

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, 2025

or

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

For the transition period from _____ to _____

Commission File Number: 001-38993

HEALTH CATALYST, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

45-3337483
(I.R.S. Employer
Identification Number)

10897 South River Front Parkway #300
South Jordan, UT 84095
(801) 708-6800

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The aggregate market value of the common stock held by non-affiliates of the registrant as of June 30, 2025, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$259.0 million based on the closing price of a share of common stock on June 30, 2025 as reported by the Nasdaq Global Select Market, or Nasdaq, for such date.

As of March 5, 2026, the Registrant had 73,586,183 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates information by reference from portions of the registrant's Form 10-K/A in lieu of the registrant's definitive proxy statement for the Annual Meeting of the Stockholders to be held in 2026. Such Form 10-K/A is to be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

HEALTH CATALYST, INC.
Annual Report on Form 10-K
For the Year Ended December 31, 2025

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

PART I

Special Note Regarding Forward-Looking Statements

As used in this Annual Report on Form 10-K, unless expressly indicated or the context otherwise requires, references to “Health Catalyst,” “we,” “us,” “our,” “the Company,” and similar references refer to Health Catalyst, Inc. and its consolidated subsidiaries. This Annual Report on Form 10-K, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the Private Securities Litigation Reform Act of 1995. Forward-looking statements are only predictions based on our management’s beliefs and assumptions and on information currently available to our management. All statements other than statements of historical facts are “forward-looking statements” for purposes of these provisions including those relating to future events or our future financial performance and financial guidance. These forward-looking statements, which are subject to a number of risks, uncertainties, and assumptions, generally relate to future events or our future financial or operating performance. In some cases, you can identify these statements by forward-looking words such as “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “design,” “intend,” “expect,” “could,” “plan,” “potential,” “predict,” “seek,” “should,” “would,” “target,” “project,” or “contemplate,” the negative of terms like these or other comparable terminology, and other words or terms of similar meaning in connection with any discussion of expectations, projections, plans, strategy, intentions, or future results of operations or financial performance. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about our:

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

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

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

Summary of Risk Factors

- We operate in a highly competitive industry, and if we are not able to compete effectively, our business and results of operations will be harmed.
- We may be unable to successfully execute on our growth initiatives, business strategies, or operating plans as well as cost reduction and restructuring initiatives.
- If we fail to effectively manage our growth and organizational change, our business and results of operations could be harmed.
- Macroeconomic challenges (including high inflationary and/or high interest rate environments, uncertainty with tariffs, cuts in Medicaid and research funding, or market volatility and measures taken in response thereto), the tight labor market, any natural disasters or new public health crises, and regional or global conflicts (including the conflicts in the Middle East) could harm our business, results of operations, and financial condition.
- If we do not continue to innovate and provide services that are useful to clients and users, we may not remain competitive, and our revenue and results of operations could suffer.
- Our business could be adversely affected if our clients are not satisfied with our cloud-based data platform, software analytics applications, and expertise (our Solution).
- If our existing clients do not continue or renew their contracts with us, renew at lower fee levels, or decline to purchase additional technology and services from us, it could have a material adverse effect on our business, financial condition, and results of operations.
- Our business and operations may suffer in the event of information technology system failures, cyberattacks, or deficiencies in our cybersecurity.
- Actual or perceived failures to comply with applicable data protection, privacy and security laws, regulations, standards and other requirements could adversely affect our business, results of operations, and financial condition.
- Our Solution is dependent on our ability to source data from third parties, and such third parties could take steps to block our access to data, or increase fees or impose fees for such access, which could impair our ability to provide our Solution, limit the effectiveness of our Solution, or adversely affect our financial condition and results of operations.
- Our results of operations have fluctuated in the past and may continue to fluctuate significantly, and if we fail to meet the expectations of securities analysts or investors, our stock price and the value of an investment in our common stock could decline substantially.
- Our term loan facility exposes us to interest rate risks, contains covenants and other provisions that restrict our ability to take certain actions, and may limit our ability to operate or grow our business in the future.
- Our pricing may change over time and our ability to efficiently price our Solution will affect our results of operations and our ability to attract or retain clients.
- If our Solution fails to provide accurate and timely information, or if our content or any other element of our Solution is associated with faulty clinical decisions or treatment, we could be exposed to litigation, investigations or have liability to clients, clinicians, patients, or others, which could adversely affect our results of operations.
- Our increasing reliance on AI and machine learning technologies may expose us to significant risks, including development and deployment challenges, regulatory uncertainties, and potential third-party claims, which could adversely affect our reputation, business, results of operations, and financial condition.
- Because competition for our target employees is intense, we may not be able to attract and retain the highly skilled employees we need to support our continued growth.
- We rely on third-party providers, including Microsoft Azure, for computing infrastructure, network connectivity, and other technology-related services needed to deliver our Solution. Any disruption in the services provided by such third-party providers could adversely affect our business and subject us to liability.

- We rely on Internet infrastructure, bandwidth providers, data center providers, other third parties, and our own systems for providing our Solution to our users, and any failure or interruption in the services provided by these third parties or our own systems could expose us to litigation, potentially require us to issue credits to our clients, and negatively impact our relationships with users or clients, adversely affecting our brand and our business.
- Failure by our clients to obtain proper permissions and waivers may result in claims against us or may limit or prevent our use of data, which could harm our business.
- The market for our common stock has decreased in recent periods, may be volatile, and may further decline for many reasons, including reasons that are not related to our operating performance.

Item 1. Business

Overview

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

The Health Catalyst Way

Our Mission

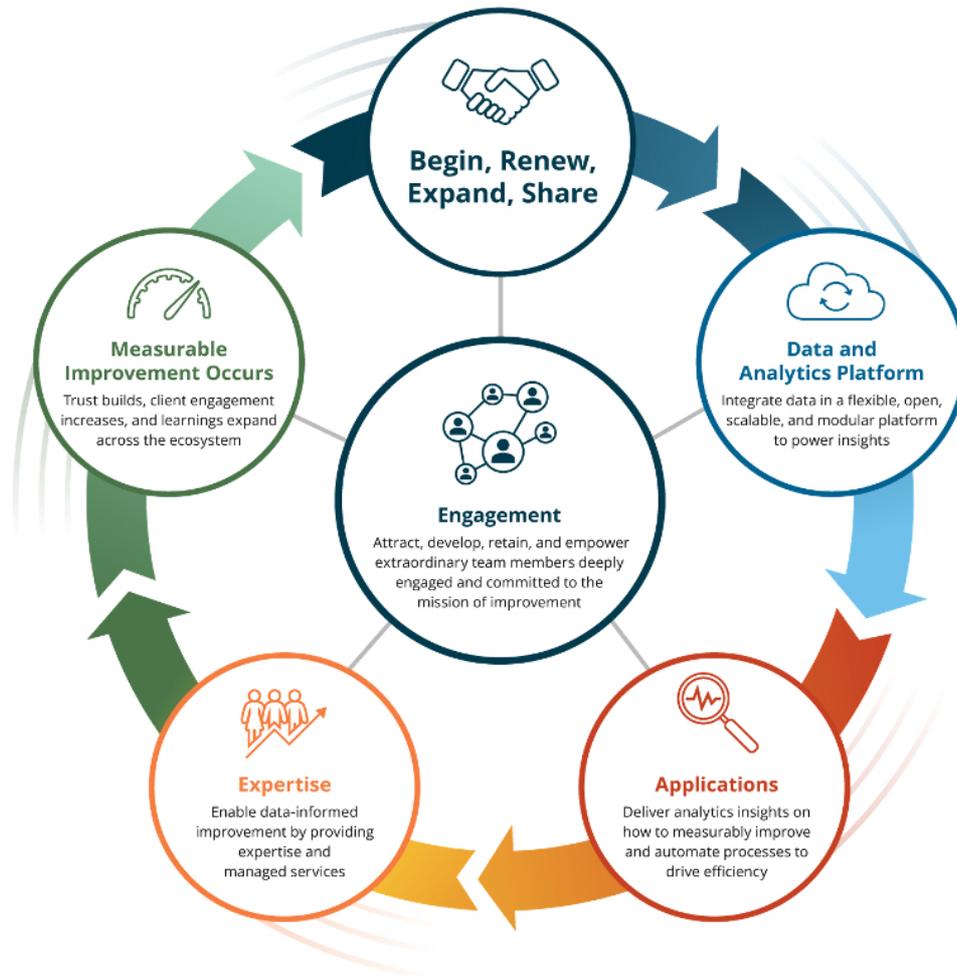
Our **mission** is to be the *catalyst* for massive, measurable, data-informed healthcare improvement. We fulfill our mission through a confluence of the following elements:

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

The Health Catalyst Flywheel

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

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



Given the central importance of team member engagement to our company’s long-term success, we have been purposeful in defining and emphasizing operating principles and cultural attributes that reinforce the commitment to our mission and to team member engagement. We consistently focus on our operating principles and cultural attributes, as well as our mission and Flywheel (collectively, the Health Catalyst Way), which we review in all new hire orientations, company-wide meetings, and board of directors’ meetings. Furthermore, we regularly measure our team member engagement and adjust our practices based on team member feedback.

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

Our Operating Principles

The principles that govern our daily interactions include:

Improvement

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

Accountability

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

Respect

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

Transparency

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

Our Cultural Attributes

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

Continuous learning

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

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

Commitment

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

Humility

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

Excellence

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

Our Governing Principle: The Golden Rule

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

Business Overview

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

The core elements of our Solution include:

- **Ignite Data & Analytics Platform.** Ignite is a healthcare-specific, cloud-based, open, flexible, scalable and self-service ecosystem for analytics, app development and interoperability that provides clients a single comprehensive environment to integrate and organize data from their disparate software systems. Ignite optimizes and adapts industry-agnostic technologies, bridging gaps to ensure that they meet the unique requirements of healthcare data and healthcare organizations. Ignite has amassed large and comprehensive data assets, which enables us to deliver differentiated insights to our clients.
- **Applications.** Our software analytics applications are generally built on top of our Ignite platform and are designed to analyze the most common problems our clients face across five focus areas: Clinical Improvement, Revenue & Cost Improvement, Ambulatory Operations, Measures & Registries, and Data & Analytics. These applications enable our clients to pinpoint opportunities for measurable improvement across their entire enterprise and are employed by a broad range of users from healthcare executives to front-line clinicians providing care. Through a combination of internal development and acquisition activity, we built this suite of analytics applications based on thoughtful measurement of the most critical analytics needs faced by our clients. Our applications are further enhanced by a broad range of analytics accelerators, which are pre-built, configurable data models with customizable visualizations that can be tailored to specific client needs.
- **Expertise.** Our world-class team consists of both analytics experts, such as data analysts, data engineers, and data scientists, and domain experts, such as healthcare administrators, physicians, and nurses. Our services include data and analytics services, domain expertise, education services, Tech-Enabled Managed Services (TEMS), and implementation services. Our services team members leverage our technology to help our clients shorten time-to-value and achieve sustainable measurable improvements. Examples of the expertise we provide include opportunity analysis and prioritization, data governance, data modeling and analysis, quality and process improvement strategy, cost accounting, data abstraction, and population health strategies. Our approach to integrate data, analytics, and expertise into a holistic Solution is distinctive. Various elements of our Solution have been recognized as industry-leading by multiple third parties, including KLAS.

We have generated over 2,000 documented, client-verified improvements across clinical, financial, and operational domains. Each of these documented improvements is highly valuable to our clients, enabling them to realize substantial clinical improvements, financial savings, or operational efficiencies. As we deliver measurable improvements, trust builds, and our clients engage with us more broadly and refer new business. This is evidenced by a continued increase in improvements achieved by our clients over time. Clients who have recently contracted with us have already started achieving measurable improvements, while longer-standing clients have seen the number of annual improvements meaningfully grow.

We serve the majority of our clients through a subscription-based contract model. As of December 31, 2025, we served 162 Platform Clients (formerly the most similar defined term was DOS Subscription Clients, which we also referred to as Platform Subscription Clients) and over 1,000 App Clients (formerly the most similar defined term was other clients). Platform Clients are defined as: (i) all Platform Clients as of December 31, 2024 under our historical definition (formerly referred to as DOS Subscription Clients, which we also referred to as Platform Subscription Clients), and (ii) as of January 1, 2025, any client that signs technology contracts with at least \$100,000 of incremental total ARR and non-recurring revenue in a given calendar year, inclusive of clients that come through acquisition if we first begin recognizing revenue for the client post-acquisition and that total ARR and non-recurring revenue exceeds \$100,000 in that calendar year, so long as such client maintains an active subscription as of the end of the period. The majority of our clients who are not Platform Clients are technology clients resulting from our business acquisitions and typically operate under subscription contracts.

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

Our Strengths

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

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

Integrated and comprehensive nature of our Solution creates measurable improvements. Through the delivery of our comprehensive and integrated Solution of data, analytics, and expertise, we enable measurable improvements for our clients. Our Solution has generated over 2,000 documented, client-verified improvements across clinical, financial, and operational domains.

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

Unique and differentiated culture focused on team member engagement. Our leadership team's commitment to the team member is central to our long-term success. Our commitment to building and maintaining a culture where team members are highly engaged in our mission directly benefits not only team members, but also our clients and other stakeholders. The team member experience is a high priority of our CEO and other members of our leadership team. On a daily basis, our leadership focuses on the team member experience, by listening carefully to team member feedback and making changes based on this feedback, by erring in favor of the team member, and by working as an advocate for each team member. This focus enables team members to become highly engaged in fulfilling our mission to be the catalyst for massive, measurable, data-informed healthcare improvement.

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

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

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

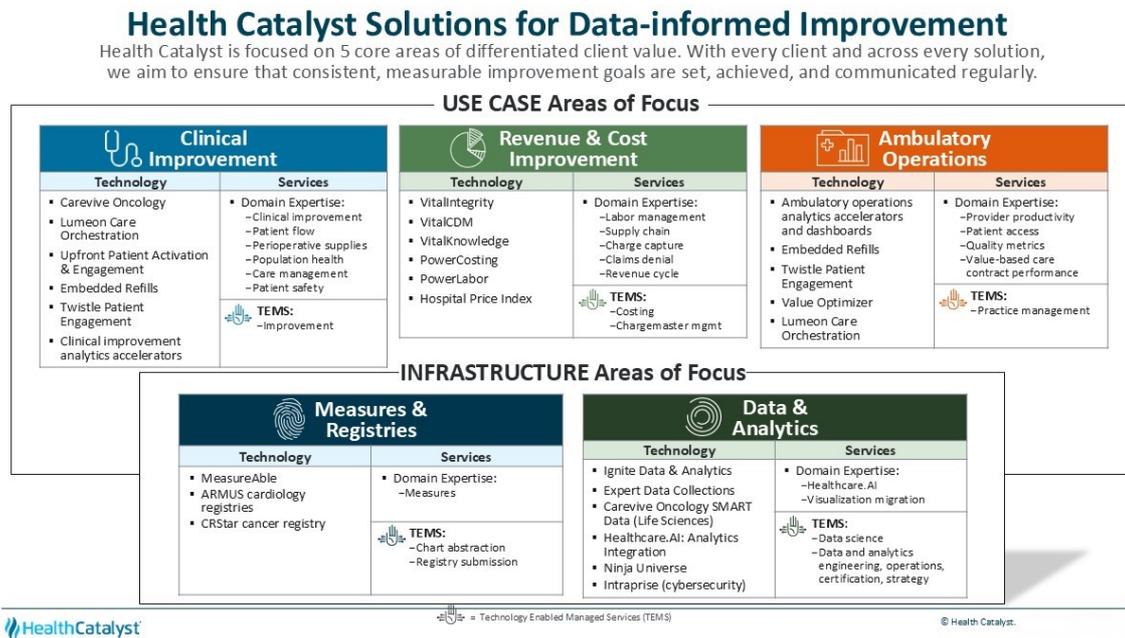
Our Growth Strategies

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

- **Grow our overall client base.** We have a substantial opportunity to continue growing our client base through our active sales and marketing strategy and significant word-of-mouth references. We currently estimate our total core addressable market to include more than 1,200 healthcare organizations, including health systems and risk-bearing entities, as well as other clients such as life science organizations, payers and, with respect to some of our cybersecurity solutions, healthcare technology companies. We believe there is ample room to win new business and deepen market penetration in our core market. Further, healthcare providers outside of the United States face similar challenges to those in the United States and can implement our Solution to address them. We have a presence in Singapore, the UK, and a small number of other countries. We plan to opportunistically pursue entry into and expansion within international markets.
- **Expand within our current client base.** We intend to deepen and expand the relationships we have with our existing client base. Our relationship with a new client oftentimes starts through the use of targeted applications and services to pinpoint and achieve a single measurable clinical, financial, or operational improvement. As we deliver measurable improvements, trust builds, and our clients engage with us more broadly and purchase additional applications and services. We strive to achieve revenue growth in part through strong client retention and client referrals. We updated our definition of Dollar-based Retention Rate in early 2025 and, under that updated Dollar-based Retention Rate, described in more detail in the section titled “Financial Measures and Key Business Metrics,” the rate was 93% and 102% for the years ended December 31, 2025 and 2024, respectively. We had a Dollar-based Retention Rate of 100% for each of the years ended December 31, 2024 and 2023, respectively, based on our legacy definition. We will continue to invest in helping clients identify additional uses for our Solution, so that they achieve measurable improvements throughout our relationship with them, including through our TEMS offering. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Annual Report on Form 10-K for more information regarding the definitions of Dollar-based Retention Rate and Platform Clients.
- **Add new applications and offerings.** The expansion of our Solution and enhancement of our applications library will accelerate as we deepen our client relationships and add to our dataset. Because our Ignite platform is open and we partner with our clients, we are able to identify new opportunities for further improvements and leverage that insight with other clients across our core market to develop new analytics applications and services offerings. We have used this process to build several new software applications through our history, and we will continue to invest in product development, particularly at the analytics applications layer of our technology stack. Additionally, we have been acquisitive over the last several years at the applications layer, and this acquisition activity has provided additional opportunities to expand our product portfolio.
- **Grow our addressable market through additional healthcare business segment adjacencies.** We believe there are significant applications for our Solution outside of our core market, as evidenced by our early efforts to expand into certain international markets and our efforts to expand outside of our core target client of healthcare systems to adjacent markets such as life sciences organizations, health insurance providers, and health information exchanges (HIEs). While we believe there are significant opportunities in our core market, these business segment adjacencies have the potential to significantly grow our addressable market and business over time.
- **Selectively pursue partnerships and maximize return on acquisitions.** While we do not expect to acquire new entities in the near term, in the long-term we plan to continue evaluating and identifying opportunities where we can leverage our Ignite platform to scale and consolidate both data assets and best-of-breed applications. We believe that competing point solutions vendors will have difficulty growing their offerings into sustainable businesses, which we believe translates into a robust mergers and acquisitions pipeline for us. We have a track record of identifying and integrating new and complementary capabilities, including our acquisitions of Medicity, Able Health, Healthfinch, Vitalware, Twistle, KPI Ninja, ARMUS, ERS, Carevive, Lumeon, Intraprise, and Upfront. Moreover, we believe the companies we partner with and acquire choose us because of our collaborative, best-in-class culture which we view as a differentiating factor in sourcing acquisitions and partnerships. In the near-term our focus is on maximizing the return on our past acquisitions.

Our Solution

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



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

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

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

Differentiating components of Ignite include:

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

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

Applications

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

Clinical Improvement

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

- *Oncology care management and patient engagement (Carevive)*. A suite that combines EHR data, electronic patient-reported outcomes (ePROs), and evidence-based guidelines in a single solution that supports capture and sharing of patient data and delivers timely clinical insight and support.
- *Care orchestration (Lumeon)*. A platform that delivers personalized care orchestration to help patients navigate their clinical journey. It uses secure, bi-directional data integration and clinical logic to drive patients to the next best clinical action.
- *Patient acquisition and retention (Upfront)*. Upfront's advanced patient engagement solutions are designed to motivate patients by curating hyper-personalized healthcare experiences, fostering trusted, long-term relationships, and maximizing service utilization to drive enterprise-wide impact.
- *Clinical accelerators*. Pre-built clinical data models and customizable visualizations that leverage the broad set of integrated data stored within our platform for a specific analytic use case, helping our clients achieve a much faster time-to-value solution compared to building an analytic model from the ground up.

Revenue & Cost Improvement

- *Revenue improvement and chargemaster analytics (VitalCDM)*. A revenue workflow optimization and analytics solution that organizes, displays, and manages all chargemaster data within one connected solution, enabling hospital billing departments to operate more transparently, price strategically, and present an accurate bill or claim with consistency.
- *Revenue integrity and auditing (VitalIntegrity)*. A comprehensive charge capture solution that efficiently manages hospital charge capture processes, detects compliance issues, and minimizes revenue leakage resulting from under- and over-charging, late or missing coding, mismatched charges and supplies, and a wide range of chargemaster-related issues.
- *Price transparency (Hospital Price Index)*. A solution that enables hospitals to address pricing transparency, including complex requirements of the price transparency mandate.
- *Activity-based costing (PowerCosting)*. An activity-based costing application that leverages clinical and operational data from our platform to calculate a true cost of clinical processes and patients on the most granular level. Enables CFOs, physicians, service line leaders, and clinical and financial analysts to understand the true cost of providing care and relate those costs to patient outcomes.
- *Labor productivity (PowerLabor)*. A labor management solution that allows healthcare decision-makers to predict labor needs, plan for changes in staffing, and optimize staff-to-patient ratios.

Ambulatory Operations

- *Pop health strategy (Value Optimizer)*. A solution that provides a comprehensive, quantified view of potential financial improvement opportunities within a value-based care arrangement. These insights help population health leaders optimize their value-based care strategy and make population health efforts profitable.
- *Ambulatory management (Ambulatory Suite)*. A solution that includes a comprehensive data model and modular set of data visualizations that work together to provide insights to improve the financial outlook of client ambulatory care practices while increasing the quality of patient care.

Measures & Registries

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

- *Cardiology registries (ARMUS Suite)*. A cardiology registry solution that combines technology and services offerings, clinical expertise, and customer service—combined with rapid registry development and cloud-based solutions—to provide certified, timely, and comprehensive registry solutions and updates to clients.
- *Cancer registries (CRStar)*. A cloud-based cancer registry solution that serves as a knowledge center of actionable insights to help guide key resource and accreditation management, planning, and cancer program growth decisions with an emphasis on quality and research. CRStar provides innovative case-finding, abstracting, data analytics, and informatics capabilities.

Data & Analytics

- *Data and analytics ecosystem (Ignite)*. A healthcare-specific, cloud-based, open, flexible, scalable, and self-service ecosystem for analytics, app development, and interoperability that provides clients a single comprehensive environment to integrate and organize data from their disparate software systems. Ignite optimizes and adapts industry-agnostic technologies, bridging gaps to ensure that they meet the unique requirements of healthcare data and healthcare organizations. Ignite has amassed large and comprehensive data assets, which enables us to deliver differentiated insights to our clients.
- *AI (Healthcare.AI)*. A suite of real-world, healthcare-specific applications of AI in our solutions, including Generative AI to amplify platform efficiency with generative assistance for coding, exploration, search, and quality; Targeted Patient Communication that uses AI to ensure that patients receive timely, personalized communication, improving care management; AI-Driven Visualization Insights that transform complex data into clear, actionable visual insights; Chart Abstraction Assistance that simplifies the chart abstraction process by providing instant, accurate answers, freeing up time for more complex tasks; and AI Expert Services that offer strategic insights and predictions, helping leaders make better decisions with innovative approaches.
- *Interoperability (Ninja Universe)*. A cloud-native platform and a set of applications purpose-built for HIEs. The platform aggregates, normalizes, enriches, and optimizes multi-source, multi-format healthcare data in real time.
- *Cybersecurity (Intraprise)*. A cybersecurity platform that revolutionizes how security teams manage risk, transforming scattered data into a cohesive risk register. This powerful platform fosters transparency and accountability, enabling precise risk prioritization. Executives can now dissect complex assessments, make informed trade-off decisions, and uphold stringent compliance standards—all from a single, reliable source of truth.

Services and improvement expertise

We provide a range of high-value-add professional services to help our clients implement and maximize the value of our Solution. Our professional services experts combine industry-leading talent across multiple domain areas with a deep working knowledge of our technology to help our clients achieve a faster time-to-value and drive more meaningful and sustainable measurable improvements. Our expertise can be provided as a supplement to our clients' existing teams or as an outsourced function for our clients. As of December 31, 2025, our team is comprised of over 950 analytics experts and domain experts, including several nationally-recognized healthcare and analytics leaders.

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

Infrastructure, data, and analytics expertise:

- *Data engineering services*. Help clients ingest data sources and provide consulting around Ignite best practice and strategy around leveraging new Ignite features.
- *Analytics engineering services*. Partner with clients to generate meaningful insights produced from our technology that lead improvement efforts. Guides best practice and training.
- *Implementation services*. Implement and configure Ignite and analytics applications.

- *Data science services.* Work with client teams to apply scientific methods, processes, algorithms, and systems to ask and answer questions using data. In addition, build software tools to enable self-service capabilities for clients.
- *Analytics strategy services.* Provide agile development workshops, continued data architecture and ETL support, documentation and training, measure reporting efficiency, and prioritization and staff augmentation.
- *Data governance services.* Offer advisory services related to leveraging clients' unique, strategic data assets, managing data access and security, and establishing cross-functional governance structures.
- *Tech-Enabled Managed Services.* Managed services solution that enables healthcare organizations to boost efficiencies, capabilities, and savings—and optimize employee experience—through outsourcing specific functions, such as data abstraction or analytics, to Health Catalyst. In many cases, this solution includes re-badging existing health system team members within the applicable functional area as Health Catalyst team members.

Healthcare domain expertise:

- *Quality and process improvement strategy.* Organizational readiness assessments and opportunity analysis. Clinical pathways, best practices, and protocol implementation. Lean methodology and clinical variation reduction recommendations.
- *Patient safety services.* Transition from voluntary under-reporting to proactive prevention using data-driven triggers.
- *Cost accounting services.* Expert analysis of fine-grain activity-based costing methods and cost-saving improvement opportunities.
- *Population health and value-based care services.* Organizational transformation services to enhance abilities to take on cost risk for patient populations.
- *Abstraction data submission services.* Support in collecting quality and regulatory information and submitting it to various associations.
- *Health Catalyst University - educational services.* Hands-on courses, programs, and customizable training opportunities to provide our clients with knowledge, practical skills, and take-home tools needed to drive improvement efforts.

Our Clients

Our clients comprise academic medical centers, integrated delivery networks, community hospitals, large physician practices, ACOs, health information exchanges, health insurers, life science organizations, healthcare technology vendors, and other risk-bearing entities, among others. Today, we help executives, administrators, clinicians, and technicians in hundreds of hospitals and thousands of clinics. We work closely in collaboration with many key stakeholders including chief executive officers, chief financial officers, chief information officers, chief technology officers, population health teams, and IT teams among others. From our perspective, discussions regarding data and analytics strategy have oftentimes transitioned from a discussion with members of the IT department to an enterprise-wide, strategic discussion with the C-suite and other leadership members. No client represented more than 10% of our total revenue for the years ended December 31, 2025, 2024, and 2023.

Team Members and Culture

We currently employ more than 1,200 team members. We believe our Gallup team member engagement scores demonstrate that we have good relationships with our team members. None of our team members are subject to collective bargaining agreements or are represented by a union.

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

We engage compensation consultants to enable us to make data-informed decisions with respect to our compensation and benefit packages so we continue to attract and retain top talent. Moreover, we have received numerous awards and recognition for our culture and service to our clients. In total, we have been recognized 132 times as a “best place to work” by Glassdoor, Gallup, and Modern Healthcare, among others. Additionally, we have received multiple awards for client satisfaction and excellence from MedTech and KLAS, among others. For example, the 2025 MedTech Breakthrough Awards recognized us with top honors in two areas of excellence: patient experience and cybersecurity, while our Chagemaster Management product, a revenue analytics product addition through the Vitalware acquisition, has been ranked Best in KLAS in multiple years. We believe that these honors demonstrate the loyalty of our team members and our clients and that our culture is driving the behaviors that will help fuel our future growth.

Sales and Marketing

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

Research and Development

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

Intellectual Property

We rely on a combination of patent, trademark, and copyright laws in the United States as well as confidentiality procedures and contractual provisions to protect our intellectual property and trade secrets, including proprietary technology, databases, and our brand. As of December 31, 2025, we had fifteen issued U.S. patents, four issued Canadian patents, one issued Great Britain patent, and one issued European patent, which expire between 2026 and 2046. These patents and patent applications seek to protect proprietary inventions relevant to our business. We intend to pursue additional patent protection to the extent we believe it would be beneficial to our business and cost-effective.

