652	1,095	37,747
Purchase price	<u>\$ 54,082</u>	<u>\$ 19</u>	<u>\$ 54,101</u>

As a result of the Populi acquisition, the Company recorded goodwill, developed software, customer relationships, and tradename of \$37.7 million, \$21.4 million, \$0.8 million, and \$0.1 million, respectively, as of the acquisition date. The goodwill recognized includes the fair value of the assembled workforce, which is not recognized as an intangible asset separable from goodwill, and any expected synergies gained through the acquisition. The Company determined that the goodwill resulting from the acquisition is not deductible for tax purposes. All goodwill has been allocated to the Company’s one reportable segment.

The developed software represents Populi’s proprietary solutions that are designed to assist organizations in optimizing physician relationships, reducing network leakage, and expanding market share. The Company used the income approach, specifically the multi-period excess earnings method, to determine the value of developed software. Significant assumptions include an obsolescence factor, tax rate, and discount rate. The developed software was valued at \$21.4 million and is amortized using the economic value method, which represents the pattern of cash flows over the estimated 7-year life of this asset.

Customer relationships represent the estimated fair value of the underlying relationships with the acquired entity’s business customers. The Company valued customer relationships using the income approach, specifically the multi-period excess earnings method. Significant assumptions include estimated attrition rates, discount rates, and tax rates reflecting the different risk profiles of the asset depending upon the acquisition. The value assigned to customer relationships is \$0.8 million and is amortized using the straight-line method over the estimated remaining useful life of 15 years.

The tradename represents the estimated fair value of the registered trade name associated with the Populi corporate brand. The Company estimated the fair value of the trademark using a relief from royalty method of the income approach. Significant assumptions include forecast of royalty rate, tax rate, and discount rate. The trademark was valued at \$0.1 million and is amortized using the straight-line method over the estimated remaining useful life of 1 year.

In total, intangible assets acquired in the Populi acquisition are estimated to be amortized over a weighted average period of 7.2 years. See Note 9. *Goodwill and Intangible Assets* for the estimated total intangible amortization expense during the next five years.

In connection with the acquisition, the Company recognized acquisition related costs of \$5.1 million which were recorded within transaction, integration, and restructuring expenses in the accompanying consolidated statements of operations for the year ended December 31, 2023.

Unaudited Pro Forma Supplementary Data as if the transaction had occurred on January 1, 2022:

	Year Ended December 31,	
	2023	2022
<i>(in thousands)</i>		
Revenue	\$ 255,629	\$ 228,085
Net loss	(294,232)	(33,015)

These pro forma results have been prepared for comparative purposes only and do not purport to be indicative of the operating results of the Company that would have been achieved had the acquisition actually taken place on January 1, 2022. In addition, these results are not intended to be a projection of future results and do not reflect events that may occur after the acquisition, including but not limited to revenue enhancements, cost savings or operating synergies that the combined Company may achieve as a result of the acquisition.

### ***Analytical Wizards***

On December 22, 2021, Definitive Healthcare, LLC (“DH, LLC”), an indirect wholly owned subsidiary of Definitive Healthcare Corp. made a \$40.0 million investment in Analytical Wizards Inc. (“AW” or “Analytical Wizards”), a privately held company. Analytical Wizards automates complex analytic models using tools that expedite efficient big data mining through A.I. and M.L. to uncover deep insights. In the transaction the Company purchased Series B Convertible Preferred Stock of AW (“Series B Preferred Stock”), representing 35% ownership of AW, and an option to acquire the remaining 65% ownership (the "Purchase Option") for \$65.0 million. As of December 31, 2021, the Company determined it did not have a controlling financial interest in AW at transaction close as the Company did not have the right to control the governing body of AW or have control through other contractual rights. At December 31, 2021, because the Series B Preferred Stock and the Purchase Option did not have readily determinable fair values, the Company elected to apply the measurement alternative and adjust the carrying value of the investments in AW for impairments and observable prices in identical or similar equity securities of AW. The Company paid \$40.0 million for the Series B Preferred Stock and Purchase Option, which was allocated on a relative fair value basis such that the Series B Preferred Stock and Purchase Option had carrying values of \$32.7 million and \$7.3 million at the time of the transaction, respectively.

In February 2022, the Company completed the purchase of the remaining 65% of AW’s equity for \$65.0 million, net of cash acquired and an estimated working capital adjustment and other customary purchase price adjustments (the “AW acquisition”). The Company’s previously held investment and Purchase Option were remeasured at fair value as of the date the Purchase Option was exercised. The remeasurement had an immaterial impact on the consolidated statements of operations for the three months ended March 31, 2022. The Company has included the financial results of Analytical Wizards in the consolidated financial statements from February 18, 2022, the date of acquisition.

Upon the consummation of the acquisition, AW became an indirect wholly owned subsidiary of Definitive Healthcare Corp. The total consideration for the initial investment and subsequent exercise of the Purchase Option was \$99.4 million, consisting of \$40.0 million for the initial investment paid in December 2021, approximately \$58.6 million of cash paid at closing, \$0.2 million reimbursement from sellers for working capital adjustments, and up to \$5.0 million of contingent consideration, initially valued at \$1.0 million. The contingent consideration, which relates to earn-out payments that may be paid out, subject to meeting certain expense control metrics during the two-year period following the closing of the AW acquisition, has an estimated fair value of \$1.0 million as of the acquisition date. Pursuant to the Stock Purchase Agreement governing the AW acquisition, \$10.0 million of the consideration was deposited into an escrow account to secure certain indemnification claims of DH, LLC. The assets acquired and liabilities assumed were recorded at their estimated preliminary fair values and the results of operations were included in the Company's consolidated results as of the acquisition date.

The consideration transferred for the transaction is summarized as follows:

<i>(in thousands)</i>	
Initial cash investment in December 2021	\$ 40,000
Cash consideration paid at closing	58,645
Working capital adjustment	(202)
Contingent consideration	1,000
Purchase price	<u>\$ 99,443</u>

The contingent consideration was based on the achievement of certain expense control metrics during the two-year period following the acquisition date, with potential earn-out payouts ranging from \$0 to \$5.0 million. The Company estimated the fair value of the contingent consideration to be \$1.0 million as of February 18, 2022, based on the estimated achievement of the expense control metrics and time to payment. The contingent consideration was recorded in accrued expenses and other current liabilities in the accompanying consolidated balance sheet as of December 31, 2023. Refer to Note 12. *Fair Value Measurements* for updates to the fair value of this contingent consideration subsequent to the acquisition date.

The Company finalized the purchase price allocations of the AW acquisition during the first quarter of 2023. Acquisition-date fair values of assets and liabilities pertaining to this business combination have been allocated as follows:

<i>(in thousands)</i>	Preliminary, as originally reported	Measurement period adjustments	As adjusted
<b>Purchase price allocation:</b>			
Cash	\$ 2,146	\$ —	\$ 2,146
Accounts receivable	3,575	(50)	3,525
Prepaid expenses and other current assets	506	300	806
Property and equipment	134	—	134
Intangible assets	46,000	—	46,000
Right-of-use asset, operating leases	832	—	832
Other assets	—	703	703
Accounts payable and accrued expenses	(485)	(502)	(987)
Deferred revenue	(3,691)	326	(3,365)
Right-of-use liability, operating leases	(832)	—	(832)
Deferred taxes	(10,345)	67	(10,278)
Other liabilities	(267)	(633)	(900)
Total assets acquired and liabilities assumed	<u>37,573</u>	<u>211</u>	<u>37,784</u>
Goodwill	62,072	(413)	61,659
Purchase price	<u>\$ 99,645</u>	<u>\$ (202)</u>	<u>\$ 99,443</u>

As a result of the AW acquisition, the Company recorded goodwill, customer relationships, developed software, and tradename of \$61.7 million, \$39.4 million, \$6.1 million, and \$0.5 million, respectively, as of the acquisition date. The goodwill recognized includes the fair value of the assembled workforce, which is not recognized as an intangible asset separable from goodwill, and any expected synergies gained through the acquisition. The Company determined that the goodwill resulting from the acquisition is not deductible for tax purposes. All goodwill has been allocated to the Company's one reportable segment.

Customer relationships represent the estimated fair value of the underlying relationships with the acquired entity's business customers. The Company valued customer relationships using the income approach, specifically the multi-period excess earnings method. Significant assumptions include estimated attrition rates, discount rates, and tax rates reflecting the different risk profiles of the asset depending upon the acquisition. The value assigned to customer relationships is \$39.4 million and is amortized using the annual pattern of cash flows (economic value method) over the estimated 20-year life of this asset.

The developed software represents AW's two modules. Passport Promotional Analytics helps customers to optimize internal investment and business management by focusing on driving incremental efficiencies in sales, cost management, profit optimization, and productive gains. Passport Planning and Performance helps customers to analyze large data sets in order to proactively predict business outcomes. The Company used the income approach, specifically the relief-from-royalty method, to determine the value of developed software. Significant assumptions include forecast of royalty rate, tax rate, and discount rate. The developed software was valued at \$6.1 million and is amortized using the straight-line method over the estimated remaining useful life of 6 years.

