

**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, 2022

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 checked="" type="checkbox"/>	Accelerated filer	<input 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, 2022, 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 \$810.7 million.

The number of shares of Registrant's Class A Common Stock outstanding as of February 23, 2023 was 107,598,147.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's proxy statement for the 2023 annual meeting of stockholders to be filed pursuant to Regulation 14A within 120 days after the registrant's fiscal year ended December 31, 2022, 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 on July 16, 2019. The acquisition was accounted for as a business combination and purchase accounting was 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 annualized recurring revenue as of period end.
- “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.
- “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;
- The risk of cyber-attacks and security vulnerabilities could have a material adverse effect on our reputation, business, financial condition and results of operations;
- The war between Russia and Ukraine, global geopolitical tension, and worsening global macroeconomic conditions could have a material adverse effect on our business, financial condition, and results of operations; and
- 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.



## 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 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 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 3,000 customers as of December 31, 2022. 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 12 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 provides 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 12 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 have a very efficient go-to-market model, driven by a high-velocity inside sales and marketing team, experienced sales engineers ("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," a predictive metric used to determine whether customers are likely to renew their subscription. In addition, an SE 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 SE 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 12 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 December 31, 2022, our workforce included 974 employees — of whom 946 were employed full time and 30% were fully remote. 729 employees were based in the U.S., 69 were based in Europe, and another 176 were based in India. Functionally, our workforce includes 517 in sales and marketing, 361 in product development, and 96 in general and administrative roles. Our workforce also included four independent contractors as of such date. 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 2022, we were recognized by The Boston Globe as a Top Place to Work for the sixth consecutive year. We have also been awarded Energage's "Top Workplace in the US" 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 six 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 aren't afraid to roll up our sleeves to get the job done. We also realize that there's 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, 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. In 2022, we implemented unlimited paid time off and expanded parental leave for U.S.-based employees. This year we also introduced email-free weekends and an educational assistance and reimbursement program.

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. The awards 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, 2022, 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 healthcare and customer-level data we collect, process, use and disclose from healthcare organizations and professionals are integral to enabling us to provide a comprehensive healthcare commercial intelligence platform to our customers. Numerous state, federal and foreign laws, including consumer protection laws and regulations, govern the collection, dissemination, use, access to, confidentiality, and security of personal information, including health-related information. In the United States, numerous federal and state laws and regulations, including data breach notification laws, health information privacy and security laws, including HIPAA, and federal and state consumer protection laws and regulations (e.g., Section 5 of the Federal Trade Commission Act) that govern the collection, use, disclosure, and protection of health-related and other personal information could apply to our operations or the operations of our partners. We are passionate about protecting the information we collect and have rigorous policies and processes in place to adhere to the applicable laws, including the de-identification standards under the HIPAA de-identification rules. All patient-level personal information we collect is de-identified by third parties before we receive it so it never enters our network in an identifiable format. Additionally, we engage a qualified third-party to, at least annually, assess and certify our compliance with the HIPAA de-identification rules.

In addition, certain state and non-U.S. laws, such as the CCPA, the CPRA, the Virginia Consumer Data Protection Act of 2021 (the "VCDPA"), 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 information and 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 and may not have the same effect, thus complicating compliance efforts. Failure to comply with these laws, where applicable, can result in the imposition of significant civil and/or criminal penalties and private litigation. Privacy and security laws, regulations, and other obligations are constantly evolving, may conflict with each other to make compliance efforts more challenging, and can result in investigations, proceedings, or actions that lead to significant penalties and restrictions on data processing. We strive to comply with applicable data privacy and security laws, and we closely monitor the development of similar legislation across the United States and the globe. Additionally, we have developed a privacy center, including privacy notices on our website to describe our practices related to the collection, maintenance, security, use and sharing of personal information on our platform and otherwise.

**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 and cash flows 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, 2022, we derived 97% of our revenue and cash flows 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, worsening 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, 2022, our revenue was \$222.7 million, an increase of 34.0% as compared to our revenue of \$166.2 million for the year ended December 31, 2021. 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, global geopolitical tension, and more recently, rising inflation and interest rates, volatility in the capital markets and related market uncertainty. Our current and prospective customers are impacted by worsening 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, 2022, we had a net loss of \$22.3 million, compared to a net loss of \$61.3 million for the year ended December 31, 2021. 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 a restructuring plan (the "Plan") in the first quarter of 2023, such efforts may not achieve the cost savings that we initially 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. 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 worsening macroeconomic conditions, which we have seen result in lengthening deal cycles that we expect will continue until macroeconomic conditions improve. Despite our ability to expand our customer basis in 2022 notwithstanding macroeconomic challenges, similar or worsening macroeconomic challenges may negatively impact expansion in the future. 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 (both existing and prospective 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 recently worsening 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.



***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.

***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 privacy and data protection laws and regulations 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.

***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. 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 customers' 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 February 2022, we completed our acquisition of Analytical Wizards ("AW"), a company that specializes in automating complex analytic models using tools that expedite efficient big data mining through A.I. and M.L. and are in the process of integrating AW'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 recently worsening macroeconomic conditions such as rising 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, 2022, we have two offices across the northeastern U.S., and as a result of recent acquisitions, an office in Sweden and an office in India. We have experienced significant growth in headcount, with over 550 employees in 2020, over 670 employees in 2021 and over 970 employees in 2022. 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 a restructuring plan in the first quarter of 2023. 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 may be changes in our executive management team resulting from the hiring or departure of executives, which could disrupt 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. Changes in our executive management team may also cause disruptions to our business and 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 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 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 physicians 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 (including COVID-19), 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 recently worsening 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, deteriorating 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 acquisition of Monocl Holding Company ("Monocl") in October 2020 and the completion of our 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, which makes it difficult to forecast our revenue and evaluate our business and future prospects.***

Our business was founded in 2011, though much of our growth has occurred in recent periods. As a result of our limited operating history, 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. 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. Recently worsening macroeconomic conditions, including rising 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 2023, the Company took certain actions to reduce its global headcount by approximately 55 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 \$2.0 million to \$2.5 million in the first quarter of 2023, consisting primarily of severance payments, employee benefits, and related cash expenses, as well as an immaterial 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 war in Ukraine. 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 this conflict, 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. 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. The use of certain open-source software in certain manners requires licensees to disclose publicly part, or all of the source code to the licensee's proprietary software. 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.

***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**

***Cyber-attacks and security vulnerabilities could have a material adverse effect on our reputation, business, financial condition and results of operations.***

In the ordinary course of business, including when we provide our solutions, we collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (collectively, “processing”) information, including personal information of health care professionals (such as medical doctors, surgeons, and nurse practitioners), executives and members of health care organizations, de-identified personal information of patients and clinical trial participants, information regarding current and former employees and contractors and job candidates, information regarding registered users and prospects for our solutions, information collected through cookies and website forms, confidential business data, trade secrets, intellectual property, and other sensitive information. Our business, brand, reputation and ability to attract and retain customers depends upon the satisfactory performance, reliability and availability of our platform. Interruptions in our computer and information technology systems, whether due to social-engineering attacks (including through phishing attacks), malware (including as a result of advanced persistent threat intrusions), credential harvesting, personnel misconduct, ransomware attacks, supply-chain attacks, server malfunctions, loss of data or other information technology assets, adware, telecommunications failures, earthquakes, fire, flood, power loss, terrorist attacks, acts of war, 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, could affect the security and availability of our services and our platform and prevent or inhibit the ability of customers to access our platform. 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.

Threats to network and data security are also constantly evolving and becoming increasingly diverse, frequent, persistent and sophisticated. Attacks upon information technology systems are being conducted by sophisticated and organized groups and individuals with a wide range of motives and expertise. Our platform, as well as our servers, computer systems and those of third parties that we rely on in our operations, could be vulnerable to cybersecurity risks. An increasing number of organizations have disclosed breaches of their information security systems, some of which have involved sophisticated and highly targeted attacks. In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in our operations, loss of sensitive data and income, and diversion of funds. 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 information 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.

Further, our platform utilizes A.I. and machine learning technology to provide services, and this technology is susceptible to cybersecurity threats, as confidential and sensitive information may be integrated into the platform. Because of the sensitivity of the information we and our service providers collect, store, transmit, and otherwise process, the security of our technology

platform and other aspects of our solutions, including those provided or facilitated by our third-party service providers, are vital to our operations and business strategy. As a result of the COVID-19 pandemic and our eventual shift to a hybrid remote work environment, we may also face increased cybersecurity risks due to our reliance on internet technology and the number of our employees who are working remotely, which may create additional opportunities for cybercriminals to exploit vulnerabilities. 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. In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive information 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.

The extent of a particular cybersecurity incident and the steps that we may need to take to investigate it may not be immediately clear, and it may take a significant amount of time before such an investigation can be completed and full and reliable information about the incident is known. While such an investigation is ongoing, we may not necessarily know the extent of the harm or how best to remediate it, and certain errors or actions could be repeated or compounded before they are discovered and remediated, any or all of which could further increase the costs and consequences of a cybersecurity incident. These risks may be increased with respect to operations housed at facilities outside of our direct control, including our data providers. Our contracts with our data providers 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 employ multiple methods at different layers of our systems to defend against intrusion and attack, to protect our systems and to resolve and mitigate the impact of any incidents. Despite our efforts to keep our systems secure and to remedy identified vulnerabilities, future attacks could be successful and could result in substantial liability or business risk. Third parties will continue to attempt to gain unauthorized access to our systems or facilities through various means, including hacking into our systems or facilities, or those of our customers or vendors, or attempting to fraudulently induce our employees, customers, vendors or other users of our systems into disclosing sensitive information, which may in turn be used to access our IT systems and undermine our competitive advantage or market position. Our cybersecurity programs and efforts to protect our systems and data, and to prevent, detect and respond to data security incidents, may not prevent these threats or provide adequate security. In addition, we may experience breaches of our security measures due to human error, malfeasance, system errors or vulnerabilities, or other irregularities including attempts by former, current or future employees to misuse their authorized access and/or gain unauthorized access to our systems. Any errors, defects, disruptions or other performance problems with our platform or breach thereof could have a material adverse effect on our reputation, business, financial condition and results of operations. We may be subject to additional liability risks associated with data security breaches or other incidents by virtue of the private right of action granted to individuals under certain Privacy Laws (as defined below) for actions arising from certain data security incidents. We have also outsourced elements of our information technology infrastructure, and as a result a number of third-party vendors may or could have access to our confidential information, including, without limitation, cloud-based infrastructure, data center facilities, encryption and authentication technology, employee email, content delivery to customers, and other functions. 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. If our third-party vendors fail to protect their information technology systems and our confidential and proprietary information, we may be vulnerable to disruptions in service and unauthorized access to our confidential or proprietary information and we could incur liability and reputational damage. 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. 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.

Due to concerns about data security and integrity, a growing number of legislative and regulatory bodies have adopted breach notification and other requirements in the event that information subject to such laws is accessed by unauthorized persons and additional regulations regarding the use, access, accuracy and security of such data are possible. In the United States, we are subject to laws that provide for at least 50 disparate notification regimes. Complying with such numerous and

complex regulations in the event of unauthorized access would be expensive and difficult, and failure to comply with these regulations could subject us to regulatory scrutiny and additional liability. If we are unable to protect our computer systems, software, networks, data and other technology assets, or there is a perception that we have failed to do so, we may be subject to government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and/or oversight; restrictions on processing sensitive information (including personal data); litigation (including class claims); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; 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.

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

Our customers use our solutions to understand and navigate the healthcare ecosystem. The collection, retention, security, transfer and disclosure (collectively, “processing”) of personal information subject us to a variety of laws and regulations in the United States and abroad that govern data privacy and security (collectively, “Privacy Laws”), which can be enforced in some cases by private parties in addition to governmental and regulatory entities. From time to time, we may not be in full compliance with all such Privacy Laws. These Privacy Laws often require companies to implement specific privacy and information security controls to protect certain types of information, such as health information. Additionally, under Privacy Laws, we may be required to obtain certain consents prior to collecting personal data from specific sources, such as publicly available information. Our inability or failure to do so could result in adverse consequences. 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. For example, several states and localities have enacted measures related to the use of artificial intelligence and machine learning in products and services. Additionally, in Europe, there is a proposed regulation related to A.I. that, if adopted, could impose onerous obligations related to the use of A.I.-related systems. We may have to change our business practices to comply with such obligations. 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 collect, store, transfer use and share personal information, necessitate the acceptance of more onerous obligations in our contracts, result in liability or impose additional costs on us. These laws and regulations 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. 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.