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

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

Competition

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

The principal competitive factors in our industry include:

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

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

Government Regulation

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

Data Privacy and Security Laws

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

Fraud, waste, and abuse

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

- The federal Anti-Kickback Statute makes it illegal for any person to knowingly and willfully solicit, receive, offer, or pay any remuneration (including any kickback, bribe, or rebate), directly or indirectly, overtly or covertly, in cash or in kind, in exchange for, or intended to induce or reward, including arranging for or recommending, either the referral of an individual, or the purchase, lease, order, prescription, or recommendation of any good, facility, item or service for which payment may be made, in whole or in part, under a federal healthcare program, such as the Medicare and Medicaid program. A person or entity does not need to have actual knowledge of the federal Anti-Kickback Statute or specific intent to violate it to have committed a violation.
- The federal civil and criminal false claims laws, such as the federal False Claims Act, and civil monetary penalties laws impose criminal and civil penalties and authorize civil whistleblower or qui tam actions, against individuals or entities for, among other things: knowingly presenting, or causing to be presented, to a federal government healthcare program, claims for payment that are false or fraudulent; making, using or causing to be made or used, a false statement or record material to payment of a false or fraudulent claim or obligation to pay or transmit money or property to the federal government; or knowingly concealing or knowingly and improperly avoiding or decreasing an obligation to pay money to the federal government. The government has prosecuted revenue cycle management service providers for causing the submission of false or fraudulent claims in violation of the False Claims Act. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal False Claims Act. Moreover, private individuals have the ability to bring actions on behalf of the U.S. government under the federal False Claims Act as well as under the false claims laws of several states.
- The Health Insurance Portability and Accountability Act of 1996 (HIPAA) also contains a provision that imposes criminal and civil liability for knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program (including private payors) or obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payor (e.g., public or private) and knowingly and willfully falsifying, concealing or covering up by any trick or device a material fact or making any materially false statements in connection with the delivery of, or payment for, healthcare benefits, items, or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. Similarly, the federal false statements statute prohibits knowingly and willfully falsifying, concealing, or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items, or services.

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

Corporate practice of medicine and fee-splitting laws

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

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

Patient safety organization certification and other certification requirements

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

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

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

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

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

U.S. Food and Drug Administration (FDA)

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

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

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

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

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

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

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

Manufacturers of medical device products marketed in the United States are required to comply with the applicable portions of the QMSR, which cover the methods and the facilities and controls for the design, manufacture, testing, production, processes, controls, quality assurance, labeling, packaging, distribution, installation, and servicing of finished devices intended for human use. The QMSR also requires, among other things, maintenance of a medical device file and complaint files. Device manufacturers are also subject to periodic scheduled or unscheduled inspections by the FDA. The FDA has broad regulatory compliance and enforcement powers. If the FDA determines that a company has failed to comply with applicable regulatory requirements, including a determination that medical software products require prior FDA clearance or approval to be legally marketed in the United States, it can take a variety of compliance or enforcement actions, which may result in any of the following sanctions: warning letters, untitled letters, fines, injunctions, consent decrees, and civil penalties; recalls, withdrawals, or administrative detentions or seizure of products; operating restrictions or partial suspension or total shutdown of production; refusing or delaying requests for 510(k) marketing clearance or PMA approvals of new products or modified products; withdrawing 510(k) clearances or PMA approvals that have already been granted; refusal to grant export or import approvals; or criminal prosecution.

Foreign regulations

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

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

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

Corporate Information

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

Human Capital Management

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

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

As of December 31, 2025, we had more than 1,200 team members, the vast majority of whom are located in the United States and approximately 16% of whom are located in India. We have not experienced any work stoppages, and we believe our Gallup scores demonstrate that we have high quality team member relations and engagement.

Team member engagement

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

Compensation, benefits, and wellness

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

Pay equity

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

Inclusion and Belonging

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

Growth and development

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

Flexible work environment

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

Available Information

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

Our investors and others should note that we announce material information to the public about our company, products and services, and other matters related to our company through a variety of means, including our website (<https://www.healthcatalyst.com/>), our investor relations website (<https://ir.healthcatalyst.com/>), press releases, SEC filings, public conference calls, and social media, including our and our CEO's social media accounts (including our CEO's and our account on LinkedIn (<https://www.linkedin.com/in/ben-albert-0a763b1/> and <https://www.linkedin.com/company/healthcatalyst/>, respectively)), in order to achieve broad, non-exclusionary distribution of information to the public and to comply with our disclosure obligations under Regulation FD.

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

Item 1A. Risk Factors

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

Risks Related to Our Business and Industry

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

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

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

Further, in light of these advantages, even if our Solution is more effective than the product or service offerings of our competitors, current or potential clients might select competitive products and services in lieu of purchasing our Solution. We face competition from niche vendors, who offer stand-alone products and services, and from existing enterprise vendors, including those currently focused on software products, which have information systems in place with clients in our target markets. These existing enterprise vendors may now, or in the future, offer or promise products or services with less functionality than our Solution, but offer ease of integration with existing systems and that leverage existing vendor relationships. Increased competition is likely to result in pricing pressures, which could negatively impact our sales, profitability, or market share. Our patient engagement, population health, care coordination services and other parts of our Solution face competition from a wide variety of market participants. For example, certain health systems have developed their own population health and care coordination systems. If we fail to distinguish our offerings from the other options available to healthcare providers, the demand for and market share of those offerings may decrease.

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

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

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

Macroeconomic challenges (including high inflationary and/or high interest rate environments, uncertainty with tariffs, cuts in Medicaid and research funding, or market volatility and measures taken in response thereto), the tight labor market, any natural disasters or new public health crises, and regional or global conflicts (including the conflicts in the Middle East) could harm our business, results of operations, and financial condition.

Recent macroeconomic challenges (including high inflationary and/or high interest rate environments, uncertainty with tariffs, cuts in Medicaid and research funding, regional or global conflicts (including the conflicts in the Middle East), or market volatility and measures taken in response thereto), and the tight labor market continue to adversely affect workforces, organizations, governments, clients, economies, and financial markets globally and have disrupted the normal operations of many businesses, including our business. These factors have and could further decrease healthcare industry spending, adversely affect demand for our Solution, cause one or more of our clients to file for bankruptcy protection or go out of business, cause one or more of our clients to fail to renew, terminate, or renegotiate their contracts, impact expected spending from new clients, negatively impact collections of accounts receivable, and harm our business, results of operations, and financial condition. Further, the sales cycle for a new platform client, which we historically have estimated to be approximately one year, could lengthen, as we experienced in 2022 and 2023, resulting in a potentially longer delay between increasing operating expenses and the generation of corresponding revenue, if any. Our point solution applications generally have a shorter sales cycle, and while we have limited operating history selling Health Catalyst Ignite, we believe its sales cycle generally may be shorter than DOS.

We cannot predict with any certainty whether and to what degree the disruption caused by any natural disasters, new public health crises, regional or global conflicts (including the conflicts in the Middle East), the high inflationary environment, rising interest rates, tariffs (including uncertainty related to the implementation and enforceability thereof), cuts in Medicaid and research funding, market volatility and measures taken in response thereto, and reactions to any of the foregoing will continue and expect to face difficulty accurately predicting our internal financial forecasts. Further, it is not possible for us to predict the duration or magnitude of the adverse results of natural disasters, public health crises, regional or global conflicts (including the conflicts in the Middle East), and macroeconomic challenges (including the high inflationary and/or high interest rate environments, tariffs (including uncertainty related to the implementation and enforceability thereof) and cuts in Medicaid and research funding), and their effects on our business, results of operations, or financial condition at this time. Further, market volatility could lead to market-wide liquidity shortages, impair the ability of companies to access near-term working capital needs and create additional market and economic uncertainty. In the event of a failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect our business and financial position. Additionally, we are continuing to monitor the implications of any policy developments around Medicaid and research funding reductions, as well as implications of the evolving tariff landscape. These uncertainties in our end market could cause potential delays in client decisions.

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

Our growth initiatives, strategies, and operating plans designed to enhance our business, as well as some cost reduction and restructuring initiatives are currently under an ongoing internal strategic and operational review in connection with our CEO transition and we are continually executing on our overall growth initiatives, strategies, operating plans, and cost reductions and restructuring initiatives. We may not be able to successfully complete these growth initiatives, strategies, operating plans, and cost reductions and restructuring initiatives, and realize all of the benefits, including growth targets and cost savings, that we expect to achieve or it may be more costly to do so than we anticipate. For example, the migration of existing clients using our DOS Solution to Health Catalyst Ignite involves risk and may cause disruptions to our Solution, difficulties as clients acclimate to a new platform, or other challenges that could impair our clients' use of our technology, any of which could lead to client dissatisfaction, lower revenue, and non-renewals. Moreover, largely as a result of recent funding cuts and the macroeconomic environment impacting our end market, DOS clients that have or are planning to migrate to our Ignite platform have elected to retain the inherent savings, resulting in smaller bookings. Further, costs associated with the transition to Health Catalyst Ignite have resulted and may further continue to result in higher cost of technology revenue, which may not decrease over time.

Further, our overall migration of DOS clients to Health Catalyst Ignite has and may further evolve as we plan to provide clients with increased flexibility. A variety of factors could cause us not to realize some or all of the expected benefits of our growth initiatives, strategies, operating plans or cost reduction and restructuring initiatives. These factors include, among others, delays in the anticipated timing of activities related to such growth initiatives, strategies, operating plans, and cost reduction and restructuring initiatives, increased difficulty and cost in implementing these efforts, including difficulties in complying with new regulatory requirements and the incurrence of other unexpected costs associated with operating the business.

For example, on October 31, 2023, our board of directors authorized a reduction of our global workforce as part of a restructuring plan intended to optimize our cost structure and focus our investment of resources in key priority areas to align with strategic changes (2023 Restructuring Plan). The 2023 Restructuring Plan reduced our global workforce by approximately 10% during the fourth quarter of 2023 and the first quarter of 2024.

Further, our board of directors authorized a reduction of our global workforce on January 25, 2025 (the January 2025 Restructuring Plan) and an additional reduction of our global workforce on August 5, 2025 (the August 2025 Restructuring Plan). The January 2025 Restructuring Plan and the August 2025 Restructuring Plan are separate restructuring plans, each intended to optimize our cost structure and focus our investment of resources in key priority areas to align with strategic changes. The January 2025 Restructuring Plan reduced our global workforce by approximately 4% in the first quarter of 2025 and primarily focused on research and development and professional services. The August 2025 Restructuring Plan reduced our global workforce by approximately 9%, with the vast majority occurring in the third quarter of 2025, and is primarily focused on research and development and sales and marketing.

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

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

Our professional services and high-quality, ongoing client support are important to the successful marketing and sale of our products and services and for the renewal of existing client agreements. Providing these services and support requires that our professional services and support personnel have healthcare, technical, and other knowledge and expertise, making it difficult for us to hire qualified personnel and scale our professional services and support operations. The demand on our client support organization will increase as we expand our business and pursue new clients, and such increased support could require us to devote significant development services and support personnel, which could strain our team and infrastructure and reduce our profit margins. If we do not help our clients quickly resolve any post-implementation issues and provide effective ongoing client support, our ability to sell additional products and services to existing and future clients could suffer and our reputation would be harmed.

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

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

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

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

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

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

Despite testing, defects or errors may arise in our existing or new software or service processes following introduction to the market. Clients rely on our Solution to collect, manage, and report clinical, financial, and operational data, and to provide timely and accurate information regarding medical treatment and care delivery patterns. They may have a greater sensitivity to service errors and security vulnerabilities than clients of software products in general. Clinicians may also refer to our predictive models for care delivery prioritization, and to inform treatment protocols.

Limitations of liability and disclaimers that purport to limit our liability for damages related to defects in our software or content which we may include in our subscription and services agreements may not be enforced by a court or other tribunal or otherwise effectively protect us from related claims. In most cases, we maintain liability insurance coverage, including coverage for errors and omissions. However, it is possible that claims could exceed the amount of our applicable insurance coverage or that this coverage may not continue to be available on acceptable terms or in sufficient amounts.

In light of this, defects, vulnerabilities, and errors and any failure by us to identify and address them could result in loss of revenue or market share; liability to clients, clinicians, their patients, or others; failure to achieve market acceptance or expansion; diversion of development and management resources; delays in the introduction of new services; injury to our reputation; and increased service and maintenance costs. Defects, vulnerabilities, or errors in our software and service processes might discourage existing or potential clients from purchasing services from us. Correction of defects, vulnerabilities, or errors could prove to be impossible or impractical. The costs incurred in correcting any defects, vulnerabilities, or errors or in responding to resulting claims or liability may be substantial and could adversely affect our results of operations.

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

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

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

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

The market for healthcare in the United States is in the early stages of structural change and is rapidly evolving. Our success depends on our ability to keep pace with technological developments, satisfy increasingly sophisticated client and user requirements, and sustain market acceptance.

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

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

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

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

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

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

We generally enter into subscription contracts with our clients for access to our Solution. Many of these contracts have initial terms of one to three years. Most of our clients have no obligation to renew their subscriptions for our Solution after the initial term expires. Although we have long-term contracts with many clients, these contracts may be terminated by the client (generally, subject to providing us with prior notice before their term expires) for convenience or for certain specified reasons, including changes in the regulatory landscape, loss of certain third-party licenses, breach of our contractual obligations, including poor performance by us in areas that include repeated failures by us to provide specified levels of service over certain performance periods, or dissatisfaction with changes in our Solution, such as the deployment of Health Catalyst Ignite and the migration of existing clients utilizing our DOS Solution to Health Catalyst Ignite.

We expect that future contracts will contain similar provisions. If any of our contracts with our clients are terminated, we may not be able to recover all fees due under the terminated contract and we will lose future revenue from that client, which may adversely affect our results of operations. In addition, our clients may negotiate terms less advantageous to us upon renewal, as we have seen during many of our DOS platform clients migrating to our Ignite platform, which would reduce our revenue from these clients. We may also experience churn or down-selling related to the migration of our DOS platform clients to our Ignite platform. Our future results of operations also depend, in part, on our ability to upgrade and enhance our Solution. If our clients fail to renew their contracts, renew their contracts upon less favorable terms, or at lower fee levels or fail to purchase new technology and services from us, our revenue may decline or our future revenue growth may be constrained.

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

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

- the extent to which our Solution achieves or maintains market acceptance;
- our ability to introduce new applications, updates, and enhancements to our existing applications on a timely basis;
- new competitors and the introduction of enhanced products and services from new or existing competitors;
- the length of our contracting and implementation cycles and our fulfillment periods for our Solution;
- the mix of revenue generated from professional services as compared to technology subscriptions;
- the extent to which our clients opt for non-recurring project-based work rather than FTE subscription contracts since non-recurring, project-based fees are less predictable than our recurring services and can drive fluctuations in quarterly professional services revenues and in our new Dollar-based Retention Rate metric and in prior period comparisons;
- clients reducing or eliminating their spend with us in response to political or macroeconomic factors or otherwise, including in connection with their migration from our DOS platform to our Ignite platform;
- the financial condition of our current and future clients;
- changes in client budgets and procurement policies;
- changes in regulations or marketing strategies;
- the impact of macroeconomic challenges, including the high inflationary and/or high interest rate environments, tariffs, cuts in Medicaid and research funding, market volatility and measures taken in response thereto, natural disasters, public health crises, and regional or global conflicts (including the conflicts in the Middle East) on our clients, partners, and business;
- the amount and timing of our investment in research and development activities;
- the amount and timing of our investment in sales and marketing activities;
- technical difficulties or interruptions to our Solution, including related to updates to our technology or technology migrations, in particular, those related to our migration of existing DOS clients to Health Catalyst Ignite;
- our ability to hire and retain qualified personnel, including risks related to reduced morale, difficulty hiring, and unintended attrition as a result of our January 2025 Restructuring Plan and our August 2025 Restructuring Plan;
- changes in the regulatory environment related to healthcare;
- regulatory compliance costs;
- the timing, size, and integration success of potential future acquisitions;
- unforeseen legal expenses, including litigation and settlement costs; and
- buying patterns of our clients and the related seasonality impacts on our business.

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

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

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

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

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

Our Solution may be used by clients to support clinical decision-making by providers and interpret information about patient medical histories, treatment plans, medical conditions, and the use of particular medications. If our Solution is associated with faulty clinical decisions or treatment, then clients or their patients could assert claims against us that could result in substantial costs to us, harm our reputation in the industry, and cause demand for our Solution to decline. In addition, our analytics services may be used by our clients to inform clinical decision-making, provide access to patient medical histories, and assist in creating patient treatment plans. Therefore, if data analyses are presented incorrectly in our Solution or they are incomplete, or if we make mistakes in the capture or input of these data, adverse consequences, including death, may occur and give rise to product liability, medical malpractice liability, and other claims against us by clients, clinicians, patients, or others. We often have little control over data accuracy, yet a court or government agency may take the position that our storage and display of health information exposes us to personal injury liability or other liability for wrongful delivery or handling of healthcare services or erroneous health information.

Our clinical guidelines, algorithms, and protocols may be viewed as providing healthcare professionals with guidance on care management, care coordination, or treatment decisions. If our content, or content we obtain from third parties, contains inaccuracies, or we introduce inaccuracies in the process of implementing third-party content, it is possible that patients, clinicians, consumers, the providers of the third-party content, or others may sue us if they are harmed as a result of such inaccuracies. We cannot assure you that our software development, editorial, and other quality control procedures will be sufficient to ensure that there are no errors or omissions in any particular content or our software or algorithms.

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

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

Although we carry insurance covering medical malpractice claims in amounts that we believe are appropriate in light of the risks attendant to our business, successful medical liability claims could result in substantial damage awards that exceed the limits of our insurance coverage. In addition, professional liability insurance is expensive and insurance premiums may increase significantly in the future, particularly as we expand our Solution.

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

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

We use AI and generative AI, machine learning, and automated decision-making technologies, including proprietary AI and machine learning algorithms and models (collectively, AI Technologies), throughout our business, and are making investments in this area. We expect that increased investment will be required in the future to continuously improve our use of AI Technologies. As with many technological innovations, there are significant risks involved in developing, maintaining, and deploying these technologies and there can be no assurance that the usage of or our investments in such technologies will always enhance our Solution, platform and service offerings or be beneficial to our business, including our efficiency or profitability.

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

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

In addition to our proprietary AI Technologies, we use AI Technologies licensed from third parties, including in our Solution, and our ability to continue to use such third-party AI Technologies at the scale we need may be dependent on access to specific third-party software and infrastructure. We cannot control the availability or pricing of such third-party AI Technologies, especially in a highly competitive environment, and we may be unable to negotiate favorable economic terms with the applicable providers. If any such third-party AI Technologies become incompatible with our Solution and programs or unavailable for use, or if the providers of such models unfavorably change the terms on which their AI Technologies are offered or terminate their relationship with us, our Solution may become less appealing to our clients and our business will be harmed. In addition, to the extent any third-party AI Technologies are used as a hosted service, any disruption, outage, or loss of information through such hosted services could disrupt our operations or solutions, damage our reputation, cause a loss of confidence in our Solution, or result in legal claims or proceedings, for which we may be unable to recover damages from the affected provider.

Moreover, the regulatory framework for AI Technologies is rapidly evolving as many federal, state, and foreign government bodies and agencies have introduced or are currently considering additional laws and regulations. Additionally, existing laws and regulations may be interpreted in ways that would affect the operation of our AI Technologies. As a result, implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future, and we cannot yet determine the impact future laws, regulations, standards, or market perception of their requirements may have on our business and may not always be able to anticipate how to respond to these laws or regulations. Already, certain existing legal regimes, such as various U.S. governmental and regulatory agencies relating to data privacy, regulate certain aspects of AI Technologies, and various U.S. states and other foreign jurisdictions are applying, or are considering applying, their platform moderation, cybersecurity, and data protection laws to AI Technologies or are considering general legal frameworks for the regulation of AI Technologies.

In the United States, the regulatory framework for AI Technologies faces significant uncertainty. At the federal level, Congress has yet to enact meaningful AI legislation. Instead, federal policy on AI has been shaped by a series of executive orders that have shifted priorities and requirements substantially depending on the administration in power. In October 2023, President Biden issued an Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence, which emphasized AI safety and security and addressed topics such as civil rights, privacy, consumer protection, and accountable federal use of AI. In January and July 2025, President Trump issued three executive orders on AI, one of which repealed President Biden's 2023 Executive Order, shifting the focus towards removing regulatory barriers to the adoption of AI Technologies and accelerating AI deployment.

In the absence of federal AI legislation, states have filled the void by enacting laws regulating different aspects of AI Technologies. For example, California has enacted laws and regulations related to AI safety protocols, reporting and transparency, among other AI-related topics. In addition, Colorado's Artificial Intelligence Act will require developers and deployers of "high-risk" AI systems to implement certain safeguards against algorithmic discrimination (among other requirements), and the Texas Responsible Artificial Intelligence Governance Act prohibits the development and deployment of AI systems for certain purposes while establishing a regulatory sandbox. Legislation related to AI Technologies has also been introduced at the state level. For example, the California Privacy Protection Agency has finalized regulations under the California Consumer Privacy Act, as amended by the California Privacy Rights Act (collectively, the CCPA) regarding the use of automated decision-making. Other states have also passed AI-focused legislation, such as Colorado's Artificial Intelligence Act, which will require developers and deployers of "high risk" AI systems to implement certain safeguards against algorithmic discrimination, and Utah's Artificial Intelligence Policy Act, which establishes disclosure requirements and accountability measures for the use of generative AI in certain consumer interactions. Such additional regulations may impact our ability to develop and use AI Technologies in the future.

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

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

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

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

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

Historically, we have relied on a limited number of clients for a significant portion of our total revenue and accounts receivable. Our three largest clients during 2025 comprised 5.7%, 4.4%, and 3.5% of our revenue, or 13.6% in the aggregate. Our three largest clients during 2024 comprised 5.5%, 4.4%, and 3.9% of our revenue, or 13.8% in the aggregate. The sudden loss of any of our largest clients or the renegotiation of any of our largest client contracts could adversely affect our results of operations. In the ordinary course of business, we engage in active discussions and renegotiations with our clients in respect of our Solution and the terms of our client agreements, including our fees. As our clients' businesses respond to market dynamics and financial pressures, and as our clients make strategic business decisions in respect of the lines of business they pursue and programs in which they participate, we expect that certain of our clients will, from time to time, seek to restructure their agreements with us.

In the ordinary course, we renegotiate the terms of our agreements with our clients in connection with renewals or extensions of these agreements. These discussions and future discussions could result in reductions to the fees and changes to the scope of services contemplated by our original client contracts and consequently could negatively impact our revenue, business, and prospects.

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

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

We generally recognize technology and professional services revenue ratably over the term of a contract. As a result, a substantial portion of our revenue is generated from contracts entered into during prior periods. Consequently, a decline in new contracts in any quarter may not affect our results of operations in that quarter but could reduce our revenue in future quarters. Additionally, the timing of renewals or non-renewals of a contract during any quarter may only affect our financial performance in future quarters. For example, the non-renewal of a subscription agreement late in a quarter will have minimal impact on revenue for that quarter but will reduce our revenue in future quarters. Accordingly, the effect of significant declines in sales may not be reflected in our short-term results of operations, which would make these reported results less indicative of our future financial results. By contrast, a non-renewal occurring early in a quarter may have a significant negative impact on revenue for that quarter and we may not be able to offset a decline in revenue due to non-renewal with revenue from new contracts entered into in the same quarter. In addition, we may be unable to quickly adjust our costs in response to reduced revenue.

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

As a public company, we are required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act requires that we evaluate and determine the effectiveness of our internal controls over financial reporting. We are also required to provide an annual management report on the effectiveness of our internal control over financial reporting. Many of the internal controls we have implemented pursuant to the Sarbanes-Oxley Act are process controls with respect to which a material weakness may be found whether or not any error has been identified in our reported financial statements. This may be confusing to investors and result in damage to our reputation, which may harm our business. Additionally, the proper design and assessment of internal controls over financial reporting are subject to varying interpretations, and, as a result, application in practice may evolve over time as new guidance is provided by regulatory and governing bodies and as common practices evolve. This could result in continuing uncertainty regarding the proper design and assessment of internal controls over financial reporting and higher costs necessitated by ongoing revisions to internal controls. We must continue to monitor and assess our internal control over financial reporting. If in the future we have any material weaknesses, we may not detect errors on a timely basis and our financial statements may be materially misstated.

Additionally, if we are unable to comply with the requirements of Section 404 of the Sarbanes-Oxley Act, are unable to assert that our internal controls over financial reporting are effective, identify material weaknesses in our internal controls over financial reporting, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, and the market price of our common stock could be adversely affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

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

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

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

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

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. If our acquisitions do not yield expected returns or fair value estimates deteriorate, we may be required to take charges to our results of operations based on this impairment assessment process, which could adversely affect our results of operations, such as the goodwill impairment charges of \$105.4 million expensed during the year ended December 31, 2025, which were primarily due to overall declines in our stock price and market capitalization. Further declines in our stock price and market capitalization could result in further impairment charges, which could adversely affect our results of operations.

Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our results of operations. In addition, if an acquired business fails to meet our expectations, our business, financial condition, and results of operations may suffer. Also, the anticipated benefit of any acquisition may not materialize or may be prohibited by contractual obligations we may enter into in the future with lenders or other third parties.

Additionally, future acquisitions or dispositions could result in potentially dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, or amortization expenses or write-offs of goodwill, any of which could harm our financial condition. We cannot predict the number, timing, or size of future acquisitions, or the effect that any such transactions might have on our results of operations.

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

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

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

Our success depends largely upon the continued services of our key executive officers and recruitment of additional highly skilled employees. From time to time, there may be changes in our senior management team resulting from the hiring or departure of executives, including the retirement by Dan Burton from his position as our CEO on February 12, 2026, which could disrupt our business. Hiring executives with needed skills or the replacement of one or more of our executive officers or other key employees would likely involve significant time and costs and may significantly delay or prevent the achievement of our business objectives. In addition, competition for qualified management in our industry is intense. Many of the companies with which we compete for management personnel have greater financial and other resources than we do. We have not entered into term-based employment agreements with our executive officers. All of our employees are “at-will” employees, and their employment can be terminated by us or them at any time, for any reason. The departure of key personnel could adversely affect the conduct of our business. In such event, we would be required to hire other personnel to manage and operate our business, and there can be no assurance that we would be able to employ a suitable replacement for the departing individual, that a replacement could be hired on terms that are favorable to us, or that the transition between the departing individual and their replacement will be smooth or will not otherwise disrupt our business. In addition, volatility or lack of performance in our stock price may affect our ability to attract replacements should key personnel depart. If we are not able to retain any of our key management personnel, our business could be harmed.

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

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

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

We have experienced, and may continue to experience, rapid growth and organizational change, which has placed, and may continue to place, significant demands on our management, operational, and financial resources. In addition, if we fail to successfully integrate new team members or fail to effectively manage organizational changes, it could harm our culture, business, financial condition and results of operations.

For example, the expense reduction measures taken in connection with the 2023 Restructuring Plan, January 2025 Restructuring Plan or August 2025 Restructuring Plan may result in unintended consequences and costs, including costs associated with attrition beyond our intended reduction in force, a decrease in morale among team members following the completion of the 2023 Restructuring Plan, January 2025 Restructuring Plan, or August 2025 Restructuring Plan, adverse impacts in our ability to recruit and hire qualified personnel in the future, and the loss of institutional knowledge and expertise, which could result in losses in future periods or otherwise prevent us from realizing, in full or in part, the anticipated benefits and savings from the 2023 Restructuring Plan, January 2025 Restructuring Plan, or August 2025 Restructuring Plan.

In addition, we must continue to maintain, and may need to enhance, our information technology infrastructure and financial and accounting systems and controls, as well as manage expanded operations in geographically distributed locations, which may include offshore and near shore, which will place additional demands on our resources and operations. We also must attract, train, and retain a significant number of qualified sales and marketing personnel, professional services personnel, software engineers, technical personnel, service offering personnel, and management personnel. At times, this will require us to invest in and commit significant financial, operational, and management resources to grow and change in these areas without undermining the corporate culture that has been critical to our growth so far. If we do not achieve the benefits anticipated from these investments or organizational changes, or if the realization of these benefits is delayed, our results of operations may be adversely affected. If we fail to provide effective client training on our Solution and high-quality client support, our business and reputation could suffer.