The tradename represents the estimated fair value of the registered trade name associated with the AW corporate brand. The Company estimated the fair value of the trademark using a relief from royalty method of the income approach. Significant assumptions include forecast of royalty rate, tax rate, and discount rate. The trademark was valued at \$0.5 million and is amortized using the straight-line method over the estimated remaining useful life of 5 years.

In total, intangible assets acquired in the AW acquisition are estimated to be amortized over a weighted-average period of 18.0 years. See Note 9. *Goodwill and Intangible Assets* for the estimated total intangible amortization expense during the next five years.

In connection with the acquisition, the Company recognized acquisition related costs of \$1.3 million which were recorded within transaction expenses in the accompanying consolidated statements of operations for the year ended December 31, 2022.

Unaudited Pro Forma Supplementary Data as if the transaction had occurred on January 1, 2022:

<i>(in thousands)</i>	<b>Year Ended December 31, 2022</b>	
Revenue	\$	224,130
Net loss		(26,443)

These pro forma results have been prepared for comparative purposes only and do not purport to be indicative of the operating results of the Company that would have been achieved had the acquisition actually taken place on January 1, 2022. In addition, these results are not intended to be a projection of future results and do not reflect events that may occur after the acquisition, including but not limited to revenue enhancements, cost savings or operating synergies that the combined Company may achieve as a result of the acquisition.

#### 4. Revenue

The Company disaggregates revenue from its arrangements with customers by type of service as it believes these categories best depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

The following table represents a disaggregation of revenue from arrangements with customers for the years ended December 31, 2023, 2022 and 2021.

<i>(in thousands)</i>	Year Ended December 31,		
	2023	2022	2021
Subscription services	\$ 243,052	\$ 217,024	\$ 164,564
Professional services	8,363	5,629	1,590
Total revenue	<u>\$ 251,415</u>	<u>\$ 222,653</u>	<u>\$ 166,154</u>

The opening and closing balances of the Company's receivables, deferred contract costs, and contract liabilities from contracts with customers were as follows as of:

<i>(in thousands)</i>	December 31, 2023	December 31, 2022
Accounts receivable, net	\$ 59,249	\$ 58,799
Deferred contract costs, current portion	13,490	10,387
Deferred contract costs, noncurrent portion	17,320	14,596
Deferred revenues	97,386	99,928

#### *Deferred Contract Costs*

A summary of the activity impacting the deferred contract costs during the years ended December 31, 2023 and 2022 is presented below:

<i>(in thousands)</i>	December 31, 2023	December 31, 2022
Balance at beginning of year	\$ 24,983	\$ 18,547
Costs amortized	(12,963)	(8,816)
Additional amounts deferred	18,790	15,252
Balance at end of year	<u>30,810</u>	<u>24,983</u>
Classified as:		
Current	13,490	10,387
Non-current	17,320	14,596
Total deferred contract costs (deferred commissions)	<u>\$ 30,810</u>	<u>\$ 24,983</u>

#### *Contract Liabilities*

A summary of the activity impacting deferred revenue balances during the years ended December 31, 2023 and 2022 is presented below as of:

<i>(in thousands)</i>	December 31, 2023	December 31, 2022
Balance at beginning of year	\$ 99,928	\$ 84,023
Revenue recognized	(251,415)	(222,653)
Additional amounts deferred	248,873	238,558
Balance at end of year	<u>\$ 97,386</u>	<u>\$ 99,928</u>

### ***Remaining Performance Obligations***

Transaction price allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes unearned revenue and unbilled amounts that will be invoiced and recognized as revenue in future periods. Transaction price allocated to remaining performance obligations is influenced by several factors, including seasonality, the timing of renewals, and disparate contract terms. Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes unearned revenue and backlog. The Company's backlog represents installment billings for periods beyond the current billing cycle. The majority of the Company's noncurrent remaining performance obligations will be recognized in the next 13 to 36 months.

The remaining performance obligations consisted of the following as of:

<i>(in thousands)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current	\$ 187,331	\$ 183,527
Non-current	89,636	93,464
Total	<u>\$ 276,967</u>	<u>\$ 276,991</u>

## 5. Leases

The Company leases real estate in the form of office space facilities. Generally, the term for real estate leases ranges from 1 to 9 years at inception of the contract. Some real estate leases include options to renew that can extend the original term by 5 to 10 years.

Operating lease costs are allocated according to headcount to cost of revenue, sales and marketing, product development and general and administrative expenses in the consolidated statements of operations. As of December 31, 2023, the Company does not have any finance leases.

During the first quarter of 2023, the Company executed a plan to exit one of its office facilities by exercising an early termination clause, which was accounted for as a lease modification under ASC 842. The Company ceased use of the office facility during the first quarter and accordingly recorded a \$0.2 million impairment charge, which represented the remaining carrying value of the right-of-use asset as of March 31, 2023.

During the third quarter of 2023, the Company executed a new four-year lease agreement for its office in Sweden, which was accounted for under ASC 842. Accordingly, the Company recorded an initial right-of-use asset and corresponding operating lease liability of \$1.6 million, which represented the present value of the expected future minimum lease payments.

During the first quarter of 2022, the Company gave notice of its intent to extend one of its office lease facilities for an additional five-year period and the extension was accounted for as a lease modification under ASC 842. Accordingly, the Company recorded a right-of-use asset and corresponding operating lease liability of \$6.0 million, which represented the present value of the expected future minimum lease payments. During the quarter ended June 30, 2022, the Company's executive leadership team approved a program to exit the office lease facility and signed an agreement with the landlord to withdraw the Company's exercise of the option to extend. As a result, the lease terminated on December 31, 2022. This was accounted for as a lease modification under ASC 842 and the Company reduced the right-of-use asset by \$6.0 million in the second quarter of 2022. The Company ceased use of the office facility during the same quarter and accordingly recorded an impairment charge of \$0.7 million, which represented the remaining carrying value of the right-of-use asset as of June 30, 2022.

During the second quarter of 2022, the Company executed a plan to exit one of its other office facilities by exercising an early termination clause, which was accounted for as a lease modification under ASC 842. The Company ceased use of the office facility during the second quarter and accordingly recorded a \$0.2 million impairment charge, which represented the remaining carrying value of the right-of-use asset as of June 30, 2022.

The Company recorded the following lease costs for the years ended December 31, 2023 and 2022:

<i>(in thousands)</i>	Year Ended December 31,	
	2023	2022
<u>Lease Cost</u>		
Capitalized operating lease cost	\$ 2,202	\$ 2,676
Variable lease cost	—	1
Total lease cost	<u>\$ 2,202</u>	<u>\$ 2,677</u>

*(in thousands)*

### Supplemental Cash Flow and Other Information

Cash paid for amounts included in measurement of lease liabilities and capitalized operating leases:

Operating cash flows	\$ 2,052	\$ 3,145
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Right-of-use assets obtained in exchange for lease liabilities:

Capitalized operating leases	\$ 1,563	\$ 982
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Lease term and discount rate consisted of the following as of:

	December 31, 2023	December 31, 2022
<u>Weighted-average remaining lease term (in years):</u>		
Capitalized operating leases	4.80	5.78
<u>Weighted-average discount rate:</u>		
Capitalized operating leases	4.6%	4.2%



The table below reconciles the undiscounted future minimum lease payments (displayed by year and in the aggregate) under noncancelable operating leases with terms of more than one year to the total operating lease liabilities recognized on the consolidated balance sheets as of December 31, 2023.

<i>(in thousands)</i>	<b>Capitalized Operating Lease</b>
2024	\$ 2,699
2025	2,681
2026	2,684
2027	2,456
2028	2,177
Thereafter	181
	<u>\$ 12,878</u>
Imputed interest	1,267
Operating lease liability balance at December 31, 2023	<u>\$ 11,611</u>

Total rent expense, which was allocated according to headcount to cost of revenue, sales and marketing, product development and general and administrative expenses in the consolidated statements of operations, was \$2.0 million, \$2.4 million, and \$2.8 million for the years ended December 31, 2023, 2022, and 2021, respectively.