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 physicians 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. Mandatory 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 machine learning and data analytics offerings may be subject to laws and evolving regulations regarding the use of AI, controlling for data bias, and antidiscrimination. For example, 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. These laws prohibit unfair and deceptive practices, including use of biased algorithms in AI. The European Commission also published its proposal for a regulation implementing harmonized rules on AI and amending certain union legislative acts. The proposed regulation would impose additional restrictions and obligations on providers of AI systems, including increasing transparency so consumers know they are interacting with an AI system, requiring human oversight in AI, and prohibiting certain practices of AI that could lead to physical or psychological harm. The cost of compliance with these laws, regulations and standards is high and is likely to increase in the future.

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. Moreover, the continuing evolution of these standards might cause confusion for our customers and may have an impact on the solutions we offer, including our analytics. 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 Privacy Laws protect more than health-related information, and although they vary by jurisdiction, these laws can extend to employee information, business information, healthcare provider information and other information relating to identifiable individuals. 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 Privacy Laws 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.

Certain states have also adopted privacy and security laws and regulations that are comparable to HIPAA, some of which may be more stringent. Such laws and regulations will be subject to interpretation by various courts and other governmental authorities, thus creating potentially complex compliance issues for us and our future customers and strategic partners. For example, the California Consumer Privacy Act (“CCPA”), which went into effect on January 1, 2020, imposes enhanced data privacy obligations for entities handling certain personal information and creates individual privacy rights for California residents, including the right to access and delete their personal information and to opt-out of certain sharing and sales of their personal information. The CCPA allows for significant civil penalties and statutory damages for violations and contains a private right of action for certain data breach incidents. The California Privacy Rights Act (“CPRA”) broadly amends the CCPA and imposes additional obligations on covered businesses, including additional consumer rights processes, limitations on data uses, new audit requirements for higher risk data, and opt outs for certain uses of sensitive data. It creates a new California data protection agency authorized to issue substantive regulations and could result in increased privacy and information security enforcement. The majority of the provisions went into effect on January 1, 2023, and additional compliance investment and potential business process changes may be required. Similarly, other states are instituting privacy and data security laws (for example, the VCDPA, which became effective on January 1, 2023), rules, and regulations, and many similar laws have been proposed at the federal level, 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.

We may also be subject to international Privacy Laws such as the EU GDPR, the UK GDPR, Canada’s Personal Information Protection and Electronic Documents Act and other international data protection, privacy, data security, data localization and similar national, state/provincial and local laws. The EU and UK GDPR imposes stringent operational requirements on “controllers” and “processors” of personal data, including, for example, requiring enhanced disclosures to data subjects about how personal data is processed, limiting retention periods of personal data, requiring mandatory data breach notification, requiring certain record keeping and risk assessment obligations, and requiring additional policies and procedures. In addition, data subjects have more robust rights with regard to their personal data. Personal data, as defined under the UK and EU GDPR, of medical experts or professionals in the EU is principally processed by our EU subsidiary, Monocl AB. Because our EU subsidiary 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 including, but not limited to, requirements relating to the rights of the data subject (Chapter II) and the transfer of

personal data to third countries or international organizations (Chapter V). Notwithstanding such exemption, we may from time to time receive data subject requests that we may deny or decline to respond to in reliance on Article 85, which may lead data subjects to lodge complaints with data protection authorities. There is a possibility that such data protection authorities could disagree with Monoclon AB's reliance on Article 85. Further, 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. The EU and UK GDPR treat health-related data as a "special category of personal data," subject to heightened requirements, including compliance with specific exceptions to process health-related data, such as obtaining the data subject's explicit consent. Companies that must comply with the EU GDPR face increased compliance obligations and risk, including more robust regulatory enforcement of data protection requirements and potential fines for noncompliance of up to €20 million or 4% of the annual global revenues of the noncompliant company, whichever is greater; 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. Further, since January 1, 2021, companies have to comply with the UK GDPR, which, together with the amended UK Data Protection Act 2018, retains the GDPR in UK national law. The UK GDPR mirrors the fines under the GDPR, i.e., fines up to the greater of €20 million (£17.5 million) or 4% of global turnover. The relationship between the UK and the EU in relation to certain aspects of data protection law remains unclear, and it is unclear how UK data protection laws and regulations will develop in the medium to longer term. The European Commission has adopted an adequacy decision in favor of the UK, enabling data transfers from EU member states to the UK without additional safeguards. However, the UK adequacy decision will automatically expire in June 2025. After expiry of the period, the adequacy decision will be renewed only if the United Kingdom continues to ensure an adequate level of data protection.

Additionally, we are subject to laws, rules, and regulations (including under the EU and UK GDPR) regarding cross-border transfers of personal data, including laws relating to the transfer of personal data outside the European Economic Area ("EEA"), the UK, and outside of India. We rely on transfer mechanisms permitted under these laws, including standard contractual clauses, which have been subject to regulatory and judicial scrutiny. On 7 October 2022, President Biden signed an Executive Order on "Enhancing Safeguards for United States Signals Intelligence Activities", which implements into United States law the agreement in principle announced in March 2022 on a new EU-U.S. Data Privacy Framework. However, 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. For example, the EU-U.S. Privacy Shield Framework, a data transfer mechanism which allowed companies meeting certain requirements to lawfully transfer personal data from the EU to the US, was struck down by the European Court of Justice in July, 2020 ("EU-U.S. Privacy Shield Framework"). There is also a trend toward countries enacting data localization or other country specific requirements, which could be problematic to cloud software providers. 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 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 out of EEA for allegedly violating the EU GDPR's cross-border data transfer limitations.

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 Laws 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 information 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.

Customers expect that our solutions can be used in compliance with data protection and data Privacy Laws and regulations. The functional and operational requirements and costs of compliance with such laws and regulations may adversely impact our business, and failure to enable our solutions to comply with such laws and regulations could lead to significant fines and penalties imposed by regulators, as well as claims by our customers or third parties. These domestic and international legislative and regulatory initiatives could adversely affect our customers' ability or desire to collect, use, process, store and disclose personal information 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 privacy and security for many data types and from a variety of sources, though such measures may not always be effective. We rely on our data suppliers to collect, use, and deliver information to us in a form and manner that complies with applicable Privacy Laws. Due to the complex and evolving nature of Privacy Laws, we cannot guarantee that the safeguards and controls employed by us or our data suppliers will be sufficient to prevent a breach of these laws, 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 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 Privacy Laws, certain certification/registration requirement, annual re-certification/registration requirements associated with these Privacy Laws, and failure to resolve any serious 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.

## 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, 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.

***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, 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 privacy and data protection. 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.

***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.

***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. 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 \$1.3 billion as of December 31, 2022 and 2021, and intangible assets, net of \$350.7 million and \$352.5 million as of December 31, 2022 and 2021, respectively. In accordance with 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.

As of December 31, 2022, the fair value of our one reporting unit was less than 10% higher than its carrying value. With a margin between fair value and carrying value in this range, our reporting unit is at risk for future goodwill impairments if it experiences a continued decline in its market capitalization or worsening macroeconomic conditions, which could represent potential indicators of impairment requiring further impairment analysis in 2023. 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.

## **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, 2022 was \$266.4 million. The loans under the 2019 Credit Agreement were repaid and the 2019 Credit Agreement was terminated on September 17, 2021 in connection with the IPO Transactions and the 2021 Credit Agreement.

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 68.2% 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 68.2% of the outstanding LLC Units (as of December 31, 2022), 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 holders of LLC Units 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 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, 2022, we had a total of 105,138,273 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, 2022, our pre-IPO owners held directly or indirectly a total of 50,433,101 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, we filed a registration statement on Form S-8 under the Securities Act to register shares of our Class A Common Stock or securities convertible into or exchangeable for shares of our Class A Common Stock issued pursuant to our 2021 Equity Incentive Plan and 2021 Employee Stock Purchase Plan. Such Form S-8 registration statement automatically became effective upon filing. Accordingly, shares registered under such registration statement will be available for sale in the open market. Our registration statement on Form S-8 covers 10,487,212 shares of our Class A common stock.

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, 2022 we had an aggregate of 484,374,515 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. Based on the market value of our Class A common stock held by non-affiliates as of June 30, 2022, on December 31, 2022 we ceased to be an “emerging growth company” as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act. As a result, we have experienced, and expect to continue to experience, additional 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 upon losing such status, 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 implementing new 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 2. Properties.**

Our corporate headquarters is located in Framingham, Massachusetts and consists of approximately 55,700 square feet of space under leases that expire in January 2029, with extension options. As of December 31, 2022, we have other offices in Sweden, India and New Jersey. 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, 2023, there were 38 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**

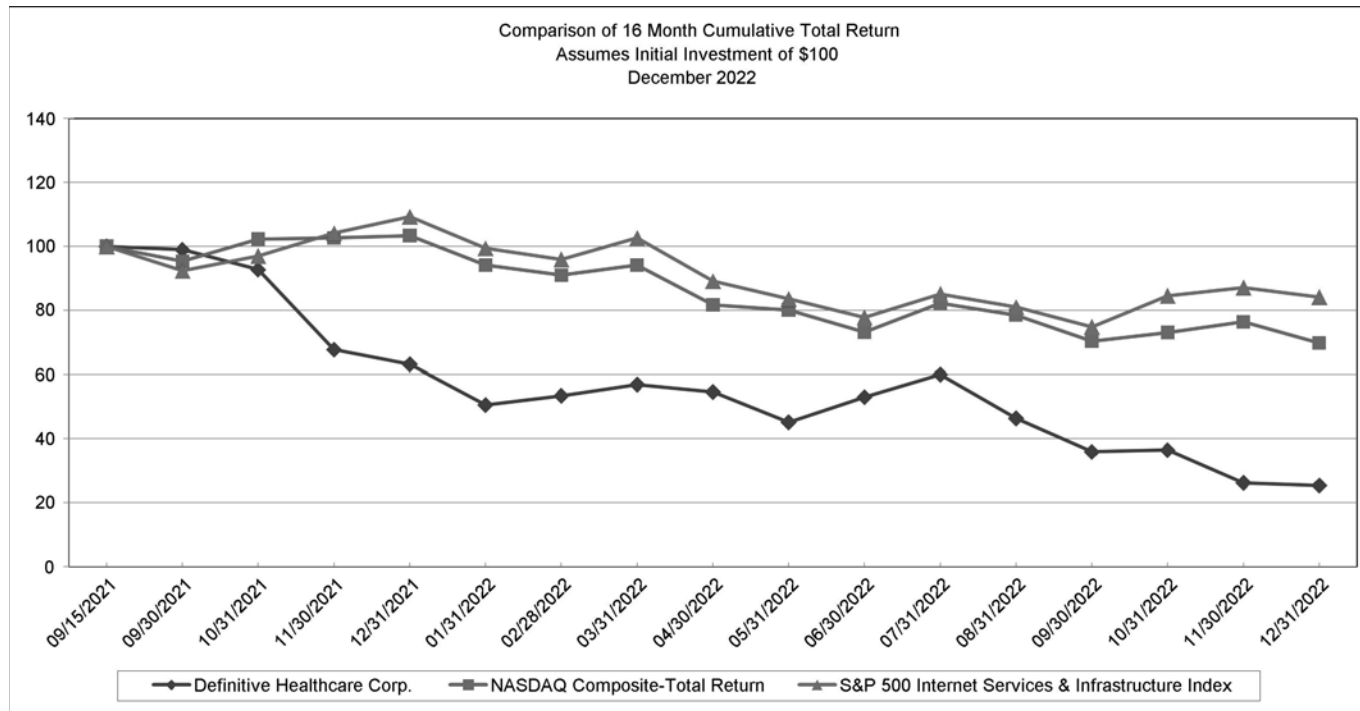
We have no current plans to pay dividends on our Class A common stock. The declaration, amount, and payment of any future dividends on shares of Class A Common Stock is at the sole discretion of our board of directors, and we may reduce or discontinue entirely the payment of such dividends at any time. 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 2022 are as follows:

<b>Date of Exchange</b>	<b>Number of Shares Exchanged</b>
October 3, 2022	5,972
November 14, 2022	2,858
Total	8,830

### *Use of Proceeds*

Not applicable.