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

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

We have experienced periods of significant growth during our operating history. At times, our growth has moderated and contracted, including in recent periods. Future revenue may not grow at the same rates experienced during times of significant growth - which has been the case in recent periods - or may decline. Further, revenue opportunities that include portions of our Solution with less operating history could cause our growth to become less predictable and/or choppy relative to prior periods. Our future growth will depend, in part, on our ability to grow our revenue from existing clients, to complete sales to potential future clients, to expand our client and member bases, to prevent churn of existing clients, and to develop new solutions, as well as our ability to acquire other companies, as we have done from time to time in the past. Our future growth may also be driven by expansion into adjacent markets and/or international expansion. We can provide no assurances that we will be successful in executing on these growth strategies or that we will continue to grow our revenue or to generate net income. Our historical results may not be indicative of future performance. Our ability to execute on our existing sales pipeline, create additional sales pipelines, and expand our client base depends on, among other things, the attractiveness of our Solution relative to those offered by our competitors, our ability to demonstrate the value of our existing and future services, and our ability to attract and retain a sufficient number of qualified sales and marketing leadership and support personnel. In addition, our existing clients may be slower to adopt our Solution than we currently anticipate, which could adversely affect our results of operations and growth prospects.

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

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

Risks Related to Data and Intellectual Property

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

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

In addition, this could interfere with or prevent data sourcing, data analyses, or limit other data-driven activities that benefit us. Moreover, we may be subject to claims, civil and/or criminal liability or government or state attorneys general investigations for use or disclosure of information by reason of lack of valid notice, permission, or waiver. These claims, liabilities or government or state attorneys general investigations could subject us to unexpected costs and adversely affect our financial condition and results of operations.

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

Our Solution involves the storage and transmission of our clients' proprietary information, including personal or identifying information regarding patients and their protected health information (PHI). We rely on computer systems, hardware, software, technology infrastructure and online sites and networks for both internal and external operations that are critical to our business. We own and manage some of these information technology systems but also rely on third parties for a range of IT Systems and related products and services, including but not limited to cloud computing services. We and certain of our third-party providers collect, maintain and process data about customers, employees, business partners and others, including personally identifiable information, as well as proprietary information belonging to our business such as trade secrets. We face numerous and evolving cybersecurity risks that threaten the confidentiality, integrity and availability of our information technology systems and confidential information. Despite the implementation of security measures, our information technology systems and those of our clients, contractors, consultants, and collaborators are vulnerable to attack, damage and interruption from cyberattacks, "phishing" attacks, computer viruses and malware (e.g., ransomware), natural disasters, terrorism, war, telecommunication and electrical failures, employee theft or misuse, human error, fraud, denial or degradation of service attacks, "bugs" sophisticated nation-state and nation-state-supported actors or unauthorized access or use by persons inside our organization, or persons with access to systems inside our organization. Attacks upon information technology systems are increasing in their frequency, levels of persistence, sophistication, and intensity, and are being conducted by sophisticated and organized groups and individuals with a wide range of motives and expertise.

We may also face increased cybersecurity risks due to our reliance on internet technology and the number of our employees who are working remotely, which may create additional opportunities for cybercriminals to exploit vulnerabilities. Additionally, any integration of AI in our or any third party's operations, products or services is expected to pose new or unknown cybersecurity risks and challenges. Because the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. We may also experience security breaches that may remain undetected for an extended period. Moreover, the detection, prevention, and remediation of known or unknown security vulnerabilities, including those arising from third-party hardware or software, may result in additional direct or indirect costs and management time. Even if identified, we may be unable to adequately investigate or remediate incidents or breaches due to attackers increasingly using tools and techniques – including AI – that are designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence. As a result, unauthorized access or security breaches as a result of third-party action, employee error, malfeasance, or otherwise could result in the loss or inappropriate use of information, litigation, indemnity obligations, damage to our reputation, and other liability such as government or state Attorney General investigations.

We and certain of our service providers are from time to time subject to cyberattacks and security incidents. While we do not believe that we have experienced any significant system failure, accident, or security breach to date, if such an event were to occur and cause interruptions in our operations, it could adversely affect our ability to attract new clients, cause existing clients to elect to not renew their subscriptions, result in reputational damage, or subject us to lawsuits (including class actions), regulatory fines, mandatory disclosures, or other action or liability, which could adversely affect our results of operations. There can also be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our information technology systems and confidential information.

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

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

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

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

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

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

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

Our computing infrastructure service providers have no obligation to renew their agreements with us on commercially reasonable terms or at all. If we are unable to renew these agreements on commercially reasonable terms, or if one of our computing infrastructure service providers is acquired, we may be required to transition to a new provider and we may incur significant costs and possible service interruption in connection with doing so. Problems faced by our computing infrastructure service providers, including those operated by Microsoft, could adversely affect the experience of our clients. Microsoft Azure and other infrastructure vendors have had and may in the future experience significant service outages.

Additionally, if our computing infrastructure service providers are unable to keep up with our growing needs for capacity, this could have an adverse effect on our business. For example, a rapid expansion of our business could affect our service levels or cause our third-party hosted systems to fail. Our agreements with third-party computing infrastructure service providers may not entitle us to service level credits that correspond with those we offer to our clients.

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

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

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

Their systems and servers could also be subject to hacking, spamming, ransomware, computer viruses or other malicious software, denial of service attacks, service disruptions, including the inability to process certain transactions, phishing attacks, and unauthorized access attempts, including third parties gaining access to users' accounts using stolen or inferred credentials or other means, and may use such access to prevent use of users' accounts. Despite precautions taken at these facilities, the occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice, or other unanticipated problems at two or more of the facilities could result in lengthy interruptions in our services. Even with our disaster recovery arrangements, our Solution could be interrupted.

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

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

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

Any disruption in the network access, telecommunications, or co-location services provided by these third-party providers or any failure of or by these third-party providers or our own systems to handle the current or higher volume of use could significantly harm our ability to deliver our Solution and our business. We exercise limited control over these third-party vendors, which increases our vulnerability to problems with the services they provide. Any errors, failures, interruptions, or delays experienced in connection with these third-party technologies and information services or our own systems could negatively impact our relationships with users and clients, adversely affect our brands and business, and expose us to third-party liabilities. The insurance coverage under our policies may not be adequate to compensate us for all losses that may occur. In addition, we cannot provide assurance that we will continue to be able to obtain adequate insurance coverage at an acceptable cost.

The reliability and performance of the Internet may be harmed by increased usage or by denial-of-service attacks. The Internet has experienced a variety of outages and other delays as a result of damages to portions of its infrastructure, and it could face outages and delays in the future.

These outages and delays could reduce the level of Internet usage as well as the availability of the Internet to us for delivery of our Internet-based services. We typically provide service level commitments under our client contracts. If we fail to meet these contractual commitments, we could be obligated to provide credits or refunds for prepaid amounts related to unused subscription services or face contract terminations, which could adversely affect our results of operations. Finally, recent changes in law could impact the cost and availability of necessary Internet infrastructure. Increased costs and/or decreased availability would negatively affect our results of operations.

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

The future success of our business depends upon the continued use of the Internet as a primary medium for communication, business applications, and commerce. Federal or state government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the Internet as a commercial medium. Legislators, regulators, or government bodies or agencies may also make legal or regulatory changes or interpret or apply existing laws or regulations that relate to the use of the Internet in new and materially different ways. Changes in these laws, regulations, or interpretations could require us to modify our Solution in order to comply with these changes, to incur substantial additional costs or divert resources that could otherwise be deployed to grow our business, or expose us to unanticipated civil or criminal liability, among other things.

In addition, government agencies and private organizations have imposed, and may in the future impose, additional taxes, fees, or other charges for accessing the Internet or commerce conducted via the Internet. Internet access is frequently provided by companies that have significant market power and could take actions that degrade, disrupt, or increase the cost of our clients' use of our Solution, which could negatively impact our business.

Net neutrality rules, which were designed to ensure that all online content is treated the same by Internet service providers and other companies that provide broadband services were repealed by the Federal Communications Commission effective June 2018. The repeal of the net neutrality rules could force us to incur greater operating expenses or our clients' use of our Solution could be adversely affected, either of which could harm our business and results of operations. These developments could limit the growth of Internet-related commerce or communications generally or result in reductions in the demand for Internet-based platforms and services such as ours, increased costs to us or the disruption of our business. In addition, as the Internet continues to experience growth in the numbers of users, frequency of use, and amount of data transmitted, the use of the Internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of Internet activity, security, reliability, cost, ease-of-use, accessibility, and quality of service. The performance of the Internet and its acceptance as a business tool has been adversely affected by "viruses," "worms," and similar malicious programs and the Internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the Internet generally, or our Solution specifically, is adversely affected by these or other issues, we could be forced to incur substantial costs, demand for our Solution could decline, and our results of operations and financial condition could be harmed.

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

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

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

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

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

Our success and ability to compete depend in part upon our intellectual property. As of December 31, 2025, we had filed applications for a number of patents, and we have fifteen issued U.S. patents, four issued Canadian patents, one issued Great Britain patent, and one issued European patent. We also had thirty-nine registered trademarks in the United States, European Union, Singapore, United Arab Emirates, and United Kingdom. We also rely on copyright and trademark laws, trade secret protection, and confidentiality or license agreements with our employees, clients, partners, and others to protect our intellectual property rights. However, the steps we take to protect our intellectual property rights may be inadequate. For example, other parties, including our competitors, may independently develop similar technology, duplicate our services, or design around our intellectual property and, in such cases, we may not be able to assert our intellectual property rights against such parties.

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

There are situations in which noncompliance can result in abandonment or lapse of the patent, or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. If this occurs, our competitors might be able to enter the market, which would have a material adverse effect on our business. Effective trademark, copyright, patent, and trade secret protection may not be available in every country in which we conduct business. Further, intellectual property law, including statutory and case law, particularly in the United States, is constantly developing, and any changes in the law could make it harder for us to enforce our rights. In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming, and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights.

An adverse determination of any litigation proceedings could put our intellectual property at risk of being invalidated or interpreted narrowly and could put our related pending patent applications at risk of not issuing. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential or sensitive information could be compromised by disclosure in the event of litigation. In addition, during the course of litigation, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Negative publicity related to a decision by us to initiate such enforcement actions against a client or former client, regardless of its accuracy, may adversely impact our other client relationships or prospective client relationships, harm our brand and business, and could cause the market price of our common stock to decline. Our failure to secure, protect, and enforce our intellectual property rights could adversely affect our brand and our business.

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

There is considerable patent and other intellectual property development activity in our industry. Our future success depends in part on not infringing upon the intellectual property rights of others. Our competitors, as well as a number of other entities and individuals, including so-called non-practicing entities (NPEs), may own or claim to own intellectual property relating to our Solution. From time to time, third parties have claimed or may claim that we are infringing upon their intellectual property rights or that we have misappropriated their intellectual property. For example, in some cases, very broad patents are granted that may be interpreted as covering a wide field of healthcare data storage and analytics solutions or machine learning and predictive modeling methods in healthcare. As competition in our market grows, the possibility of patent infringement, trademark infringement, and other intellectual property claims against us increases. In the future, we expect others to claim that our Solution and underlying technology infringe or violate their intellectual property rights. In a patent infringement claim against us, we may assert, as a defense, that we do not infringe the relevant patent claims, that the patent is invalid or both.

The strength of our defenses will depend on the patents asserted, the interpretation of these patents, and our ability to invalidate the asserted patents. However, we could be unsuccessful in advancing non-infringement and/or invalidity arguments in our defense. In the United States, issued patents enjoy a presumption of validity, and the party challenging the validity of a patent claim must present clear and convincing evidence of invalidity, which is a high burden of proof. Conversely, the patent owner need only prove infringement by a preponderance of the evidence, which is a lower burden of proof. We may be unaware of the intellectual property rights that others may claim cover some or all of our technology or services. Because patent applications can take years to issue and are often afforded confidentiality for some period of time there may currently be pending applications, unknown to us, that later result in issued patents that could cover one or more aspects of our technology and services. Any claims or litigation could cause us to incur significant expenses and, whether or not successfully asserted against us, could require that we pay substantial damages, ongoing royalty or license payments, or settlement fees, prevent us from offering our Solution or using certain technologies, require us to re-engineer all or a portion of our Solution, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our clients or business partners or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licenses, modify applications, or refund fees, which could be costly. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations.

Risks Related to Governmental Regulation

Risks Related to Healthcare and Data Privacy and Security Regulation

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

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

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

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

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

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

- *Consumer protection laws.* Furthermore, the Federal Trade Commission (FTC) also has authority to initiate enforcement actions against entities that mislead customers about HIPAA compliance, make deceptive statements about privacy and data sharing in privacy policies, fail to limit third-party use of personal health information, fail to implement policies to protect personal health information or engage in other unfair practices that harm customers or that may violate Section 5(a) of the FTC Act. According to the FTC, failing to take appropriate steps to keep consumers' personal information secure can also constitute unfair acts or practices in or affecting commerce in violation of Section 5(a) of the FTC Act. The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Additionally, federal and state consumer protection laws are increasingly being applied by FTC and states' attorneys general to regulate the collection, use, storage, and disclosure of personal or personally identifiable information, through websites or otherwise, and to regulate the presentation of website content.
- *State data protection laws.* Certain states have also adopted privacy and security laws and regulations, which govern the privacy, processing, and protection of health-related and other personal information. Such laws and regulations will be subject to interpretation by various courts and other governmental authorities, thus creating potentially complex compliance issues for us and our future clients and strategic partners. For example, the CCPA requires covered businesses that process the personal information of California residents to, among other things: (i) provide certain disclosures to California residents regarding the business's collection, use, and disclosure of their personal information; (ii) receive and respond to requests from California residents to access, delete, and correct their personal information, or to opt out of certain disclosures of their personal information; and (iii) enter into specific contractual provisions with service providers that process California resident personal information on the business's behalf. Additional compliance investment and potential business process changes may be required. Similar laws have been enacted in other states, reflecting a trend toward more stringent privacy legislation in the United States. If we fail to comply with any of these privacy laws that apply to us, and are subject to the aforementioned penalties, our business and financial results could be adversely affected.
- *GDPR and foreign data privacy protection laws.* In addition, many foreign governments have established or are in the process of establishing privacy and data security legal frameworks governing the collection, use and disclosure of personal information obtained from their residents. For example, in Europe, the GDPR went into effect on May 25, 2018. The GDPR imposes data protection requirements for processing the personal data of individuals within the European Economic Area (EEA) or in the context of an establishment in the EEA, including requirements relating to the consent of the individuals to whom the personal data relates, the information provided to the individuals, the documentation we must retain, the security and confidentiality of the personal data, data breach notification and the use of third-party processors in connection with the processing of personal data. Companies that must comply with the GDPR face increased compliance obligations and risk, including more robust regulatory enforcement of data protection requirements and potential fines for noncompliance of up to €20 million or 4% of the annual global revenues of the noncompliant group, whichever is greater. The GDPR has increased our responsibility and potential liability in relation to personal data that we process, and we may be required to put in place mechanisms to ensure compliance with GDPR. In addition, the GDPR increases the scrutiny of transfers of personal data from the EEA to the United States and other jurisdictions that the European Commission does not recognize as having “adequate” data protection laws and the efficacy and longevity of current transfer mechanisms between the EEA and the United States remain uncertain. Case law from the Court of Justice of the European Union (CJEU) states that reliance on the standard contractual clauses - a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism - alone may not necessarily be sufficient in all circumstances and that transfers must be assessed on a case-by-case basis.

We expect the existing legal complexity and uncertainty regarding international personal data transfers to continue and international transfers to the United States and to other jurisdictions more generally to continue to be subject to enhanced scrutiny by regulators.

As the regulatory guidance and enforcement landscape in relation to data transfers continue to develop, we could suffer additional costs, complaints and/or regulatory investigations or fines, and/or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we operate our business, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results. Further, from January 1, 2021, companies have had to comply with the GDPR and also the UK GDPR, which, together with the amended UK Data Protection Act 2018, retains the GDPR in UK national law. The UK GDPR mirrors the fines under the GDPR, e.g., fines up to the greater of €20 million (£17.5 million) or 4% of global turnover. As we continue to expand into other foreign countries and jurisdictions, we may be subject to additional laws and regulations that may affect how we conduct business.

- *Canadian data privacy protection laws.* Similarly, Canada’s Personal Information Protection and Electronic Documents Act provides Canadian residents with privacy protections in regard to transactions with businesses and organizations in the private sector and sets out ground rules for how private-sector organizations may collect, use, and disclose personal information in the course of commercial activities. Foreign governments may attempt to apply such laws extraterritorially or through treaties or other arrangements with U.S. governmental entities. Other jurisdictions besides the EU and Canada are similarly introducing or enhancing laws and regulations relating to privacy and data security, which enhances risks relating to compliance with such laws. Furthermore, as we enter into business arrangements in countries outside of the United States, we will need to be prepared to comply with applicable local privacy laws. The GDPR and other changes in laws or regulations associated with the enhanced protection of certain types of personal data, such as health-related data or other sensitive information, could greatly increase our cost of providing our products and services or even prevent us from offering certain services in jurisdictions that we operate.
- *AI Technologies:* In addition, we use AI Technologies in our business. The regulatory framework for AI Technologies is rapidly evolving as many federal, state, and foreign government bodies and agencies have introduced or are currently considering additional laws and regulations. Additionally, existing laws and regulations may be interpreted in ways that would affect the operation of AI Technologies. As a result, implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future, and we cannot yet determine the impact future laws, regulations, standards, or market perception of their requirements may have on our business and may not always be able to anticipate how to respond to these laws or regulations. It is possible that new laws and regulations will be adopted in the United States and in other non-U.S. jurisdictions, or that existing laws and regulations, including competition and antitrust laws, may be interpreted in ways that would limit our ability to use AI Technologies for our business, or require us to change the way we use AI Technologies in a manner that negatively affects the performance of our products, services, and business and the way in which we use AI Technologies. We may need to expend resources to adjust our Solution or services in certain jurisdictions if the laws, regulations, or decisions are not consistent across jurisdictions. Further, the cost to comply with such laws, regulations, or decisions and/or guidance interpreting existing laws, could be significant and would increase our operating expenses (such as by imposing additional reporting obligations regarding our use of AI Technologies). Such an increase in operating expenses, as well as any actual or perceived failure to comply with such laws and regulations, could adversely affect our business, financial condition and results of operations.

We cannot be certain that the privacy policies and other statements regarding our practices will be found sufficient to protect us from liability or adverse publicity relating to the privacy and security of personal information. There is ongoing concern from privacy advocates, regulators, and others regarding data protection and privacy issues, and the number of jurisdictions with data protection and privacy laws has been increasing. Also, there are ongoing public policy discussions regarding whether the standards for de-identified, anonymous, or pseudonymized health information are sufficient, and the risk of re-identification sufficiently small, to adequately protect patient privacy. We expect that there will continue to be new proposed laws, regulations, and industry standards concerning privacy, data protection, and information security in the United States, including the CCPA, and we cannot yet determine the impact such laws, regulations, and standards may have on our business. Future laws, regulations, standards, and other obligations, and changes in the interpretation of existing laws, regulations, standards, and other obligations could impair our or our clients’ ability to collect, use, or disclose information relating to consumers, which could decrease demand for our Solution, increase our costs, and impair our ability to maintain and grow our client base and increase our revenue.

Any failure or perceived failure by us to comply with international, federal or state laws or regulations, industry standards, or other legal obligations, or any actual or suspected security incident, whether or not resulting in unauthorized access to, or acquisition, release, or transfer of personally identifiable information or other data, may result in governmental enforcement actions and prosecutions, private litigation, fines, and penalties or adverse publicity and could cause our clients to lose trust in us, which could have an adverse effect on our reputation and business. We may be unable to make such changes and modifications in a commercially reasonable manner or at all, and our ability to develop new products and features could be limited. Any of these developments could harm our business, financial condition, and results of operations. Privacy and data security concerns, whether valid or not valid, may inhibit market adoption of our Solution.

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

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

The federal Anti-Kickback Statute prohibits, among other things, the offering, paying, soliciting, or receiving anything of value, directly or indirectly, for the referral of patients covered by Medicare, Medicaid, and other federal healthcare programs or the leasing, purchasing, ordering, or arranging for or recommending the lease, purchase, or order of any item, good, facility, or service covered by these programs. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. Some enforcement activities focus on below or above market payments for federally reimbursable healthcare items or services as evidence of the intent to provide a kickback. Many states also have similar anti-kickback laws that are not necessarily limited to items or services for which payment is made by a federal healthcare program. Moreover, both federal and state laws prohibit bribery and similar behavior. We do not believe we directly order or provide healthcare services that are reimbursable by Medicare, Medicaid or other third-party payors or submit claims or receive reimbursement from any such payor. However, nonetheless, in addition to direct enforcement action against us, if our advisory services or our Solution offered to clients are associated with action by clients that is determined or alleged to be in violation of these laws and regulations, it is possible that an enforcement agency would also try to hold us liable and, as a result of such attempt to hold us liable, our results of operations and financial condition may be negatively impacted, even if we are ultimately found not liable. There are also numerous federal and state laws that prohibit the submission of false information, or the failure to disclose information, in connection with submission and payment of claims for healthcare items and services by healthcare providers. For example, the federal civil False Claims Act prohibits, among other things, individuals or entities from knowingly presenting, or causing to be presented, to the U.S. federal government, claims for payment or approval that are false or fraudulent, or knowingly making, using or causing to be made or used, a false record or statement material to a false or fraudulent claim. The government has prosecuted revenue cycle management service providers for causing the submission of false or fraudulent claims in violation of the False Claims Act. In addition, the government may assert that a claim including items and services resulting from a violation of the U.S. federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act.

HIPAA also created new federal criminal statutes that prohibit knowingly and willfully executing, or attempting to execute, a scheme to defraud or to obtain, by means of false or fraudulent pretenses, representations or promises, any money or property owned by, or under the control or custody of, any healthcare benefit program, including private third-party payors, and knowingly and willfully falsifying, concealing or covering up by trick, scheme or device, a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. Any determination by a court or regulatory agency that we or any of our clients, vendors, or partners have violated these laws could subject us to significant civil or criminal penalties, invalidate all or portions of some of our client contracts, require us to change or terminate some portions of our business, require us to refund portions of our services fees, subject us to additional reporting requirements and oversight under a corporate integrity agreement or similar agreement to resolve allegations of noncompliance with these laws, cause us to be disqualified from serving clients doing business with government payors, and have an adverse effect on our business. Our clients' failure to comply with these laws and regulations in connection with our services could result in substantial liability (including, but not limited to, criminal liability), adversely affect demand for our Solution, and force us to expend significant capital, research and development, and other resources to address the failure. Even an unsuccessful challenge by regulatory authorities of our activities could result in adverse publicity, distract management attention from our business, require a costly response from us, and negatively impact the price of our common stock.

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

We employ and contract with physicians and other licensed healthcare professionals who assist our clients with the clients' care coordination, care management, population health management, and patient safety activities. Although we do not intend to provide medical care, treatment, or advice, our relationships with such healthcare professionals may implicate certain state laws in the United States in which we operate that generally prohibit non-professional entities from providing licensed medical services, exercising control over licensed physicians or other licensed healthcare professionals, or engaging in certain practices such as fee-splitting with such licensed professionals. There can be no assurance that these laws will be interpreted in a manner consistent with our practices or that other laws or regulations will not be enacted in the future that could have a material and adverse effect on our business, financial condition, and results of operations.

Regulatory authorities, state boards of medicine, state attorneys general, and other parties may assert that we are engaged in the provision of professional medical services, and/or that our arrangements with our affiliated physicians and other licensed healthcare professionals constitute unlawful fee-splitting. If a jurisdiction's prohibition on the corporate practice of medicine or fee-splitting is interpreted in a manner that is inconsistent with our practices, we may be required to restructure or terminate some portions of our business, which may in turn require us to refund portions of our services fees, which would have an adverse effect on our business. Even an unsuccessful challenge by regulatory authorities of our activities could result in adverse publicity, distraction of management attention from our business, a costly response from us, and a substantial negative impact upon the price of our common stock.

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

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

The FDCA and related regulations govern the conditions of safety, efficacy, clearance, approval, manufacturing, quality system requirements, labeling, packaging, distribution, storage, recordkeeping, reporting, marketing, advertising, and promotion of medical devices. However, historically, the FDA has exercised enforcement discretion for certain low-risk software functions, and has issued several guidance documents outlining its approach to the regulation of software as a medical device. In addition, the 21st Century Cures Act amended the FDCA to exclude from the definition of "medical device" certain medical-related software, including software used for administrative support functions at a healthcare facility, software intended for maintaining or encouraging a healthy lifestyle, software designed to store electronic health records, software for transferring, storing, or displaying medical device data or in vitro diagnostic data, and certain clinical decision support software. We believe our currently marketed products provide functionality that is exempt from the FDCA's definition of a "medical device," and therefore that our software products are not currently regulated by the FDA as medical devices, or that our products are otherwise subject to FDA's current enforcement discretion policies applicable to software products. However, there is a risk that the FDA could disagree with our determination, or that the FDA could alter its enforcement discretion policies, and in either case, subject our software to more stringent medical device regulations.

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

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

The healthcare regulatory and political framework is uncertain and evolving.

Existing and new laws and regulations affecting the healthcare industry, or changes to existing laws and regulations could create unexpected liabilities for us, cause us to incur additional costs, and/or restrict our operations. Reforming the healthcare industry has been a priority for U.S. politicians, and key members of the legislative and executive branches have proposed a wide variety of potential changes and policy goals. Certain changes to laws impacting our industry, or perceived intentions to do so, could affect our business and results of operations.

By way of example, in March 2010, the Affordable Care Act (ACA), was enacted, which substantially changed the way healthcare is financed by both governmental and private insurers and has significantly impacted our industry and, to some degree, our business. Since its enactment, there have been judicial, executive, and Congressional challenges to certain aspects of the ACA. On June 17, 2021, the U.S. Supreme Court dismissed the most recent judicial challenge to the ACA brought by several states without specifically ruling on the constitutionality of the ACA. Thus, the ACA will remain in effect in its current form.

In July 2025, the One Big Beautiful Bill Act (the OBBBA) was enacted, which imposes significant reductions in the funding of the Medicaid program and restrictions for certain groups to access the ACA Marketplace. These changes are expected to decrease the number of persons enrolled in Medicaid and reduce the services covered by Medicaid, and may result in an increase in the number of individuals who are unable to access health insurance benefits and medical care. We anticipate that new cost containment measures or other healthcare reforms will continue to be implemented at both the federal and state level, any of which could harm our business, financial condition, and results of operations.

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

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

- *Antitrust laws.* Our national cloud-based network allows us access to cost and pricing data for a large number of providers in most regional markets, as well as to the contracted rates for third-party payors. To the extent that our Solution enables providers to compare their cost and pricing data with those of their competitors, those providers could collude to increase the pricing for their services, to reduce the compensation they pay their employees, or to collectively negotiate agreements with third parties. Similarly, if payors are able to compare their contracted rates of payment to providers, those payors may seek to reduce the amounts they might otherwise pay. Such actions may be deemed to be anti-competitive and a violation of federal antitrust laws. To the extent that we are deemed to have enabled such activities, we could be subject to fines and penalties imposed by the U.S. Department of Justice or the FTC and be required to curtail or terminate the services that permitted such collusion.
- *Foreign Corrupt Practices Act (FCPA) and foreign anti-bribery laws.* Subject to the February 2025 executive order ceasing enforcement of the FCPA, the FCPA makes it illegal for U.S. persons, including U.S. companies, and their subsidiaries, directors, officers, employees, and agents, to promise, authorize or make any corrupt payment, or otherwise provide anything of value, directly or indirectly, to any foreign official, any foreign political party or party official, or candidate for foreign political office to obtain or retain business. To the extent it is enforced, violations of the FCPA can also result in violations of other U.S. laws, including anti-money laundering, mail and wire fraud, and conspiracy laws. There are severe penalties for violating the FCPA. In addition, the Company may also be subject to other non-U.S. anti-corruption or anti-bribery laws, such as the U.K. Bribery Act 2010. If our employees, contractors, vendors, or partners fail to comply with the FCPA and/or foreign anti-bribery laws, we may be subject to penalties or sanctions, and our ability to develop new prospects and retain existing clients could be adversely affected.
- *Economic sanctions and export controls.* Economic and trade sanctions programs that are administered by the U.S. Treasury Department's Office of Foreign Assets Control prohibit or restrict transactions to or from, and dealings with specified countries and territories, their governments, and in certain circumstances, with individuals and entities that are specially designated nationals of those countries, and other sanctioned persons, including narcotics traffickers and terrorists or terrorist organizations. As federal, state and foreign legislative regulatory scrutiny and enforcement actions in these areas increase, we expect our costs to comply with these requirements will increase as well. Failure to comply with any of these requirements could result in the limitation, suspension or termination of our services, imposition of significant civil and criminal penalties, including fines, and/or the seizure and/or forfeiture of our assets. Further, our Solution incorporates encryption technology. This encryption technology may be exported from the United States only with the required export authorizations, including by a license, a license exception, or other appropriate government authorizations. Such solutions may also be subject to certain regulatory reporting requirements. Various countries also regulate the import of certain encryption technology, including through import permitting and licensing requirements, and have enacted laws that could limit our clients' ability to import our Solution into those countries.