## 6. Short-term Investments

Short-term investments classified as available-for-sale consisted of the following as of:

<i>(in thousands)</i>	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term investments:				
US Treasuries	\$ 62,486	\$ 20	\$ (45)	\$ 62,461
Corporate Bonds	2,314	10	—	2,324
Commercial Paper	94,269	85	(18)	94,336
Certificates of Deposit	17,954	19	(2)	17,971
Total short-term investments	<u>\$ 177,023</u>	<u>\$ 134</u>	<u>\$ (65)</u>	<u>\$ 177,092</u>

<i>(in thousands)</i>	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term investments:				
US treasuries	\$ 59,849	\$ 3	\$ (129)	\$ 59,723
Agency bonds	6,450	4	(2)	6,452
Commercial paper	95,831	29	(123)	95,737
Certificates of deposit	23,034	17	(24)	23,027
Total short-term investments	<u>\$ 185,164</u>	<u>\$ 53</u>	<u>\$ (278)</u>	<u>\$ 184,939</u>

All short-term investments had stated maturity dates of less than one year. Included in the amortized cost as of December 31, 2023 and 2022 is accretion of \$2.8 million and \$1.2 million, respectively. Interest accretion on short-term investments was \$8.2 million and \$1.1 million during the years ended December 31, 2023 and 2022, respectively.

## 7. Accounts Receivable

Accounts receivable consisted of the following as of:

<i>(in thousands)</i>	December 31, 2023	December 31, 2022
Accounts receivable	\$ 60,206	\$ 59,780
Unbilled receivable	1,346	881
	61,552	60,661
Less: allowance for doubtful accounts	(2,303)	(1,862)
Accounts receivable, net	<u>\$ 59,249</u>	<u>\$ 58,799</u>

## 8. Property and Equipment

Property and equipment consisted of the following as of:

<i>(in thousands)</i>	December 31, 2023	December 31, 2022
Computers and software	\$ 6,921	\$ 5,924
Furniture and equipment	1,172	1,204
Leasehold improvements	2,338	2,134
	10,431	9,262
Less: accumulated depreciation and amortization	(5,960)	(4,798)
Property and equipment, net	<u>\$ 4,471</u>	<u>\$ 4,464</u>

Depreciation and amortization expense was \$2.0 million, \$2.2 million and \$1.7 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Impairment charges for operating lease right-of-use assets and leasehold improvements due to office closures and relocations were \$0.2 million and \$1.0 million for the years ended December 31, 2023 and 2022, respectively. These charges were recognized within transaction, integration and restructuring expenses in the Company's consolidated statements of operations.

The Company also disposed of fully-depreciated property and equipment of \$0.8 million and \$2.1 million in the years ended December 31, 2023 and 2022, respectively.

## 9. Goodwill and Intangible Assets

The carrying amounts of goodwill and intangible assets consisted of the following as of:

<i>(in thousands)</i>	December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-lived intangible assets:			
Customer relationships	\$ 410,210	\$ (163,586)	\$ 246,624
Developed technologies	78,434	(33,769)	44,665
Tradenames	36,062	(9,379)	26,683
Database	50,221	(45,072)	5,149
Total finite-lived intangible assets	574,927	(251,806)	323,121
Goodwill	1,075,080	—	1,075,080
Total goodwill and intangible assets	<u>\$ 1,650,007</u>	<u>\$ (251,806)</u>	<u>\$ 1,398,201</u>
	December 31, 2022		
<i>(in thousands)</i>	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-lived intangible assets:			
Customer relationships	\$ 409,430	\$ (128,745)	\$ 280,685
Developed technologies	56,965	(25,514)	31,451
Tradenames	35,914	(7,150)	28,764
Database	50,215	(40,393)	9,822
Total finite-lived intangible assets	552,524	(201,802)	350,722
Goodwill	1,324,733	—	1,324,733
Total goodwill and Intangible assets	<u>\$ 1,877,257</u>	<u>\$ (201,802)</u>	<u>\$ 1,675,455</u>

Amortization expense associated with finite-lived intangible assets was \$49.8 million, \$54.7 million, and \$58.2 million for the years ended December 31, 2023, 2022 and 2021, respectively, of which \$12.7 million, \$16.8 million and \$21.3 million was included in cost of revenue for each respective period.

Estimated total intangible amortization expense during the next five years and thereafter is as follows:

<i>(in thousands)</i>	
2024	\$ 48,420
2025	45,911
2026	39,271
2027	33,323
2028	29,555
Thereafter	126,641
Total	<u>\$ 323,121</u>

The Company determined it had one reporting unit.

### Goodwill Impairment

Goodwill and acquired intangible assets are initially recorded at fair value and tested periodically for impairment. The Company performs an impairment test of goodwill during the fourth quarter of each fiscal year and more frequently if indicators of potential impairment arise.

Though the Company traditionally performs its annual impairment assessment in the first month of the fourth quarter of each calendar year, during the quarter ended September 30, 2023, the Company experienced a sustained decline in its stock price and market capitalization, which represented a triggering event requiring management to perform a goodwill impairment test as of September 30, 2023. As a result of the Company's quantitative impairment test, the Company determined that the fair value of its single reporting unit was lower than its carrying value and, accordingly, recorded a non-cash, pretax, goodwill impairment charge of \$287.4 million. The goodwill impairment charge did not affect the Company's liquidity or the financial covenants in its outstanding debt agreement.

In calculating the goodwill impairment charge, the Company estimated the fair value of its single reporting unit using a combination of an income and market approach. The income approach utilizes a discounted cash flow model associated with the business, including the amount and timing of future expected cash flows, tax attributes, technology and customer attrition rates, a terminal value growth rate, and an appropriate market-participant, risk-adjusted, weight average cost of capital in each case using estimates that the Company considered to be reasonable and appropriate. The market approach utilizes the Company's market capitalization, plus an appropriate control premium. Market capitalization is determined by multiplying the number of shares of Class A Common Stock outstanding by the market price of its Class A Common Stock. The control premium is determined by utilizing data from publicly available premium studies for similarly situated public company transactions. A goodwill impairment loss is recognized for the difference between the carrying value of the reporting unit and the fair value.

During the quarter ended December 31, 2023, the Company performed a quantitative assessment and concluded that the fair value of its single reporting unit exceeded its carrying value as of December 31, 2023. The Company will continue to monitor for potential impairment should impairment indicators arise.

As of December 31, 2023 and 2022, goodwill consisted of the following:

<i>(in thousands)</i>	<u>Year Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Goodwill - beginning of year	\$ 1,324,733	\$ 1,263,075
Goodwill acquired during year	37,747	61,658
Goodwill impairment loss	(287,400)	—
Goodwill - end of year	<u>\$ 1,075,080</u>	<u>\$ 1,324,733</u>

The Company also considered its intangible assets with finite useful lives, which are amortized over their estimated useful lives, generally on a straight-line basis. These assets are reviewed for impairment when facts or circumstances indicate that the carrying values may not be recoverable. The decline in the Company's market capitalization driven by a sustained decrease in the Company's stock price was considered to represent a triggering event and the Company's intangible assets were reviewed for impairment. Based on quantitative and qualitative analyses performed, management concluded the assets were recoverable and no impairment charge was recorded.

## 10. Long-Term Debt

Long-term debt consisted of the following as of:

<i>(in thousands)</i>	December 31, 2023		
	Principal	Unamortized debt issuance costs / financing costs	Total debt, net
2021 Term Loan	\$ 257,813	\$ (1,496)	\$ 256,317
Less: current portion of long-term debt			13,750
Long-term debt			<u>\$ 242,567</u>

<i>(in thousands)</i>	December 31, 2022		
	Principal	Unamortized debt issuance costs / financing costs	Total debt, net
2021 Term Loan	\$ 266,406	\$ (2,047)	\$ 264,359
Less: current portion of long-term debt			8,594
Long-term debt			<u>\$ 255,765</u>

During the years ended December 31, 2023 and 2022, the Company repaid \$8.6 million and \$6.9 million, respectively, in outstanding principal of the 2021 Term Loan (as defined below).

### 2021 Credit Agreement

In September 2021, DH Holdings entered into a credit agreement (the “2021 Credit Agreement”) with Bank of America, N.A., as administrative agent, the other lenders party thereto and the other parties specified therein. The 2021 Credit Agreement provides for (i) a \$275.0 million term loan A facility (the “2021 Term Loan”) and (ii) a \$75.0 million revolving credit facility (the “2021 Revolving Line of Credit” and, together with the 2021 Term Loan, collectively, the “2021 Credit Facilities”), the proceeds of which were used to repay a portion of the indebtedness outstanding under a previous credit agreement. Both the 2021 Term Loan and the 2021 Revolving Line of Credit mature on September 17, 2026. The 2021 Credit Facilities include customary affirmative, negative and financial covenants. The 2021 Credit Facilities are guaranteed by all of DH Holdings' wholly owned domestic restricted subsidiaries and AIDH Buyer, LLC, a Delaware limited liability company and the direct parent company of DH Holdings, in each case, subject to customary exceptions, and are secured by a lien on substantially all of the assets of DH Holdings and the guarantors, including a pledge of the equity of DH Holdings, in each case, subject to customary exceptions.