### **Issuer Purchases of Equity Securities**

Not applicable.

### **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 2022, 2021 and 2020. 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 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 over 3,000 customers as of December 31, 2022. 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, 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.

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**

### ***Restructuring Charges***

On January 12, 2023, we announced a restructuring plan intended to reduce operating costs, improve operating margins, and continue advancing the Company's ongoing commitment to profitable growth. We estimate that in the first quarter of 2023 we will incur pre-tax cash restructuring and related charges of approximately \$2.0 million to \$2.5 million, consisting primarily of severance payments, employee benefits, and related cash expenses, as well as an immaterial 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 first quarter of 2023.

### **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 COVID-19 pandemic, the Russia-Ukraine war, global geopolitical tension and more recently, rising inflation and interest rates, volatility in the capital markets 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 worsening 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, and a significant number of deferred purchasing decisions, which have been most pronounced in the life science and provider markets, and which we expect will impact our growth unless macroeconomic conditions improve. 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 depends 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. Enterprise Customers represent the majority of our ARR and are a key focus of our go-to-market programs. As of December 31, 2022, 2021, and 2020, we had over 3,000, 2,800, and 2,600 customers, respectively. We generally define a customer as a company that maintains one or more active paid subscriptions to our platform. 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. Despite our ability to expand our customer base in 2022 notwithstanding macroeconomic challenges, similar or worsening macroeconomic challenges may negatively impact expansion in the future.

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

We believe there is a significant opportunity to generate additional revenue from our existing customer base, which we expanded to over 3,000 customers as of December 31, 2022.

Our customers have historically increased their spending by adding intelligence modules and 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 intelligence modules. 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 platform currently offers 18 intelligence modules. Our success in expanding usage of our platform with our existing customers is demonstrated by our NDR (see "Key Metrics"). For the year ended December 31, 2022, our NDR for customers generating more than \$100,000 in ARR ("Enterprise Customers") was 110%. As of December 31, 2022, we had 538 Enterprise Customers, which represented approximately 61% of our ARR. 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%. For the year ended December 31, 2020, our NDR for Enterprise Customers was 124% and our NDR for all customers over \$17,500 ARR was 108%.

### ***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 and have launched 18 highly integrated intelligence modules to date. 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.

## 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 measure to Adjusted Gross Profit and Adjusted Gross Margin is GAAP Gross Profit, and the most directly comparable GAAP financial measure to Adjusted EBITDA and Adjusted EBITDA Margin is GAAP net loss.

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 revenue less cost of revenue, excluding acquisition-related depreciation and amortization, and stock-based compensation costs. Adjusted Gross Profit differs from Gross Profit, in that Gross Profit includes the impact of acquisition-related depreciation and amortization expense and stock-based compensation. We exclude acquisition-related depreciation and amortization expense as they have no direct correlation to the cost of operating our business on an ongoing basis. 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 to Adjusted Gross Profit and Adjusted Gross Margin for the periods presented:

<i>(in thousands)</i>	Year Ended December 31,		
	2022	2021	2020
<b>Reported gross profit</b>	\$ 180,028	\$ 125,465	\$ 87,849
Amortization of intangible assets resulting from acquisition-related purchase accounting adjustments <sup>(a)</sup>	15,715	20,220	19,169
Equity compensation costs	942	277	62
<b>Adjusted Gross Profit</b>	\$ 196,685	\$ 145,962	\$ 107,080
Revenue	\$ 222,653	\$ 166,154	\$ 118,317
<b>Adjusted Gross Margin</b>	<u>88%</u>	<u>88%</u>	<u>91%</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) provision for 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 and (iv) other non-recurring and one-time expenses. 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 to Adjusted EBITDA for the periods presented:

<i>(in thousands)</i>	Year Ended December 31,		
	2022	2021	2020
<b>Net loss</b>	\$ (22,255)	\$ (61,257)	\$ (51,157)
Interest expense, net	8,413	25,871	36,490
Income tax (benefit) provision	(17,185)	675	—
Loss from extinguishment of debt	—	9,873	—
Depreciation & amortization	56,904	59,947	59,580
<b>EBITDA</b>	25,877	35,109	44,913
Other (income) expense, net <sup>(a)</sup>	(10,236)	(143)	222
Equity-based compensation <sup>(b)</sup>	36,434	9,957	1,747
Transaction, integration and restructuring expenses <sup>(c)</sup>	7,890	6,287	3,776
Other non-recurring items <sup>(d)</sup>	3,781	4,780	2,847
<b>Adjusted EBITDA</b>	\$ 63,746	\$ 55,990	\$ 53,505
Revenue	\$ 222,653	\$ 166,154	\$ 118,317
<b>Adjusted EBITDA Margin</b>	29%	34%	45%

- (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, including a go-to market integration project conducted in 2022. Restructuring expenses relate to impairment and restructuring charges related to office relocations.
- (d) Non-recurring items represent expenses that are typically by nature one-time, non-operational and unrelated to our core operations. One-time expenses are comprised primarily of professional fees related to financing, capital structure changes and other non-recurring set-up costs related to public company operations for the current period, and IPO readiness costs for the prior periods.

## 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*

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, and as a result, we expect our NDR growth rates for 2023 to be reduced unless macroeconomic conditions improve.

### *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. 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 macroenvironment challenges, which have resulted in elongating deal cycles as customers implement more stringent approval processes or push out final decisions to later periods. We expect this trend to reduce our revenue growth rate in 2023 if the macroenvironment remains challenged.

The following table presents our remaining performance obligations, including cRPO as of December 31, 2022 and 2021:

<i>(in thousands)</i>	December 31, 2022	December 31, 2021
Current	\$ 183,527	\$ 155,134
Non-current	93,464	95,354
Total	<u>\$ 276,991</u>	<u>\$ 250,488</u>

## Impact of Acquisitions and Investments

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. 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. This acquisition further strengthened our data platform and our business. In October 2020, we acquired Monoql, a cloud-based platform with millions of expert profiles. In December 2019, we acquired Healthcare Sales Enablement, Inc. (“HSE”), a software analytics firm that helps life science companies and healthcare providers find patient clusters who would most benefit from their products and services. In January 2019, we acquired HIMSS Analytics, a global healthcare advisor providing guidance and market intelligence solutions. In June 2016, we acquired Billian’s HealthDATA, a provider of data and analytics on U.S. healthcare organizations. In October 2015, we acquired US Lifeline, a provider of real- world data and intelligence for the healthcare supply chain. These acquisitions and investments 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, 2022, 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 macroenvironment challenges described above, we expect a reduction in our revenue growth rate for 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.

### *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.

### *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 a restructuring plan in the first quarter of 2023. Rising 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 marketing costs. While we have slowed hiring in response to macroeconomic conditions, and expect to maintain slower levels until macroeconomic conditions improve, we continue 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 module 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 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 office relocations.

### ***Other Expense, Net***

Other expense, net consists primarily of interest expense, net and other income (expense), net.

*Interest expense, net* consists primarily of interest expense on our debt obligations and the amortization of debt discounts and debt issuance costs, less interest income. We expect, as a result of the recent rise in interest rates, that interest expense will increase in 2023 over prior periods for the unhedged portion of our outstanding debt while interest rate swap agreements will keep the hedged portion of outstanding debt fixed.

*Other income (expense), net* consists primarily of the revaluation of tax receivable agreement liabilities and realized and unrealized gains, losses on extinguishment of debt resulting from the write-off of unamortized deferred financing costs associated with loan repayments in conjunction with the September 2021 refinancing 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 2022 results compared to those in 2021. For a discussion of the 2021 results compared to those in 2020, see the discussion in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2021 Form 10-K, 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,		
	2022	2021	2020
Revenue	\$ 222,653	\$ 166,154	\$ 118,317
Cost of revenue:			
Cost of revenue	25,866	19,421	11,085
Amortization	16,759	21,268	19,383
Total cost of revenue	42,625	40,689	30,468
Gross profit	180,028	125,465	87,849
Operating expenses:			
Sales and marketing	89,585	56,387	34,332
Product development	34,890	18,565	11,062
General and administrative	48,781	30,528	12,927
Depreciation and amortization	40,145	38,679	40,197
Transaction, integration and restructuring expenses	7,890	6,287	3,776
Total operating expenses	221,291	150,446	102,294
Loss from operations	(41,263)	(24,981)	(14,445)
Total other income (expense), net	1,823	(35,601)	(36,712)
Loss before income taxes	(39,440)	(60,582)	(51,157)
Benefit from (provision for) income taxes	17,185	(675)	—
Net loss	(22,255)	(61,257)	(51,157)
Less: Net loss attributable to Definitive OpCo prior to the Reorganization Transactions	-	(33,343)	(51,157)
Less: Net loss attributable to noncontrolling interests	(16,218)	(10,237)	-
Net loss attributable to Definitive Healthcare Corp.	\$ (6,037)	\$ (17,677)	\$ -

### *Year Ended December 31, 2022 compared to Year Ended December 31, 2021*

#### Revenue

Revenue increased \$56.5 million, or 34%, for the year ended December 31, 2022 compared with the same period in the prior year, driven almost entirely by higher subscription revenue. This increase was primarily due to net expansion with existing customers, as well as organic additions of new customers, and the addition of new customers resulting from the acquisition of Analytical Wizards.

#### Cost of Revenue

Cost of revenue increased \$1.9 million, or 5%, for the year ended December 31, 2022 compared with the same period in the prior year, primarily due to increased data and hosting fees, increases in employee benefit and insurance costs and, to a lesser extent, incremental personnel costs resulting from the acquisition of Analytical Wizards, partially offset by lower amortization of acquired technology costs.

## Operating Expenses

Operating expenses increased \$70.8 million, or 47%, for the year ended December 31, 2022 compared with the same period in the prior year. The increase was primarily due to:

- An increase in sales and marketing expense of \$33.2 million for the year ended December 31, 2022, primarily due to increased personnel costs, including employee benefits and insurance costs, resulting from additional hiring, as well as increases in stock-based compensation expense driven primarily by a full year's amortization of post-IPO equity grants;
- An increase in product development expense of \$16.3 million for the year ended December 31, 2022, primarily due to increased personnel costs, including employee benefits and insurance costs, resulting from additional hiring and the acquisition of Analytical Wizards, as well as increases in stock-based compensation expense driven primarily by a full year's amortization of post-IPO equity grants;
- An increase in general and administrative expense of \$18.3 million for the year ended December 31, 2022, primarily due to increased personnel costs, including employee benefits and insurance costs, resulting from additional hiring, as well as increases in stock-based compensation expense, and additional accounting and legal expenses resulting from the transition to becoming a publicly-traded company. If the macroenvironment trends previously described continue, we may experience additional increases in bad debt expense in the future;
- An increase in transaction, integration and restructuring expenses of \$1.6 million for the year ended December 31, 2022, due primarily to costs arising from the acquisition of Analytical Wizards, restructuring costs, and a go-to-market integration project conducted in the third quarter of 2022.

## Other Income (Expense), Net

Total other income, net was \$1.8 million for the year ended December 31, 2022, driven primarily by other income of \$10.2 million, including a TRA liability remeasurement gain of \$9.4 million, partially offset by \$8.4 million of interest expense. Total other expense, net was \$35.6 million for the year ended December 31, 2021, driven primarily by \$25.9 million of interest expense, net and a \$9.9 million loss from the extinguishment of debt. Interest expense, net was lower in the year ended December 31, 2022 compared with the same period in the prior year due to lower interest rates and a lower outstanding debt balance resulting from the refinancing of the Company's debt in September 2021.