Governmental regulation of encryption technology and of exports and imports of encryption products, or our failure to obtain required approval for our Solution, when applicable, could harm our international sales and adversely affect our revenue. Compliance with applicable regulatory requirements regarding the provision of our Solution, including with respect to new applications, may delay the introduction of our Solution in various markets or, in some cases, prevent the provision of our Solution to some countries altogether.

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

Risks Related to Tax Regulation

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

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

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

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

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

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

As of December 31, 2025, we had net operating loss (NOL) carryforwards for federal and state income tax purposes of approximately \$787.8 million and \$647.7 million, respectively, which may be available to offset taxable income in the future, and which expire in various years beginning in 2032 for federal purposes if not utilized. The state NOLs will expire depending upon the various rules in the states in which we operate. A lack of future taxable income would adversely affect our ability to utilize these NOLs before they expire. In general, under Section 382 of the Internal Revenue Code of 1986, as amended (the Code), a corporation that undergoes an “ownership change” (as defined under Section 382 of the Code and applicable Treasury Regulations) is subject to limitations on its ability to utilize its pre-change NOLs to offset its future taxable income.

We may experience a future ownership change under Section 382 of the Code that could affect our ability to utilize the NOLs to offset our income. Furthermore, our ability to utilize NOLs of companies that we have acquired or may acquire in the future may be subject to limitations. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to reduce future income tax liabilities, including for state income tax purposes.

Certain provisions of the Tax Act (as defined below), as amended by the CARES Act, also limit the use of NOLs, as discussed further below. For these reasons, we may not be able to utilize a material portion of our NOLs, even if we attain profitability, which could potentially result in increased future tax liability to us and could adversely affect our results of operations and financial condition.

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

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

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

Risks Related to Our Indebtedness

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

On July 16, 2024, we entered into the Credit Agreement, which provides for a five-year term loan facility (the Term Loan Facility) in an aggregate principal amount of up to \$225 million, consisting of an initial term loan in the aggregate principal amount of \$125 million, which was funded in full at closing, and a delayed draw term loan facility in the aggregate principal amount of \$100 million, which was undrawn as of the closing. We had the option to draw up to \$40.0 million under the delayed draw facility within six months after the Closing Date and on October 29, 2024, we drew an additional principal amount of \$37.7 million. Borrowings under the Credit Agreement are expected to bear interest at a rate per annum equal to the secured overnight financing rate (SOFR) plus 6.5%.

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

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

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

The Credit Agreement contains certain affirmative covenants and negative covenants, including covenants that restrict our ability to take certain actions including, among other things and subject to certain exceptions, the incurrence of debt, the granting of liens, engaging in mergers and other fundamental changes, the making of investments, entering into transactions with affiliates, the payment of dividends and other restricted payments, the prepayment of other indebtedness and the sale of assets. The Credit Agreement also requires us to comply with a minimum liquidity threshold, a maximum recurring revenue-based ratio and a maximum EBITDA-based net leverage ratio. In addition, payments of amounts owed under the Term Loan Facility will require us to dedicate cash flow from operations or cash on hand, which will reduce the amounts available to fund working capital, capital expenditures, transactions (including pursuing strategic initiatives), and other general corporate purposes. Such limitations could limit our flexibility to plan for or react to changes in our business or industry; place us at a disadvantage compared to our competitors that have less debt; limit our ability to borrow or otherwise raise additional capital as needed; or otherwise have a material adverse effect on our business, results of operations, and financial condition.

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

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

Risks Related to an Investment in Our Securities

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

We have incurred significant net losses in the past, including net losses of \$178.0 million and \$69.5 million in the years ended December 31, 2025 and 2024, respectively. We had an accumulated deficit of \$1,364.6 million as of December 31, 2025. Our costs could increase over time as we continue to invest to grow our business and build relationships with clients, develop our Solution, develop new solutions, and operate as a public company. These efforts may prove to be more expensive than we currently anticipate and external factors, such as macroeconomic challenges, including the high inflationary environment and rising interest rates, could cause an increase in our expenses, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. As a result, we may need to raise additional capital through equity and debt financings in order to fund our operations. To date, we have financed our operations principally from the proceeds we received through private sales of equity securities, payments received from sales of our Solution, borrowings under our loan and security agreements, our IPO in July 2019, the Note Offering in April 2020, and an underwritten public offering of 4,882,075 shares (inclusive of the underwriters' over-allotment option to purchase 636,792 shares) of our common stock at \$53.00 per share in August 2021, from which we received net proceeds of \$245.2 million, after deducting the underwriting discounts and commissions and other offering costs (the Secondary Public Equity Offering).

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

We launched operations in 2008 and we acquired Able Health, Healthfinch, Vitalware, Twistle, ARMUS, KPI Ninja, ERS, Carevive, Lumeon, Intraprise and Upfront between February 2020 and January 2025. Our limited operating history, in particular with respect to the businesses we have recently acquired, makes it difficult to effectively assess or forecast our future prospects. You should consider our business and prospects in light of the risks and difficulties we encounter or may encounter. These risks and difficulties include our ability to cost-effectively acquire new clients and retain existing clients, maintain the quality of our technology infrastructure that can efficiently and reliably handle the requirements of our clients and deploy new features and solutions, and successfully compete with other companies that are currently in, or may enter, the healthcare solution space. Additional risks include our ability to effectively manage growth, achieve synergies, responsibly use the data that clients share with us, process, store, protect, and use personal data, including PHI, in compliance with governmental regulation, contractual obligations, and other legal obligations related to privacy and security and avoid interruptions or disruptions in our service or slower than expected load times for our Solution. If we fail to address the risks and difficulties that we face, including those associated with the challenges listed above, our business and our results of operations will be adversely affected.

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

The market price of our common stock has decreased in recent periods, may be volatile, and may further decline for many reasons, including reasons that are not related to our operating performance, and you may lose all or part of your investments.

The market price of our common stock has decreased in recent periods, may be volatile, may further decline or fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- overall performance of the equity markets and/or publicly-listed technology and healthcare companies;
- actual or anticipated fluctuations in our total revenue, Adjusted EBITDA or other operating metrics;
- changes in the financial projections we provide to the public or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet the estimates or the expectations of investors;
- the economy as a whole and market conditions in our industry;
- rumors and market speculation involving us or other companies in our industry;
- announcements by us or our competitors of significant innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- lawsuits or investigations threatened or filed against us;
- confidence in and recruitment or departure of key personnel and directors; and
- other events or factors, including those resulting from macroeconomic challenges (including high inflationary and/or high interest rate environment, tariffs and cuts in Medicaid and research funding), war, regional or global conflicts (including the conflicts in the Middle East), bank or financial institution failures, incidents of terrorism, public health crises, political changes, or responses to these events.

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

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

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

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

On August 2, 2022, our board of directors authorized and approved the Share Repurchase Plan, pursuant to which we may repurchase up to \$40.0 million of our outstanding shares of common stock. We repurchased shares of common stock under this program during the third quarter of 2022, first quarter of 2023 and first quarter of 2025. There were no repurchases made during 2024 and we had \$24.8 million available to purchase under the Share Repurchase Plan as of December 31, 2025. Repurchases of shares of common stock under the Share Repurchase Plan may be made from time to time, in the open market, in privately negotiated transactions or otherwise, with the amount and timing of repurchases to be determined at the discretion of our management, depending on market conditions and corporate needs.

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

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

We expect to issue additional capital stock in the future that will result in dilution to all other stockholders. We expect to grant equity awards to employees, directors, and consultants under our stock incentive plans. We may also raise capital through equity financings in the future, including through offerings similar to our Secondary Public Equity Offering during the third quarter of 2021. As part of our business strategy, we may acquire or make investments in complementary companies, products, or technologies and issue equity securities to pay for any such acquisition or investment, such as our issuance of equity securities in connection with our acquisitions. Any such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the per-share value of our common stock to decline.

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

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

We may need to hire more employees in the future or engage outside consultants, which will increase our operating expenses. In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs, and making some activities more time-consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

We intend to invest substantial resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from business operations to compliance activities. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers. As a result of disclosure of information in filings required of a public company, our business and financial condition is more visible, which may result in an increased risk of threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and results of operations could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business, results of operations, and financial condition.

The individuals who now constitute our senior management team have limited experience managing a publicly-traded company and limited experience complying with the increasingly complex laws pertaining to public companies.

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

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

We could be subject to securities class action litigation.

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

Risks Related to Our Charter and Bylaws

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

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

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

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

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

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

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

- any action that is governed by the internal affairs doctrine and asserts a claim against us or any of our current or former directors, officers or other employees or stockholders.

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

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

General Risks

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

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

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

General worldwide economic conditions have experienced significant downturns during the last ten or more years, and market volatility and uncertainty remain widespread, making it potentially very difficult for our clients and us to accurately forecast and plan future business activities. During challenging economic times, our clients may have difficulty gaining timely access to sufficient credit or obtaining credit on reasonable terms, increased costs, and/or other negative financial impacts, each of which could impair their ability to make timely payments to us, reduce client expansion and new client acquisition, increase client churn, and adversely affect our revenue. If that were to occur, our financial results could be harmed. Further, challenging economic conditions may impair the ability of our clients to pay for the applications and services they already have purchased from us and, as a result, our write-offs of accounts receivable could increase. We cannot predict the timing, strength, or duration of any economic slowdown or recovery. If the condition of the general economy or markets in which we operate worsens, our business could be harmed.

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

There is an increasing focus from certain investors, employees, and other stakeholders concerning corporate responsibility, specifically related to environmental, social, and governance factors. In addition, some investors may use these factors to guide their investment strategies and, in some cases, may choose not to invest in us if they believe our policies relating to corporate responsibility are inadequate. Third-party providers of corporate responsibility ratings and reports on companies have increased to meet growing investor demand for measurement of corporate responsibility performance. The criteria by which companies' corporate responsibility practices are assessed may change, which could result in greater expectations of us and cause us to undertake costly initiatives to satisfy such new criteria. If we elect not to or are unable to satisfy such new criteria, investors may conclude that our policies with respect to corporate responsibility are inadequate. We may face reputational damage in the event that our corporate responsibility procedures or standards do not meet the standards set by various constituencies. For example, increasingly there are disclosure regulations focused on environmental, social and sustainability matters. The SEC recently adopted final climate change disclosure regulation that, if it survives the litigation it is currently subject to, will require us to make certain disclosures that may be costly for our company. We are currently evaluating this regulation to determine its impact on us.

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

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

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

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information.

Our cybersecurity program incorporates industry-standard frameworks (including third-party certification), policies, and practices designed to protect the privacy and security of our sensitive information. Our third-party certifications for certain Solutions include a HITRUST Common Security Framework certification (which includes standards from frameworks such as HIPAA, ISO, EU, GDPR, NIST, and PCI to provide risk-based certification for companies in the healthcare supply chain) and a Statement on Standards for Attestation Engagements 18 (SSAE 18) System and Organization Control (SOC) 2 report that evaluates our security program, and a HIPAA security risk assessment. Additionally, for certain offerings we maintain ISO 27001 and 9001 certifications.

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

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

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

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

Cybersecurity Governance

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

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

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

Item 2. Properties

Our principal executive offices are located in South Jordan, Utah where we lease facilities totaling approximately 128,037 square feet under a lease agreement that expires on December 31, 2031, of which 88,164 square feet is currently subleased. We use this facility for administration, sales and marketing, technology and development, and professional services. We also lease offices elsewhere for sales, research and development, professional services, and other personnel, including offices in Minneapolis, Minnesota and Hyderabad, India.

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

Item 3. Legal Proceedings

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

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

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Market information for our common stock

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

Holder of record

As of December 31, 2025, there were 167 holders of record of our common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

Dividend policy

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

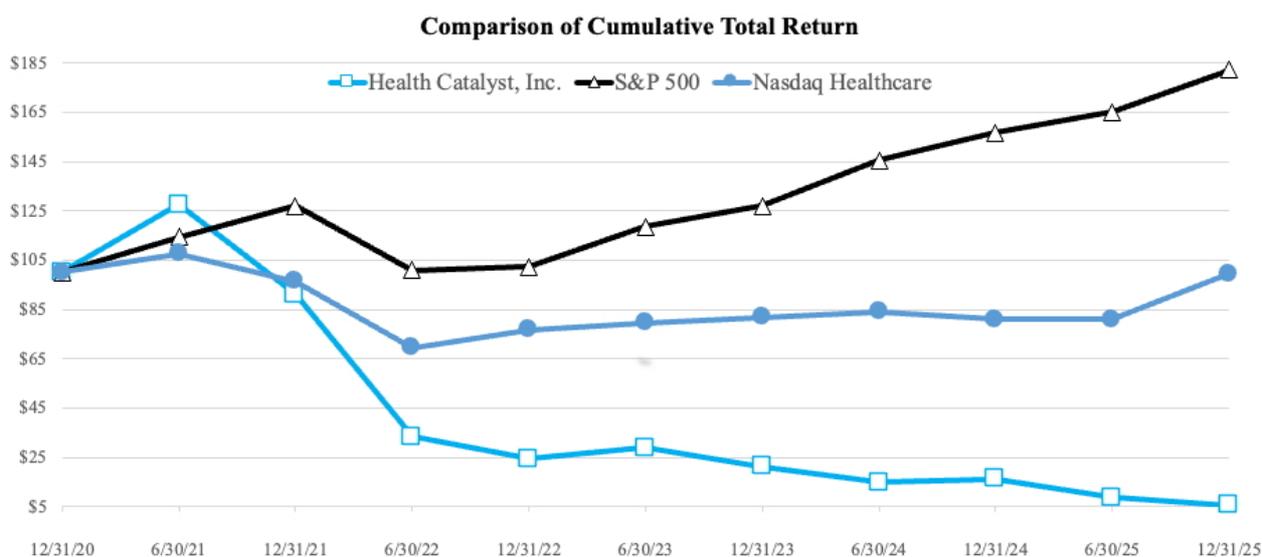
Securities authorized for issuance under equity compensation plans

The information required by this item with respect to our equity compensation plans is incorporated by reference in our Form 10-K/A in lieu of our proxy statement for the 2026 Annual Meeting of Stockholders. The Form 10-K/A will be filed with the SEC within 120 days of the year ended December 31, 2025.

Stock performance graph

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

The graph set forth below compares, for the five-year period ended December 31, 2025, the total cumulative stockholder return on the Company’s common stock, with the total cumulative return of the NASDAQ Healthcare Index, and the S&P 500 Index. Measurement points include the last trading day of each of the Company’s fiscal years ended December 31, 2020, 2021, 2022, 2023, 2024, and 2025, as well as the last trading day of the second quarter during each of the last five years. Total cumulative stockholder return assumes \$100 invested at the beginning of the period and data for the S&P 500 and Nasdaq Healthcare indices assume reinvestment of dividends. The comparisons are based on historical data and are not indicative of, nor intended to forecast, the future performance of our common stock.



Company/Index	12/31/2020 ⁽¹⁾	Dec 31, 2021	Dec 31, 2022	Dec 31, 2023	Dec 31, 2024	Dec 31, 2025
Health Catalyst, Inc.	\$ 100	\$ 91	\$ 24	\$ 21	\$ 16	\$ 5
S&P 500	\$ 100	\$ 127	\$ 102	\$ 127	\$ 157	\$ 182
Nasdaq Healthcare	\$ 100	\$ 96	\$ 77	\$ 82	\$ 81	\$ 99

(1) Base period

Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered sales of equity securities

During the year ended December 31, 2025, we did not issue or sell any unregistered securities not previously disclosed in a Quarterly Report on Form 10-Q or in a Current Report on Form 8-K.

Issuer purchases of equity securities

None.

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

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

A discussion regarding our financial condition and results of operations for the year ended December 31, 2025 compared to the year ended December 31, 2024 is presented below. A discussion regarding our financial condition and results of operations for the year ended December 31, 2024 compared to the year ended December 31, 2023 is included under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our prior year Form 10-K filed on February 26, 2025.

Overview

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

Health Catalyst was founded in 2008 by healthcare analytics industry pioneers. Our founders and team developed the initial version of our Solution, consisting of an early version of our data platform, select analytics accelerators, and professional services expertise. From the beginning, our Solution has been focused on enabling our mission: to be the catalyst for massive, measurable, data-informed healthcare improvement. As of December 31, 2025, we employ more than 1,200 team members.

Highlights from the years ended December 31, 2025, 2024, and 2023 include:

- For the years ended December 31, 2025, 2024, and 2023, our total revenue was \$311.1 million, \$306.6 million, and \$295.9 million, respectively. The growth in revenue was primarily due to revenue from new clients, including acquired relationships.
- For the years ended December 31, 2025, 2024, and 2023, we incurred net losses of \$178.0 million, \$69.5 million, and \$118.1 million, respectively. The increased net loss in 2025 compared to 2024 is largely driven by \$105.4 million of goodwill impairment, which is primarily due to overall declines in our stock price and market capitalization.
- For the years ended December 31, 2025, 2024, and 2023, our Adjusted EBITDA was \$41.4 million, \$26.1 million, and \$11.0 million, respectively. See the section titled “Financial Measures and Key Business Metrics—Reconciliation of Non-GAAP Financial Measures” below for more information about Adjusted EBITDA, including the limitations of such measure and a reconciliation to net loss, the most directly comparable measure calculated in accordance with GAAP.

See the section titled “Key Factors Affecting Our Performance” for more information about important opportunities and challenges related to our business.

Macroeconomic Environment and Strategic Operating Plan

Recent macroeconomic challenges (including high levels of inflation, high interest rates, uncertainty with tariffs, cuts in Medicaid and research funding, and regional or global conflicts (including the conflicts in the Middle East)) and the tight labor market continue to adversely affect workforces, organizations, governments, clients, economies, and financial markets globally. These factors have disrupted the normal operations of many businesses, including our business. These factors have also placed the national healthcare system under significant operational and budgetary strain. The extent and duration of the impacts from these factors is uncertain, and we expect that continued impacts will continue to have a negative effect upon our clients, business and results of operations, and financial condition.

The health system end market, in particular, has experienced meaningful financial strain over the last few years. We were encouraged that, in general, the operating margins of our health system end market improved in 2024 and 2025 relative to 2022 and 2023. However, the implications of many policy developments around Medicaid and research funding reductions, as well as implications of the evolving tariff landscape have had and continue to have a negative impact on our business.

On July 4, 2025, President Trump signed the OBBBA into law, which is projected to reduce federal Medicaid spending by nearly \$1 trillion over 10 years and will create additional financial strain for many of our clients and prospective clients. As a result, certain sales cycles have elongated and some opportunities, such as opportunities in Life Sciences, have pushed, which negatively impacted our 2025 bookings achievement and our expectations for revenue in 2026.

We continue to anticipate that a higher proportion of our gross bookings will come from our existing client base as compared to historical levels, inclusive of upsells to both our Platform Client base, as well as upsells to our over 1,000 App Clients. This expectation is driven by our belief that many existing clients that have already realized a strong financial return on investment (ROI), and are aligned on a long-term partnership framework, will be more receptive to expansion conversations, as compared to discussions with prospective clients. We have collected data internally that shows we are more than twice as effective at selling into organizations where we have an existing relationship compared to those where there is no prior relationship, which gives us additional confidence in our ability to drive cross-selling within our broad client base.

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

As previously described, within our professional services segment, a subset of clients have reduced the number of FTEs engaged in their initiatives, while in the technology segment, we have experienced churn related to the migration from DOS to Ignite. We have observed that clients have a few options as part of this migration. These options include expanding their relationship and spend by purchasing additional applications and services; experiencing immediate savings while maintaining similar functionality through a price reduction as part of the migration; maintaining existing spend and realizing improvement in operations and functionality from the enhanced capabilities of Ignite; or exercising flexibility to stay on DOS or parts of DOS in the near-to-medium term. Over the course of the next few years, we anticipate our clients will continue to fall along the spectrum of these options; however, in recent months and in the near-term, an increasing number of clients are opting for, and we anticipate many will opt for, a price reduction as part of the migration to Ignite resulting in lower overall spend.

We have been notified of approximately \$12.5 million in DOS-related ARR down-sell and churn that will negatively impact our 2026 and 2027 technology revenue. In addition, we currently estimate up to approximately \$52 million in DOS-related ARR that may be subject to negotiation in 2026 and 2027 as part of the DOS to Ignite migration; of which, up to approximately \$35 million is estimated to be data platform infrastructure ARR. Data platform infrastructure, or the data warehouse and related infrastructure, is where we are seeing the highest degree of pressure. While we expect further churn of this ARR beyond the \$12.5 million, we are putting plans in place that are designed to retain a portion of the estimated \$52 million of DOS-related ARR. After 2027, we expect to generally be through the data platform infrastructure migration headwind. We have maintained strong application relationships with our clients, even when data platform infrastructure down-selling occurs, and we expect this success to continue.

We are responding to the challenging macroeconomic environment with a strategic operating plan that proactively tailors our solutions to align with and support the urgent needs for cost efficiency, clinical improvement, and consumer experience. We are helping clients achieve tangible savings and enhanced operational efficiency, positioning our organization as a valuable partner during this critical period. We believe this focus will enable us to move forward in a position of continued competitive and financial strength.

We will continue to manage the business with a focus on operating efficiency, while balancing targeted investments to support disciplined growth and retention initiatives that we expect will benefit future results. We have invested in migration personnel and contractors and have added investments in India as we continue to scale our development team. While these investments may create near-term pressure on our Adjusted EBITDA, we believe they position the business for improved consistency and stronger financial performance in the second half of 2026 and beyond.

Our priorities going forward will include strengthening and simplifying our commercial engine to drive technology ARR bookings, improving retention through more predictable migrations and clearer client value realization, and increasing efficiency and reducing time to value by eliminating operational complexity and scaling work through automation and global resources. We also plan to better leverage our intellectual property, combining our data foundation with the expertise, content, and AI-enabled solutions that allow us to solve healthcare's most pressing problems.

We will continue to refine this strategic operating plan and are continuing to make investments in research and development, including the continued enhancement of the capabilities within Health Catalyst Ignite, in order to maintain our position as a provider of a market-leading data platform and applications over the long term.

Our Business Model

We offer our Solution to a variety of healthcare organizations, primarily in the United States, including academic medical centers, integrated delivery networks, community hospitals, large physician practices, ACOs, health information exchanges, health insurers, and other risk-bearing entities among others. We categorize our client count into two primary categories: Platform Clients and App Clients. As discussed further in "Key Business Metrics and Non-GAAP Financial Measures" below, as of January 1, 2025, we shifted from what we formerly called DOS Subscription Clients to Platform Clients, and what we formerly referred to as other clients to App Clients, which include all other clients that are not Platform Clients. Platform Clients are defined as: (i) all Platform Clients as of December 31, 2024 under our historical definition (formerly referred to as DOS Subscription Clients, which we also referred to as Platform Subscription Clients), and (ii) as of January 1, 2025, any technology client that signs contracts with at least \$100,000 of incremental total ARR and non-recurring revenue in a given calendar year, inclusive of clients that come through acquisition if we first begin recognizing revenue for the client post-acquisition and that total ARR and non-recurring revenue exceeds \$100,000 in that calendar year, so long as such client maintains an active subscription as of the end of the period. See "Key Business Metrics and Non-GAAP Financial Measures" below for more information about our Platform Clients. App Clients generally include technology clients and other clients from historical acquisitions and typically operate under subscription contracts. As of December 31, 2025, 2024, and 2023, we had 162, 130, and 109 Platform Clients, respectively. As of December 31, 2025, we served over 1,000 App Clients compared to over 900 other clients as of December 31, 2024. The increase in other clients from December 31, 2024 to App Clients as of December 31, 2025 was primarily due to the 2025 Upfront acquisition.

We derive substantially all of our revenue through subscriptions for use of our technology and professional services on a recurring basis. In 2025, greater than 90% of our total revenue was recurring in nature. Clients pay for our technology primarily on a subscription basis for our entire technology suite or for pieces of our technology (e.g., Platform-only or modular portions of the Platform). We generally provide access to our technology and deliver professional services to clients on a recurring basis, with our technology invoiced upfront annually or quarterly and our professional services invoiced monthly. As we increase the use cases we address at a given client, we have the opportunity to upsell incremental technology and services. We have demonstrated an ability to upsell technology and services to our client base over time. We updated our definition of Dollar-based Retention Rate in early 2025, and, under an updated Dollar-based Retention Rate described in more detail in the section titled "Financial Measures and Key Business Metrics," the rate was 93% and 102% for the years ended December 31, 2025 and 2024, respectively. Based on our legacy definition, we saw a Dollar-based Retention Rate of 100% for each of the years ended December 31, 2024 and 2023, respectively.

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

We delineate our sales organization by new client acquisition and existing client retention and expansion. Selling efforts to new clients vary. Many of our new clients engage with us broadly for multiple use cases, requiring buy-in during the sales cycle across the C-suite. Alternatively, in some instances, we engage with a client in a single-use case. After we demonstrate measurable improvements, we work with our clients to expand the utilization of our Solution to other use cases or enterprise-wide. The average sales cycle for a new platform client is estimated to be approximately one year, but that timeline can vary materially. Because of our vertical focus on the healthcare industry, we believe our sales and marketing resources can be deployed more efficiently than at horizontally-focused companies that provide technology and services to multiple industries.

Additionally, with our increased focus on driving expansion within our existing client base, we believe that our sales and marketing infrastructure is positioned well to generate meaningful leverage and growth within our services offerings without the need for the same level of incremental investment as in prior years. This operating leverage primarily stems from the fact that we already have an existing relationship with the client, inclusive of having invested in client success initiatives since the beginning of our contractual relationship. Over the past few years, we have invested in growth infrastructure and our sales operations and marketing teams are built to help us scale over the long term.

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

Financial Measures and Key Business Metrics

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

	Year Ended December 31, 2025		
	2025	2024	2023
	(in thousands, except percentages)		
GAAP Financial Measures:			
Total revenue	\$ 311,136	\$ 306,584	\$ 295,938
Gross profit	\$ 120,356	\$ 114,503	\$ 104,002
Gross margin	39 %	37 %	35 %
Net loss	\$ (177,974)	\$ (69,502)	\$ (118,147)
Non-GAAP Financial Measures:			
Adjusted Gross Profit	\$ 159,107	\$ 149,533	\$ 144,060
Adjusted Gross Margin	51 %	49 %	49 %
Adjusted EBITDA	\$ 41,408	\$ 26,105	\$ 11,021

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

Adjusted gross profit and adjusted gross margin

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

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

Adjusted EBITDA

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

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

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

Other Key Metrics

We also regularly monitor and review the number of Platform Clients and Dollar-based Retention Rate as shown in the following tables. We anticipate sunsetting our reporting of these metrics for 2026 and future years, and we anticipate providing new 2026 growth metrics in lieu of these former metrics in the future.

Platform Clients

	As of December 31,		
	2025	2024	2023
Platform Clients ⁽¹⁾	162	130	109

(1) Beginning in January 1, 2025, we have updated the name and definition of this key metric to Platform Clients from DOS Subscription Clients to better reflect the deep, long-standing, multi-faceted relationships we strive to build with the entities we serve.

Since 2016, our primary contracting model is a subscription-based contract for our platform, analytics applications, and professional services. Given how fundamental our platform is to our Solution and because the vast majority of our total revenue is derived from Platform Clients, we believe our Platform Client count is a strong indicator of our market penetration and the growth of our business. Beginning January 1, 2025, we updated the name and definition of this key metric to Platform Clients. In the past, we referred to this metric as DOS Subscription Clients and Platform Subscription Clients.