The 2021 Term Loan is subject to annual amortization of principal, payable in equal quarterly installments on the last day of each fiscal quarter, commencing on December 31, 2021 (the “Initial Amortization Date”), equal to approximately 2.5% per annum of the principal amount of the term loans in the first year and second year after the Initial Amortization Date and approximately 5.0% per annum of the principal amount of the term loans in the third year, fourth year and fifth year after the Initial Amortization Date. A balloon payment of approximately \$220.0 million will be due at the maturity of the 2021 Term Loan. There was \$257.8 million and \$266.4 million outstanding on the 2021 Term Loan at December 31, 2023 and 2022, respectively.

DH Holdings is required to pay the lenders under the 2021 Credit Agreement an unused commitment fee of between 0.25% and 0.30% per annum on the undrawn commitments under the 2021 Revolving Line of Credit, depending on the total net leverage ratio, quarterly in arrears. The expense is included in interest expense in the statements of operations. There was no outstanding balance on the 2021 Revolving Line of Credit at December 31, 2023 and 2022. During the quarter ended December 31, 2023, the lessor of the Company's corporate headquarters transitioned from one entity to another. As a result, in lieu of a security deposit, the Company provided a standby letter of credit of \$0.6 million, which reduced the amount available under our revolving credit facility to \$74.4 million as of December 31, 2023.

On October 31, 2022, the Company amended the 2021 Credit Agreement to replace the LIBO rate with Term SOFR plus an applicable rate.

For both the 2021 Term Loan and 2021 Revolving Line of Credit, DH Holdings may elect from several interest rate options based on the Term SOFR Rate or the Base Rate plus an applicable margin. The applicable margin is based on the total leverage ratio. As of December 31, 2023, the effective interest rate was 7.21%.

In connection with the 2021 Credit Agreement, the Company capitalized financing costs totaling \$3.5 million, of which \$2.8 million related to the 2021 Term Loan facility and \$0.8 million related to the 2021 Revolving Line of Credit. The financing costs associated with the 2021 Term Loan facility are recorded as a contra-debt balance in Term loan, net of current portion in the consolidated balance sheets and are amortized over the remaining life of the loan using the effective interest method. The financing costs associated with the 2021 Revolving Line of Credit are recorded in other assets in the consolidated balance sheets and are amortized over the life of the arrangement. The Company amortized capitalized financing costs for the 2021 Credit Agreement through interest expense of \$0.7 million for each of the years ended December 31, 2023 and 2022. At December 31, 2023 and 2022, the unamortized financing costs for the 2021 Revolving Line of Credit were \$0.4 million and \$0.6 million, respectively.

The expected future principal payments as of December 31, 2023 are as follows:

<i>(in thousands)</i>		
2024	\$	13,750
2025		13,750
2026		230,313
	\$	<u>257,813</u>



## 11. Derivative Instruments and Hedging Activities

### *Risk Management Objective of Using Derivatives*

The Company is exposed to risks from changes in interest rates related to the 2021 Term Loan (See Note 10. *Long-Term Debt*). The Company uses derivative financial instruments, specifically, interest rate swap contracts, in order to manage its exposure to interest rate movements. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Our primary objective in holding derivatives is to reduce the volatility of cash flows associated with changes in interest rates. The Company does not enter into derivative transactions for speculative or trading purposes.

### *Cash Flow Hedges of Interest Rate Risk*

The Company entered into two interest rate swap agreements, effective on March 31, 2022. Until October 31, 2022, the counterparties to each of the agreements paid the Company interest at a floating rate on the notional amounts based on the one-month USD-LIBOR swap rate. On October 31, 2022, in conjunction with the amendment to the 2021 Credit Agreement (See Note 10. *Long-Term Debt*), the Company amended the two interest rate swap agreements to replace the LIBO rate with Term SOFR. As a result, subsequent to October 31, 2022, the counterparties paid and will continue to pay interest at a floating rate based on Term SOFR.

As of December 31, 2023, the two outstanding interest rate swap agreements each had a notional value of \$64.5 million with fixed interest rates of 1.90650% and 1.90900%. Interest payments under the swaps are made monthly on a net settlement basis. The Company has not recorded any amounts due to ineffectiveness for the year ended December 31, 2023. The notional value of each interest rate swap agreement is expected to match the corresponding principal amount of a portion of our borrowings under the 2021 Term Loan. The swap agreements mature on March 31, 2025.

The derivative interest rate swaps are designated and qualify as cash flow hedges. Consequently, the change in the estimated fair value of the effective portion of the derivative is recognized in accumulated other comprehensive income ("AOCI") on our consolidated balance sheets and reclassified to interest expense, net, when the underlying transaction has an impact on earnings. The Company expects to recognize approximately \$3.4 million of net pre-tax gains from accumulated other comprehensive income as a reduction of interest expense in the next twelve months associated with its interest rate swaps. The Company recognizes derivative instruments and hedging activities on a gross basis as either assets or liabilities on the Company's consolidated balance sheets and measures them at fair value. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the earnings effect of the hedged forecasted transactions in a cash flow hedge. To receive hedge accounting treatment, all hedging relationships are formally documented at the inception of the hedge, and the hedges must be highly effective in offsetting changes to future cash flows on hedged transactions.

The fair values of the interest rate swaps and their respective locations in our consolidated balance sheets at December 31, 2023 and 2022 were as follows:

<i>(in thousands)</i>			
<b>Description</b>	<b>Balance Sheet Location</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Short-term derivative asset	Prepaid expenses and other current assets	\$ 3,426	\$ 3,716
Long-term derivative asset	Other assets	509	2,834

## 12. Fair Value Measurements

ASC 820—*Fair Value Measurements and Disclosures* (“ASC 820”), defines fair value as the price that would be received for an asset, or paid to transfer a liability, in an orderly transaction between market participants on the measurement date, and establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value as follows:

Level 1 - Observable inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs that are supported by little or no market activity, including the Company’s own assumptions in determining fair value.

The Company’s financial assets and liabilities subject to the three-level fair value hierarchy consist principally of cash and equivalents, short-term investments, accounts receivable, derivative financial instruments, accounts payable, long-term and short-term debt and contingent consideration payable. The estimated fair value of cash included in cash and cash equivalents, accounts receivable, and accounts payable approximates their carrying value due to their short maturities (less than 12 months).

### ***Debt***

The Company’s short- and long-term debt are recorded at their carrying values in the consolidated balance sheets, which may differ from their respective fair values. The carrying values and estimated fair values of the Company’s short- and long-term debt approximate their carrying values as of December 31, 2023 and 2022, based on interest rates currently available to the Company for similar borrowings.

### ***Money market funds (included in cash and cash equivalents)***

Money market funds are recorded at fair value using quoted market prices in active markets and are classified as Level 1 in the fair value hierarchy.

### ***Short-term investments***

The Company estimates the fair values of investments in U.S. treasuries, agency bond securities, commercial paper, and certificates of deposit using level 2 inputs, by taking into consideration valuations obtained from a third-party pricing service. The pricing services utilize industry standard valuation models, including both income and market-based approaches, for which all significant inputs are observable, either directly or indirectly, to estimate fair value. These inputs include reported trades of and broker/dealer quotes on the same or similar securities, issuer credit spreads, market yield curves, benchmark securities, prepayment/default projections based on historical data, and other observable inputs.

### ***Derivative financial instruments***

Currently, the Company uses interest rate swaps to manage interest rate risk. The valuation of these instruments is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities.

To comply with the provisions of ASC 820, the Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty’s nonperformance risk in the fair value measurements.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by the Company and its counterparties. The Company has determined that the significance of the impact of the credit valuation adjustments made to its derivative contracts, which determination was based on the fair value of each individual contract, was not significant to the overall valuation. As a result, all of its derivatives held as of December 31, 2023 and 2022 were classified as Level 2 in the fair value hierarchy.

### ***Contingent consideration***

The deferred consideration resulting from the acquisition of Populi in the third quarter of 2023, which is subject to meeting certain revenue metrics during calendar years 2024 and 2025, is measured at fair value on a recurring basis. The fair value was estimated based on the present value of the amount expected to be paid at the end of the measurement period. At December 31, 2023, the fair value of the contingent consideration was estimated to be \$8.8 million and was included in other long-term liabilities on the consolidated balance sheets. The change in estimate of contingent consideration subsequent to initial measurement as of the acquisition date was recorded in transaction, integration, and restructuring expense in the accompanying consolidated statements of operations.

The deferred consideration that resulted from the acquisition of Analytical Wizards in the first quarter of 2022, which is subject to the meeting of certain expense control metrics during the two-year period following the acquisition, is also measured at fair value on a recurring basis. The fair value was estimated based on the present value of the amount expected to be paid at the end of the measurement period. At December 31, 2023, the fair value of the contingent consideration was estimated to be \$1.6 million and was included in accrued expenses and other current liabilities on the consolidated balance sheets. The change in estimate of contingent consideration subsequent to initial measurement as of the acquisition date was recorded in transaction, restructuring, and restructuring expense in the accompanying consolidated statements of operations.