## Benefit From (Provision For) Income Taxes

Benefit from income taxes for the year ended December 31, 2022 was \$17.2 million, representing an effective tax rate of 43.6%, as compared to expense from income taxes of \$0.7 million, representing an effective tax rate of (1.1)% for the year ended December 31, 2021. The 2022 increase in the effective tax rate was primarily driven by the impact of the change in the state effective tax rate on our substantial net deferred tax liability balance. The state effective tax rate decreased from 6.67% to 4.77% due to changes in state apportionment factors inclusive of changes in the mix of sales, property, and payroll by state, certain state tax rates changes, and principally certain state incentives. State tax incentives include benefits such as state R&D credits and qualification for single sales factor rather than three-factor apportionment.

## Liquidity and Capital Resources

### Overview

As of December 31, 2022, we had \$146.9 million of cash and cash equivalents, \$184.9 million of short-term investments and \$75.0 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. In addition, on October 7, 2022, we filed a registration statement on Form S-3 with the SEC using a "shelf" registration process. If and when we utilize the shelf registration, we will be able to, from time to time, offer and sell, either individually or in combination, in one or more offerings of the securities described in the shelf registration statement. Each time we offer securities under this shelf registration, we will provide a prospectus supplement that will contain more specific information about the terms of that offering. Our principal uses of liquidity have been primarily for investment in long-term growth of the business through capital expenditures and acquisitions, as well as debt services 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.

However, 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, such as rising inflation and potential recession, and our anticipated funding requirements could increase. See the “Risk Factors” section in this Annual Report. 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. In the event we need to seek additional funding, rising interest rates, stock market volatility or other unfavorable macroeconomic conditions may also prevent us from obtaining additional financing on favorable terms or at all. 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.

### **Cash Flows**

The discussion of our cash flows includes a year-over-year comparison of 2022 cash flows to those in 2021. For a discussion of our 2021 cash flows compared to 2020 cash flows, see the discussion in Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations in our 2021 Form 10-K, which is incorporated by reference herein.

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

<i>(in thousands)</i>	<b>Year Ended December 31,</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Cash provided by (used in):			
Operating activities	\$ 35,579	\$ 25,212	\$ 23,217
Investing activities	(248,903)	(46,731)	(23,862)
Financing activities	(26,696)	384,372	16,655
Change in cash and cash equivalents (excluding effect of exchange rate changes)	<u>\$ (240,020)</u>	<u>\$ 362,853</u>	<u>\$ 16,010</u>

#### *Cash Flows provided by Operating Activities*

Net cash provided by operating activities was \$35.6 million during the year ended December 31, 2022, primarily as a result of a net loss of \$22.3 million and a \$22.0 million net decrease in our operating assets and liabilities, offset by non-cash charges of \$79.8 million. The non-cash charges were primarily comprised of amortization of intangible assets of \$54.7 million, equity compensation costs of \$36.4 million, and amortization of deferred contract costs of \$8.8 million, partially offset by deferred income taxes of \$17.3 million and a gain on remeasurement of the TRA of \$9.4 million. The change in operating assets and liabilities was primarily the result of cash outflows resulting from an increase in deferred contract costs of \$15.3 million, an increase in accounts receivable of \$13.2 million, and payments of contingent consideration of \$6.4 million. These factors were partially offset by an increase in deferred revenue of \$12.7 million due to the timing of billings and cash received in advance of revenue recognition for subscription services.

#### *Cash Flows used in Investing Activities*

Cash used in investing activities during the year ended December 31, 2022 was \$248.9 million, driven primarily by \$338.0 million in purchases of short-term investments, \$56.3 million paid to complete the AW acquisition (net of cash acquired), and \$8.3 million of capital expenditures, partially offset by \$153.7 million in maturities of short-term investments.

### *Cash Flows used in Financing Activities*

Cash used in financing activities during the year ended December 31, 2022 was \$26.7 million, primarily driven by \$12.9 million in tax distribution payments to members, repayments of the 2021 Term Loan (as defined below) of \$6.9 million, taxes paid related to the net share settlement of equity awards of \$4.1 million, \$1.7 million in payments of deferred equity offering issuance costs, and \$1.1 million in payments of contingent consideration arising from the Monoel acquisition.

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 \$266.4 million outstanding on the 2021 Term Loan at December 31, 2022.

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, 2022 and 2021.

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, 2022.

### ***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 \$2.0 million to be paid in 2023 and \$11.0 million thereafter. Estimated purchase commitments, which currently run through 2025, are \$11.0 million in 2023 and \$16.7 million thereafter.

### ***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 increased by \$1.6 million to \$8.3 million for the year ended December 31, 2022 compared to \$6.7 million for the same period in the prior year, primarily driven by the purchases of historical data.

### **Inflation**

While rising 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.

### **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*, 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 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 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.

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 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 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 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.

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 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.

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. 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.

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. 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.



## ***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***

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 made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

### ***Impairment of Goodwill***

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 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 we elect 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 projected discounted cash flow model that includes significant assumptions and estimates, including the discount rate, growth rate, and future financial performance. Valuations of similarly situated public companies are also evaluated when assessing the fair value of the reporting unit. If the carrying value of the reporting unit exceeds the fair value, then an impairment loss is recognized for the difference.

In the fourth quarter of 2022, the Company experienced a decline in its stock price resulting in the total market value of its shares of stock outstanding, or its market capitalization, being less than the carrying value of its one reporting unit. Therefore, as of October 1, 2022, the Company elected to bypass the qualitative assessment and determined it appropriate to perform quantitative assessments of the Company's one reporting unit at both October 1, 2022 and December 31, 2022. The Company elected to conduct its quantitative assessments using a combination of an income and a market approach. The income approach is based on a projected discounted cash flow model and 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 public company transactions. Based on the Company's quantitative assessments performed as of October 1, 2022 and December 31, 2022, the fair value of the reporting unit exceeded its related carrying value. Therefore, the Company concluded there was no impairment of goodwill during the fourth quarter of 2022.

As of December 31, 2022, the fair value of our one reporting unit was less than 10% higher than its carrying value. With a margin between fair value and carrying value in this range, the Company's reporting unit is at risk for future goodwill impairments if it experiences a continued decline in its market capitalization or worsening macroeconomic conditions, which could represent potential indicators of impairment requiring further impairment analysis in 2023. The Company continues to monitor for potential impairment should impairment indicators arise.

### ***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 the HSE, Monocl, or AW 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.

HSE, AW, and the Monocl subsidiaries are taxed as corporations. Accordingly, these entities account 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 the HSE, AW, and Monocl subsidiaries 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 Definitive OpCo 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, 2022, 2021 and 2020, 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, 2022 we had cash and cash equivalents of \$146.9 million and short-term investments of \$184.9 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 Term SOFR Rate plus an applicable margin. As of December 31, 2022, the total principal balance outstanding was \$266.4 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, 2022, the total principal balance outstanding was \$266.4 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 \$2.7 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.

### ***Impact of Inflation***

We do not believe inflation has had a material effect on our business, financial condition, or results of operations. However, 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, short-term investments, 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 and short-term investments with high-quality financial institutions and periodically evaluating the credit quality of those institutions. The carrying value of cash and short-term investments approximates fair value.

**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, 2022.

**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 the end of the period covered by this Annual Report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), of the effectiveness of the design and operation 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 (the “Exchange Act”). Based on such evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of December 31, 2022 to provide reasonable assurance that information to be disclosed by us in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and (ii) accumulated and communicated to management, including our principal executive and principal financial officers or persons performing similar functions, as appropriate to allow timely decisions regarding disclosure.

***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 generally accepted accounting principles. Under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer and oversight of the board of directors, our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2022, based on the criteria set forth in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2022.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited our consolidated financial statements included in this Annual Report and issued its report on the effectiveness of our internal control over financial reporting, which is included herein.

## 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, 2022, 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, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, 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 (PCAOB) the consolidated financial statements as of and for the year ended December 31, 2022, of the Company and our report dated February 27, 2023, 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.

/s/Deloitte & Touche LLP

Boston, Massachusetts

February 27, 2023

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

During the quarter ended December 31, 2022, no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

### ***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.

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

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, 2022.

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, 2022.

### **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, 2022.

### **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, 2022.

### **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, 2022.



## PART IV

### Item 15. Exhibits, 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 Form10-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.
- 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 2021 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 February 18, 2015, by and between Definitive Healthcare, LLC and Jason Krantz (incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-1 (File No. 333-258990) filed with the SEC on August 20, 2021).
- 10.23† 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).
- 10.24† Employment Agreement, dated February 1, 2021, by and between Definitive Healthcare, LLC and David Samuels (incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-1 (File No. 333-258990) filed with the SEC on August 20, 2021).
- 10.25† Employment Agreement dated October 7, 2021 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 October 7, 2021).
- 10.26† Separation Agreement, dated as of November 1, 2022, by and among Definitive Healthcare, LLC and David Samuels.
- 10.27† Amended and Restated Employment Agreement, dated as of May 4, 2022, by and among Definitive Healthcare, LLC, 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 May 5, 2022).
- 10.28† 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).
- 10.29† 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).
- 10.30† Offer Letter to Kate Shamsuddin Jensen, dated February 3, 2015.
- 10.31† Restricted Stock Unit Award Agreement (333,322 time-based Restricted Stock Units), dated as of May 3, 2022, by and among Definitive Healthcare Corp. and Robert Musslewhite (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q (File No. 001-40815) filed with the SEC on August 4, 2022).

10.32†	Restricted Stock Unit Award Agreement (83,333 time-based Restricted Stock Units), dated as of May 3, 2022, by and among Definitive Healthcare Corp. and Robert Musslewhite (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 August 4, 2022).
10.33†	Restricted Stock Unit Award Agreement (125,000 performance-based Restricted Stock Units), dated as of May 3, 2022, by and among Definitive Healthcare Corp. and Robert Musslewhite (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 August 4, 2022)
10.34†	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).
10.35†	Amendment, dated August 9, 2022, to Restricted Stock Unit Award Agreements, issued under the Definitive Healthcare Corp. 2021 Equity Incentive Plan, between Robert Musslewhite 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 3, 2022).
10.36†	Definitive Healthcare Corp. Change in Control Severance Plan for Executives.
21.1	List of subsidiaries (incorporated by reference to Exhibit 21.1 to the Company's Registration Statement on Form S-1 (File No. 333-258990) filed with the SEC on August 20, 2021).
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.
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 Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101.)

\* The certifications attached as Exhibits 31.1, 31.2 and 32.1 that accompany this Annual Report on Form 10-K are not deemed filed with the Securities and Exchange Commission and are 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.



## 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, 2022 and 2021, 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, 2022, 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, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, 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, 2022, 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 27, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

### 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. The goodwill balance for Definitive Healthcare Corp. was \$1,323 million as of December 31, 2022, and as the fair value of Definitive Healthcare Corp.’s one reporting unit exceeded its carrying value as of December 31, 2022, no 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 Note 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 at December 31, 2022 was \$156.3 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, in U.S. federal, state, or local tax 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 tax basis is amortizable under requisite sections of the Internal Revenue Code.