Platform Clients have historically been defined as clients who directly or indirectly access our platform via a technology subscription contract. Direct access to our platform has included access to our DOS platform, Ignite platform, or Ninja Universe. Indirect access to our platform has included platform module components such as Ignite connectors, Healthcare.AI, Pop Analyzer, IDEA, and other platform components. Given the modularity of our Ignite platform, we anticipate Ignite infrastructure will be included in all of our technology Solutions in the near future and many of our Solutions already include Ignite components. Accordingly, as of January 1, 2025, we defined Platform Clients as: (i) all Platform Clients as of December 31, 2024 under our historical definition (i.e., these clients will be included in our Platform Client count going forward until they cease to have an active subscription as of the end of the period), and (ii) as of January 1, 2025, any technology client that signs contracts with at least \$100,000 of incremental total ARR and non-recurring revenue in a given calendar year, inclusive of clients that come through acquisition if we first begin recognizing revenue for the client post-acquisition and that total ARR and non-recurring revenue exceeds \$100,000 in that calendar year, so long as such client maintains an active subscription as of the end of the period. Once a client is designated as a Platform Client, it will continue to be a Platform Client unless it is no longer a client with an active subscription as of the end of the period. There are some clients that became Platform Clients before 2025 with total ARR and non-recurring revenue of less than \$100,000.

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

For 2025, we shared an expected aggregated average total ARR and non-recurring revenue for all net new Platform Clients (2025 Platform Clients) to range between \$300,000 and \$700,000. Our actual aggregated average total ARR and non-recurring revenue from 2025 Platform Clients was near the midpoint of the expected range. Our total 2025 Platform Clients was 32, which is higher than recent years. We believe the higher number of net new Platform Clients was driven by an improved end market, an improved and more modular platform product in Ignite and its platform components, which can be sold on a standalone basis or easily bundled with applications, and a lower average starting price point, which removes barriers to entry for many health systems.

Dollar-based Retention Rate - New Definition

	Year Ended December 31,	
	2025	2024
Dollar-based Retention Rate (Tech + TEMS)	93 %	102 %

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

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

Dollar-based Retention Rate - Legacy Definition

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

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

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

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

Reconciliation of Non-GAAP Financial Measures

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

Adjusted gross profit and adjusted gross margin

Gross profit is a GAAP financial measure that is calculated as revenue less cost of revenue, including depreciation and amortization of capitalized software development costs and acquired technology. We calculate gross margin as gross profit divided by our revenue. Adjusted Gross Profit is a non-GAAP financial measure that we define as gross profit, adjusted for (i) depreciation and amortization, (ii) stock-based compensation, (iii) acquisition-related costs, net, and (iv) restructuring costs, as applicable. We define Adjusted Gross Margin as our Adjusted Gross Profit divided by our revenue. We believe Adjusted Gross Profit and Adjusted Gross Margin are useful to investors as they eliminate the impact of certain non-cash expenses and allow a direct comparison of these measures between periods without the impact of non-cash expenses and certain other non-recurring operating expenses. We present both of these measures for our technology and professional services business. We believe these non-GAAP financial measures are useful in evaluating our operating performance compared to that of other companies in our industry, as these metrics generally eliminate the effects of certain items that may vary from company to company for reasons unrelated to overall profitability.

The following is a reconciliation of our Adjusted Gross Profit and Adjusted Gross Margin, in total and for technology and professional services, to gross profit and gross margin, the most directly comparable financial measures calculated in accordance with GAAP, for the years ended December 31, 2025, 2024, and 2023:

	Year Ended December 31, 2025		
	(in thousands, except percentages)		
	Technology	Professional Services	Total
Revenue	\$ 208,277	\$ 102,859	\$ 311,136
Cost of revenue, excluding depreciation and amortization	(69,741)	(89,720)	(159,461)
Amortization of intangible assets, cost of revenue	(18,588)	—	(18,588)
Depreciation of property and equipment, cost of revenue	(12,731)	—	(12,731)
Gross profit	107,217	13,139	120,356
Gross margin	51 %	13 %	39 %
Add:			
Amortization of intangible assets, cost of revenue	18,588	—	18,588
Depreciation of property and equipment, cost of revenue	12,731	—	12,731
Stock-based compensation	822	3,653	4,475
Acquisition-related costs, net ⁽¹⁾	120	208	328
Restructuring costs ⁽²⁾	837	1,792	2,629
Adjusted Gross Profit	\$ 140,315	\$ 18,792	\$ 159,107
Adjusted Gross Margin	67 %	18 %	51 %

(1) Acquisition-related costs, net include deferred retention expenses attributable to the Upfront, Intraprise, ARMUS, and KPI Ninja acquisitions. For additional details refer to Notes 1, 2, and 7 in our consolidated financial statements.

(2) Restructuring costs include severance and other team member costs from workforce reductions and restructuring. For additional details refer to Note 11 in our consolidated financial statements.

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

(1) Acquisition-related costs, net include deferred retention expenses attributable to the Lumeon, Carevive, ARMUS, and KPI Ninja acquisitions. For additional details refer to Notes 1, 2, and 7 in our consolidated financial statements.

(2) Restructuring costs include severance and other team member costs from workforce reductions and restructuring. For additional details refer to Note 11 in our consolidated financial statements.

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

(1) Acquisition-related costs, net include deferred retention expenses attributable to the ARMUS, KPI Ninja, and Twistle acquisitions. For additional details refer to Notes 1, 2, and 7 in our consolidated financial statements.

(2) Restructuring costs include severance and other team member costs from workforce reductions and restructuring. For additional details refer to Note 11 in our consolidated financial statements.

Technology gross margin decreased from 52% for the year ended December 31, 2024 to 51% for the year ended December 31, 2025. Adjusted Technology Gross Margin increased from 66% for the year ended December 31, 2024 to 67% for the year ended December 31, 2025. This technology gross margin and Adjusted Technology Gross Margin year-over-year changes were mainly driven by existing clients paying higher technology access fees from contractual, built-in escalators, without a corresponding increase in hosting costs, new or acquired revenue from higher margin application deals, and savings from our recent reductions in force, partially offset by costs associated with migrating a subset of DOS clients to Health Catalyst Ignite and Ninja Universe deployment costs incurred prior to the commencement of revenue recognition.

The technology gross margin year-over-year change was also negatively impacted by increased intangible amortization from recent acquisitions and increased depreciation of capitalized internal use software costs.

We expect technology gross margin and Adjusted Technology Gross Margin to fluctuate and potentially decline in the near term, primarily due to additional costs associated with the ongoing transition of DOS clients to Health Catalyst Ignite and Ninja Universe deployment costs incurred prior to the commencement of revenue recognition, which typically begins six months or more following contract signing.

Professional services gross margin increased from 12% for the year ended December 31, 2024 to 13% for the year ended December 31, 2025. Adjusted Professional Services Gross Margin remained constant at 18% for the years ended December 31, 2024 and 2025. Our professional services are comprised of data and analytics services, domain expertise services, TEMS, and implementation services. The delivery mix among all of our services in a given period can lead to fluctuations in our professional services gross margin and Adjusted Professional Services Gross Margin.

Total gross margin increased from 37% for the year ended December 31, 2024, to 39% for the year ended December 31, 2025. Total Adjusted Gross Margin increased from 49% for the year ended December 31, 2024 to 51% for the year ended December 31, 2025. We expect total gross margin and total Adjusted Gross Margin to fluctuate in the near term, but improve over the long term, primarily due to a mix shift to a greater proportion of technology revenue as well as anticipated improvement in technology and professional services gross margins over the long-term.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that we define as net loss adjusted for (i) interest and other (income) expense, net, (ii) income tax provision (benefit), (iii) depreciation and amortization, (iv) stock-based compensation, (v) acquisition-related costs, net, including the change in fair value of contingent consideration liabilities for potential earn-out payments, (vi) litigation costs, (vii) restructuring costs, (viii) impairment of goodwill and intangible assets, and (ix) non-recurring lease-related charges, as applicable. We view acquisition-related expenses when applicable, such as transaction costs and changes in the fair value of contingent consideration liabilities that are directly related to business combinations, as costs that are unpredictable, dependent upon factors outside of our control, and are not necessarily reflective of operational performance during a period. We believe that excluding litigation costs, restructuring costs, impairment of goodwill and intangible assets, and non-recurring lease-related charges, as applicable, allows for more meaningful comparisons between operating results from period to period as these are separate from the core activities that arise in the ordinary course of our business and are not part of our ongoing operations. We believe Adjusted EBITDA provides investors with useful information on period-to-period performance as evaluated by management and a comparison with our past financial performance, and is useful in evaluating our operating performance compared to that of other companies in our industry, as this metric generally eliminates the effects of certain items that may vary from company to company for reasons unrelated to overall operating performance.

Our Adjusted EBITDA improved year-over-year as a result of our revenue growth and cost reduction initiatives as well as the timing of some non-headcount expenses. We generally expect annual Adjusted EBITDA to continue to improve going forward, although the near-term growth will likely be slower compared to the growth rates experienced in the last few years and our Adjusted EBITDA may fluctuate from quarter to quarter as a result of the timing of non-recurring revenue and the seasonality of certain operating costs.

The following is a reconciliation of our Adjusted EBITDA to net loss, the most directly comparable financial measure calculated in accordance with GAAP, for the years ended December 31, 2025, 2024, and 2023:

	Year Ended December 31,		
	2025	2024	2023
	(in thousands)		
Net loss	\$ (177,974)	\$ (69,502)	\$ (118,147)
Add:			
Interest and other expense (income), net	16,404	(637)	(9,106)
Income tax provision	716	333	356
Depreciation and amortization	50,500	41,431	42,223
Stock-based compensation	27,012	40,128	55,756
Acquisition-related costs, net ⁽¹⁾	(2,086)	10,064	5,757
Litigation costs ⁽²⁾	—	—	21,279
Restructuring costs ⁽³⁾	9,713	2,088	8,822
Impairment of goodwill and intangible assets ⁽⁴⁾	110,223	—	—
Non-recurring lease-related charges ⁽⁵⁾	6,900	2,200	4,081
Adjusted EBITDA	<u>\$ 41,408</u>	<u>\$ 26,105</u>	<u>\$ 11,021</u>

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

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

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

(4) Impairment of goodwill and intangible assets was recognized as a result of impairment indicators and quantitative tests indicating the fair values of the Technology and the Professional Services reporting units were below their respective carrying values as of June 30, 2025 and December 31, 2025. For additional details, refer to Note 4 in our consolidated financial statements.

(5) Non-recurring lease-related charges include lease-related impairment charges for the subleased portion of our office space. For additional details refer to Note 9 in our consolidated financial statements.

Key Factors Affecting Our Performance

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

- Impact of challenging macroeconomic environment, including high inflation, high interest rates, uncertainty with tariffs, cuts in Medicaid and research funding, regional or global conflicts (including the conflicts in the Middle East), the tight labor market or the market volatility and measures taken in response thereto.** Recent macroeconomic challenges (including the high levels of inflation, high interest rates, uncertainty with tariffs, cuts in Medicaid and research funding, regional or global conflicts (including conflicts in the Middle East), or market volatility and measures taken in response thereto) and the tight labor market continue to adversely affect workforces, organizations, governments, clients, economies, and financial markets globally, leading to an economic downturn and increased market volatility. These challenges have also disrupted the normal operations of many businesses, including ours. Our health system end market recently experienced meaningful financial strain from significant inflation. In particular, the health system end market experienced increases in labor and supply costs without a commensurate increase in revenue, leading to significant margin pressure. We are also continuing to monitor the implications of any policy developments around Medicaid and research funding reductions, including the OBBBA, which has and could continue to negatively impact our end market, as well as implications of the evolving tariff landscape. These uncertainties in our end market have caused and could cause further potential delays in client decisions, which has and could continue to negatively affect our business and results of operations.
- Add new clients.** We believe our ability to increase our client base will enable us to drive growth. Our potential client base is generally in the early stages of data and analytics adoption and maturity. We expect to further penetrate the market over time as potential clients invest in commercial data and analytics solutions. As one of the first data platform and analytics vendors focused specifically on healthcare organizations, we have an early-mover advantage and strong brand awareness. Our clients are large, complex organizations who typically have long procurement cycles, which, as a result, may lead to challenges with adding new Platform Clients.

- **Leverage recent product and services offerings to drive expansion.** We believe that our ability to expand within our client base will enable us to drive growth. Over the last few years, we have developed and deployed several new analytics applications, including PowerCosting (formerly known as CORUS), PowerLabor, Touchstone, Patient Safety Monitor, Pop Analyzer (formerly known as Population Builder), Value Optimizer, and others. Because we are in the early stages of certain of our applications' lifecycles and maturity, we do not have enough information to know the impact on revenue growth by upselling these applications and associated services to current and new clients.
- **Impact of acquisitions.** We have acquired multiple companies over the last few years, including Medicity in June 2018, Able Health in February 2020, Healthfinch in July 2020, Vitalware in September 2020, Twistle in July 2021, KPI Ninja in February 2022, ARMUS in April 2022, ERS in October 2023, Carevive in May 2024, Lumeon in August 2024, Intraprise in November 2024, and Upfront in January 2025. The historical and go-forward revenue growth profiles of these businesses may vary from our core Platform Clients, which can positively or negatively impact our overall growth rate. For example, Medicity clients have generally generated a lower dollar-based retention rate than Platform Clients and we expect declining revenue from Medicity clients in the foreseeable future. As we integrate the teams acquired via our more recent acquisitions, we have also incurred integration-related costs and duplicative costs that could impact our operating cost profile in the near term.
- **Changing revenue mix.** Our technology and professional services offerings have materially different gross margin profiles. While our professional services offerings help our clients achieve measurable improvements and make them stickier, they have lower gross margins than our technology revenue. In 2025, our technology revenue and professional services revenue represented 67% and 33% of total revenue, respectively. Changes in our percentage of revenue attributable to Technology and Professional Services would impact future gross margin and Adjusted Gross Margin. Furthermore, changes within the types of professional services we offer over time can have a material impact on our Adjusted Professional Services Gross Margin, impacting our future gross margin and Total Adjusted Gross Margin. See "Reconciliation of Non-GAAP Financial Measures" above for more information.
- **Migration to Health Catalyst Ignite.** We are in the process of migrating our DOS clients to Ignite. These migrations have and will continue to result in higher cost of technology revenue, which will negatively impact Adjusted Technology Gross Margin. Over time we anticipate that the migration to Ignite will benefit Adjusted Technology Gross Margin. We experienced Dollar-Based Retention Rate pressure in 2025 due to the ongoing migration efforts, and we expect to face similar pressure through 2026. An Ignite migration can take a variety of forms, including a client's migration from our DOS platform to the Ignite platform, the incorporation of Ignite componentry into a specific Solution that is deployed to all clients using that Solution, or our deeming a Solution using our latest technology to be part of Ignite (our latest technology) because we do not plan to devote additional professional service or R&D resources to adding Ignite componentry to the Solution. Some client migrations require us to devote resources (including R&D and/or professional services) to enable the migration. For example, long-standing clients' migration from the DOS platform to the Ignite platform is generally more resource intensive and more complex. These complex relationships generally include higher revenue. We expect those complex migrations will generally take more time to complete and may be some of the last migrations we complete. Approximately two-thirds of DOS client migrations were complete by the end of 2025, including the vast majority of modular DOS migrations. Some migrations may require re-contracting to enable a client's migration to Ignite, including due to different consumption-based pricing models. Other Solutions require very little to no company resources to enable the migration, including Solutions that we deem to be part of Ignite because the Solution is using our latest technology and we do not have current plans to devote resources to add Ignite componentry to the Solution. We consider an Ignite migration to be complete for a given client if (i) we do not anticipate any additional professional services or R&D resources required to enable the Ignite migration for the client, and (ii) we have no plans to re-contract with the client for the purpose of enabling its Ignite migration. There may be instances in which we expect the client to remain on our legacy technology for the foreseeable future. In those instances, we would exclude the client from the denominator and numerator when calculating the percentage of completed Ignite migrations. While we anticipate making meaningful progress on the Ignite migrations by the end of the first half of 2026, as communicated in 2025, we have adjusted our timeline and approach to be more client-centric, recognizing that some organizations prefer to remain on DOS for the near-to-medium term. We are committed to providing more flexibility and meeting clients where they are and we expect this approach will improve client experience and our Dollar-Based Retention Rate.

Recent Acquisitions

Upfront Healthcare, Inc.

On January 22, 2025, we acquired Upfront Healthcare Services, Inc. (Upfront), a next-generation patient engagement platform provider. We accounted for the acquisition of Upfront as a business combination. The acquisition consideration transferred was \$80.0 million and was comprised of net cash consideration of \$41.1 million, shares of our common stock with an aggregate acquisition-date fair value of \$31.6 million, and contingent consideration based on certain earn-out performance targets for Upfront during an earn-out period ending on December 31, 2026, with an acquisition-date fair value of \$7.3 million, that, if achieved, would be paid 62.5% in common stock and 37.5% in cash. Certain Upfront shareholders also received shares of our common stock subject to revesting that are accounted for as post-acquisition stock-based compensation. The purchase resulted in Health Catalyst acquiring 100% ownership in Upfront.

Intraprise Health, LLC.

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

Lumeon Ltd.

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

Carevive Systems, Inc.

On May 24, 2024, we acquired Carevive Systems, Inc. (Carevive), a leading oncology-focused health technology company centered on understanding and improving the experience of patients with cancer. We accounted for the acquisition of Carevive as a business combination. The acquisition consideration transferred was \$22.1 million and was comprised of net cash consideration of \$18.6 million, shares of our common stock with an aggregate acquisition date fair value of \$2.6 million, and contingent consideration based on certain earn-out performance targets for Carevive during an earn-out period that ended on June 30, 2025, with an acquisition-date fair value of \$0.9 million. The purchase resulted in Health Catalyst acquiring 100% ownership in Carevive.

Electronic Registry Systems, Inc.

On October 2, 2023, we acquired Electronic Registry Systems, Inc. (ERS), a cloud-based provider of clinical registry development and data management software focused on oncology with advanced data analytics expertise. We accounted for the acquisition of ERS as a business combination. The acquisition consideration transferred was comprised of net cash consideration of \$11.4 million. The ERS shareholders also received Health Catalyst common shares subject to revesting that are accounted for as post-acquisition stock-based compensation. The purchase resulted in Health Catalyst acquiring 100% ownership in ERS.

Components of Our Results of Operations

Revenue

We derive our revenue from sales of technology and professional services. For the years ended December 31, 2025, 2024, and 2023, technology revenue represented 67%, 64%, and 63% of total revenue, respectively, and professional services revenue represented 33%, 36%, and 37% of total revenue, respectively.

We expect our near-term revenue growth to be negatively impacted by policy developments around Medicaid and research funding reductions, which will likely create additional financial strain for many of our clients and prospective clients. We also expect near-term headwinds to revenue, including a reduction in TEMS revenue due to down-selling and our exit from certain lower-margin TEMS arrangements, a reduction in technology revenue related to migrating DOS clients to Health Catalyst Ignite, and the timing of non-recurring revenue driven by the timing of project completions.

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

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

Deferred revenue

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

Cost of revenue, excluding depreciation and amortization

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

We anticipate cost of technology revenue as a percentage of technology revenue will generally decrease over the long term. However, we expect cost of technology revenue as a percentage of technology revenue to fluctuate and potentially increase in the near term, primarily due to additional costs associated with migrating DOS clients to Health Catalyst Ignite.

Cost of professional services revenue. Cost of professional services revenue consists primarily of costs related to delivering our team's expertise in analytics, strategic advisory, improvement, and implementation services. These costs primarily include salary and related personnel costs, travel-related costs, and outside contractor costs. The 2023 Restructuring Plan, the January 2025 Restructuring Plan, and the August 2025 Restructuring Plan have reduced our ongoing cost of professional services revenue. Our cost of professional services revenue may fluctuate as a percentage of our revenue from period to period due to the timing and extent of non-recurring professional services arrangements.

Operating expense

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

Research and development. Research and development expenses primarily include salary and related personnel costs for our data platform and analytics applications teams, subscriptions, and outside contractor costs associated with the development of products. We have developed an open, flexible, and scalable data platform. We plan to continue to invest in research and development to develop new solutions and enhance our applications library. The 2023 Restructuring Plan, the January 2025 Restructuring Plan, and the August 2025 Restructuring Plan increased our research and development expenses in the first quarter of 2024, the first quarter of 2025, and third quarter of 2025, respectively, due to severance costs, but we expect that the reduction in headcount will reduce future, ongoing research and development expenses.

Our research and development expenses may fluctuate as a percentage of our revenue from period to period due to the nature, timing, and extent of these expenses.

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

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

Impairment of goodwill and intangible assets. Goodwill is assessed for impairment annually on October 31 or more frequently if indicators of impairment are present or circumstances suggest that impairment may exist. If the carrying amount of the reporting unit exceeds its fair value, we recognize a goodwill impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. Long-lived assets, including intangible assets, are also tested for recoverability as indicators of impairment arise, and if the carrying amount of an asset group is deemed not recoverable, we recognize a long-lived asset impairment charge based on the the asset group's fair value compared to its carrying amount.

Interest and other (expense) income, net

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

Income tax provision

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

As of December 31, 2025, we had federal and state NOLs of \$787.8 million and \$647.7 million, respectively, which will begin to expire for federal and state tax purposes in 2032 and 2026, respectively. Our existing NOLs may be subject to limitations arising from ownership changes and, if we undergo an ownership change in the future, our ability to utilize our NOLs and tax credits could be further limited by Sections 382 and 383 of the Code. Future changes in our stock ownership, many of which are outside of our control, could result in an ownership change under Sections 382 and 383 of the Code. Our NOLs and tax credits may also be limited under similar provisions of state law.

On July 4, 2025, President Trump signed the OBBBA into law. The OBBBA includes numerous changes to existing tax law including extending or making permanent certain business and international tax measures initially established under the 2017 Tax Cuts and Jobs Act, which were set to expire. The OBBBA includes provisions providing current deductibility of certain property additions, limitations on interest deductions based on a tax EBITDA framework, and current deductibility of domestic research and development costs. These provisions are generally effective beginning in 2025, and we anticipate they will partially defer our income tax payments in future years and will not have a material impact on our effective tax rate in the near-term.

Results of Operations

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

	Year Ended December 31,		
	2025	2024	2023
	(in thousands)		
Revenue:			
Technology	\$ 208,277	\$ 194,852	\$ 187,583
Professional services	102,859	111,732	108,355
Total revenue	311,136	306,584	295,938
Cost of revenue, excluding depreciation and amortization shown below:			
Technology ⁽¹⁾⁽²⁾⁽³⁾	69,741	67,812	62,474
Professional services ⁽¹⁾⁽²⁾⁽³⁾	89,720	97,993	101,631
Total cost of revenue, excluding depreciation and amortization	159,461	165,805	164,105
Operating expenses:			
Sales and marketing ⁽¹⁾⁽²⁾⁽³⁾	52,477	54,387	67,321
Research and development ⁽¹⁾⁽²⁾⁽³⁾	49,770	57,950	72,627
General and administrative ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	49,559	56,817	76,559
Depreciation and amortization	50,500	41,431	42,223
Impairment of goodwill and intangible assets	110,223	—	—
Total operating expenses	312,529	210,585	258,730
Loss from operations	(160,854)	(69,806)	(126,897)
Interest and other (expense) income, net	(16,404)	637	9,106
Loss before income taxes	(177,258)	(69,169)	(117,791)
Income tax provision	716	333	356
Net loss	\$ (177,974)	\$ (69,502)	\$ (118,147)

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

	Year Ended December 31,		
	2025	2024	2023
	(in thousands)		
Stock-Based Compensation Expense:			
Cost of revenue, excluding depreciation and amortization:			
Technology	\$ 822	\$ 1,700	\$ 1,866
Professional services	3,653	6,041	7,369
Sales and marketing	7,866	12,120	20,982
Research and development	3,743	7,696	11,213
General and administrative	10,928	12,571	14,326
Total	\$ 27,012	\$ 40,128	\$ 55,756

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

	Year Ended December 31,		
	2025	2024	2023
	(in thousands)		
Acquisition-related costs, net:			
Cost of revenue, excluding depreciation and amortization:			
Technology	\$ 120	\$ 320	\$ 273
Professional services	208	433	391
Sales and marketing	421	791	697
Research and development	366	703	787
General and administrative	(3,201)	7,817	(2,316)
Total	\$ (2,086)	\$ 10,064	\$ (168)

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(3) Includes restructuring costs, as follows:

	Year Ended December 31,		
	2025	2024	2023
Restructuring costs:	(in thousands)		
Cost of revenue, excluding depreciation and amortization:			
Technology	\$ 837	\$ 79	\$ 496
Professional services	1,792	181	1,832
Sales and marketing	2,505	449	2,415
Research and development	3,317	443	3,337
General and administrative	1,262	936	742
Total	\$ 9,713	\$ 2,088	\$ 8,822

(4) Includes litigation costs, as follows:

	Year Ended December 31,		
	2025	2024	2023
Litigation costs:	(in thousands)		
General and administrative	\$ —	\$ —	\$ 21,279

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

	Year Ended December 31,		
	2025	2024	2023
Non-recurring lease-related charges:	(in thousands)		
General and administrative	\$ 6,900	\$ 2,200	\$ 4,081

	Year Ended December 31,		
	2025	2024	2023
Revenue:			
Technology	67 %	64 %	63 %
Professional services	33	36	37
Total revenue	100	100	100
Cost of revenue, excluding depreciation and amortization shown below:			
Technology	22	22	21
Professional services	29	32	34
Total cost of revenue, excluding depreciation and amortization	51	54	55
Operating expenses:			
Sales and marketing	17	18	23
Research and development	16	19	25
General and administrative	16	19	26
Depreciation and amortization	17	14	15
Impairment of goodwill and intangible assets	35	—	—
Total operating expenses	101	70	89
Loss from operations	(52)	(24)	(44)
Interest and other (expense) income, net	(5)	1	3
Loss before income taxes	(57)	(23)	(41)
Income tax provision	—	—	—
Net loss	(57)%	(23)%	(41)%

Discussion of the Years Ended December 31, 2025 and 2024
Revenue

	Year Ended December 31,		\$ Change	% Change
	2025	2024		
(in thousands, except percentages)				
Revenue:				
Technology	\$ 208,277	\$ 194,852	\$ 13,425	7 %
Professional services	102,859	111,732	(8,873)	(8)%
Total revenue	<u>\$ 311,136</u>	<u>\$ 306,584</u>	<u>\$ 4,552</u>	1 %
Percentage of revenue:				
Technology	67 %	64 %		
Professional services	33 %	36 %		
Total	<u>100 %</u>	<u>100 %</u>		

Total revenue was \$311.1 million for the year ended December 31, 2025, compared to \$306.6 million for the year ended December 31, 2024, an increase of \$4.6 million, or 1%.

Technology revenue was \$208.3 million, or 67% of total revenue, for the year ended December 31, 2025, compared to \$194.9 million, or 64% of total revenue, for the year ended December 31, 2024. The technology revenue increase was primarily related to growth from new and acquired clients, revenue from existing clients paying higher technology access fees from contractual, annual escalators, and new offerings of expanded support services, partially offset by elevated churn levels primarily from the migration of DOS clients to Ignite.

Professional services revenue was \$102.9 million, or 33% of total revenue, for the year ended December 31, 2025, compared to \$111.7 million, or 36% of total revenue, for the year ended December 31, 2024. The professional services revenue decrease was primarily due to lower utilization rates in our professional services organization, our exit of unprofitable pilot ambulatory operations TEMS, and churn of some FTE-based arrangements.

Cost of revenue, excluding depreciation and amortization

	Year Ended December 31,		\$ Change	% Change
	2025	2024		
(in thousands, except percentages)				
Cost of revenue, excluding depreciation and amortization:				
Technology	\$ 69,741	\$ 67,812	\$ 1,929	3 %
Professional services	89,720	97,993	(8,273)	(8)%
Total cost of revenue, excluding depreciation and amortization	<u>\$ 159,461</u>	<u>\$ 165,805</u>	<u>\$ (6,344)</u>	(4)%
Percentage of total revenue	51 %	54 %		

Cost of technology revenue, excluding depreciation and amortization, was \$69.7 million for the year ended December 31, 2025, compared to \$67.8 million for the year ended December 31, 2024, an increase of \$1.9 million, or 3%. The increase was primarily due to a \$3.1 million increase in cloud computing and hosting costs largely from the expanded use of Microsoft Azure to serve existing and new clients, a \$1.3 million increase in dues and subscriptions with various vendors, a \$0.8 million increase in severance costs related to the January 2025 Restructuring Plan and the August 2025 Restructuring Plan, partially offset by a \$2.6 million decrease in recurring salary and related personnel costs related to our restructuring activities and a \$0.9 million decrease in stock-based compensation expense.