Earnout liabilities are classified within Level 3 in the fair value hierarchy because the methodology used to develop the estimated fair value includes significant unobservable inputs reflecting management's own assumptions. The table below presents a reconciliation of earnout liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

<i>(in thousands)</i>	December 31, 2023	December 31, 2022
Balance at beginning of year	\$ 2,250	\$ 7,500
Additions	7,800	1,000
Net change in fair value and other adjustments	302	1,250
Payments	—	(7,500)
Balance at end of year	<u>\$ 10,352</u>	<u>\$ 2,250</u>

### *Non-recurring fair value measurements*

Certain assets and liabilities, including property, plant and equipment, lease right-of-use assets, goodwill and other intangible assets, are measured at fair value on a non-recurring basis. These assets are remeasured when the derived fair value is below the carrying value on the Company's consolidated balance sheet. For these assets, the Company does not periodically adjust carrying value to fair value except in the event of impairment. When impairment has occurred, the Company measures the required charges and adjusts the carrying value as discussed in Note 2. *Summary of Significant Accounting Policies*.

The Company performed an interim goodwill impairment test during the third quarter of 2023 and concluded that the carrying value of its single reporting unit exceeded its fair value and recorded a \$287.4 million non-cash goodwill impairment charge for the year ended December 31, 2023. For further discussion about the impairment testing of assets not measured at fair value on a recurring basis, see Note 9. *Goodwill and Intangible Assets*.

At December 31, 2023 and 2022, assets and liabilities measured at fair value on a recurring basis were as follows:

<i>(in thousands)</i>	As of December 31, 2023			
	Total	Level 1	Level 2	Level 3
<b>Assets:</b>				
Cash and cash equivalents:				
Money market funds	\$ 87,869	\$ 87,869	\$ —	\$ —
Commercial paper (maturities less than 90 days)	4,227	—	4,227	—
Certificates of deposit (maturities less than 90 days)	1,000	—	1,000	—
Short-term investments:				
U.S. treasuries	62,461	—	62,461	—
Corporate bonds	2,324	—	2,324	—
Commercial paper	94,336	—	94,336	—
Certificates of deposit	17,971	—	17,971	—
Prepaid expenses and other current assets:				
Interest rate swap contracts	3,426	—	3,426	—
Other assets:				
Interest rate swap contracts	509	—	509	—
<b>Liabilities:</b>				
Contingent consideration	10,352	—	—	10,352

<i>(in thousands)</i>	As of December 31, 2022			
	Total	Level 1	Level 2	Level 3
<b>Assets:</b>				
Cash and cash equivalents:				
Money market funds	\$ 39,523	\$ 39,523	\$ —	\$ —
Commercial paper (maturities less than 90 days)	2,276	—	2,276	—
Certificates of deposit (maturities less than 90 days)	1,549	—	1,549	—
Agency bonds (maturities less than 90 days)	768	—	768	—
Short-term investments:				
U.S. treasuries	59,723	—	59,723	—
Agency bonds	6,452	—	6,452	—
Commercial paper	95,737	—	95,737	—
Certificates of deposit	23,027	—	23,027	—
Prepaid expenses and other current assets:				
Interest rate swap contracts	3,716	—	3,716	—
Other assets:				
Interest rate swap contracts	2,834	—	2,834	—
<b>Liabilities:</b>				
Other long-term liabilities:				
Contingent consideration	2,250	—	—	2,250

At December 31, 2023 and 2022, except for the contingent consideration noted above, the estimated fair values of all of the Company's financial assets and liabilities subject to the three-level fair value hierarchy approximated their carrying values due to their short-term maturities (less than 12 months).

### 13. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

<i>(in thousands)</i>	December 31, 2023	December 31, 2022
Payroll and payroll-related	\$ 12,805	\$ 11,961
Tax receivable agreement, current portion	20,095	—
Contingent consideration, current	1,602	—
Sales, franchise and other taxes	9,526	11,738
Other	7,501	3,156
Accrued expenses and other current liabilities	<u>\$ 51,529</u>	<u>\$ 26,855</u>

During the first and third quarters of 2023, the Company announced restructuring plans intended to reduce operating costs, improve operating margins, and continue advancing the Company's ongoing commitment to profitable growth. During the year ended December 31, 2023, the Company incurred restructuring and related charges of \$4.7 million, consisting primarily of severance payments, employee benefits, and related cash expenses. These charges were recognized within transaction, integration, and restructuring expenses in the Company's consolidated statements of operations. As of December 31, 2023, \$0.1 million is included in accrued expenses and other liabilities in the consolidated balance sheets. The Company expects these payments will be made over the next three months.

Furthermore, on January 3, 2024, the Company committed to an additional restructuring plan with similar objectives. The Company estimates that in the first half of 2024, it will incur pre-tax cash restructuring and related charges of approximately \$6.5 million to \$7.2 million, consisting primarily of severance payments, employee benefits, and related cash expenses, as well as an approximate \$1.5 million non-cash stock-based compensation charge related to the vesting of share-based awards for employees who are terminated. The Company expects these actions will be substantially complete by the end of the second quarter of 2024.

In the first quarter of 2023, the Company began a review of its sales tax positions, and related accounting matters, with the assistance of outside consultants. As a result of the review, the Company determined during the second quarter of 2023 that sales in certain states were subject to sales tax and that the Company had not assessed such sales tax on sales of its services to customers. As of December 31, 2023 and 2022, the Company has recorded a sales tax accrual, which includes assumed maximum penalties and interest, of \$6.7 million and \$8.1 million, respectively.

#### 14. Commitments and Contingencies

The Company enters into purchase obligations in the normal course of doing business. The estimated annual minimum purchase commitments under those agreements were as follows for each of the years ending December 31:

<i>(in thousands)</i>	
2024	\$ 17,620
2025	11,520
2026	4,394
	<u>\$ 33,534</u>

From time to time, the Company is subject to various legal proceedings and claims, which arise during the ordinary course of business. The outcomes of such matters are not expected to have a material, adverse effect on the Company's financial position, results of operations, and/or cash flows.

## 15. Accumulated Other Comprehensive Income

The following table summarizes the changes in accumulated balances of other comprehensive income (“AOCI”) for the years ended December 31, 2023, 2022 and 2021, respectively.

<i>(in thousands)</i>	Unrealized Gain (Loss) on Cash Flow Hedges	Unrealized Loss on Investments	Foreign Currency Translation Adjustments	Total
<b>Balances as of December 31, 2020</b>	\$ —	\$ —	\$ (131)	\$ (131)
Other comprehensive income before reclassifications	—	—	193	193
<b>Balances as of December 31, 2021</b>	\$ —	\$ —	\$ 62	\$ 62
Other comprehensive income (loss) before reclassifications	4,480	(135)	(566)	3,779
Amounts reclassified from AOCI	(173)	—	—	(173)
<b>Balances as of December 31, 2022</b>	\$ 4,307	\$ (135)	\$ (504)	\$ 3,668
Other comprehensive income before reclassifications	1,119	231	130	1,480
Amounts reclassified from AOCI	(3,039)	—	—	(3,039)
<b>Balances as of December 31, 2023</b>	<u>\$ 2,387</u>	<u>\$ 96</u>	<u>\$ (374)</u>	<u>\$ 2,109</u>

## 16. Stockholders' Equity and Members' Equity

The Company has Class A Common Stock, Class B Common Stock and Preferred Stock. Holders of outstanding shares of Class A and Class B Common Stock vote as a single class on all matters on which stockholders are entitled to vote generally, except as otherwise required by law. Class B Common Stock issued to holders of Definitive OpCo Units (directly or indirectly through AIDH Management Holdings, LLC) that are unvested shall have no vote per share until such time as such Units have vested.

Class A Common Stockholders are entitled to receive dividends, if declared by our board of directors out of legally available funds. Upon our liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of Preferred Stock having liquidation preferences, if any, the holders of shares of our Class A Common Stock will be entitled to receive pro rata our remaining assets available for distribution.

Class B Common Stockholders are not entitled to economic interests in Definitive Healthcare Corp. and do not have any right to receive dividends or to receive a distribution upon a liquidation or winding up of Definitive Healthcare Corp.

Shares of Preferred Stock have not been issued at December 31, 2023. The board of directors may authorize one or more series of Preferred Stock (including convertible Preferred Stock) and will determine, with respect to any series of Preferred Stock, the voting rights, preferences, participation, or other special right and limitations.

Under the Amended Definitive OpCo LLC Agreement, the holders of LLC Units other than Definitive Healthcare Corp. ("LLC Members") have the right to redeem or exchange all or a portion of their LLC Units for newly issued shares of Class A Common Stock, which may consist of unregistered shares, on a one-for-one basis. Shares of Class B Common Stock and their corresponding LLC Units will be canceled on a one-for-one basis once an exchange has been completed.

Upon formation of Definitive OpCo in conjunction with the Advent Acquisition in July 2019, two classes of LLC units were established: Class A Units ("Class A Units") and Class B Units ("Class B Units"), collectively "the Units".