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 and (v) the U.S. federal income tax rate 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 27, 2023

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, 2022	December 31, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	146,934	387,498
Short-term investments	184,939	—
Accounts receivable, net	58,799	43,336
Prepaid expenses and other current assets	12,686	6,518
Current portion of deferred contract costs	10,387	6,880
<b>Total current assets</b>	<b>413,745</b>	<b>444,232</b>
Property and equipment, net	4,464	5,069
Operating lease right-of-use assets, net	9,681	—
Other assets	4,683	8,431
Deferred contract costs, net of current portion	14,596	11,667
Investment in equity securities	—	32,675
Intangible assets, net	350,722	352,470
Goodwill	1,323,102	1,261,444
<b>Total assets</b>	<b>\$ 2,120,993</b>	<b>\$ 2,115,988</b>
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable	3,948	4,651
Accrued expenses and other current liabilities	18,748	22,658
Current portion of deferred revenue	99,692	83,611
Current portion of term loan	8,594	6,875
Current portion of operating lease liabilities	1,521	—
Total current liabilities	132,503	117,795
Long term liabilities:		
Deferred revenue	236	412
Term loan, net of current portion	255,765	263,808
Operating lease liabilities, net of current portion	9,969	—
Tax receivable agreements liability	156,311	153,529
Deferred tax liabilities	75,737	75,888
Other long-term liabilities	3,251	1,294
<b>Total liabilities</b>	<b>633,772</b>	<b>612,726</b>
<b>Commitments and Contingencies (Note 14)</b>		
Equity:		
Class A Common Stock, par value \$0.001, 600,000,000 shares authorized, 105,138,273 and 97,030,095 shares issued and outstanding at December 31, 2022 and 2021, respectively	105	97
Class B Common Stock, par value \$0.00001, 65,000,000 shares authorized, 50,433,101 and 48,923,952 shares issued and outstanding, respectively, at December 31, 2022, and 58,244,627 and 55,488,221 shares issued and outstanding, respectively, at December 31, 2021	—	—
Additional paid-in capital	972,077	890,724
Accumulated other comprehensive income	3,668	62
Accumulated deficit	(23,714)	(17,677)
Noncontrolling interests	535,085	630,056
<b>Total equity</b>	<b>1,487,221</b>	<b>1,503,262</b>
<b>Total liabilities and equity</b>	<b>\$ 2,120,993</b>	<b>\$ 2,115,988</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,		
	2022	2021	2020
Revenue	\$ 222,653	\$ 166,154	\$ 118,317
Cost of revenue:			
Cost of revenue exclusive of amortization	25,866	19,421	11,085
Amortization	16,759	21,268	19,383
Gross profit	<u>180,028</u>	<u>125,465</u>	<u>87,849</u>
Operating expenses:			
Sales and marketing	89,585	56,387	34,332
Product development	34,890	18,565	11,062
General and administrative	48,781	30,528	12,927
Depreciation and amortization	40,145	38,679	40,197
Transaction, integration, and restructuring expenses	7,890	6,287	3,776
Total operating expenses	<u>221,291</u>	<u>150,446</u>	<u>102,294</u>
Loss from operations	(41,263)	(24,981)	(14,445)
Other income (expense), net:			
Other income (expense), net	10,236	143	(222)
Interest expense, net	(8,413)	(25,871)	(36,490)
Loss on extinguishment of debt	—	(9,873)	—
Total other income (expense), net	<u>1,823</u>	<u>(35,601)</u>	<u>(36,712)</u>
Loss before income taxes	(39,440)	(60,582)	(51,157)
Benefit from (provision for) income taxes	17,185	(675)	-
Net loss	<u>(22,255)</u>	<u>(61,257)</u>	<u>(51,157)</u>
Less: Net loss attributable to Definitive OpCo prior to the Reorganization Transactions	-	(33,343)	(51,157)
Less: Net loss attributable to noncontrolling interests	(16,218)	(10,237)	—
Net loss attributable to Definitive Healthcare Corp.	<u>\$ (6,037)</u>	<u>\$ (17,677)</u>	<u>\$ —</u>
Net loss per share of Class A Common Stock:			
Basic and diluted	<u>\$ (0.06)</u>	<u>\$ (0.19)</u>	N/A
Weighted average Common Stock outstanding:			
Basic and diluted <sup>(1)</sup>	<u>101,114,105</u>	<u>91,916,151</u>	N/A

(1) Basic and diluted net loss per share of Class A Common Stock is applicable only for the year ended December 31, 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,		
	2022	2021	2020
Net loss	\$ (22,255)	\$ (61,257)	\$ (51,157)
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(832)	193	(131)
Unrealized loss on available-for-sale securities	(224)	—	—
Unrealized gain on interest rate hedging instruments	6,550	—	—
Comprehensive loss	(16,761)	(61,064)	(51,288)
Less: Comprehensive loss attributable to Definitive OpCo prior to the Reorganization Transactions	—	(33,201)	(51,288)
Less: Comprehensive loss attributable to noncontrolling interests	(14,330)	(10,237)	—
Comprehensive loss attributable to Definitive Healthcare Corp.	<u>\$ (2,431)</u>	<u>\$ (17,626)</u>	<u>\$ —</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			Total Equity
							Other Comprehensive Income	Noncontrolling Interests	Total Equity	
Balance at December 31, 2021	97,030,095	\$ 97	58,244,627	\$ —	\$ 890,724	\$ (17,677)	\$ 62	\$ 630,056	\$ 1,503,262	
Net loss	—	—	—	—	—	(6,037)	—	(16,218)	(22,255)	
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)	—	63,481	—	—	(82,216)	(18,727)	
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	\$ —	\$ 972,077	\$ (23,714)	\$ 3,668	\$ 535,085	\$ 1,487,221	

**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	Class B Amount	Class B Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests	Total Equity
Balance at December 31, 2020	\$ 1,195,694	\$ 1,195,694	—	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (131)	\$ —	\$ —	\$ 1,195,563
Net loss prior to Reorganization Transactions	(33,343)	(33,343)	—	—	—	—	—	—	—	—	—	—	(33,343)
Other comprehensive income prior to Reorganization Transactions	—	—	—	—	—	—	—	—	—	142	—	—	142
Equity-based compensation prior to Reorganization Transactions	1,743	1,743	—	—	—	—	—	—	—	—	—	—	1,743
Members' contributions prior to Reorganization Transactions	5,500	5,500	—	—	—	—	—	—	—	—	—	—	5,500
Distributions to members prior to Reorganization Transactions	(7,139)	(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	(1,162,455)	(1,162,455)	72,871,733	73	61,262,052	—	—	351,074	—	—	—	593,861	(217,447)
Issuance of Class A Common Stock in IPO, net of costs of \$11,394	—	—	17,888,888	18	—	—	—	441,400	—	—	—	—	441,418
Repurchase of Definitive Healthcare Corp. shares in connection with the IPO	—	—	(2,497,288)	(3)	—	—	—	(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>													
Net loss subsequent to Reorganization Transactions	—	—	—	—	—	—	—	—	(17,677)	—	—	(10,237)	(27,914)
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	—	—	11,000,000	11	—	—	—	380,515	—	—	—	—	380,526
Repurchase of Definitive Healthcare Corp. shares in connection with the follow-on offering	—	—	(2,233,238)	(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	—	—	—	—	—	—	—	—	—	—	—	(989)	(989)
Balance at December 31, 2021	\$ —	\$ 97	\$ 97,030,095	\$ 97	\$ 58,244,627	\$ —	\$ —	\$ 890,724	\$ (17,677)	\$ 62	\$ 62	\$ 630,056	\$ 1,503,262

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

	Class A Units	Amount	Class B Units	Amount	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Equity
Balance at January 1, 2020	127,125,435	\$ 1,271,254	—	\$ 744	\$ (55,758)	\$ —	\$ 1,216,240
Net loss	—	—	—	—	(51,157)	—	(51,157)
Distribution to members	—	—	—	—	(2,940)	—	(2,940)
Capital contributions	3,120,555	31,804	—	—	—	—	31,804
Equity-based compensation	—	—	474,920	1,747	—	—	1,747
Comprehensive loss	—	—	—	—	—	(131)	(131)
Balance at December 31, 2020	130,245,990	\$ 1,303,058	474,920	\$ 2,491	\$ (109,855)	\$ (131)	\$ 1,195,563

See notes to consolidated financial statements

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

	Year Ended December 31,		
	2022	2021	2020
<b>Cash flows provided by operating activities:</b>			
Net loss	\$ (22,255)	\$ (61,257)	\$ (51,157)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,193	1,751	1,152
Amortization of intangible assets	54,711	58,196	58,429
Amortization of deferred contract costs	8,816	4,793	1,671
Equity-based compensation	36,434	9,957	1,747
Noncash paid in-kind interest expense	—	—	7,371
Amortization of debt issuance costs	702	1,698	2,061
Provision for doubtful accounts receivable	1,325	632	895
Loss on extinguishment of debt	—	9,843	—
Non-cash restructuring charges related to office leases	1,023	—	—
Tax receivable agreement remeasurement	(9,374)	—	—
Changes in fair value of contingent consideration	1,250	3,764	2,636
Deferred income taxes	(17,293)	682	—
Changes in operating assets and liabilities:			
Accounts receivable	(13,222)	(10,726)	(8,294)
Prepaid expenses and other current assets	(127)	(3,729)	(709)
Deferred contract costs	(15,252)	(14,441)	(7,685)
Contingent consideration	(6,400)	—	—
Accounts payable, accrued expenses and other liabilities	358	1,088	2,996
Deferred revenue	12,690	22,961	12,104
Net cash provided by operating activities	<u>35,579</u>	<u>25,212</u>	<u>23,217</u>
<b>Cash flows (used in) provided by investing activities:</b>			
Purchases of property, equipment, and other assets	(8,326)	(6,731)	(1,395)
Purchases of short-term investments	(337,961)	—	—
Maturities of short-term investments	153,680	—	—
Cash paid for acquisitions and investments, net of cash acquired	(56,296)	(40,000)	(22,467)
Net cash used in investing activities	<u>(248,903)</u>	<u>(46,731)</u>	<u>(23,862)</u>
<b>Cash flows (used in) provided by financing activities:</b>			
Proceeds from term loan	—	275,000	—
Proceeds from delayed draw term loan	—	—	18,000
Proceeds from revolving credit facility	—	—	25,000
Repayments of term loans and delayed draw term loan	(6,875)	(474,460)	(4,545)
Taxes paid related to net share settlement of equity awards	(4,116)	—	—
Repayments of revolving credit facility	—	—	(25,000)
Payment of contingent consideration	(1,100)	(1,500)	—
Payment of debt issuance costs	—	(3,511)	(225)
Proceeds from equity offering, net of underwriting discounts	—	834,952	—
Repurchase of outstanding equity / Definitive OpCo units	—	(231,772)	—
Payments of equity offering issuance costs	(1,734)	(11,709)	—
Member contributions	—	5,500	6,365
Member distributions	(12,871)	(8,128)	(2,940)
Net cash (used in) provided by financing activities	<u>(26,696)</u>	<u>384,372</u>	<u>16,655</u>
Net (decrease) increase in cash and cash equivalents	<u>(240,020)</u>	<u>362,853</u>	<u>16,010</u>
Effect of exchange rate changes on cash and cash equivalents	(544)	(129)	146
Cash and cash equivalents, beginning of year	387,498	24,774	8,618
Cash and cash equivalents, end of year	<u>\$ 146,934</u>	<u>\$ 387,498</u>	<u>\$ 24,774</u>

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

	Year Ended December 31,		
	2022	2021	2020
<b>Supplemental cash flow disclosures:</b>			
Cash paid during the year for:			
Interest	\$ 10,443	\$ 29,569	\$ 25,958
Income taxes	—	13	—
Acquisitions:			
Net assets acquired, net of cash acquired	\$ 97,296	\$ —	\$ 43,571
Initial cash investment in prior year	(40,000)	—	—
Capital contribution	—	—	(25,439)
Contingent consideration	(1,000)	—	(2,600)
Consideration paid to former members included in accrued expenses	—	—	6,935
Net cash paid for acquisitions	<u>\$ 56,296</u>	<u>\$ —</u>	<u>\$ 22,467</u>
<b>Supplemental disclosure of non-cash investing activities:</b>			
Capital expenditures included in accounts payable and accrued expenses and other current liabilities	\$ 1,166	\$ 654	\$ 3,389
<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.

### ***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 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.

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 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 2022, 2021 or 2020.

### ***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, 2022 and 2021, the allowance for doubtful accounts was \$1.9 million and \$1.4 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, 2022, 2021 or 2020.

### ***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, \$0.9 million and \$0.6 million for the years ended December 31, 2022, 2021 and 2020, 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 \$1.0 million, \$0.6 million and \$0.1 million for the years ended December 31, 2022, 2021 and 2020, 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 its 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

In the fourth quarter of 2022, the Company experienced a decline in its stock price resulting in the total market value of its shares of stock outstanding, its market capitalization, being less than the carrying value of its one reporting unit. Therefore, as of October 1, 2022, the Company elected to bypass the qualitative assessment and determined it appropriate to perform quantitative assessments of the Company's one reporting unit at both October 1, 2022 and December 31, 2022. The Company elected to conduct its quantitative assessments using a combination of an income and a market approach. Based on the Company's quantitative assessments performed as of October 1, 2022 and December 31, 2022, the fair value of the reporting unit exceeded its related carrying value. Therefore, the Company concluded no impairment of goodwill during the fourth quarter of 2022. The Company performed the annual assessment and concluded there was no impairment in the years ended December 31, 2021 and 2020.