Cost of professional services revenue was \$89.7 million for the year ended December 31, 2025, compared to \$98.0 million for the year ended December 31, 2024, a decrease of \$8.3 million, or 8%. The decrease was primarily due to a \$7.4 million decrease in recurring salary and related personnel costs related to our restructuring activities and a \$2.4 million decrease in stock-based compensation, partially offset by a \$1.6 million increase in severance costs related to the January 2025 Restructuring Plan and the August 2025 Restructuring Plan.

Operating Expenses

Sales and marketing

	Year Ended December 31,		\$ Change	% Change
	2025	2024		
	(in thousands, except percentages)			
Sales and marketing	\$ 52,477	\$ 54,387	\$ (1,910)	(4)%
Percentage of total revenue	17 %	18 %		

Sales and marketing expenses were \$52.5 million for the year ended December 31, 2025, compared to \$54.4 million for the year ended December 31, 2024, a decrease of \$1.9 million, or 4%. The decrease was primarily due to a \$4.3 million decrease in stock-based compensation, and a \$1.2 million decrease in contractor costs. These decreases were partially offset by a \$2.1 million increase in severance costs related to the January 2025 Restructuring Plan and the August 2025 Restructuring Plan and a \$1.1 million increase in recurring salary and related personnel costs.

Sales and marketing expense as a percentage of total revenue decreased from 18% in the year ended December 31, 2024 to 17% in the year ended December 31, 2025.

Research and development

	Year Ended December 31,		\$ Change	% Change
	2025	2024		
	(in thousands, except percentages)			
Research and development	\$ 49,770	\$ 57,950	\$ (8,180)	(14)%
Percentage of total revenue	16 %	19 %		

Research and development expenses were \$49.8 million for the year ended December 31, 2025, compared to \$58.0 million for the year ended December 31, 2024, a decrease of \$8.2 million, or 14%. The decrease was primarily due to a \$6.1 million decrease in recurring salary and related personnel costs related to our restructuring activities and a \$4.0 million decrease in stock-based compensation, partially offset by a \$2.9 million increase in severance costs related to the January 2025 Restructuring Plan and the August 2025 Restructuring Plan.

Research and development expense as a percentage of revenue decreased from 19% in the year ended December 31, 2024 to 16% in the year ended December 31, 2025.

General and administrative

	Year Ended December 31,		\$ Change	% Change
	2025	2024		
	(in thousands, except percentages)			
General and administrative	\$ 49,559	\$ 56,817	\$ (7,258)	(13)%
Percentage of total revenue	16 %	19 %		

General and administrative expenses were \$49.6 million for the year ended December 31, 2025, compared to \$56.8 million for the year ended December 31, 2024, a decrease of \$7.3 million, or 13%. The decrease was primarily due to a \$11.0 million decrease in acquisition-related costs, net and a \$2.1 million decrease in stock-based compensation. These decreases were partially offset by a \$4.7 million increase in lease-related impairment charges and a \$0.7 million increase in dues and subscription costs with various vendors.

General and administrative expense as a percentage of revenue decreased from 19% in the year ended December 31, 2024 to 16% in the year ended December 31, 2025.

Depreciation and amortization

	Year Ended December 31,		\$ Change	% Change
	2025	2024		
	(in thousands, except percentages)			
Depreciation and amortization	\$ 50,500	\$ 41,431	\$ 9,069	22 %
Percentage of total revenue	17 %	14 %		

Depreciation and amortization expenses were \$50.5 million for the year ended December 31, 2025, compared to \$41.4 million for the year ended December 31, 2024, an increase of \$9.1 million, or 22%. This increase was primarily due to an increase in intangible assets related to our business combinations.

Depreciation and amortization expense as a percentage of revenue increased from 14% for the year ended December 31, 2024 to 17% for the year ended December 31, 2025.

Impairment of goodwill and intangible assets

During the year ended December 31, 2025, we observed overall declines in our stock price and market capitalization, which led to our conclusion that an impairment triggering event had occurred and therefore we performed quantitative long-lived asset and goodwill impairment tests that resulted in total non-cash intangible asset impairment and goodwill impairment charges of \$4.8 million and \$105.4 million, respectively.

Interest and other (expense) income, net

	Year Ended December 31,		\$ Change	% Change
	2025	2024		
	(in thousands, except percentages)			
Interest income	\$ 7,535	\$ 17,982	\$ (10,447)	(58)%
Interest expense	(24,254)	(17,086)	(7,168)	(42)%
Other income (expense)	315	(259)	574	n/m ⁽¹⁾
Total interest and other (expense) income, net	\$ (16,404)	\$ 637	\$ (17,041)	n/m ⁽¹⁾

(1) Not meaningful

Interest and other (expense) income, net decreased \$17.0 million, for the year ended December 31, 2025 compared to the year ended December 31, 2024. This change is primarily due to a \$7.1 million increase in interest expense related to our credit agreement with Silver Point Finance, LLC and a \$10.4 million decrease in interest income on our short-term investments and cash equivalents.

Income tax provision

	Year Ended December 31,		\$ Change	% Change
	2025	2024		
	(in thousands, except percentages)			
Income tax provision	\$ 716	\$ 333	\$ 383	115 %

Our income tax provision consists of current and deferred taxes for U.S. federal, state, and foreign income taxes. As we have a full valuation allowance on our net deferred tax assets, our income tax provision typically consists primarily of minimal state and foreign income taxes, which is the case for the years ended December 31, 2025 and 2024. Our income tax provision increased \$0.4 million, for the year ended December 31, 2025 compared to the year ended December 31, 2024, primarily due to increased foreign research and development activities in India.

Liquidity and Capital Resources

As of December 31, 2025, we had cash, cash equivalents, and short-term investments of \$95.7 million, which were held for working capital and other general corporate purposes, which may include, among other things, strategic transactions, such as share repurchases and debt reduction. Our cash equivalents and short-term investments are comprised primarily of money market funds, U.S. treasury notes, commercial paper, corporate bonds, and U.S. agency securities.

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

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

Credit Agreement

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

We had the option to draw up to \$40.0 million under the delayed draw facility within six months after the Closing Date and on October 29, 2024, we drew an additional principal amount of \$37.7 million. We also had the option to draw up to an additional \$60.0 million under the delayed draw facility within eighteen months after the Closing Date, but did not utilize this to draw down any additional debt. Borrowings under the Credit Agreement bear interest at a rate per annum equal to the secured overnight financing rate (SOFR) plus 6.5%. Commencing with the quarter ended December 31, 2024, we are required to make quarterly principal payments in an amount equal to 0.25% of the aggregate original principal amount. The final maturity date of the term loans is July 16, 2029.

We used a portion of the net proceeds from the initial term loan together with cash on hand to repay in full the outstanding principal and accrued interest on our 2.50% Convertible Senior Notes due 2025 at maturity on April 14, 2025 and we expect to use the remaining net proceeds from the initial term loan for working capital and general corporate purposes. We used proceeds from the delayed draw term loan facility to fund our inorganic growth strategy through permitted acquisitions (including deferred purchase price or similar arrangements related thereto) and to pay fees, costs, and expenses in connection therewith.

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

Share repurchase plan

In August 2022, our board of directors authorized a share repurchase program to repurchase up to \$40.0 million of our outstanding shares of common stock (Share Repurchase Plan). During the year ended December 31, 2025, we repurchased and retired 1,103,601 shares of our common stock for \$5.0 million at an average purchase price of \$4.51 per share. The total remaining authorization for future shares of common stock repurchases under our Share Repurchase Plan is \$24.8 million as of December 31, 2025.

Convertible senior notes

On April 14, 2020, we issued \$230.0 million in aggregate principal amount of 2.50% Convertible Senior Notes due 2025 (the Notes), pursuant to an Indenture dated April 14, 2020, with U.S. Bank National Association, as trustee, in a private offering to qualified institutional buyers. We received net proceeds from the sale of the Notes of \$222.5 million, after deducting the initial purchasers’ discounts and offering expenses payable by us. The Notes were senior, unsecured obligations and accrued interest payable semiannually in arrears on April 15 and October 15 of each year, beginning on October 15, 2020, at a rate of 2.50% per year. The Notes were fully repaid in cash at maturity on April 14, 2025. Refer to Note 10—Debt to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for additional details regarding maturity of the Notes.

Cash flows

The following table summarizes our cash flows for the years ended December 31, 2025, 2024, and 2023:

	Year Ended December 31,		
	2025	2024	2023
	(in thousands)		
Net cash provided by (used in) operating activities	\$ 731	\$ 14,559	\$ (33,080)
Net cash provided by (used in) investing activities	36,193	(22,902)	20,293
Net cash (used in) provided by financing activities	(235,782)	151,746	2,730
Effect of exchange rate changes on cash and cash equivalents	27	(34)	21
Net (decrease) increase in cash and cash equivalents	<u>\$ (198,831)</u>	<u>\$ 143,369</u>	<u>\$ (10,036)</u>

Operating activities

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

For the year ended December 31, 2025, net cash provided by operating activities was \$0.7 million, which included a net loss of \$178.0 million. Non-cash charges primarily consisted of \$110.2 million in impairment of goodwill and intangible assets, \$50.5 million in depreciation and amortization, \$27.0 million in stock-based compensation, \$3.7 million related to the amortization of debt discount, issuance costs, and deferred financing costs, and \$6.9 million in impairment of long-lived assets, reduced by the \$7.1 million decrease in fair value of the contingent consideration liability and \$1.6 million of investment discount accretion.

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

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

Investing activities

Net cash provided by investing activities for the year ended December 31, 2025 of \$36.2 million was primarily due to the sale and maturity of short-term investments of \$163.9 million, offset by purchases of short-term investments of \$65.1 million. The net investing cash inflows provided by our short-term investment activity were partially offset by investing cash outflows of \$41.1 million in the acquisition of Upfront, \$19.8 million of capitalized internal-use software development costs, and \$1.8 million in purchases of property, equipment, and intangible assets.

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

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

Financing activities

Net cash used in financing activities for the year ended December 31, 2025 of \$235.8 million was primarily the result of \$232.3 million in debt repayments and \$5.0 million in repurchases of common stock, partially offset by \$1.5 million in proceeds from our ESPP.

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

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

Critical Accounting Policies and Estimates

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

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

Revenue recognition

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

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

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

Technology revenue

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

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

Professional services revenue

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

Contracts with multiple performance obligations

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

Variable consideration

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

Business combinations

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

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

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

Contingent consideration liabilities

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

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

Goodwill

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

Our first step in the goodwill impairment test is a qualitative analysis of factors that could be indicators of potential impairment. Judgment in the assessment of qualitative factors of impairment may include changes in business climate, market conditions, or other events impacting the reporting unit. Next, if a quantitative analysis is necessary, we compare the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, the goodwill of the reporting unit is not considered impaired. Performing a quantitative goodwill impairment test includes the determination of the fair value of a reporting unit, which requires management to use significant judgment and estimation. The significant estimation is primarily due to the judgmental nature of the inputs to the valuation models used to measure the fair value of the reporting units, as well as the sensitivity of the respective fair values to the underlying significant assumptions. Typical methods to derive the fair value of reporting units include using the income or market approaches.

The significant assumptions used to form the basis of the estimates include, among others, the selection of valuation methodologies, estimates of expected revenue, including revenue growth rates, and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, and the selection of appropriate market comparable companies. Many of these significant assumptions are forward-looking and could be affected by future economic and market conditions. If a quantitative analysis is necessary, we typically engage the assistance of a valuation specialist in concluding on fair value measurements in connection with determining the fair values of our reporting units. If the carrying amount of the reporting unit exceeds its fair value, we would recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value.

Stock-based compensation

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

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

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

Recent Accounting Pronouncements

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

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

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

Interest rate risk

We had cash, cash equivalents, and short-term investments of \$95.7 million and \$392.0 million as of December 31, 2025 and 2024, respectively, which are primarily held for working capital and other general corporate purposes, which may include acquisitions and strategic transactions.

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

As of December 31, 2025 and 2024, a hypothetical 100 basis point change in interest rates would not have had a material impact on the value of our cash equivalents or investment portfolio. Fluctuations in the value of our cash equivalents and investment portfolio caused by a change in interest rates (gains or losses on the carrying value) are recorded in other comprehensive income and are realized only if we sell the underlying securities prior to maturity.

On July 16, 2024, we entered into the Credit Agreement consisting of a \$125 million funded term loan and a delayed draw term loan facility in the aggregate principal amount of \$100 million, which was undrawn as of the Closing Date. As of December 31, 2025, \$37.7 million of the delayed draw term loan had been drawn upon. The maturity date of the term loans is July 16, 2029. The interest that accrues on outstanding principal of the term loans is payable in cash on a quarterly basis, which portion accrues at a floating rate equal to SOFR plus 6.5% per year. In the event that SOFR is unavailable, interest will accrue at a floating rate equal to the alternate base rate (as described in the Credit Agreement) plus 5.5% per year. Commencing with the quarter ending on December 31, 2024, we are required to make quarterly principal payments in an amount equal to 0.25% of the aggregate original principal amount, and the final maturity date of the term loans is July 16, 2029.

In addition to the floating interest rate, we are required to pay a commitment fee on the unutilized commitments under the delayed draw facility ranging from 1.5% to 2.5% per year depending upon the year and the unutilized delayed draw term loan. Interest rate risk also reflects our exposure to movements in interest rates associated with our borrowings. As of the time of this filing a hypothetical change in interest rates of 100 basis points would not have a material impact on the fair value of our outstanding debt.

Foreign currency exchange risk

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

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

Inflation risk

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

Our health system end market recently experienced meaningful financial strain from significant inflation with increases in labor and supply costs without a commensurate increase in revenue, leading to significant margin pressure. We are encouraged that, in general, the operating margins of our health system end market improved in 2024 and 2025 relative to 2022 and 2023. However, it is possible that inflation could negatively impact clients in the future. If our costs, including labor costs, were to become subject to significant inflationary pressures on an ongoing basis, we may not be able to fully offset such higher costs by increasing fees for our Solution. Our inability or failure to do so could harm our business, results of operations, or financial condition.

Contractual Obligations and Commitments

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

Credit Agreement

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

We had the option to draw up to \$40.0 million under the delayed draw facility within six months after the Closing Date and on October 29, 2024, we drew an additional principal amount of \$37.7 million. We also had the option to draw up to an additional \$60.0 million under the delayed draw facility within eighteen months after the Closing Date, but did not utilize this option. We are required to pay a commitment fee on the unutilized commitments under the delayed draw term loan facility ranging from 1.5% to 2.5% per year depending on the year and the amount of the unutilized delayed draw term loan. The deferred financing costs related to the delayed draw facility, including the directly attributable debt discount, have been capitalized to other assets on our consolidated balance sheets, and amortized to interest expense in the consolidated statement of operations, in each case over the respective terms.

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

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

Operating lease obligations

We lease office space under operating leases that expire between 2026 and 2034. As of December 31, 2025, we had total future operating lease payment obligations of \$21.0 million, with \$3.8 million payable within the next 12 months.

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

Purchase commitments

As of December 31, 2025, we had \$91.4 million of remaining non-cancelable contractual commitments related to our third-party cloud infrastructure agreements, under which we committed to spend an aggregate of at least \$129.0 million between February 2023 and January 2030. We expect to fully consume these contractual commitments in the ordinary course of operations.

Restructuring liabilities

During the year ended December 31, 2025, we initiated restructuring plans to optimize our cost structure and focus our investment of resources in key priority areas to align with strategic changes. As of December 31, 2025, we had \$0.7 million in restructuring liabilities payable within the next 12 months.

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

Off-balance sheet arrangements

As of December 31, 2025, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Item 8. Financial Statements and Supplementary Data.

HEALTH CATALYST, INC.

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Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Health Catalyst, Inc. (the Company) as of December 31, 2025 and 2024, the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 12, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

Critical Audit Matters

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

Revenue Recognition – identification of and accounting for performance obligations

Description of the Matter

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

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

*How We Addressed the Matter
in Our Audit*

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

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

Technology Reporting Unit Goodwill Impairment Assessments

Description of the Matter

As discussed in Notes 1 and 4, the Company performs an annual goodwill impairment assessment, or more frequently if indicators of impairment are present or circumstances suggest that impairment may exist. When required, the Company's evaluation of goodwill for impairment involves comparing the estimated fair value of each reporting unit to its carrying value. In estimating the fair value of a reporting unit, the Company uses a combination of a discounted cash flow model and fair value based on market multiples. The Company recorded a goodwill impairment of \$98.7 million related to the technology reporting unit for the year ended December 31, 2025, leaving a remaining goodwill balance of \$209.1 million allocated to the technology reporting unit.

Auditing the Company's June and December interim goodwill impairment assessments specific to the technology reporting unit was complex due to the significant estimation uncertainty of several business and valuation assumptions used in the discounted cash flows model. Specifically, performing audit procedures to evaluate the reasonableness of management's estimates and assumptions used in the model such as revenue growth, margin, terminal growth, and discount rates required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

*How We Addressed the Matter
in Our Audit*

We tested the operating effectiveness of the Company's controls that address the risk of material misstatement related to the Company's goodwill impairment evaluation, including those over the determination of revenue growth, margin, terminal growth, and discount rates utilized in the estimation of fair value of the technology reporting unit.

To test the estimated fair value of the technology reporting unit, we performed audit procedures that included, among others, evaluating the valuation methodology and testing the sensitivity and reasonableness of the revenue growth, margin and terminal growth rates and evaluating the completeness and accuracy of the underlying data supporting the estimated fair values. For example, we compared the revenue growth, margin and terminal growth rates to current industry, market and economic trends and to historical results of the Company. Additionally, we involved our valuation specialists to assist with our assessment of the appropriateness of the valuation methodology applied by the Company and to develop an independent discount rate range to assess the reasonableness of the rate applied by the Company.

/s/ Ernst & Young LLP

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

Salt Lake City, Utah
March 12, 2026

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control Over Financial Reporting

We have audited Health Catalyst, Inc.'s internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Health Catalyst, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2025 and 2024, the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes and our report dated March 12, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Salt Lake City, Utah
March 12, 2026

HEALTH CATALYST, INC.
Consolidated Balance Sheets
(in thousands, except share and per share data)

	As of December 31,	
	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 50,814	\$ 249,645
Short-term investments	44,918	142,355
Accounts receivable, net ⁽¹⁾	59,128	57,182
Prepaid expenses and other assets	14,447	16,468
Total current assets	169,307	465,650
Property and equipment, net	33,838	29,394
Intangible assets, net	77,678	86,052
Operating lease right-of-use assets	6,640	12,058
Goodwill	209,073	259,759
Other assets	6,107	6,016
Total assets	<u>\$ 502,643</u>	<u>\$ 858,929</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 9,363	\$ 11,433
Accrued liabilities	18,697	26,340
Deferred revenue ⁽¹⁾	56,107	53,281
Operating lease liabilities	3,779	3,614
Current portion of long-term debt	1,627	231,182
Total current liabilities	89,573	325,850
Long-term debt, net of current portion	151,624	151,178
Deferred revenue, net of current portion	410	249
Operating lease liabilities, net of current portion	14,208	16,291
Contingent consideration liabilities, net of current portion	250	—
Other liabilities	798	154
Total liabilities	256,863	493,722
Commitments and contingencies (Notes 9 and 16)		
Stockholders' equity:		
Preferred stock, \$0.001 par value per share; 25,000,000 shares authorized and no shares issued and outstanding as of December 31, 2025 and 2024	—	—
Common stock, \$0.001 par value per share, and additional paid-in capital; 500,000,000 shares authorized as of December 31, 2025 and 2024; 72,027,332 and 64,043,799 shares issued and outstanding as of December 31, 2025 and 2024, respectively	1,608,840	1,552,714
Accumulated deficit	(1,364,646)	(1,186,672)
Accumulated other comprehensive income (loss)	1,586	(835)
Total stockholders' equity	245,780	365,207
Total liabilities and stockholders' equity	<u>\$ 502,643</u>	<u>\$ 858,929</u>

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

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

HEALTH CATALYST, INC.**Consolidated Statements of Operations**
(in thousands, except per share data)

	Year Ended December 31,		
	2025	2024	2023
Revenue ⁽¹⁾ :			
Technology	\$ 208,277	\$ 194,852	\$ 187,583
Professional services	102,859	111,732	108,355
Total revenue	311,136	306,584	295,938
Cost of revenue, excluding depreciation and amortization ⁽¹⁾ :			
Technology	69,741	67,812	62,474
Professional services	89,720	97,993	101,631
Total cost of revenue, excluding depreciation and amortization	159,461	165,805	164,105
Operating expenses:			
Sales and marketing	52,477	54,387	67,321
Research and development	49,770	57,950	72,627
General and administrative	49,559	56,817	76,559
Depreciation and amortization	50,500	41,431	42,223
Impairment of goodwill and intangible assets	110,223	—	—
Total operating expenses	312,529	210,585	258,730
Loss from operations	(160,854)	(69,806)	(126,897)
Interest and other (expense) income, net	(16,404)	637	9,106
Loss before income taxes	(177,258)	(69,169)	(117,791)
Income tax provision	716	333	356
Net loss	<u>\$ (177,974)</u>	<u>\$ (69,502)</u>	<u>\$ (118,147)</u>
Net loss per share, basic and diluted	<u>\$ (2.55)</u>	<u>\$ (1.15)</u>	<u>\$ (2.09)</u>
Weighted-average shares outstanding used in calculating net loss per share, basic and diluted	69,896	60,185	56,418

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

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

HEALTH CATALYST, INC.

Consolidated Statements of Comprehensive Loss
(in thousands)

	Year Ended December 31,		
	2025	2024	2023
Net loss	\$ (177,974)	\$ (69,502)	\$ (118,147)
Other comprehensive gain (loss):			
Change in net unrealized gains (losses) on available for sale investments	(27)	(13)	662
Change in foreign currency translation adjustment	2,448	(855)	19
Comprehensive loss	<u>\$ (175,553)</u>	<u>\$ (70,370)</u>	<u>\$ (117,466)</u>

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

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

	Common Stock and Additional Paid-In Capital		Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount			
Balance as of Balance as of January 1, 2023	55,261,922	\$ 1,424,681	\$ (999,023)	\$ (648)	\$ 425,010
Vesting of restricted stock units and restricted shares	2,628,206	—	—	—	—
Issuance of common stock under ESPP	419,680	3,588	—	—	3,588
Exercise of stock options	130,710	950	—	—	950
Stock-based compensation	—	56,645	—	—	56,645
Repurchase of common stock	(145,027)	(1,808)	—	—	(1,808)
Net loss	—	—	(118,147)	—	(118,147)
Other comprehensive income	—	—	—	681	681
Balance as of Balance as of December 31, 2023	58,295,491	\$ 1,484,056	\$ (1,117,170)	\$ 33	\$ 366,919
Vesting of restricted stock units and restricted shares	2,292,131	—	—	—	—
Issuance of common stock under ESPP	453,463	2,411	—	—	2,411
Exercise of stock options	26,668	169	—	—	169
Stock-based compensation	—	41,146	—	—	41,146
Issuance of common stock as acquisition consideration	2,976,046	24,932	—	—	24,932
Net loss	—	—	(69,502)	—	(69,502)
Other comprehensive loss	—	—	—	(868)	(868)
Balance as of Balance as of December 31, 2024	64,043,799	\$ 1,552,714	\$ (1,186,672)	\$ (835)	\$ 365,207
Vesting of restricted stock units and restricted shares	2,963,718	—	—	—	—
Issuance of common stock under ESPP	562,833	1,510	—	—	1,510
Stock-based compensation	—	28,032	—	—	28,032
Repurchase of common stock	(1,103,601)	(5,000)	—	—	(5,000)
Issuance of common stock as acquisition consideration	5,560,583	31,584	—	—	31,584
Net loss	—	—	(177,974)	—	(177,974)
Other comprehensive income	—	—	—	2,421	2,421
Balance as of Balance as of December 31, 2025	72,027,332	\$ 1,608,840	\$ (1,364,646)	\$ 1,586	\$ 245,780

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

HEALTH CATALYST, INC.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2025	2024	2023
Cash flows from operating activities			
Net loss	\$ (177,974)	\$ (69,502)	\$ (118,147)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Stock-based compensation expense	27,012	40,128	55,756
Depreciation and amortization	50,500	41,431	42,223
Investment discount and premium accretion	(1,565)	(4,757)	(9,720)
Impairment of long-lived assets	6,900	2,200	4,081
Non-cash operating lease expense	2,930	2,685	2,990
Provision for expected credit losses	1,503	1,202	1,821
Amortization of debt discount, issuance costs, and deferred financing costs	3,725	3,256	1,511
Deferred tax provision	81	77	8
Change in fair value of contingent consideration liabilities	(7,063)	(1,642)	—
Impairment of goodwill and intangible assets	110,223	—	—
Other	(429)	141	67
Change in operating assets and liabilities:			
Accounts receivable, net	(1,809)	4,281	(13,663)
Prepaid expenses and other assets	1,569	(50)	164
Accounts payable, accrued liabilities, and other liabilities	(11,512)	5,581	4,868
Deferred revenue	607	(7,012)	(1,487)
Operating lease liabilities	(3,967)	(3,460)	(3,552)
Net cash provided by (used in) operating activities	731	14,559	(33,080)
Cash flows from investing activities			
Proceeds from the sale and maturity of short-term investments	163,948	242,067	336,801
Purchases of short-term investments	(65,132)	(168,307)	(290,836)
Capitalization of internal-use software	(19,780)	(14,274)	(11,957)
Acquisition of businesses, net of cash acquired	(41,114)	(80,277)	(11,392)
Purchases of property and equipment	(968)	(1,616)	(1,236)
Purchases of intangible assets	(805)	(508)	(1,118)
Proceeds from the sale of property and equipment	44	13	31
Net cash provided by (used in) investing activities	36,193	(22,902)	20,293
Cash flows from financing activities			
Proceeds from issuance of long-term debt, net of issuance costs	—	152,277	—
Payment of deferred financing costs	—	(2,152)	—
Repayment of debt	(232,292)	(959)	—
Proceeds from employee stock purchase plan	1,510	2,411	3,588
Proceeds from exercise of stock options	—	169	950
Repurchase of common stock	(5,000)	—	(1,808)
Net cash (used in) provided by financing activities	(235,782)	151,746	2,730
Effect of exchange rate changes on cash and cash equivalents	27	(34)	21
Net (decrease) increase in cash and cash equivalents	(198,831)	143,369	(10,036)
Cash and cash equivalents at beginning of period	249,645	106,276	116,312
Cash and cash equivalents at end of period	<u>\$ 50,814</u>	<u>\$ 249,645</u>	<u>\$ 106,276</u>

Supplemental disclosures of cash flow information

Cash paid for interest	\$	21,949	\$	10,119	\$	5,750
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Supplemental disclosures of non-cash investing and financing information

Common stock issued in connection with business acquisitions	\$	31,584	\$	24,932	\$	—
Operating lease right-of-use assets obtained in exchange for operating lease obligations		806		1,267		2,033
Stock-based compensation capitalized as internal-use software		1,020		1,018		889
Capitalized internal-use software included in accounts payable and accrued liabilities		189		265		169
Purchase of property and equipment included in accounts payable and accrued liabilities		76		13		7
Purchase of intangible assets included in accounts payable and accrued liabilities		1,659		—		1,310

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

Notes to the Consolidated Financial Statements**1. Description of Business and Summary of Significant Accounting Policies****Nature of operations**

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

Basis of presentation

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

Principles of consolidation

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

Use of estimates

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

Segment reporting

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

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

Net loss per share

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

Notes to the Consolidated Financial Statements**Revenue recognition**

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

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

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

Technology revenue

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

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

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

Professional services revenue

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

Contracts with multiple performance obligations

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

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

Notes to the Consolidated Financial Statements**Variable consideration**

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

Contract balances

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

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

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

Deferred costs

We capitalize sales commissions, and associated fringe costs, such as benefits and payroll taxes, paid to direct sales personnel and other incremental costs of obtaining contracts with clients, provided we expect to recover those costs. We determine that costs should be deferred based on our sales compensation plans when the commissions are incremental and would not have occurred absent the client contract. As of December 31, 2025 and 2024, \$1.8 million and \$2.1 million, respectively, of deferred contract acquisition costs are expected to be amortized within the next 12 months and are included in prepaid expenses and other assets on the consolidated balance sheets. As of December 31, 2025 and 2024, the remaining \$2.4 million and \$2.9 million, respectively, of deferred contract acquisition costs are included in non-current other assets.