The table below provides a summary of the number of Units authorized, issued and outstanding as of December 31, 2020:

	<u>December 31, 2020</u>
<b>Class A Units:</b>	
Authorized, issued and outstanding Class A Units	130,245,990
<b>Class B Units:</b>	
Authorized Class B Units	8,088,877
Issued Class B Units	3,720,063
Outstanding Class B Units (vested Class B Units)	474,920

In 2021, the Company issued 363,516 new Class A Units worth \$5.8 million, consisting of a capital contribution of \$5.5 million and equity-based compensation expense of \$0.3 million. In connection with the Reorganization Transactions and the IPO in September 2021, Class A Units held directly by employees of the Company or indirectly through Definitive OpCo were exchanged on a one-for-one basis for Definitive OpCo LLC Units.

Refer to Note 17. *Equity-Based Compensation* for further information on Class B Units.



### ***Noncontrolling Interest***

Definitive Healthcare Corp. operates and controls all of the business and affairs of Definitive OpCo, and through Definitive OpCo and its subsidiaries, conducts its business. Accordingly, Definitive Healthcare Corp. consolidates the financial results of Definitive OpCo, and reports the noncontrolling interests of its consolidated subsidiaries on its consolidated financial statements based on the LLC Units held by Continuing Pre-IPO LLC Members other than Definitive Healthcare Corp. Changes in Definitive Healthcare Corp.'s ownership interest in its consolidated subsidiaries are accounted for as equity transactions. As such, future redemptions or direct exchanges of LLC Units by such Continuing Pre-IPO LLC Members will result in a change in ownership and reduce or increase the amount recorded as noncontrolling interests and increase or decrease additional paid-in capital in the Company's consolidated balance sheets.

During the year ended December 31, 2023, 10,562,033 Definitive OpCo Units held by Continuing Pre-IPO LLC Members were exchanged for shares of Class A Common Stock of Definitive Healthcare Corp. pursuant to the terms of the Amended LLC Agreement. In addition, 1,300,786 restricted stock units vested and 438,840 shares were withheld to cover withholding tax obligations, resulting in the net issuance of 861,946 shares of Class A Common Stock of Definitive Healthcare Corp., for which LLC Units were issued on a one-for-one basis pursuant to the Definitive OpCo second amended and restated limited liability company agreement entered into in connection with the IPO.

As of December 31, 2023 and 2022, Definitive Healthcare Corp. held ownership interests in Definitive OpCo of 74.9% and 68.2%, respectively, and noncontrolling interests of 25.1% and 31.8%, respectively.

## 17. Equity-Based Compensation

### 2021 Incentive Equity Plan

The Definitive Healthcare Corp. 2021 Equity Incentive Plan (the “2021 Plan”) was adopted in September 2021. The types of grants available under the 2021 Plan include stock options (both incentive and non-qualified), stock appreciation rights (“SARs”), restricted stock awards (“RSAs”), restricted stock units (“RSUs”), and stock-based awards.

The aggregate number of shares of Class A Common Stock available for grant under the 2021 Plan was 7,284,174 shares at December 31, 2023. The outstanding RSUs granted under this plan have time-based and/or performance-based vesting criteria.

#### Time-Based RSUs

Outstanding time-based RSUs granted under the 2021 Plan generally vest partially on the one-year anniversary of each grant and quarterly over the subsequent two- or three-year period.

In connection with the restructuring plans announced in the first and third quarters of 2023, along with the departure of two management-level employees during the year, the Company accelerated the vesting of 99,662 previously unvested time-based RSUs. The incremental stock-based compensation expense resulting from the modifications was not material and any unvested time-based RSUs and PSUs held by the individuals were forfeited upon separation. None of the previously unvested PSUs were accelerated.

Similarly, during the fourth quarter of 2022, in connection with the departure of two management-level employees, the Company accelerated the vesting of 6,772 previously unvested time-based RSUs. The incremental stock-based compensation expense resulting from the modifications was not material and any unvested time-based RSUs and PSUs held by the individuals were forfeited upon separation. None of the previously unvested PSUs were accelerated.

The following table summarizes the Company's unvested time-based activity for the years ended December 31, 2023 and 2022:

	2023		2022	
	Restricted Stock Units	Weighted Average Grant Date Fair Value	Restricted Stock Units	Weighted Average Grant Date Fair Value
Unvested at beginning of year	3,438,387	\$ 24.82	1,935,899	\$ 32.59
Granted	3,318,889	\$ 12.55	2,457,991	\$ 20.27
Vested	(1,300,786)	\$ 23.91	(716,776)	\$ 29.86
Forfeited	(535,023)	\$ 18.48	(238,727)	\$ 25.51
Unvested at end of year	<u>4,921,467</u>	\$ 17.32	<u>3,438,387</u>	\$ 24.82

#### Performance-Based RSUs (“PSUs”)

The Company periodically grants PSUs to certain members of the Company’s senior management team subject to the satisfaction of annual and cumulative performance conditions and/or market conditions established by the Human Capital Management and Compensation Committee of the Board of Directors of Definitive Healthcare Corp. Those PSUs without market-based vesting conditions vest annually over three years subject to the achievement of certain performance targets and continued service. Expense for these awards is recognized when it becomes probable that performance measures triggering vesting will be achieved.

In May 2022, the Company granted PSUs to a former member of the executive leadership team with performance criteria related to the relative ranking of the total stockholder return (“TSR”) of the Company’s common stock for the cumulative three-year performance period return relative to the TSR of certain peer companies within the Nasdaq Software & Services Index. TSR will be measured based on the 20-trading-day average closing stock price on the first day of the performance period compared to the 20-trading-day average closing stock price on the last day of such period, inclusive of applicable cash dividend payments. These PSUs subject to the performance criteria will cliff vest after three years, subject to the satisfaction of the performance criteria and the executive’s continued employment through the performance period. PSUs may vest in a range between 0% and 300%, based on the satisfaction of performance, and no shares will be issued if the minimum applicable performance metric is not achieved. As these PSUs vest based on the achievement of market conditions, the grant date fair values were determined using a Monte-Carlo valuation model. The Monte-Carlo valuation model considered a variety of potential future share prices for the Company as well as its peer companies in the selected market index. Expense for these awards is recognized ratably over the requisite service period based on the fair value of the award.

The following table summarizes the Company's unvested PSU activity for the years ended December 31, 2023 and 2022:

	2023		2022	
	Restricted Stock Units	Weighted Average Grant Date Fair Value	Restricted Stock Units	Weighted Average Grant Date Fair Value
Unvested at beginning of year	125,000	\$ 54.25	164,351	\$ 27.00
Granted	635,632	\$ 13.62	125,000	\$ 54.25
Forfeited	(65,790)	\$ 13.62	(164,351)	\$ 27.00
Unvested at end of year	<u>694,842</u>	\$ 20.93	<u>125,000</u>	\$ 54.25

The number of PSUs awarded represents the target number of shares of common stock that may be earned; however, the actual number of shares may vary based on the satisfaction of performance criteria.

### **2023 Inducement Plan**

The Definitive Healthcare Corp. 2023 Inducement Plan (the “Inducement Plan”) was adopted in September 2023 for the purpose of granting equity-based awards to individuals who were not previously employees or directors of the Company. The Inducement Plan provides for the grant of equity-based awards in the form of nonstatutory stock options, SARs, RSAs, RSUs, and dividend equivalent rights.

The aggregate number of shares of Class A Common Stock available for grant under the Inducement Plan was 887,819 shares at December 31, 2023. The outstanding RSUs granted under this plan have time-based and/or performance-based vesting criteria.

#### Time-Based RSUs

Outstanding time-based RSUs granted under the Inducement Plan generally vest partially in annual and quarterly increments over the subsequent two-, three-, or four-year period.

The following table summarizes the Company's unvested time-based activity for the year ended December 31, 2023:

	2023	
	Restricted Stock Units	Weighted Average Grant Date Fair Value
Unvested at beginning of year	—	\$ —
Granted	660,423	\$ 7.11
Unvested at end of year	<u>660,423</u>	\$ 7.11

#### Performance-Based RSUs

Outstanding PSUs granted under the Inducement Plan generally vest annually over three years subject to the achievement of certain performance targets and continued service. Expense for these awards is recognized when it becomes probable that performance measures triggering vesting will be achieved.

The following table summarizes the Company's unvested PSU activity for the years ended December 31, 2023:

	2023	
	Restricted Stock Units	Weighted Average Grant Date Fair Value
Unvested at beginning of year	—	\$ —
Granted	551,758	\$ 9.10
Unvested at end of year	<u>551,758</u>	\$ 9.10

The number of PSUs awarded represents the target number of shares of common stock that may be earned; however, the actual number of shares may vary based on the satisfaction of performance criteria.