### ***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, 2022 and 2021, the Company had \$2.0 million and \$2.6 million, respectively, of unamortized deferred financing costs related to its non-revolving credit facilities.

### ***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.

### ***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 the HSE, Monocl, or AW 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.

HSE, AW, and the Monocl subsidiaries are taxed as corporations. Accordingly, these entities account 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 the HSE, AW, and Monocl subsidiaries 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 Definitive OpCo 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, 2022, 2021 and 2020, 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 October 2021, the FASB issued ASU No. 2021-08—Business Combinations (Topic 805) – *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. This new accounting standard requires contract assets and contract liabilities (i.e., deferred revenue) acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC 606—Revenue from Contracts with Customers. The standard requires the acquirer to recognize contract assets and contract liabilities at the same amounts recorded by the acquiree. The new accounting guidance is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company adopted this new accounting guidance effective January 1, 2022. In connection with the acquisition of Analytical Wizards completed in the first

quarter of 2022, the Company recorded contract liabilities of \$3.4 million. Refer to Note 3. *Acquisitions and Investments* for further details.

In March 2020, the FASB issued ASU No. 2020-04—Reference Rate Reform (Topic 848) – *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The amendments of ASU No. 2020-04 are effective for companies as of March 12, 2020 through December 31, 2022. An entity may elect to apply the amendments for contract modifications by Topic or Industry Subtopic as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. The amendments in this update apply only to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform and provide optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The Company adopted the update effective October 1, 2022, and the adoption did not have a material impact on the Company’s consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12—Income Taxes (Topic 740) – *Simplifying the Accounting for Income Taxes*. This standard removes certain exceptions for investments, intra-period allocations and interim tax calculations and adds guidance to reduce complexity in accounting for income taxes. The amendment is effective for fiscal years beginning after December 15, 2021. The Company adopted this new accounting guidance effective January 1, 2022, but the adoption did not have a material impact on the Company’s consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02—*Leases*. The new standard establishes a right-of-use (“ROU”) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The FASB subsequently issued supplemental and/or clarifying ASUs inclusive of ASU 2020-05, which updated the effective date for certain non-public companies to annual reporting periods beginning after December 15, 2021. A modified retrospective transition approach is required for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, or by not adjusting the comparative periods and recording a cumulative effect adjustment as of the adoption date, with certain practical expedients available. As it was previously an Emerging Growth Company prior to 2023 as defined by the JOBS Act of 2012, the Company elected to take the extended transition period and adopt the standard following guidance for non-public entities.

The Company adopted ASU No. 2016-02—*Leases* effective January 1, 2022 using the modified retrospective transition method. Prior period results will continue to be presented under ASC 840 as it was the accounting standard in effect for such periods. The Company elected to apply the package of practical expedients that allows entities to forgo reassessing at the transition date: (1) whether any expired or existing contracts are or contain leases; (2) lease classification for any expired or existing leases; and (3) whether unamortized initial direct costs for existing leases meet the definition of initial direct costs under the new guidance. The Company did not elect the hindsight practical expedient. The Company elected to use the practical expedient that allows the combination of lease and non-lease contract components in all of its underlying asset categories. Finally, the Company also elected a policy of not recording leases on its consolidated balance sheets when the leases have a term of 12 months or less and the Company is not reasonably certain to elect an option to renew the leased asset. Due to the adoption of this guidance, the Company recognized operating right-of-use assets of \$12.7 million and operating lease liabilities of \$14.0 million as of the date of adoption. The difference between the right-of-use assets and lease liabilities on the accompanying consolidated balance sheet is primarily due to the accrual for lease payments as a result of straight-line lease expense and unamortized tenant incentive liability balances. The Company did not have any impact to opening retained earnings as a result of the adoption of the guidance. The adoption of this new guidance did not have a material impact on the Company’s results of operations, comprehensive loss, cash flows, liquidity or the Company’s covenant compliance under its existing credit agreement.

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

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.

### 3. Acquisitions and Investments

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 artificial intelligence (“A.I.”) and machine learning (“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. The Series B Preferred Stock was recorded in Investments in equity securities and the Purchase Option was recorded in Other assets in the accompanying consolidated balance sheet as of December 31, 2021.

On February 18, 2022, the Company purchased 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 is 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 Company estimated the fair value of the contingent consideration to be \$2.3 million at December 31, 2022. The contingent consideration was recorded in Other long-term liabilities in the accompanying consolidated balance sheet as of December 31, 2022. Refer to Note 12. *Fair Value Measurements*.

The purchase price allocations for the AW 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 purchase price allocations for this acquisition, reported as of December 31, 2022, represent the Company's best estimates of the fair values and were based upon the information available to us. The provisional measurements of fair value for income taxes payable and deferred taxes set forth below may be subject to change as additional information is received and certain tax returns are finalized. The Company will finalize the purchase price allocations 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>	<b>Preliminary, as previously reported</b>	<b>Measurement period adjustments</b>	<b>As adjusted</b>
<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)
<b>Total assets acquired and liabilities assumed</b>	<b>37,573</b>	<b>211</b>	<b>37,784</b>
Goodwill	62,072	(413)	61,659
<b>Purchase price</b>	<b>\$ 99,645</b>	<b>\$ (202)</b>	<b>\$ 99,443</b>

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.

The amortization periods for the customer relationships, developed software, and tradenames are 20 years, 6 years, and 5 years, respectively. See Note 9 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.

During the year ended December 31, 2022 and 2021, AW's post-acquisition revenue and net loss on a standalone basis were not material.

Unaudited Pro Forma Supplementary Data as if the transaction had occurred on January 1, 2021:

<i>(in thousands)</i>	<b>For the Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Revenue	\$ 224,130	\$ 176,169
Net loss	(22,595)	(61,125)

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, 2021. 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.

### **2020 Acquisition**

On October 27, 2020, the Company completed the purchase of all of the outstanding shares of Monocl Holding Company ("Monocl"), a cloud-based platform with millions of expert profiles, for a total estimated consideration of \$46.3 million and up to \$60.0 million, consisting of approximately \$18.3 million of cash payable at closing, \$25.4 million of rollover equity, and up to \$15.0 million of contingent consideration. The contingent consideration, which relates to earn-out payments that may be paid out upon the achievement of certain performance targets has an estimated fair value of \$2.6 million as of the acquisition date. 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	\$	18,307
Equity issuance		25,439
Contingent consideration		2,600
Purchase price	\$	<u>46,346</u>

Cash consideration for the acquisition was primarily provided through borrowings under the Company's credit facility.

The performance targets for the contingent consideration are based on ARR for each of the twelve-month periods ended December 31, 2020 and December 31, 2021. Potential payouts range from \$0 to \$5.0 million and \$0 to \$10 million based on ARR of below \$8.5 million to over \$9.5 million and below \$12.0 million to over \$16.0 million for each of the twelve month periods ended December 31, 2020 and 2021, respectively.

Based on the achievement of certain ARR targets, the fair value of the contingent consideration was \$7.5 million as of December 31, 2021. The Company estimated the fair value of the contingent consideration to be \$5.2 million at December 31, 2020 based on the achievement of Annual 2020 ARR targets and the probability of achieving the 2021 targets. Refer to note 9. *Fair Value Measurements* for more detail.

The purchase accounting for the Monocl acquisition was finalized as of December 31, 2020. The final allocation of the acquisition-date fair values of assets and liabilities pertaining to this business combination as of December 31, 2020, was as follows:

<i>(in thousands)</i>		<b>October 27, 2020</b>
<b>Purchase price allocation:</b>		
Cash	\$	2,774
Accounts receivable		788
Prepaid expenses and other current assets		614
Property and equipment		20
Intangible assets		18,900
Accounts payable and accrued expenses		(2,137)
Deferred revenue		(2,884)
Total assets acquired and liabilities assumed		18,075
Goodwill		28,271
Purchase price	\$	<u>46,346</u>

As a result of the Monocl acquisition, the Company recorded goodwill, customer relationships, data, technology, and trademark of \$28.3 million, \$11.9 million, \$3.0 million, \$2.6 million and \$1.4 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. In connection with the acquisition, the Company also recorded deferred revenue of \$2.9 million and a contingent consideration liability of \$2.6 million. See Note 12. *Fair Value Measurements* for more detail on determination of fair value.

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 excess earnings method. Significant assumptions include forecast of revenues, cost of revenues, estimated attrition rates, and discount rates reflecting the different risk profiles of the asset depending upon the acquisition. The value assigned to customer relationships is \$11.9 million and is amortized using the annual pattern of cash flows (economic value method) over the estimated 14-year life of this asset.

Data includes proprietary data on medical and scientific expert personnel. The Company used the cost approach, specifically the replacement cost method to value the data. The Fair value of the data was estimated to be \$3.0 million and is amortized using the straight-line method over the estimated remaining useful life of 3 years.

The technology recognized includes Monocl's existing technology and provides users with a cloud-based platform with millions of expert profiles generated using machine learning and tailored algorithms through an online platform. This technology provides the automated collection of content sources, data processing and augmentation, and ultimately the generation of contextually relevant and continuously updated expert profiles. The Company used the income approach, specifically the relief-from-royalty method, to determine the value of technology, which was valued at \$2.6 million and is amortized using the straight-line method over the estimated remaining useful life of 8 years.

The trademark represents the estimated fair value of the registered trademarks, logo and domain names associated with the Monocl corporate brand. The Company estimated the fair value of the trademark using a relief from royalty method. Significant assumptions include forecast of royalty rate, company revenues, tax rate, and discount rate. The trademark was valued at \$1.4 million and is amortized using the straight-line method over the estimated remaining useful life of 19 years.

The weighted average amortization period for the customer relationships, tradenames, technology, and data is 15 years, 17 years, 8 years and 3 years, respectively. See Note 9 for the estimated total intangible amortization expense during the next five years.

In connection with the acquisition, the Company recognized acquisition related costs of \$0.4 million which were recorded within transaction expenses in the accompanying consolidated statements of operations.

The net loss of Monocl is included in the Company's consolidated results since the date of acquisition. The revenue and net loss of Monocl reflected in the consolidated statements operations for the year ended December 31, 2020 were \$1.2 million and \$1.6 million, respectively.

#### Unaudited Pro Forma Supplementary Data

<i>(in thousands)</i>	<b>Year Ended December 31, 2020</b>
Revenue	\$ 122,333
Net loss	(58,350)

The unaudited pro forma supplementary data presented in the table above shows the effect of the Monocl acquisition, as if the transactions had occurred at the beginning of fiscal year 2020. The pro forma net loss includes adjustments to amortization expense for the valuation of other intangible assets of \$0.8 million and interest expense related to incremental borrowings used to finance the transaction of \$1.0 million for the year ended December 31, 2020. Acquisition expenses of \$0.4 million were excluded from the pro forma net loss for the year ended December 31, 2020. The unaudited pro forma supplementary data is provided for informational purposes only and should not be construed to be indicative of the Company's results of operations had the acquisition been consummated on the date assumed or of the Company's results of operations for any future date.

#### 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, 2022, 2021 and 2020.

<i>(in thousands)</i>	Year Ended December 31,		
	2022	2021	2020
Subscription services	\$ 217,024	\$ 164,564	\$ 117,080
Professional services	5,629	1,590	1,237
Total revenue	<u>\$ 222,653</u>	<u>\$ 166,154</u>	<u>\$ 118,317</u>

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

<i>(in thousands)</i>	December 31, 2022	December 31, 2021
Accounts receivable, net	\$ 58,799	\$ 43,336
Deferred contract costs	10,387	6,880
Long-term deferred contract costs	14,596	11,667
Deferred revenues	99,928	84,023

#### *Deferred Contract Costs*

A summary of the activity impacting the deferred contract costs during the years ended December 31, 2022 and 2021 is presented below:

<i>(in thousands)</i>	December 31, 2022	December 31, 2021
Balance at beginning of year	\$ 18,547	\$ 8,899
Costs amortized	(8,816)	(4,792)
Additional amounts deferred	15,252	14,440
Balance at end of year	<u>24,983</u>	<u>18,547</u>
Classified as:		
Current	10,387	6,880
Non-current	14,596	11,667
Total deferred contract costs (deferred commissions)	<u>\$ 24,983</u>	<u>\$ 18,547</u>

### ***Contract Liabilities***

A summary of the activity impacting deferred revenue balances during the years ended December 31, 2022 and 2021 is presented below:

<i>(in thousands)</i>	December 31, 2022	December 31, 2021
Balance at beginning of year	\$ 84,023	\$ 61,200
Revenue recognized	(222,653)	(166,154)
Additional amounts deferred	238,558	188,977
Balance at end of year	<u>\$ 99,928</u>	<u>\$ 84,023</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 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:

<i>(in thousands)</i>	December 31, 2022	December 31, 2021
Current	\$ 183,527	\$ 155,134
Non-current	93,464	95,354
Total	<u>\$ 276,991</u>	<u>\$ 250,488</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, 2022, the Company does not have any finance leases.