Commissions paid upon the initial acquisition of a contract are amortized on a straight-line basis over an estimated period of benefit of four years. Amortization is recognized on a straight-line basis commensurate with the pattern of revenue recognition. The period of benefit was estimated by considering factors such as estimated average client life, the rate of technological change in our subscription service, and the impact of competition in our industry. As our average client life significantly exceeded the rate of change in our technology, we concluded that the rate of change in the technology underlying our subscription service was the most significant factor in determining the period of benefit for which the asset relates. In evaluating the rate of change in our technology, we considered the competition in our industry, our commitment to continuous innovation, and the frequency of product, platform, and technology updates. We determined that the impact of competition in our industry is reflected in the period of benefit through the rate of technological change. Amortization of deferred contract acquisition costs was \$3.1 million, \$2.7 million, and \$2.3 million for the years ended December 31, 2025, 2024, and 2023, respectively, which is included within sales and marketing expense in the consolidated statements of operations.

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

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

Cost of revenue, excluding depreciation and amortization

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

Notes to the Consolidated Financial Statements**Cash and cash equivalents**

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

Short-term investments

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

Accounts receivable

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

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

	Year Ended December 31,		
	2025	2024	2023
Balance at beginning of period	\$ 4,200	\$ 4,105	\$ 2,300
Current period provision for expected credit losses	1,503	1,202	1,821
Write-offs, net of recoveries	(2,003)	(1,107)	(16)
Balance at end of period	<u>\$ 3,700</u>	<u>\$ 4,200</u>	<u>\$ 4,105</u>

Property and equipment

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

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

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

Notes to the Consolidated Financial Statements**Intangible assets**

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

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

Goodwill

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

Our first step in the goodwill impairment test is a qualitative analysis of factors that could be indicators of potential impairment. Judgment in the assessment of qualitative factors of impairment may include changes in business climate, market conditions, or other events impacting the reporting unit. Next, if a quantitative analysis is necessary, we compare the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, the goodwill of the reporting unit is not considered impaired. Performing a quantitative goodwill impairment test includes the determination of the fair value of a reporting unit, which requires management to use significant judgment and estimation. The significant estimation is primarily due to the judgmental nature of the inputs to the valuation models used to measure the fair value of the reporting units, as well as the sensitivity of the respective fair values to the underlying significant assumptions. Typical methods to estimate the fair value of reporting units include using the income or market approaches.

The significant assumptions used to form the basis of the estimates include, among others, the selection of valuation methodologies, estimates of expected revenue, including revenue growth rates, and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, and the selection of appropriate market comparable companies. Many of these significant assumptions are forward-looking and could be affected by future economic and market conditions. If a quantitative analysis is necessary, we typically engage the assistance of a valuation specialist in concluding on fair value measurements in connection with determining the fair values of our reporting units. If the carrying amount of the reporting unit exceeds its fair value, we would recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value.

We recorded goodwill impairment of \$105.4 million during the year ended December 31, 2025. Refer to Note 4—Goodwill and Intangible Assets for additional details. There was no impairment of goodwill for the years ended December 31, 2024 and 2023.

Business combinations

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

Notes to the Consolidated Financial Statements

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

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

For the years ended December 31, 2025, 2024, and 2023, we expensed \$3.0 million, \$8.0 million and \$3.5 million, respectively, of transaction costs associated with business combinations. The costs were expensed as incurred and are included in general and administrative expense in our consolidated statements of operations.

Contingent consideration liabilities

Our acquisition consideration in business combinations may include an estimate for contingent consideration that will be paid if certain earn-out performance targets are met. The resulting contingent consideration liabilities are categorized as a Level 3 fair value measurement because we estimate projections during the earn-out period utilizing unobservable inputs, including various potential pay-out scenarios based on billings and revenue-related earn-out targets. Changes to the unobservable inputs could have a material impact on our consolidated financial statements. We generally value the expected contingent consideration and the corresponding liabilities using a probability model such as the Monte Carlo method or Black-Scholes Model based on estimates of potential payment scenarios. Probabilities are applied to each potential scenario and the resulting values are discounted using a rate that considers weighted average cost of capital as well as a specific risk premium associated with the riskiness of the earn-out itself, the related projections, projected payment dates, and volatility in the fair value of our common stock. The fair value of the contingent consideration is remeasured each reporting period.

As applicable, the portion of the contingent consideration liabilities that will be settled in shares of our common stock is classified as a component of non-current liabilities in our consolidated balance sheets, while the portion to be paid in cash is classified as a component of current liabilities. Changes to the contingent consideration liabilities are reflected as part of general and administrative expense in our consolidated statements of operations. Refer to Note 7—Fair Value of Financial Instruments for additional details related to contingent consideration liabilities outstanding during the year ended December 31, 2025.

Advertising costs

All advertising costs are expensed as incurred. For the years ended December 31, 2025, 2024, and 2023, we incurred \$3.1 million, \$5.1 million, and \$2.6 million in advertising costs, respectively.

Development costs and internal-use software

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

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

Notes to the Consolidated Financial Statements

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

Stock-based compensation

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

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

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

Concentrations of credit risk

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

We perform ongoing credit evaluations of our clients' financial condition and require no collateral from clients. We review the expected collectability of accounts receivable and record an allowance for credit losses based on the probability of future collections. There were no clients with more than 10% of total outstanding accounts receivable as of December 31, 2025 and 2024. There were no clients with revenue as a percentage of total revenue greater than 10% for the years ended December 31, 2025, 2024, and 2023.

Restructuring costs

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

Income taxes

Deferred income tax balances are accounted for using the asset and liability method and reflect the effects of temporary differences between the financial reporting and tax bases of our assets and liabilities using enacted tax rates expected to apply when taxes are actually paid or recovered.

Notes to the Consolidated Financial Statements

In addition, deferred tax assets and liabilities are recorded for net operating loss (NOL) and tax credit carryforwards. A valuation allowance is provided against deferred tax assets unless it is more likely than not that they will be realized based on all available positive and negative evidence. Such evidence includes, but is not limited to, recent cumulative earnings or losses, expectations of future taxable income by taxing jurisdiction, and the carry-forward periods available for the utilization of deferred tax assets.

We use a two-step approach to recognize and measure uncertain income tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained upon audit. The second step is to measure the tax benefit as the largest amount, which is more than 50% likely of being realized upon ultimate settlement. We do not currently accrue interest and penalties related to unrecognized tax benefits within the provision for income taxes because the impact would be immaterial due to our net operating losses and tax credit carryforwards. Significant judgment is required to evaluate uncertain tax positions. Although we believe that we have adequately reserved for our uncertain tax positions, we can provide no assurance that the final tax outcome of these matters will not be materially different. We evaluate our uncertain tax positions on a regular basis and evaluations are based on a number of factors, including changes in facts and circumstances, changes in tax law, correspondence with tax authorities during the course of an audit, and effective settlement of audit issues. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on our financial condition and results of operations.

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

Fair value of financial instruments

The carrying amounts reported in the consolidated balance sheets for cash, receivables, accounts payable, and current accrued expenses approximate fair values because of the immediate or short-term maturity of these financial instruments. The carrying value of contingent consideration liabilities, operating lease liabilities, and convertible senior notes approximate fair value based on interest rates available for debt with similar terms at December 31, 2025 and 2024. Money market funds and short-term investments are measured at fair value on a recurring basis. On a quarterly basis we evaluate unrealized losses on our available-for-sale debt securities and the related accrued interest receivables to determine whether a decline in the fair value below the amortized cost basis is due to credit-related factors or noncredit-related factors. Contingent consideration liabilities are measured at fair value on a recurring basis based primarily on significant inputs not observable in the market.

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

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

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

Notes to the Consolidated Financial Statements**Leases**

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

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

Foreign currency

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

Accounting pronouncements adopted

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

In December 2023, the FASB issued ASU No. 2023-09, *Improvements to Income Tax Disclosures (Topic 740)*. The ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is permitted. We adopted this ASU for the year ended December 31, 2025 and the amendments have been applied prospectively, resulting in the required additional disclosures being included in the notes to the consolidated financial statements.

Recent accounting pronouncements not yet adopted

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

Notes to the Consolidated Financial Statements

In September 2025, the FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*, which introduces a new capitalization threshold based on management’s authorization and commitment to fund the project, along with a probable-to-complete criterion. The amendments also consolidate guidance for website development costs into Subtopic 350-40 and clarify disclosure requirements. The amendments are effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the provisions of this ASU to determine the impact it may have on our consolidated financial statements and related disclosures, but we do not expect it to have a material impact upon adoption.

2. Business Combinations

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

*2025 Acquisition**Upfront Healthcare Services, Inc.*

On January 22, 2025, we acquired Upfront Healthcare Services, Inc. (Upfront), a next-generation patient engagement platform provider. We accounted for the acquisition of Upfront as a business combination. The acquisition consideration transferred was \$80.0 million and was comprised of estimated net cash consideration of \$41.1 million, shares of our common stock with an aggregate acquisition-date fair value of \$31.6 million, and contingent consideration based on certain earn-out performance targets for Upfront during an earn-out period ending on December 31, 2026, with an aggregate acquisition-date fair value of \$7.3 million. The purchase resulted in Health Catalyst acquiring 100% ownership in Upfront.

An additional 106,196 shares of our common stock subject to restriction agreements (restricted shares) were issued pursuant to the terms of the acquisition agreement. The value of these restricted shares is recognized as post-acquisition stock-based compensation expense on a straight-line basis over the vesting term. Refer to Note 13—Stock-Based Compensation for additional details related to our stock-based compensation.

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

Assets acquired:	
Accounts receivable, net	\$ 1,544
Prepaid expenses and other assets	655
Property and equipment, net	114
Right-of-use assets	288
Developed technology	16,400
Client relationships	11,700
Trademarks	600
Total assets acquired	31,301
Less liabilities assumed:	
Accrued and other current liabilities	1,558
Deferred revenue	2,352
Operating lease liability	284
Net deferred tax liabilities	—
Total liabilities assumed	4,194
Total assets acquired, net	27,107
Goodwill	52,912
Total consideration transferred, net of cash acquired	\$ 80,019

Notes to the Consolidated Financial Statements

The acquired intangible assets were valued utilizing either an income approach or a cost approach as deemed most applicable, and include client relationships, developed technology, and trademarks that will be amortized on a straight-line basis over their estimated useful lives of six years, three years, and three years, respectively.

The resulting goodwill from the Upfront acquisition was fully allocated to the technology reporting unit and is not deductible for income tax purposes. There were no measurement period adjustments recorded during the year ended December 31, 2025.

The amount of revenue attributable to the acquired business of Upfront was not material to our consolidated statement of operations for the year ended December 31, 2025. Income (loss) information for Upfront after the acquisition date through December 31, 2025 is not presented as the Upfront business was integrated into our operations immediately following the acquisition and is impracticable to quantify.

In addition to the purchase price, we agreed to make retention bonuses in an aggregate amount of up to \$1.1 million in cash payments and the issuance of up to approximately 151,148 restricted shares to certain Upfront management team members, a portion of which is variable based upon the achievement of earn-out performance targets. The retention bonuses are recorded as post-combination compensation expense and adjusted out of our purchase price consideration. During the year ended December 31, 2025, we recognized compensation expense of \$0.9 million and stock-based compensation expense of \$0.5 million related to these retention bonuses and 86,975 of the restricted shares that vested.

Unaudited Pro Forma Financial Information

The following table reflects our unaudited pro forma combined results of operations for the years ended December 31, 2025 and 2024 as if the acquisition of Upfront had taken place on January 1, 2024 (in thousands):

	Year Ended December 31,	
	2025	2024
	<i>(unaudited)</i>	
Pro forma net loss	\$ (183,745)	\$ (83,747)

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

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

	Year Ended December 31,	
	2025	2024
	<i>(unaudited)</i>	
Amortization of acquired intangible assets	\$ (438)	\$ (7,617)
Acquisition-related costs, net	(4,158)	6,143

Notes to the Consolidated Financial Statements*2024 Acquisitions**Intraprise Health, LLC*

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

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

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

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

Notes to the Consolidated Financial Statements*Lumeon Ltd.*

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

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

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

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

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

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

Notes to the Consolidated Financial Statements*Carevive Systems, Inc.*

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

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

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

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

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

Unaudited Pro Forma Financial Information

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

	Year Ended December 31,	
	2024	2023
	<i>(unaudited)</i>	
Pro forma net loss	\$ (80,035)	\$ (153,606)

Notes to the Consolidated Financial Statements

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

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

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

2023 acquisition of Electronic Registry Systems, Inc.

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

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

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

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

The acquired intangible assets were valued utilizing either an income approach or a cost approach as deemed most applicable, and include client relationships, developed technology, and trademarks that will be amortized on a straight-line basis over their estimated useful lives of seven years, four years, and two years, respectively. The resulting goodwill from the ERS acquisition was fully allocated to the technology reporting unit and is deductible for income tax purposes.

Notes to the Consolidated Financial Statements
3. Revenue
Disaggregation of revenue

The following table represents Health Catalyst's revenue disaggregated by type of arrangement (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Recurring technology	\$ 208,277	\$ 194,852	\$ 187,226
One-time technology (i.e., perpetual license)	—	—	357
Professional services	102,859	111,732	108,355
Total revenue	<u>\$ 311,136</u>	<u>\$ 306,584</u>	<u>\$ 295,938</u>

For the years ended December 31, 2025, 2024, and 2023, 96.3%, 97.2%, and 98.3% of revenue, respectively, was related to contracts with clients located in the United States.

4. Goodwill and Intangible Assets

During the year ended December 31, 2025, we identified indicators of impairment, including overall declines in our stock price and market capitalization, and concluded that triggering events had occurred that required interim quantitative goodwill impairment assessments of our professional services and technology reporting units.

As part of our interim goodwill impairment assessments, the fair value of the reporting units were estimated based upon weightings of the income approach and a market-based approach. The income approach utilizes a discounted cash flow analysis. The market-based approach utilizes comparable public company information, key valuation multiples, and considers a market control premium associated with cost synergies and other cash flow benefits that arise from obtaining control over a reporting unit, and guideline transactions, when applicable. The significant assumptions used in these approaches include revenue growth rates, profit margins, projected future cash flows, and discount rates under the income approach as well as valuation multiples derived from comparable public trading companies under the market-based approach.

Based on our interim impairment tests of goodwill, it was determined that the fair values of our technology and professional services reporting units were below their respective carrying values as of June 30, 2025 and December 31, 2025, and we recorded total non-cash goodwill impairment charges of \$105.4 million during the year ended December 31, 2025. The goodwill impairment charges were recorded as part of the impairment of goodwill and intangible assets line item in our consolidated statements of operations. There were no goodwill impairment charges during years ended December 31, 2024 and 2023.

Changes in the carrying amount of goodwill by reporting unit for the years ended December 31, 2025 and 2024 were as follows (in thousands):

	Technology	Professional Services	Total
Balance as of December 31, 2023	\$ 189,870	\$ 782	\$ 190,652
2024 acquisitions	63,747	5,887	69,634
Foreign currency translation adjustments	(527)	—	(527)
Balance as of December 31, 2024	253,090	6,669	259,759
Upfront acquisition	52,912	—	52,912
Goodwill impairment	(98,717)	(6,669)	(105,386)
Foreign currency translation adjustments	1,788	—	1,788
Balance as of December 31, 2025	<u>\$ 209,073</u>	<u>\$ —</u>	<u>\$ 209,073</u>

Notes to the Consolidated Financial Statements

As of December 31, 2025, intangible assets consisted of the following (in thousands):

	Gross	Accumulated Amortization	Net
Developed technologies	\$ 141,101	\$ (110,621)	\$ 30,480
Client relationships and contracts	115,808	(72,750)	43,058
Computer software licenses	13,600	(11,329)	2,271
Trademarks	5,367	(3,498)	1,869
Total intangible assets	\$ 275,876	\$ (198,198)	\$ 77,678

As of December 31, 2024, intangible assets consisted of the following (in thousands):

	Gross	Accumulated Amortization	Net
Developed technologies	\$ 124,109	\$ (93,611)	\$ 30,498
Client relationships and contracts	108,824	(57,020)	51,804
Computer software licenses	11,149	(9,503)	1,646
Trademarks	4,694	(2,590)	2,104
Total intangible assets	\$ 248,776	\$ (162,724)	\$ 86,052

Amortization expense of acquired intangible assets for the years ended December 31, 2025, 2024, and 2023 was \$35.5 million, \$28.7 million, and \$29.6 million, respectively. Amortization expense for intangible assets is included in depreciation and amortization in the consolidated statements of operations.

As noted above, we identified indicators of impairment, including overall declines in our stock price and market capitalization, as well as downward revisions of our future forecasts, which triggered a recoverability test of the relevant asset groups. We performed the recoverability test by comparing the carrying value of each asset group to its estimated undiscounted cash flows. The analysis indicated that as of December 31, 2025, the carrying value exceeded the recoverable amounts for one asset group, requiring us to determine the fair value of this asset group. As a result, we measured and recognized total intangible asset impairment charges of \$4.8 million during the year ended December 31, 2025. The impairment charges were recorded as part of the impairment of goodwill and intangible assets line item in our consolidated statements of operations and relate to certain acquired client relationship intangible assets that had been partially allocated to our professional services operating segment. We did not incur any intangible asset impairment charges for the years ended December 31, 2024 and 2023.

The weighted-average remaining amortization period by type of intangible assets as of December 31, 2025 is as follows:

	Weighted-Average Remaining Amortization Period (years)
Developed technologies	2.1
Client relationships and contracts	3.8
Computer software licenses	2.1
Trademarks	2.7

As of December 31, 2025, future amortization expense for finite-lived intangible assets is estimated to be as follows (in thousands):

Year Ending December 31,	
2026	\$ 30,566
2027	26,834
2028	8,814
2029	4,687
2030	4,346
Thereafter	2,431
Total future amortization expense	\$ 77,678

Notes to the Consolidated Financial Statements
5. Property and Equipment

Property and equipment consisted of the following (in thousands):

	As of December 31,	
	2025	2024
Computer equipment	\$ 10,027	\$ 10,309
Leasehold improvements	6,314	8,456
Furniture and fixtures	3,796	3,757
Capitalized internal-use software costs	66,916	46,143
Computer software	111	111
Total property and equipment	87,164	68,776
Less: accumulated depreciation	(53,326)	(39,382)
Property and equipment, net	\$ 33,838	\$ 29,394

Our long-lived assets are primarily located in the United States with immaterial amounts located in the United Kingdom and India. Depreciation expense for the years ended December 31, 2025, 2024, and 2023 was \$15.0 million, \$12.8 million, and \$12.6 million, respectively. Depreciation expense includes the amortization of capitalized internal-use software costs. During the years ended December 31, 2025, 2024, and 2023 we impaired \$2.3 million, \$0.7 million, and \$1.2 million, respectively, of leasehold improvements and furniture and fixtures related to the subleased portions of our corporate headquarters. Refer to Note 9—Leases for additional details. During the year ended December 31, 2023, we also incurred \$0.6 million of impairment related to discontinued capitalized internal-use software projects as part of restructuring, with no such impairment during the years ended December 31, 2025 and 2024. Refer to Note 11—Restructuring Costs for additional details.

We capitalized \$20.7 million, \$15.4 million, and \$12.8 million of internal-use software costs for the years ended December 31, 2025, 2024, and 2023, respectively. We incurred \$12.5 million, \$9.7 million, and \$8.5 million of capitalized internal-use software cost amortization expense for the years ended December 31, 2025, 2024, and 2023, respectively.

6. Short-term Investments

We classify our short-term investments as available for sale. Available-for-sale securities are recorded on our consolidated balance sheets at fair market value and any unrealized gains or losses are reported as part of other comprehensive gain (loss) on the consolidated statements of comprehensive loss unless unrealized losses are due to credit-related factors and accounted for as part of our provision for expected credit losses. We determine realized gains or losses on the sales of investments through the specific identification method and record such gains or losses as part of interest and other expense, net on the consolidated statements of operations. We did not have any material realized gains or losses on investments during the years ended December 31, 2025, 2024, and 2023. We measure the fair value of investments on a recurring basis.

The following table summarizes, by major security type, our cash equivalents and short-term investments that are measured at fair value on a recurring basis as of December 31, 2025 (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash equivalents	Short-term Investments
Money market funds	\$ 45,062	\$ —	\$ —	\$ 45,062	\$ 45,062	\$ —
U.S. treasury notes	37,441	46	—	37,487	—	37,487
Commercial paper	7,430	1	—	7,431	—	7,431
Total	\$ 89,933	\$ 47	\$ —	\$ 89,980	\$ 45,062	\$ 44,918

Notes to the Consolidated Financial Statements

The following table summarizes, by major security type, our cash equivalents and short-term investments that are measured at fair value on a recurring basis as of December 31, 2024 (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash equivalents	Short-term Investments
Money market funds	\$ 186,872	\$ —	\$ —	\$ 186,872	\$ 186,872	\$ —
U.S. treasury notes	177,129	70	—	177,199	58,386	118,813
Commercial paper	13,940	1	—	13,941	—	13,941
Corporate bonds	9,598	3	—	9,601	—	9,601
Total	\$ 387,539	\$ 74	\$ —	\$ 387,613	\$ 245,258	\$ 142,355

The following table presents the contractual maturities of our short-term investments as of December 31, 2025 and December 31, 2024 (in thousands):

	As of December 31, 2025		As of December 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	\$ 44,871	\$ 44,918	\$ 142,294	\$ 142,355
Due between one and five years	—	—	—	—
Total	\$ 44,871	\$ 44,918	\$ 142,294	\$ 142,355

Accrued interest receivables related to our available-for-sale securities of \$0.3 million and \$0.6 million as of December 31, 2025 and 2024, respectively, were included within prepaid expenses and other assets on our consolidated balance sheets.

We do not intend to sell investments that are in an unrealized loss position and it is not likely that we will be required to sell any investments before recovery of their amortized cost basis. As of December 31, 2025 and 2024, there were no material unrealized losses due to expected credit loss-related factors.

7. Fair Value of Financial Instruments

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2025 were as follows (in thousands):

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 45,062	\$ —	\$ —	\$ 45,062
U.S. treasury notes	37,487	—	—	37,487
Commercial paper	—	7,431	—	7,431
Contingent consideration liabilities	—	—	(250)	(250)
Total	\$ 82,549	\$ 7,431	\$ (250)	\$ 89,730

Assets measured at fair value on a recurring basis as of December 31, 2024 were as follows (in thousands):

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 186,872	\$ —	\$ —	\$ 186,872
U.S. treasury notes	177,199	—	—	177,199
Commercial paper	—	13,941	—	13,941
Corporate bonds	—	9,601	—	9,601
Total	\$ 364,071	\$ 23,542	\$ —	\$ 387,613

There were no transfers between Level 1 and Level 2 of the fair value measurement hierarchy during the years ended December 31, 2025 and 2024.

Notes to the Consolidated Financial Statements
Convertible senior notes

On April 14, 2025, we fully settled the principal amount of the convertible senior notes in cash. As of December 31, 2024, the estimated fair value of our convertible senior notes, with aggregate principal totaling \$230.0 million, was \$227.5 million. We estimate the fair value based on quoted market prices in an inactive market on the last trading day of the reporting period (Level 2). These convertible senior notes were recorded at face value less unamortized debt discount and transaction costs on our consolidated balance sheets. Refer to Note 10—Debt for further information.

Nonrecurring fair value measurements

We recorded impairment charges of \$6.9 million, \$2.2 million, and \$4.1 million during the years ended December 31, 2025, 2024 and 2023, respectively, related to the impairment of ROU assets, leasehold improvements, and furniture and fixtures associated with recently subleased office space. These impairment charges were derived from the difference between the carrying value and the fair value of the relevant asset groups. The fair value of these asset groups was estimated using a discounted cash flow analysis of the subleased space and included certain unobservable (Level 3) inputs, including the anticipated future sublease terms and rates. Refer to Note 9—Leases for further information.

We recorded goodwill impairment charges totaling \$105.4 million during the year ended December 31, 2025. The impairment charges were derived from the difference between the carrying value and the fair value of our reporting units. The fair value of these reporting units was estimated using an income and market-based approach and included certain unobservable (Level 3) inputs. We also recorded intangible asset impairment charges of \$4.8 million during the year ended December 31, 2025. The intangible asset impairment charges were derived from the difference between the carrying value and the fair value of the relevant asset group. The fair value of the asset group was estimated using an income and market-based approach and included certain unobservable (Level 3) inputs. Refer to Note 4—Goodwill and Intangibles for further information.

Level 3 fair value measurements

The Upfront acquisition consideration included an initial estimate for contingent consideration based on certain revenue-based earn-out performance targets for Upfront during an earn-out period that ends on December 31, 2026. The Upfront contingent consideration is capped at \$33.4 million and will be paid 63% in equity and 37% in cash to the extent achieved. We value Upfront's expected contingent consideration and the corresponding liability using the Monte Carlo simulation valuation model using a distribution of potential outcomes of potential pay-out scenarios.

The outstanding contingent consideration liability is categorized as Level 3 fair value measurement and is remeasured as of each reporting period. The aggregate intrinsic value of the revenue-based earn-out contingent consideration liability is zero based on a point estimate of our internal forecasting of the ultimate earn-outs that will be earned as of December 31, 2025. The recurring Level 3 fair value measurements of the contingent consideration liability includes the other following significant inputs as of December 31, 2025:

	Valuation Method	Market Price of Revenue Risk	Revenue Volatility	Expected Term (years)	Risk-free interest rate
Revenue-based earn-out liabilities	Monte Carlo	12%	40%	1	3.7%

The following table sets forth a summary of the changes in the estimated fair value of the contingent consideration liabilities, which are measured at fair value on a recurring basis using significant unobservable inputs (Level 3) (in thousands):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Balance as of December 31, 2024	\$ —
Acquisition-date contingent consideration liability from Upfront acquisition (see Note 2)	7,313
Change in fair value of contingent consideration liability	(7,063)
Balance as of December 31, 2025	\$ 250

The Lumeon and Carevive acquisition consideration also included an initial estimate for contingent consideration based on certain revenue-based earn-out performance targets during an earn-out period that ended on June 30, 2025. The revenue-based earn-out performance targets were not met and no earn-out payments were made related to these acquisitions.

Notes to the Consolidated Financial Statements
8. Accrued liabilities

As of December 31, 2025 and 2024, accrued liabilities consisted of the following (in thousands):

	As of December 31,	
	2025	2024
Accrued compensation and benefit expenses	\$ 5,203	\$ 11,655
Restructuring liabilities	704	—
Interest payable	3,380	4,803
Other accrued liabilities	9,410	9,882
Total accrued liabilities	\$ 18,697	\$ 26,340

9. Leases
Operating leases

We lease office space under operating leases that expire between 2026 and 2034. The terms of the leases provide for rental payments on a graduated scale, options to renew the leases (one to five years), landlord incentives or allowances, and periods of free rent.

During the year ended December 31, 2020 we took initial possession of the first 118,207 square feet of our headquarters in South Jordan, Utah to begin leasehold improvements, which resulted in an initial right-of-use asset and corresponding operating lease liability of \$23.8 million, and commencement of operating lease expense. During the year ended December 31, 2023 the leased square footage of our corporate headquarters expanded and we took possession of an additional 9,830 rentable square feet of office space, which resulted in an additional right-of-use asset and corresponding lease liability of \$1.5 million. We have the right to sublease all, or a portion, of this leased office space provided that certain terms and conditions are met.

We subleased portions of our corporate headquarters to various sublessees with subleases commencing at various dates between 2021 and 2025. As of December 31, 2025, 88,164 rentable square feet of our corporate headquarters was subleased. We classified each sublease as an operating lease. The initial subleases have terms ranging from eighteen months to 8.5 years. As indicators of impairment arise, we have performed recoverability tests of the relevant asset groups, comprised of operating lease right-of-use and other related assets, and in some instances have determined that the carrying value of these asset groups were not fully recoverable. As a result, we measured and recognized total impairment charges of \$6.9 million, \$2.2 million, and \$4.1 million during the years ended December 31, 2025, 2024, and 2023, respectively, representing the amount by which the carrying value exceeded the estimated fair value of these asset groups. The impairment charges were recorded as part of general and administrative expense in our consolidated statements of operations and relate to both of our operating segments. During the year ended December 31, 2025, \$4.6 million of the impairment charge was allocated to the ROU assets and the remaining \$2.3 million was allocated to leasehold improvements, while during the year ended December 31, 2024, \$1.5 million of the impairment charge was allocated to the ROU asset and the remaining \$0.7 million was allocated to leasehold improvements, and during the year ended December 31, 2023, \$2.9 million of the impairment charge was allocated to the ROU asset and the remaining \$1.2 million was allocated to leasehold improvements and furniture and fixtures.