## 2019 Incentive Equity Plan

The AIDH Topco, LLC 2019 Equity Incentive Plan (the “2019 Plan”) was utilized prior to the Reorganization Transactions and the IPO for the issuance of equity awards in the form of Class B Units to or on behalf of employees, consultants, directors, managers, or others providing services to the Company. In connection with the Reorganization Transactions and the IPO, unvested Class B Units held directly by employees of the Company or indirectly through AIDH Management Holdings, LLC, were exchanged for unvested Definitive OpCo units (held directly or indirectly through AIDH Management Holdings, LLC) based on their respective participation thresholds and the IPO price of \$27.00 per share. The Company no longer grants any awards under the 2019 Plan, though previously granted awards under the 2019 Plan remain outstanding and governed by the 2019 Plan, including unvested units.

In connection with the departure of three management-level employees during the year, the Company accelerated the vesting of 50,772 previously unvested Definitive OpCo units (held indirectly through AIDH Management Holdings, LLC). The incremental stock-based compensation expense was not material and any unvested Definitive OpCo units (held indirectly through AIDH Management Holdings, LLC) were forfeited upon separation.

Similarly, in connection with the departure of two management-level employees in 2022, the Company accelerated the vesting of 126,350 previously unvested Definitive OpCo units (held indirectly through AIDH Management Holdings, LLC), resulting in incremental stock-based compensation expense of approximately \$1.8 million during the fourth quarter of 2022. Any unvested Definitive OpCo units (held indirectly through AIDH Management Holdings, LLC) were forfeited upon separation.

The following table summarizes the Company’s unvested unit activity.

	2023		2022	
	Non-Vested Units	Weighted Average Grant Date Fair Value	Non-Vested Units	Weighted Average Grant Date Fair Value
Unvested at beginning of year	1,509,149	\$ 2.03	2,756,406	\$ 2.02
Vested	(806,128)	2.30	(1,060,385)	2.03
Forfeited	(108,368)	2.12	(186,872)	2.03
Unvested at end of year	594,653	\$ 1.65	1,509,149	\$ 2.03

## Equity-Based Compensation Expense

Equity-based compensation expense is allocated to all departments in the accompanying consolidated statements of operations based on the recipients of the compensation. A summary of the expense by line item in the consolidated statements of operations for the years ended December 31, 2023, 2022 and 2021, is provided in the following table.

(in thousands)	Year Ended December 31,		
	2023	2022	2021
Cost of revenue	\$ 1,097	\$ 942	\$ 277
Sales and marketing	11,407	13,508	1,930
Product development	13,138	7,805	1,070
General and administrative	23,097	14,179	6,680
Total compensation expense	\$ 48,739	\$ 36,434	\$ 9,957

The Company recognized \$39.4 million in stock-based compensation expense associated with time-based RSUs in the year ended December 31, 2023, \$27.0 million in the year ended December 31, 2022, and \$4.4 million in the year ended December 31, 2021. Total unrecognized expense for these awards was estimated to be \$71.6 million at December 31, 2023 and is expected to be recognized over a weighted-average period of approximately 2.4 years.

The Company recognized \$4.6 million and \$1.7 million in stock-based compensation expense associated with PSUs in the years ended December 31, 2023 and 2022, respectively. The Company did not recognize any expense associated with PSUs in the year ended December 31, 2021. Total unrecognized expense for these awards was estimated to be \$8.6 million at December 31, 2023 and is expected to be recognized over a weighted-average period of approximately 1.7 years.

The Company recorded \$4.7 million in stock-based compensation expense associated with Definitive OpCo units in the year ended December 31, 2023, \$7.7 million during the year ended December 31, 2022, and \$3.4 million during the year ended December 31, 2021. Total unrecognized expense for these units was estimated to be \$2.6 million at December 31, 2023 and is expected to be recognized over a weighted-average period of approximately 0.8 years.

**18. Retirement Plan**

The Company has a 401(k) plan covering all employees who have met certain eligibility requirements. The Company made matching contributions in accordance with the plan documents. The Company incurred \$3.8 million, \$3.4 million and \$2.3 million in employer matching contributions during the years ended December 31, 2023, 2022 and 2021, respectively.

## 19. Income Taxes

### *Income Tax Expense*

U.S. and foreign components of income before income taxes were as follows:

<i>(in thousands)</i>	Year Ended December 31,		
	2023	2022	2021
Domestic	\$ (308,232)	\$ (37,054)	\$ (58,782)
Foreign	52	(4,823)	(3,985)
Loss before income taxes	<u>\$ (308,180)</u>	<u>\$ (41,877)</u>	<u>\$ (62,767)</u>

The components of the provision for income taxes are as follows:

<i>(in thousands)</i>	Year Ended December 31,		
	2023	2022	2021
Current income taxes:			
U.S. federal	\$ (63)	\$ 82	\$ (7)
U.S. state and local	(28)	26	—
Foreign	251	—	—
Total current income taxes	<u>\$ 160</u>	<u>\$ 108</u>	<u>\$ (7)</u>
Deferred income taxes:			
U.S. federal	\$ (11,225)	\$ (1,160)	\$ 497
U.S. state and local	(7,208)	(15,904)	185
Foreign	(280)	(742)	(1,118)
Total deferred income taxes	<u>\$ (18,713)</u>	<u>\$ (17,806)</u>	<u>\$ (436)</u>
Income tax benefit	<u>\$ (18,553)</u>	<u>\$ (17,698)</u>	<u>\$ (443)</u>

### *Effective Income Tax Rate*

The items accounting for the difference between income taxes computed at the U.S. federal statutory rate and our effective rate were as follows:

<i>(in thousands)</i>	Year Ended December 31,		
	2023	2022	2021
Expected U.S. federal income taxes at statutory rate	21.00 %	21.00 %	21.00 %
Change in valuation allowance	(13.78)	(35.31)	(13.32)
State and local income taxes, net of federal benefit	2.35	37.87	(0.29)
Outside basis adjustment	0.26	17.82	9.23
Partnership income, not subject to taxation	(5.57)	(8.50)	(19.55)
Return to provision	0.18	3.73	3.54
TRA remeasurement	1.60	4.87	0.05
Research and development credits	0.15	1.34	0.16
Foreign rate differential	(0.03)	1.27	(0.02)
Stock compensation	—	(1.16)	—
Other	(0.14)	(0.67)	(0.09)
Effective income tax rate	<u>6.02 %</u>	<u>42.26 %</u>	<u>0.71 %</u>

## Deferred Tax Assets and Liabilities

The components of deferred tax assets and liabilities were as follows:

<i>(in thousands)</i>	Year Ended December 31,	
	2023	2022
Deferred income tax assets:		
Net operating loss carry forwards	\$ 58,015	\$ 52,534
Outside partnership basis difference	114,815	61,895
Tax receivable agreement	11,801	11,271
Stock compensation	7,892	—
Other	6,553	1,131
Deferred income tax assets	199,076	126,831
Less valuation allowance	(244,082)	(188,237)
Deferred income tax assets, net of valuation allowance	\$ (45,006)	\$ (61,406)
Deferred income tax liabilities:		
Goodwill and intangibles	\$ (21,616)	\$ (14,126)
Deferred revenue and advances	(541)	(107)
Deferred income tax liabilities	(22,157)	(14,233)
Net deferred tax liabilities	<u>\$ (67,163)</u>	<u>\$ (75,639)</u>
<i>(in thousands)</i>	Year Ended December 31,	
	2023	2022
<b>Reported as:</b>		
Non-current deferred tax assets (included within Other assets)	\$ —	\$ 98
Non-current deferred tax liabilities	(67,163)	(75,737)
Net deferred tax liabilities	<u>\$ (67,163)</u>	<u>\$ (75,639)</u>

Deferred income tax balances reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax bases and are stated at enacted tax rates expected to be in effect when the taxes are paid or recovered.

The federal tax loss carryforward of \$212.9 million has an unlimited carryforward period. The federal research and development tax credit carryforwards of \$1.2 million expires in the years 2040 through 2043. The state tax loss carryforwards of \$164.1 million expires at various times in years 2023 through indefinite. The state tax credit carryforwards of \$0.3 million expires in the years 2037 through indefinite. The foreign tax loss carryforward of \$14.2 million expires in the years 2030 through indefinite.

Management has assessed the realizability of deferred tax assets. Based on the review of all available evidence, the Company determined that it has not yet attained a sustained level of profitability and the objectively verifiable negative evidence outweighed the positive evidence. Therefore, the Company has recorded a valuation allowance for all years on its net operating loss carryforwards, R&D credit carryforwards and other net deferred tax assets that remain after all sources of taxable income are exhausted, not supportable by the “naked credit” deferred tax liability sourced income as of December 31, 2023.

The Company is subject to taxation in the United States and various states and foreign jurisdictions. The Company remains subject to U.S. federal income tax examination for 2020 and subsequent years. For the majority of U.S. states, with few exceptions and generally for the foreign tax jurisdictions, the Company remains subject to examination for 2019 and subsequent years.