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.

Also 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 year ended December 31, 2022:

<i>(in thousands)</i>	<b>Year Ended December 31, 2022</b>
<u>Lease Cost</u>	
Capitalized operating lease cost	\$ 2,676
Variable lease cost	<u>1</u>
Total lease cost	<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	\$ 3,145
Right-of-use assets obtained in exchange for lease liabilities:	
Capitalized operating leases	\$ 982

Lease term and discount rate consisted of the following at December 31, 2022:

	<b>December 31, 2022</b>
<u>Weighted-average remaining lease term (in years):</u>	
Capitalized operating leases	5.78
<u>Weighted-average discount rate:</u>	
Capitalized operating leases	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, 2022.

<i>(in thousands)</i>	<b>Capitalized Operating Lease</b>
2023	\$ 1,960
2024	2,344
2025	2,143
2026	2,071
2027	2,112
Thereafter	2,360
	<u>\$ 12,990</u>
Imputed interest	1,500
Operating lease liability balance at December 31, 2022	<u>\$ 11,490</u>

Future aggregate minimum annual lease payments as of December 31, 2021 under the previous lease accounting standard were as follows:

<i>(in thousands)</i>	<b>Operating Lease</b>
2023	\$ 3,120
2024	1,895
2025	2,282
2026	2,174
2027	2,165
Thereafter	4,805
	<u>\$ 16,441</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 \$2.4 million, \$2.8 million, and \$1.8 million for the years ended December 31, 2022, 2021, and 2020, respectively.

As of December 31, 2022, the Company has entered into one lease agreement for an office facility in Sweden for a term of four years that has not yet commenced. This lease will require lease payments over the term of approximately \$1.8 million.

## 6. Short-term Investments

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

<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>

7. **Accounts Receivable**

Accounts receivable consisted of the following:

<i>(in thousands)</i>	December 31, 2022	December 31, 2021
Accounts receivable	\$ 59,780	\$ 44,303
Unbilled receivable	881	430
	60,661	44,733
Less: allowance for doubtful accounts	(1,862)	(1,397)
Accounts receivable, net	<u>\$ 58,799</u>	<u>\$ 43,336</u>

## 8. Property and Equipment

Property and equipment consisted of the following:

<i>(in thousands)</i>	December 31, 2022	December 31, 2021
Computers and software	\$ 5,924	\$ 4,744
Furniture and equipment	1,204	1,580
Leasehold improvements	2,134	3,348
	9,262	9,672
Less: accumulated depreciation and amortization	(4,798)	(4,603)
Property and equipment, net	<u>\$ 4,464</u>	<u>\$ 5,069</u>

Depreciation and amortization expense was \$2.2 million, \$1.7 million and \$1.2 million for the years ended December 31, 2022, 2021 and 2020, respectively.

During the second quarter of 2022, due to office relocations, the Company recorded an impairment charge of \$1.0 million, comprised of \$0.9 million relating to the operating lease right-of-use assets, and \$0.1 million relating to the leasehold improvements. These charges were recognized within Transaction, integration and restructuring expenses in the Company's consolidated statements of operations. The Company also recorded accelerated depreciation of computer equipment of \$0.2 million. In connection with the office relocations, the Company disposed of \$1.0 million of fully-depreciated property and equipment in the second quarter of 2022.

## 9. Goodwill and Intangible Assets

The carrying amounts of goodwill and intangible assets, as of December 31, 2022 and 2021, consist of the following:

<i>(in thousands)</i>	December 31, 2022		
	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	1,323,102	—	1,323,102
Total goodwill and intangible assets	<u>\$ 1,875,626</u>	<u>\$ (201,802)</u>	<u>\$ 1,673,824</u>
	December 31, 2021		
<i>(in thousands)</i>	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-lived intangible assets:			
Customer relationships	\$ 370,030	\$ (92,942)	\$ 277,088
Developed technologies	51,100	(17,475)	33,625
Tradenames	35,500	(5,034)	30,466
Database	43,080	(31,789)	11,291
Total finite-lived intangible assets	499,710	(147,240)	352,470
Goodwill	1,261,444	—	1,261,444
Total goodwill and Intangible assets	<u>\$ 1,761,154</u>	<u>\$ (147,240)</u>	<u>\$ 1,613,914</u>

Amortization expense associated with finite-lived intangible assets was \$54.7 million, \$58.2 million, and \$58.4 million for the years ended December 31, 2022, 2021 and 2020, respectively, of which \$16.8 million, \$21.3 million and \$19.4 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>	
2023	\$ 49,833
2024	46,986
2025	42,420
2026	34,888
2027	28,559
Thereafter	148,036
Total	<u>\$ 350,722</u>

The carrying amount of goodwill increased by \$61.7 million during the year ended December 31, 2022 as a result of the AW acquisition (Note 3).

The Company determined it had one reporting unit. The Company performed its annual impairment assessment in the fourth quarters of 2022, 2021 and 2020 and determined there was no impairment to its goodwill or intangible assets in either year.

## 10. Long-Term Debt

Long-term debt consisted of the following as of December 31, 2022 and 2021, respectively:

<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>

<i>(in thousands)</i>	December 31, 2021		
	Principal	Unamortized debt issuance costs / financing costs	Total debt, net
2021 Term Loan	\$ 273,282	\$ (2,599)	\$ 270,683
Less: current portion of long-term debt			6,875
Long-term debt			<u>\$ 263,808</u>

### 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 the 2019 Credit Agreement (described below). 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 \$266.4 million and \$273.3 million outstanding on the 2021 Term Loan at December 31, 2022 and 2021, 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, 2022 and 2021.

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, 2022, the effective interest rate was 6.17%.

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 Company amortized capitalized financing costs for the 2021 Credit Agreement through interest expense of \$0.7 and \$0.2 million for the years ended December 31, 2022 and 2021, respectively. 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. At December 31, 2022 and 2021, the unamortized financing costs were \$0.6 million and \$0.7 million, respectively.

The expected future principal payments as of December 31, 2022 are as follows:

<i>(in thousands)</i>	
2023	\$ 8,593
2024	13,750
2025	13,750
2026	230,313
	<u>\$ 266,406</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, 2022, the two outstanding interest rate swap agreements each had a notional value of \$66.6 million with fixed interest rates of 1.909% and 1.9065%. 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, 2022. 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 \$3.7 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, 2022 were as follows:

<i>(in thousands)</i>		
<b>Description</b>	<b>Balance Sheet Location</b>	<b>December 31, 2022</b>
Short-term derivative asset	Prepaid expenses and other current assets	\$ 3,716
Long-term derivative asset	Other assets	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, accounts receivable, accounts payable, long-term and short-term debt and contingent consideration payable. The estimated fair value of cash and equivalents, accounts receivable and accounts payable approximates their carrying value due to their short maturities (less than 12 months).

### *Debt*

The Company’s term loans are recorded at their carrying values in the consolidated balance sheets, which may differ from their respective fair values. The estimated fair values of the Company’s term loans approximate their carrying values as of December 31, 2022 and 2021, 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, 2022 were classified as Level 2 in the fair value hierarchy.

### *Contingent consideration*

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 AW acquisition, 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, 2022, the fair value of the contingent consideration was estimated to be \$2.3 million based on the estimated achievement of the expense control metrics and time to payment and is included in other long-term liabilities on the consolidated balance sheet.

The contingent consideration that resulted from the earnouts associated with the acquisition of Monoel Holding Company in October of 2020, which was included in accrued expense and other current liabilities in the consolidated balance sheet as of December 31, 2021, was paid in the first quarter of 2022.

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, 2022	December 31, 2021
Balance at beginning of year	\$ 7,500	\$ 5,236
Additions	1,000	—
Net change in fair value and other adjustments	1,250	3,764
Payments	(7,500)	(1,500)
Balance at end of year	<u>\$ 2,250</u>	<u>\$ 7,500</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*. For discussion about the impairment testing of assets not measured at fair value on a recurring basis see Note 9. *Goodwill and Intangible Assets* for additional details.

During the second quarter of 2022, in relation to our office relocations, the Company recorded an impairment charge of \$1.0 million, comprised of \$0.9 million relating to the operating lease right-of-use assets, and \$0.1 million relating to the leasehold improvements. The fair value determination was based on valuation techniques using the best information available and included comparable market information and discounted cash flow projections.

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

<i>(in thousands)</i>	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, 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, 2022	December 31, 2021
Payroll and payroll-related	\$ 11,961	\$ 10,311
Contingent consideration, current	—	7,500
Sales, franchise and other taxes	3,631	1,876
Other	3,156	2,971
Accrued expenses and other current liabilities	<u>\$ 18,748</u>	<u>\$ 22,658</u>

#### 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>		
2023	\$	11,032
2024		10,237
2025		6,491
	\$	<u>27,760</u>

## 15. Accumulated Other Comprehensive Income

The following table summarize the changes in accumulated balances of other comprehensive income for the years ended December 31, 2022, 2021 and 2020, 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 January 1, 2020</b>	\$ —	\$ —	\$ —	\$ —
Other comprehensive loss before reclassifications	—	—	(131)	(131)
<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>	<u>\$ 4,307</u>	<u>\$ (135)</u>	<u>\$ (504)</u>	<u>\$ 3,668</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, 2022. 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".

In 2020, the Company contributed \$25.4 million worth of its Class A Units to partially fund the acquisition of Monocl that occurred in October 2020 (see Note 3. *Acquisitions and Investments*). The Company also received an additional \$6.4 million contribution for buy-in of Class A Units from certain members.

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>
Class A Units:	
Authorized, issued and outstanding Class A Units	130,245,990
Class B Units:	
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 more detail 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 Definitive OpCo Units held by LLC Members. 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 OpCo Units by 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, 2022, 7,624,654 Definitive OpCo Units held by 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, 483,524 restricted stock units vested, net of shares withheld for taxes, resulting in the issuance of 483,524 shares of Class A Common Stock of Definitive Healthcare Corp., for which Definitive OpCo 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, 2022 and 2021, Definitive Healthcare Corp. held 105,133,670 and 97,030,095 units in Definitive OpCo, respectively, resulting in ownership interests as of December 31, 2022 and 2021 of 68.2% and 63.6%, respectively, and noncontrolling interests of 31.8% and 36.4%, respectively.



## 17. Equity-based Compensation

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, 2022, 2021 and 2020, is provided in the following table.

<i>(in thousands)</i>	Year Ended December 31,		
	2022	2021	2020
Cost of revenue	\$ 942	\$ 277	\$ 62
Sales and marketing	13,508	1,930	473
Product development	7,805	1,070	356
General and administrative	14,179	6,680	856
Total compensation expense	\$ 36,434	\$ 9,957	\$ 1,747

### 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 4,942,128 shares at December 31, 2022. The outstanding RSUs have time-based and/or performance-based vesting criteria.

#### Time-Based RSUs

Outstanding time-based RSUs 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 departure of two management-level employees, the Company accelerated the vesting of 6,772 previously unvested time-based RSUs, resulting in incremental stock-based compensation expense of approximately \$0.1 million during the fourth quarter of 2022. Upon separation, 21,877 unvested time-based RSUs and 13,889 unvested PSUs were forfeited. None of the previously unvested PSUs were accelerated and, accordingly, no incremental stock-based compensation expense was recognized.