## Uncertain Tax Positions

The Company recognizes the financial statement effects of tax positions when it is more-likely-than-not the position will be sustained upon examination. As of December 31, 2023 and 2022, the Company has not identified any uncertain tax positions and has not recognized any related reserves. Accordingly, the Company has not recorded any interest or penalties associated with uncertain tax positions.

## **Tax Receivable Agreement (“TRA”)**

Pursuant to Definitive OpCo's election under Section 754 of the Internal Revenue Code (the “Code”), Definitive Healthcare Corp. expects to obtain an increase in its share of the tax basis in the net assets of Definitive OpCo when LLC Interests are redeemed or exchanged by other members. The Company is required to adjust the basis of partnership assets under Section 743(b) of the Code for each taxable year in which a redemption or exchange of LLC Interest occurs. These increases in tax basis may reduce the amounts that would otherwise be paid by the Company in the future to various tax authorities. They may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

Under the TRA, the Company generally will be required to pay to the TRA Parties 85% of the amount of cash savings, if any, in U.S. federal, state, or local tax that the Company actually realizes directly or indirectly (or are deemed to realize in certain circumstances) as a result of (i) certain tax attributes acquired by Definitive Healthcare Corp. from the Blocker Companies in the Reorganization Transactions, (ii) certain tax basis adjustments resulting from (a) acquisitions by Definitive Healthcare Corp. of LLC Units from pre-IPO holders in connection with the IPO and (b) subsequent redemptions or exchanges of LLC Units by holders for Class A Common Stock or other consideration, and (iii) certain payments made under the TRA. The Company expects to benefit from the remaining 15% of any tax benefits that it may actually realize. To the extent that the Company is unable to timely make payments under the TRA for any reason, such payments generally will be deferred and will accrue interest until paid.

Amounts payable under the TRA are contingent upon, among other things, (i) generation of future taxable income over the term of the TRA and (ii) future changes in tax laws. If the Company does not generate sufficient taxable income in the aggregate over the term of the TRA to utilize the tax benefits, then the Company would not be required to make the related TRA Payments. Therefore, the Company only recognizes a liability for TRA Payments if it determines that it is probable that the Company will generate sufficient future taxable income over the term of the TRA to utilize the related tax benefits. Estimating future taxable income is inherently uncertain and requires judgment. The realizability of the deferred tax assets is evaluated based on all positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent results of operations. Based on current projections, the Company anticipates having sufficient taxable income to partially realize some of these benefits and has recorded a TRA liability of \$147.1 million as of December 31, 2023. The TRA liability decreased by \$8.0 million during the year ended December 31 2023, increasing \$15.7 million with an offsetting adjustment to accumulated paid-in capital for current year LLC unit exchanges while concurrently decreasing by \$23.5 million for remeasurement of the liability based on future realizability of tax attributes with an offsetting adjustment to statement of operations and \$0.2 million of payments to TRA Parties. To the extent that the Company determines that it is able to realize the tax benefits associated with the basis adjustments and net operating losses, the Company would record an additional liability of \$148.6 million, for a total liability of \$295.7 million. Should the Company anticipate a reduction in future taxable income, it would record a reduction in the TRA liability that would result in a benefit recorded within the consolidated statements of operations.



## 20. Loss Per Share

Basic net loss per share of Class A Common Stock is computed by dividing net loss attributable to Definitive Healthcare Corp. by the weighted-average number of shares of Class A Common Stock outstanding during the period, excluding unvested equity awards and subsidiary member units not exchanged. Diluted earnings per share of Class A Common Stock is calculated by dividing net income attributable to Definitive Healthcare Corp., adjusted for the assumed exchange of all potentially dilutive securities by the weighted-average number of shares of Class A Common Stock outstanding.

The following table sets forth reconciliation of the numerators and denominators used to compute basic and diluted net loss per share of Class A Common Stock for the years ended December 31, 2023, 2022, and 2021. The reconciliation for 2021 reflects only the period from September 15, 2021 to December 31, 2021, which represents the period wherein the Company had outstanding Class A Common Stock.

<i>(in thousands)</i>	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
<b>Numerator:</b>			
Net loss	\$ (289,627)	\$ (24,179)	\$ (62,324)
Less: Net loss attributable to Definitive OpCo before Reorganization Transactions	—	—	(34,068)
Less: Net loss attributable to noncontrolling interests	(87,239)	(16,957)	(10,416)
Net loss attributable to Definitive Healthcare Corp.	<u>\$ (202,388)</u>	<u>\$ (7,222)</u>	<u>\$ (17,840)</u>

The following table sets forth the computation of basic and diluted net loss per share of Class A Common Stock:

<i>(in thousands, except number of shares and per share amounts)</i>	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
<b>Basic net loss per share attributable to common stockholders</b>			
<b>Numerator:</b>			
Allocation of net loss attributable to Definitive Healthcare Corp.	\$ (202,388)	\$ (7,222)	\$ (17,840)
Weighted average number of shares of Class A outstanding	<u>112,764,537</u>	<u>101,114,105</u>	<u>91,916,151</u>
Net loss per share, basic and diluted	<u>\$ (1.79)</u>	<u>\$ (0.07)</u>	<u>\$ (0.19)</u>

Shares of the Company's Class B Common Stock do not participate in the earnings or losses of Definitive Healthcare Corp. and are therefore not participating securities. As such, separate presentation of basic and diluted earnings per share of Class B Common Stock under the two-class method has not been presented.

The following table presents potentially dilutive securities which were excluded from the computation of diluted net loss per share for the periods presented because their effects on net loss per share would have been anti-dilutive:

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Definitive OpCo units (vested and unvested)	39,762,700	50,433,101	58,244,627
Restricted stock units	6,828,490	3,563,387	2,100,250

## 21. Segment and Geographic Data

The Company operates as one operating segment. Operating segments are defined as components of the Company for which separate financial information is available and evaluated regularly by the Company's chief operating decision maker in deciding how to allocate resources and in assessing performance. The chief operating decision maker for the Company is the chief executive officer. The chief executive officer reviews financial information presented on a consolidated basis, accompanied by information about revenue by type of service and geographic region, for purposes of allocating resources and evaluating financial performance.

Revenues by geographic area presented based upon the location of the customer are as follows:

<i>(in thousands)</i>	For the Year Ended December 31,		
	2023	2022	2021
United States	\$ 239,457	\$ 211,727	\$ 158,727
Rest of world	11,958	10,926	7,427
Total revenues	<u>\$ 251,415</u>	<u>\$ 222,653</u>	<u>\$ 166,154</u>

For a summary of our revenue disaggregated by service, refer to Note 4. *Revenue*.

Long-lived assets by geographical region are based on the location of the legal entity that owns the assets. Long-lived assets by geographic area presented based upon the location of the assets are as follows:

<i>(in thousands)</i>	December 31,	December 31,
	2023	2022
United States	\$ 3,685	\$ 3,911
Rest of world	786	553
Total long-lived assets	<u>\$ 4,471</u>	<u>\$ 4,464</u>

## **22. Related Parties**

The Company has engaged in revenue transactions within the ordinary course of business with entities affiliated with its Sponsors and with members of the Company's board of directors. During each of the years ended December 31, 2023, 2022, and 2021, the Company recorded revenue from related parties of \$1.4 million, \$1.5 million and \$1.0 million, respectively. The associated receivables for the revenue transactions amounted to \$0.9 million, \$0.8 million, and \$0.6 million at December 31, 2023, 2022, and 2021, respectively.

### **23. Subsequent Events**

On January 3, 2024, the Company committed to a restructuring plan (the “2024 Plan”) intended to reduce operating costs, improve operating margins, and continue advancing the Company’s ongoing commitment to profitable growth. The 2024 Plan provided for a reduction of the Company’s current workforce by 154 people.

The Company estimates that in the first half of 2024 it will incur pre-tax cash restructuring and related charges to its GAAP financial results of approximately \$6.5 million to \$7.2 million, consisting primarily of severance payments, employee benefits, and related cash expenses, as well as an approximate \$1.5 million non-cash charge related to the vesting of share-based awards for employees who are terminated. The Company expects the 2024 Plan will be substantially complete by the end of the second quarter of 2024.

The estimates of the charges and expenditures that the Company expects to incur in connection with the 2024 Plan, and the timing thereof, are subject to a number of assumptions and actual amounts may differ materially from estimates. In addition, the Company may incur other charges or cash expenditures not currently contemplated due to unanticipated events that may occur, including in connection with the implementation of the 2024 Plan.

On January 16, 2024, the Company completed the purchase of assets comprising the Carevoyance business line of H1 Insights, Inc., a product that helps MedTech customers to improve segmentation, targeting, and prospect engagement for \$14.0 million, subject to closing adjustments. The initial accounting for the business combination is incomplete as a result of the timing of the acquisition.

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