The following table summarizes the Company's unvested time-based activity for the years ended December 31, 2022 and 2021:

	2022		2021	
	Restricted Stock Units	Weighted Average Grant Date Fair Value	Restricted Stock Units	Weighted Average Grant Date Fair Value
Unvested at beginning of year	1,935,899	\$ 32.59	—	\$ —
Granted	2,457,991	\$ 20.27	1,965,477	\$ 32.50
Vested	(716,776)	\$ 29.86	—	\$ —
Forfeited	(238,727)	\$ 25.51	(29,578)	\$ 27.00
Unvested at end of year	3,438,387	\$ 24.82	1,935,899	\$ 32.59

The Company recognized \$27.0 million in stock-based compensation expense associated with time-based RSUs in the year ended December 31, 2022, inclusive of the incremental expense associated with the departing management-level employees, and \$4.4 million in the year ended December 31, 2021. Total unrecognized expense for these awards was estimated to be \$75.8 million at December 31, 2022, to be recognized over a weighted-average period of approximately 2.7 years.

#### 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. All PSUs previously granted without market-based vesting conditions were forfeited as of December 31, 2022 as none of the performance targets required for vesting were achieved and all expense that was previously recognized associated with these awards was reversed.

In May 2022, the Company granted PSUs to a 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, 2022 and 2021:

	2022		2021	
	Restricted Stock Units	Weighted Average Grant Date Fair Value	Restricted Stock Units	Weighted Average Grant Date Fair Value
Unvested at beginning of year	164,351	\$ 27.00	—	\$ —
Granted	125,000	\$ 54.25	164,351	\$ 27.00
Vested	—	\$ -	—	\$ —
Forfeited	(164,351)	\$ 27.00	—	\$ —
Unvested at end of year	<u>125,000</u>	<u>\$ 54.25</u>	<u>164,351</u>	<u>\$ 27.00</u>

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. The Company recognized \$1.7 million in stock-based compensation expense associated with PSUs in the year ended December 31, 2022, and 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 \$5.1 million at December 31, 2022, to be recognized over a weighted-average period of approximately 2.0 years.

### 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 two management-level employees, 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. Upon separation, 81,857 unvested Definitive OpCo units (held indirectly through AIDH Management Holdings, LLC) were forfeited.

The following table summarizes the Company's unvested unit activity.

	Time-Based	
	Non-Vested Units	Weighted Average Grant Date Fair Value
Unvested at December 31, 2021	2,756,406	\$ 2.02
Vested	(1,060,385)	2.03
Forfeited	(186,872)	2.03
Unvested at December 31, 2022	<u>1,509,149</u>	<u>\$ 2.03</u>

The Company recorded \$7.7 million in stock-based compensation expense associated with these units in the year ended December 31, 2022, inclusive of the incremental expense associated with the departing management-level employees, and \$3.4 million during the year ended December 31, 2021. The Company also recorded \$1.9 million in incremental compensation expense in the third quarter of 2021 associated with the acceleration of an equity-based award upon retirement of an executive officer. At December 31, 2022, the Company had approximately \$8.2 million of unrecognized unit-based compensation expense for unvested units, which is expected to be recognized over a weighted-average period of approximately 1.7 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 \$3.4 million, \$2.3 million and \$1.6 million in employer matching contributions during the years ended December 31, 2022, 2021 and 2020, respectively.

## 19. Income Taxes

As described in Note 1. *Description of Business*, as a result of the IPO, the Company began consolidating the financial results of Definitive OpCo. Definitive OpCo is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, Definitive OpCo is generally not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by Definitive OpCo is passed through to and included in the taxable income or loss of its members, including Definitive Healthcare Corp., based on its economic interest held in Definitive OpCo. Definitive Healthcare Corp. was formed on May 5, 2021 and did not engage in any operations prior to the IPO. Definitive HealthCare Corp. is taxed as a corporation and is subject to U.S. federal, state, and local income taxes with respect to its allocable share of any taxable income or loss of Definitive OpCo, as well as any such taxes on stand-alone income or loss generated by the Company. HSE, Monoicl, AW and subsidiaries are taxed as corporations and are subject to U.S. federal, state, and local 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,		
	2022	2021	2020
Domestic	\$ (34,617)	\$ (56,597)	\$ (49,610)
Foreign	(4,823)	(3,985)	(1,547)
Loss before income taxes	<u>\$ (39,440)</u>	<u>\$ (60,582)</u>	<u>\$ (51,157)</u>

The components of the provision for income taxes are as follows:

<i>(in thousands)</i>	Year Ended December 31,		
	2022	2021	2020
Current income taxes:			
U.S. federal	\$ 82	\$ (7)	\$ 10
U.S. state and local	26	—	1
Total current income taxes	<u>\$ 108</u>	<u>\$ (7)</u>	<u>\$ 11</u>
Deferred income taxes:			
U.S. federal	\$ (1,024)	\$ 369	\$ 58
U.S. state and local	(16,040)	313	(7)
Foreign	(229)	—	—
Total deferred income taxes	<u>\$ (17,293)</u>	<u>\$ 682</u>	<u>\$ 51</u>
Income tax (benefit) expense	<u>\$ (17,185)</u>	<u>\$ 675</u>	<u>\$ 62</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,		
	2022	2021	2020
Expected U.S. federal income taxes at statutory rate	21.00 %	21.00 %	21.00 %
Change in valuation allowance	(41.21)	(13.94)	0.60
State and local income taxes, net of federal benefit	40.53	(0.51)	(0.14)
Outside basis adjustment	19.95	8.90	—
Partnership income, not subject to taxation	(8.64)	(19.44)	(27.55)
Return to provision	6.05	3.67	0.46
TRA remeasurement	4.99	—	—
Research and development credits	1.42	0.17	—
Foreign rate differential	1.35	(0.02)	(0.01)
Stock compensation	(1.23)	—	—
Other	(0.64)	(0.94)	5.52
Effective income tax rate	<u>43.57 %</u>	<u>(1.11) %</u>	<u>(0.12) %</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,		
	2022	2021	2020
<b>Deferred income tax assets:</b>			
Net operating loss carry forwards	\$ 52,534	\$ 38,540	\$ 1,517
Outside partnership basis difference	61,378	44,291	—
Tax receivable agreement	11,358	5,329	—
Other	1,131	824	74
Deferred income tax assets	126,401	88,984	1,591
Less valuation allowance	(187,807)	(164,394)	(1,430)
Deferred income tax assets, net of valuation allowance	\$ (61,406)	\$ (75,410)	\$ 161
<b>Deferred income tax liabilities:</b>			
Goodwill and intangibles	\$ (14,126)	\$ (91)	\$ —
Deferred revenue and advances	(107)	(229)	—
Deferred income tax liabilities	(14,233)	(320)	—
Net deferred tax (liabilities) assets	\$ (75,639)	\$ (75,730)	\$ 161

<i>(in thousands)</i>	Year Ended December 31,		
	2022	2021	2020
<b>Reported as:</b>			
Non-current deferred tax assets (included within Other assets)	\$ 98	\$ 158	\$ 161
Non-current deferred tax liabilities	(75,737)	(75,888)	—
Net deferred tax assets (liabilities)	\$ (75,639)	\$ (75,730)	\$ 161

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 \$192.1 million has an unlimited carryforward period. The federal research and development tax credit carryforwards of \$0.7 million expires in the years 2040 through 2042. The state tax loss carryforwards of \$147.2 million expires at various times in years 2022 through indefinite. The state tax credit carryforwards of \$0.3 million expires in the years 2037 through indefinite. The foreign tax loss carryforward of \$14.0 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 three 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, 2022. In the event that management was to determine that the Company would be able to realize its deferred tax assets in the future in excess of their net recorded amount, an adjustment to the valuation allowance would be made which would reduce the provision for income taxes.

## 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, 2022 and 2021, 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

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 the Company from the Blocker Companies in the Reorganization Transactions, (ii) certain tax basis adjustments resulting from (a) acquisitions by the Company 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 the TRA if it determines whether it is probable that it 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 \$156.3 million as of December 31, 2022. The TRA liability increased by \$2.8 million during the year ended December 31, 2022, increasing \$12.2 million with an offsetting adjustment to accumulated paid-in capital for current year LLC unit exchanges, while concurrently decreasing by \$9.4 million for remeasurement of the liability based on future realizability of tax attributes with an offsetting adjustment to other income, net in the consolidated statements of operations. The Company did not make any payments on its TRA liability during the year. 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 \$109.1 million for a total liability of \$265.4 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 the reconciliation of the numerator and denominator used to compute basic and diluted net loss per share of Class A Common Stock for each of the years ended December 31, 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>	<b>Year Ended December 31, 2022</b>	<b>Year Ended December 31, 2021</b>
<b>Numerator:</b>		
Net loss	\$ (22,255)	\$ (61,257)
Less: Net loss attributable to Definitive OpCo before Reorganization Transactions	—	(33,343)
Less: Net loss attributable to noncontrolling interests	(16,218)	(10,237)
Net loss attributable to Definitive Healthcare Corp.	<u>\$ (6,037)</u>	<u>\$ (17,677)</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>	<b>Year Ended December 31, 2022</b>	<b>Year Ended December 31, 2021</b>
<b>Basic net loss per share attributable to common stockholders</b>		
<b>Numerator:</b>		
Allocation of net loss attributable to Definitive Healthcare Corp.	\$ (6,037)	\$ (17,677)
Weighted average number of shares of Class A outstanding	101,114,105	91,916,151
Net loss per share, basic and diluted	<u>\$ (0.06)</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 securities were excluded from the computation of diluted net loss per share for the periods presented because their effect on net loss per share would have been anti-dilutive:

	<b>Year Ended December 31, 2022</b>	<b>Year Ended December 31, 2021</b>
Definitive OpCo units (vested and unvested)	50,433,101	58,244,627
Restricted stock units	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,		
	2022	2021	2020
United States	\$ 211,727	\$ 158,727	\$ 117,755
Rest of world	10,926	7,427	562
Total revenues	<u>\$ 222,653</u>	<u>\$ 166,154</u>	<u>\$ 118,317</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,
	2022	2021
United States	\$ 3,911	\$ 4,705
Rest of world	553	364
Total long-lived assets	<u>\$ 4,464</u>	<u>\$ 5,069</u>



## 22. Related Parties

The Company has engaged in revenue transactions within the ordinary course of business with entities affiliated with its private equity sponsors and with members of the Company's board of directors. During each of the years ended December 31, 2022, 2021 and 2020, the Company recorded revenue of \$1.5 million, \$1.0 million, and \$0.4 million respectively. The associated receivable for the revenue transactions amounted to \$0.8 million, \$0.6 million, and \$0.1 million at December 31, 2022, 2021 and 2020, respectively.

Prior to the Reorganization Transactions described in Note 1, the Company reimbursed its private equity sponsors for services and any related travel and out-of-pocket expenses. During the years ended December 31, 2021 and 2020, the Company had expenses for services, travel, and out-of-pocket expenses to its private equity sponsors of \$0.2 million and \$0.1 million, respectively. During the year ended December 31, 2022, the Company paid less than \$0.1 million to related parties within the ordinary course of business. There were no associated payables for the service transactions at December 31, 2022, 2021, and 2020.

On September 17, 2021, Definitive OpCo entered into an agreement to reimburse approximately \$0.9 million in aggregate documented expenses incurred by Advent, 22C Capital, Spectrum Equity, Jason Krantz, and MHDH AB in connection with the Reorganization Transactions. The amounts were paid in the fourth quarter of 2021.

During the second quarter of 2021, the Company issued 363,516 new Class A units worth \$5.8 million to members of the Company's board of directors. Further, in connection with Definitive Healthcare's IPO, the underwriters reserved 5% of the common shares for sale at the initial offering price to the Company's directors, officers and selected senior managers (the "Directed Share Program"). Richard Booth and Samuel A. Hamood participated in the Directed Share Program and purchased 7,407 and 37,037 shares of Class A Common Stock, respectively.

### **23. Subsequent Events**

On January 12, 2023, the Company announced a restructuring plan intended to reduce operating costs, improve operating margins, and continue advancing the Company's ongoing commitment to profitable growth. The Company estimates that in the first quarter of 2023 it will incur pre-tax cash restructuring and related charges of approximately \$2.0 million to \$2.5 million, consisting primarily of severance payments, employee benefits, and related cash expenses, as well as an immaterial 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 first quarter of 2023.