Components of lease expense (income) are summarized as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Operating lease expense	\$ 3,174	\$ 3,313	\$ 3,077
Short-term lease expense	390	209	92
Sublease income	(2,093)	(1,532)	(1,292)
Total	\$ 1,471	\$ 1,990	\$ 1,877

We also incur immaterial variable costs related to our leased office space, such as maintenance and utilities based on actual usage, which are not included in the measurement of right-of-use assets and lease liabilities, but are expensed as incurred.

Notes to the Consolidated Financial Statements

Maturities of lease liabilities under operating leases at December 31, 2025 are as follows (in thousands):

Year ending December 31:

2026	\$	3,781
2027		3,661
2028		3,691
2029		3,319
2030		3,246
Thereafter		3,315
Total lease payments		21,013
Less: Imputed interest		(3,026)
Total lease liability	\$	17,987

Supplemental balance sheet information related to leases as of December 31, 2025 and 2024 is as follows (in thousands other than weighted average amounts):

	As of December 31,	
	2025	2024
Operating lease right-of-use assets	\$ 6,640	\$ 12,058
Operating lease liabilities, current	\$ 3,779	\$ 3,614
Operating lease liabilities, non-current	14,208	16,291
Total operating lease liabilities	\$ 17,987	\$ 19,905
Weighted-average remaining operating lease term (years)	5.9	6.7
Weighted-average operating lease discount rate	5.5%	5.4%

10. Debt

Debt consisted of the following as of December 31, 2025 and 2024 (in thousands):

	As of December 31,	
	2025	2024
Variable interest rate term loan maturing 2029	160,761	162,388
2.50% convertible senior notes due 2025	\$ —	\$ 230,000
Total Principal Outstanding	160,761	392,388
Less: Unamortized discount and issuance costs	(7,510)	(10,028)
Net carrying amount	153,251	382,360
Less: Current portion of long-term debt	(1,627)	(231,182)
Long-term debt, net of current portion	\$ 151,624	\$ 151,178

Components of interest expense are summarized as follows (in thousands):

	As of December 31,		
	2025	2024	2023
Contractual interest expense	\$ 19,305	\$ 13,255	\$ 5,776
Amortization of debt discount and issuance costs	2,514	2,362	1,511
Amortization of deferred financing costs and other	2,435	1,469	—
Total	\$ 24,254	\$ 17,086	\$ 7,287

Notes to the Consolidated Financial Statements*Maturity of Debt*

As of December 31, 2025, we are subject to required principal payments and debt maturity as follows (in thousands):

	<u>Contractual Maturity</u>
Fiscal year:	
2026	1,627
2027	1,627
2028	1,627
2029	155,880
Total debt maturities	<u>160,761</u>
Less: Unamortized debt discount and issuance costs	(7,510)
Net carrying amount	<u>\$ 153,251</u>

Credit Agreement

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

We had the option to draw up to \$40.0 million under the delayed draw facility within six months after the Closing Date and on October 29, 2024, we drew an additional principal amount of \$37.7 million. We also had the option to draw up to an additional \$60.0 million under the delayed draw facility within eighteen months after the Closing Date, subject to satisfaction of certain conditions, including a minimum liquidity threshold, and a maximum recurring revenue/leverage ratio, but did not opt to utilize this additional delayed draw facility. We are required to pay a commitment fee on the unutilized commitments under the delayed draw term loan facility ranging from 1.5% to 2.5% per year depending on the year and the amount of the unutilized delayed draw term loan. The deferred financing costs related to the delayed draw facility, including the directly attributable debt discount, have been capitalized to other assets on our consolidated balance sheets, and amortized to interest expense in the consolidated statement of operations, in each case over the respective terms.

Borrowings under the initial term loan bear interest at a rate per annum equal to SOFR plus 6.5%. Commencing with the quarter ending on December 31, 2024, we are required to make quarterly principal payments in an amount equal to 0.25% of the aggregate original principal amount. The final maturity date of the term loans is July 16, 2029. We used a portion of the net proceeds from the initial term loan, together with cash on hand, to repay in full the outstanding principal and accrued interest on all of the Notes on the maturity thereof. We expect to use the remainder of the net proceeds from the initial term loan for working capital and general corporate purposes. We used proceeds from the delayed draw term loan facility to fund our inorganic growth strategy through permitted acquisitions (including deferred purchase price or similar arrangements related thereto) and to pay fees, costs, and expenses in connection therewith.

We are required to prepay the term loans upon the occurrence of certain events, and we may voluntarily prepay the term loans, in whole or in part, at any time, subject to certain notice requirements and prepayment amounts. Prior to July 16, 2028, such mandatory prepayments or voluntary prepayments are subject to a prepayment premium ranging from 1.0% to 3.0% plus a make whole amount depending on the year of such prepayment. Our obligations under the Credit Agreement and the other loan documents are required to be guaranteed by all of our present and future domestic and foreign subsidiaries, subject to certain exceptions (Guarantors). All obligations under the Credit Agreement and the other loan documents are secured by a first priority perfected lien on, and security interest in, substantially all of our and our Guarantor's present and future assets, subject to certain exceptions. The Credit Agreement contains various representations and warranties, affirmative covenants, and negative covenants, including covenants that restrict our and our subsidiaries' ability to take certain actions including, among other things and subject to certain exceptions, the incurrence of debt, the granting of liens, engaging in mergers and other fundamental changes, the making of investments, entering into transactions with affiliates, the payment of dividends and other restricted payments, the prepayment of other indebtedness and the sale of assets. We are also required to comply with a minimum liquidity threshold, a maximum recurring revenue-based leverage ratio, and a maximum EBITDA-based leverage ratio.

Notes to the Consolidated Financial Statements

The Credit Agreement also includes various events of default, including, among others: non-payment of principal, interest or fees, violation of covenants, inaccuracy of representations or warranties, cross-default to other material indebtedness, bankruptcy and insolvency events, invalidity or impairment of security interests or invalidity of loan documents, certain ERISA events, unsatisfied or unstayed judgments and change of control. Upon the occurrence of an event of default, the administrative agent and the lenders may declare all outstanding obligations immediately due and payable and take such other actions as set forth in the Credit Agreement and the related loan documents, including proceeding against the collateral securing such borrowings.

As of December 31, 2025, we were in compliance with all covenants under the Credit Agreement.

Convertible senior notes

On April 14, 2020, we issued \$230.0 million in aggregate principal amount of 2.50% Convertible Senior Notes due 2025 (Notes), in a private placement to qualified institutional buyers exempt from registration under the Securities Act (Note Offering). The net proceeds from the issuance of the Notes were approximately \$222.5 million, after deducting the initial purchasers' discounts and offering expenses payable by us. The Notes were governed by an indenture (Indenture) between us, as the issuer, and U.S. Bank National Association, as trustee. The Notes were our senior, unsecured obligations and accrued interest payable semiannually in arrears on April 15 and October 15 of each year, beginning on October 15, 2020, at a rate of 2.50% per year. In connection with the Note Offering, we entered into privately negotiated capped call transactions (Capped Calls) with certain option counterparties, which had initial cap prices of \$42.00 per share, subject to certain adjustments. The Notes had a maturity date of April 15, 2025, unless earlier converted, redeemed, or repurchased.

On April 14, 2025, we repaid in full the outstanding principal and accrued interest on the Notes, in the aggregate principal amount of \$230.0 million. The Capped Calls expired concurrently with the repayment in full of the outstanding principal and accrued interest on the Notes.

11. Restructuring Costs*August 2025 Restructuring Plan*

In August 2025 our board of directors authorized a reduction of our global workforce as part of a restructuring plan intended to optimize our cost structure and focus our investment of resources in key priority areas to align with strategic changes (August 2025 Restructuring Plan).

As part of the August 2025 Restructuring Plan, we reduced headcount throughout both our professional services and technology segments. The restructuring costs primarily related to severance and other team member costs from workforce reductions.

Restructuring liabilities related to the August 2025 Restructuring Plan are included as a component of accrued liabilities on our consolidated balance sheets. The following table summarizes our August 2025 Restructuring Plan restructuring-related activities, including costs incurred, cash payments, and the resulting liability balances (in thousands):

	Restructuring Liability Rollforward
Balance as of January 1, 2025	\$ —
Severance and other restructuring costs	5,774
Cash payments	(5,070)
Balance as of December 31, 2025	<u>\$ 704</u>

Notes to the Consolidated Financial Statements

The following table summarizes our August 2025 Restructuring Plan costs by financial statement line item for the year ended December 31, 2025 (in thousands):

	Year Ended December 31, 2025		
	Severance and Other Team Member Costs	Other ⁽¹⁾	Total
Cost of revenue, excluding depreciation and amortization:			
Technology	\$ 436	\$ —	\$ 436
Professional services	650	—	650
Sales and marketing	2,059	94	2,153
Research and development	1,409	—	1,409
General and administrative	771	355	1,126
Total	\$ 5,325	\$ 449	\$ 5,774

(1) Includes other miscellaneous charges associated with the August 2025 Restructuring Plan.

We expect additional restructuring costs as part of the August 2025 Restructuring Plan of at least \$1.0 million in the first half of 2026. We continue to evaluate our restructuring initiatives, which may result in additional restructuring costs and associated payments in the future.

January 2025 Restructuring Plan

In January 2025 our board of directors authorized a reduction of our global workforce as part of a restructuring plan intended to optimize our cost structure and focus our investment of resources in key priority areas to align with strategic changes (January 2025 Restructuring Plan).

As part of the January 2025 Restructuring Plan, we reduced headcount throughout both our professional services and technology segments. The restructuring costs primarily related to severance and other team member costs from workforce reductions.

Restructuring liabilities related to the January 2025 Restructuring Plan are included as a component of accrued liabilities on our consolidated balance sheets. The following table summarizes our January 2025 Restructuring Plan restructuring-related activities, including costs incurred, cash payments, and the resulting liability balances (in thousands):

	Restructuring Liability Rollforward
Balance as of January 1, 2025	\$ —
Severance and other restructuring costs	3,939
Cash payments	(3,939)
Balance as of December 31, 2025	\$ —

The following table summarizes our January 2025 Restructuring Plan costs by financial statement line item for the year ended December 31, 2025 (in thousands):

	Year Ended December 31, 2025	
	Total Severance and Other Team Member Costs	
Cost of revenue, excluding depreciation and amortization:		
Technology	\$	401
Professional services		1,142
Sales and marketing		352
Research and development		1,908
General and administrative		136
Total	\$	3,939

Notes to the Consolidated Financial Statements

Our restructuring activities as part of the January 2025 Restructuring Plan were complete by June 30, 2025.

2023 Restructuring Plan

During the quarter and year ended December 31, 2023, our board of directors authorized a reduction of our global workforce as part of a restructuring plan intended to optimize our cost structure and focus our investment of resources in key priority areas to align with strategic changes (2023 Restructuring Plan). As part of the 2023 Restructuring Plan, we significantly reduced headcount throughout both our professional services and technology segments, including among our senior leadership team. The restructuring costs primarily related to severance and other team member costs from workforce reductions and impairment of a discontinued capitalized internal-use software project. As of December 31, 2024, the related restructuring liabilities were completely settled through cash outlays made to impacted team members.

The following tables summarize our 2023 Restructuring Plan costs by financial statement line item for the years ended December 31, 2024 and 2023 (in thousands):

2023 Restructuring Plan	Year Ended December 31, 2024		
	Severance and Other Team Member Costs	Impairment Charges	Total
Cost of revenue, excluding depreciation and amortization:			
Technology	\$ 79	\$ —	\$ 79
Professional services	181	—	181
Sales and marketing	449	—	449
Research and development	443	—	443
General and administrative	936	—	936
Total	\$ 2,088	\$ —	\$ 2,088

2023 Restructuring Plan	Year Ended December 31, 2023		
	Severance and Other Team Member Costs	Impairment Charges	Total
Cost of revenue, excluding depreciation and amortization:			
Technology	\$ 484	\$ —	\$ 484
Professional services	1,398	—	1,398
Sales and marketing	1,210	—	1,210
Research and development	2,436	615	3,051
General and administrative	624	—	624
Total	\$ 6,152	\$ 615	\$ 6,767

Restructuring liabilities related to the 2023 Restructuring Plan are included as a component of accrued liabilities on our consolidated balance sheets. The following table summarizes our restructuring-related activities, including costs incurred, cash payments, and the resulting liability balances (in thousands):

	2023 Restructuring Plan Liability Rollforward
Balance as of January 1, 2023	\$ —
Restructuring costs	6,767
Cash payments	(3,797)
Adjustments for non-cash items ⁽¹⁾	(615)
Balance as of December 31, 2023	\$ 2,355
Restructuring costs	2,088
Cash payments	(4,443)
Balance as of December 31, 2024	\$ —

(1) Non-cash items consist of the impairment of a discontinued capitalized internal-use software project.

Notes to the Consolidated Financial Statements
2022 Restructuring Plan

During the year ended December 31, 2022, we initiated a restructuring plan (2022 Restructuring Plan) to optimize our cost structure and focus our investment of resources in key priority areas to align with strategic changes. As part of the 2022 Restructuring Plan, we significantly reduced investment in our life sciences business unit, which is generally part of the technology segment, and also reduced headcount throughout the Company, including among our senior leadership team. The restructuring costs primarily related to severance and other team member costs from workforce reductions, impairment of discontinued capitalized internal-use software projects, and other miscellaneous charges. We substantially completed all actions under the 2022 Restructuring Plan in early 2023 and, as of December 31, 2023, the related restructuring liabilities were completely settled through cash outlays made to impacted team members.

The following table summarizes our 2022 Restructuring Plan costs by financial statement line item for the year ended December 31, 2023 (in thousands):

2022 Restructuring Plan	Year Ended December 31, 2023			
	Severance and Other Team Member Costs	Impairment Charges	Other ⁽¹⁾	Total
Cost of revenue, excluding depreciation and amortization:				
Technology	\$ 12	\$ —	\$ —	\$ 12
Professional services	434	—	—	434
Sales and marketing	1,190	—	15	1,205
Research and development	286	—	—	286
General and administrative	94	—	24	118
Total	\$ 2,016	\$ —	\$ 39	\$ 2,055
Total cumulative 2022 Restructuring Plan costs	\$ 8,071	\$ 1,225	\$ 1,184	\$ 10,480

(1) Includes other miscellaneous charges associated with the 2022 Restructuring Plan.

Restructuring liabilities related to the 2022 Restructuring Plan were included as a component of accrued liabilities on our consolidated balance sheets. The following table summarizes our restructuring-related activities, including costs incurred, cash payments, and the resulting liability balances (in thousands):

	2022 Restructuring Plan Liability Rollforward
Balance as of January 1, 2023	\$ 1,837
Severance and other restructuring costs	2,055
Cash payments	(3,892)
Balance as of December 31, 2023	\$ —

(1) Non-cash items consist of the impairment of discontinued capitalized internal-use software projects and other minor miscellaneous non-cash adjustments.

12. Stockholders' Equity
Preferred stock

Our board of directors has the authority, without further action by our stockholders, to issue up to 25,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, and privileges thereof, including voting rights. As of December 31, 2025 and 2024, no shares of this preferred stock were issued and outstanding.

Common stock

We had 500,000,000 shares of \$0.001 par value common stock authorized, of which 72,133,528 and 64,043,799 shares were legally issued and outstanding as of December 31, 2025 and 2024, respectively. The shares legally issued and outstanding as of December 31, 2025 and 2024, included 106,196 and zero shares, respectively, issued pursuant to acquisition agreements, which are subject to a restriction agreement and were unvested, and as such, for accounting purposes they were not considered to be outstanding common stock shares. Each share of common stock has the right to one vote on all matters submitted to a vote of stockholders.

Notes to the Consolidated Financial Statements

The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the board of directors, subject to prior rights of holders of all classes of stock outstanding having priority rights as to dividends. No dividends have been declared or paid on our common stock through December 31, 2025.

Share repurchase plan

In August 2022, our board of directors authorized a share repurchase program to repurchase up to \$40.0 million of our outstanding shares of common stock (Share Repurchase Plan). During the year ended December 31, 2025, we repurchased and retired 1,103,601 shares of our common stock for \$5.0 million at an average purchase price of \$4.51 per share. The total remaining authorization for future shares of common stock repurchases under our Share Repurchase Plan is \$24.8 million as of December 31, 2025.

Accumulated Other Comprehensive Income (Loss)

Components of accumulated other comprehensive income (loss) were as follows (in thousands):

	Foreign Currency Translation Adjustment	Unrealized Gain (Loss) on Available for Sale Investments	Total
Balance as of January 1, 2023	\$ (74)	\$ (574)	\$ (648)
Change in foreign currency translation adjustment	19	—	19
Change in net unrealized gain (loss) on available for sale investments	—	662	662
Balance as of December 31, 2023	\$ (55)	\$ 88	\$ 33
Change in foreign currency translation adjustment	(854)	—	(854)
Change in net unrealized gain (loss) on available for sale investments	—	(14)	(14)
Balance as of December 31, 2024	\$ (909)	\$ 74	\$ (835)
Change in foreign currency translation adjustment	2,448	—	2,448
Change in net unrealized gain on available for sale investments	—	(27)	(27)
Balance as of December 31, 2025	<u>\$ 1,539</u>	<u>\$ 47</u>	<u>\$ 1,586</u>

There were no material reclassifications out of accumulated other comprehensive income (loss) during the year December 31, 2025. Additionally, as we record a full valuation allowance against our U.S. and U.K. net deferred tax assets and substantially all of our accumulated other comprehensive income (loss) originated in the U.S. and U.K., other comprehensive income (loss) does not include significant income tax expense.

13. Net Loss Per Share

The following table presents the calculation of basic and diluted net loss per share attributable to common stockholders (in thousands, except share and per share amounts):

	Year Ended December 31,		
	2025	2024	2023
Net loss per share, basic and diluted			
Numerator:			
Net loss	\$ (177,974)	\$ (69,502)	\$ (118,147)
Denominator:			
Weighted-average number of shares used in calculating net loss per share, basic and diluted	69,896,134	60,184,920	56,418,397
Net loss per share, basic and diluted	<u>\$ (2.55)</u>	<u>\$ (1.15)</u>	<u>\$ (2.09)</u>

During the years ended December 31, 2025, 2024 and 2023, we incurred net losses and, therefore, the effect of our stock options, restricted stock units, performance-based restricted stock units, convertible senior notes, and restricted shares were not included in the calculation of diluted net loss per share as the effect would be anti-dilutive. The calculation of diluted net loss per share does not include the effect of the following potentially outstanding shares of common stock. The effects of these potentially outstanding shares were not included in the calculation of diluted net loss per share when the effect would have been anti-dilutive:

Notes to the Consolidated Financial Statements

	As of December 31,		
	2025	2024	2023
Common stock options	842,085	1,053,251	1,396,452
Restricted stock units	4,004,505	3,505,406	3,111,584
Performance-based restricted stock units	2,521,754	524,313	188,533
Shares related to convertible senior notes ⁽¹⁾	—	7,516,331	7,516,331
Restricted shares	106,196	—	235,389
Shares issuable as acquisition-related contingent consideration ⁽²⁾	—	—	—
Total potentially dilutive securities	7,474,540	12,599,301	12,448,289

- (1) On April 14, 2025, we fully settled the principal amount of the convertible senior notes in cash with no issuance of shares of our common stock. In connection with the offering of our convertible senior notes, we entered into Capped Calls with initial caps on the conversion price of \$42.00 per share, which expired concurrently with the settlement of the convertible senior notes and which are excluded from the calculation of diluted earnings per share in all periods presented, as they would be antidilutive.
- (2) The Upfront acquisition includes contingent consideration based on certain recurring revenue-based earn-out performance targets for Upfront during an earn-out period that ends on December 31, 2026. The Upfront contingent consideration is capped and will be paid in a combination of equity and cash to the extent achieved. If the earn-out were to be fully achieved, we would be required to issue approximately 2.7 million shares of common stock related to this acquisition in early 2027. There were no anti-dilutive shares issuable as acquisition-related contingent consideration presented as of December 31, 2025 in the table above as the amounts presented above are calculated based on the earn-out achieved and the estimated number of shares that would be issuable if the outstanding acquisition-related contingent consideration liability was to be settled as of that date.

14. Stock-Based Compensation

In 2011, our board of directors adopted the Health Catalyst, Inc. 2011 Stock Incentive Plan (2011 Plan), which provided for the direct award, sale of shares and granting of RSUs and options for our common stock to our directors, team members, or consultants. In connection with our IPO, our board of directors adopted the 2019 Stock Option and Incentive Plan (2019 Plan). The 2019 Plan provides flexibility to our compensation committee to use various equity-based incentive awards as compensation tools to motivate our workforce, including the grant of incentive and non-statutory stock options, restricted and unrestricted stock, RSUs, and stock appreciation rights to our directors, team members, or consultants.

We initially reserved 2,756,607 shares of our common stock (2,500,000 under the 2019 Plan and 256,607 shares under the 2011 Plan that were available immediately prior to the IPO registration date). The 2019 Plan provides that the number of shares reserved available for issuance under the plan will automatically increase each January 1, beginning on January 1, 2020, by 5% of the outstanding number of shares of our common stock on the immediately preceding December 31, or such lesser number of shares as determined by our compensation committee. As of January 1, 2025, there were an additional 3,202,189 shares reserved for issuance under the 2019 Plan.

As of December 31, 2025, 2024, and 2023, there were 26,846,400, 23,644,211, and 20,717,667 shares authorized for grant, respectively, and 2,328,350, 4,288,278, and 3,831,444 shares available for grant, respectively, under the 2019 Plan and 2011 Plan (collectively, the Stock Incentive Plan).

The following two tables summarize our total stock-based compensation expense by award type and where the stock-based compensation expense was recorded in our consolidated statements of operations (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Options	\$ —	\$ 13	\$ 60
Restricted stock units (RSUs)	21,265	35,067	45,108
Performance-based restricted stock units (PRSU)	4,056	2,152	1,304
Employee stock purchase plan	817	927	1,731
Restricted shares	874	1,969	7,553
Total stock-based compensation	\$ 27,012	\$ 40,128	\$ 55,756

Notes to the Consolidated Financial Statements

	Year Ended December 31,		
	2025	2024	2023
Cost of revenue	\$ 4,475	\$ 7,741	\$ 9,235
Sales and marketing	7,866	12,120	20,982
Research and development	3,743	7,696	11,213
General and administrative	10,928	12,571	14,326
Total stock-based compensation	<u>\$ 27,012</u>	<u>\$ 40,128</u>	<u>\$ 55,756</u>

For the years ended December 31, 2025, 2024, and 2023 we capitalized \$1.0 million, \$1.0 million, and \$0.9 million respectively, of stock-based compensation as internal-use software.

Stock options

All options were granted with an exercise price determined by the board of directors that was equal to the estimated fair value of our common stock at the date of grant, based on the information known on the date of grant. Subject to certain exceptions defined in the Stock Incentive Plan related to an employee's termination, options generally expire on the tenth anniversary of the applicable grant date. Our standard stock-based awards vest solely on a service-based condition. For these awards, we recognize stock-based compensation based on the grant date fair value of the awards and recognize that cost using the straight-line method over the requisite service period of the award. Awards that contain both service-based and performance conditions are recognized using the accelerated attribution method once the performance condition is probable of occurring. The service-based condition is generally a service period of four years.

The fair value of options, which vest in accordance with service schedules, was estimated on the date of grant or, when applicable, the modification date, using the Black-Scholes option pricing model. We account for forfeitures as they occur. All stock options outstanding at December 31, 2025 and 2024 are fully vested.

A summary of the share option activity under the Health Catalyst Stock Plan for the year ended December 31, 2025, is as follows:

	Time-Based Option Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Outstanding at January 1, 2025	1,053,251	\$ 11.99	3.1	\$ —
Options cancelled/expired	(211,166)	10.50		
Outstanding at December 31, 2025	<u>842,085</u>	\$ 12.36	2.5	\$ —
Vested and expected to vest as of December 31, 2025	842,085	\$ 12.36	2.5	\$ —
Vested and exercisable as of December 31, 2025	842,085	\$ 12.36	2.5	\$ —

There were no stock options granted during the years ended December 31, 2025, 2024, and 2023, no stock options vested during the years ended December 31, 2025 and 2024, and no stock options exercised during the year ended December 31, 2025. The aggregate intrinsic value of stock options exercised was zero, \$0.1 million, and \$0.7 million for the years ended December 31, 2025, 2024, and 2023, respectively. The total grant-date fair value of stock options vested during the years ended December 31, 2025 and 2024 was zero and \$0.4 million during the year ended December 31, 2023. As of December 31, 2025 and 2024, all of our outstanding stock options were fully vested and there was no longer any related unrecognized compensation expense.

Notes to the Consolidated Financial Statements

Restricted stock units (RSUs)

The service-based condition for restricted stock units (RSUs) is generally satisfied over four years with a cliff vesting period of one year and quarterly vesting thereafter. The following table sets forth the outstanding RSUs and related activity for the year ended December 31, 2025:

	Restricted Stock Units	Weighted Average Grant Date Fair Value
Unvested and outstanding at January 1, 2025	3,505,406	\$ 11.49
RSUs granted	4,448,723	4.49
RSUs vested	(2,729,534)	10.04
RSUs forfeited	(1,220,090)	7.49
Unvested and outstanding at December 31, 2025	<u>4,004,505</u>	<u>\$ 5.72</u>

During the years ended December 31, 2025, 2024, and 2023, we granted RSUs with a weighted-average grant date fair value of \$4.49, \$8.51, and \$11.77, respectively, which represents the weighted-average closing price of our common stock on the grant date. The total grant date fair value of RSUs vested during the years ended December 31, 2025, 2024, and 2023 was \$27.4 million, \$37.3 million, and \$51.3 million, respectively. As of December 31, 2025, we had \$20.8 million of unrecognized stock-based compensation expense related to outstanding RSUs expected to be recognized over a weighted-average period of 2.0 years.

Performance-based restricted stock units (PRSUs)*2025 Executive PRSUs*

During the year ended December 31, 2025, certain named executive officers and other leadership team members were granted executive PRSUs with a three-year measurement period that include service conditions, performance conditions, and market conditions. The vesting of these PRSUs will be determined based on market-based targets for total shareholder return (TSR) achievement (weighted 25%) and financial performance targets for revenue growth rate achievement (weighted 25%) and Adjusted EBITDA margin achievement (weighted 50%). These PRSUs may vest in an amount up to the amount granted, subject to satisfaction of the pre-established targets. The number of PRSUs that will vest for the 2025, 2026, and 2027 vesting periods will be calculated as follows: (i) the market/performance achievement for the applicable vesting period, multiplied by (ii) approximately 33.33% of the PRSUs for each of the 2025, 2026, and 2027 vesting periods, each rounded to the nearest whole share.

2024 Executive PRSUs

During the year ended December 31, 2024, certain named executive officers and other leadership team members were granted executive PRSUs with a three-year measurement period that include service conditions, performance conditions, and market conditions. The vesting of these PRSUs will be determined based on market-based targets for total shareholder return (TSR) achievement (weighted 25%) and financial performance targets for revenue growth rate achievement (weighted 25%) and Adjusted EBITDA margin achievement (weighted 50%). These PRSUs may vest in an amount up to the amount granted, subject to satisfaction of the pre-established targets. The number of PRSUs that will vest for the 2024, 2025, and 2026 vesting periods will be calculated as follows: (i) the market/performance achievement for the applicable vesting period, multiplied by (ii) approximately 33.33% of the PRSUs for each of the 2024, 2025, and 2026 vesting periods, each rounded to the nearest whole share.

2023 Executive PRSUs

During the year ended December 31, 2023, certain named executive officers and other leadership team members were granted executive PRSUs with a measurement period of three years that include service conditions, performance conditions, and market conditions. The vesting of these PRSUs will be determined based on market-based targets for total shareholder return (TSR) achievement and financial performance targets for revenue growth rate achievement and Adjusted EBITDA margin achievement. Each of the three market and performance targets are weighted equally and these PRSUs may vest in an amount up to the amount granted, subject to satisfaction of the pre-established targets. The number of PRSUs that will vest for the 2023, 2024, and 2025 vesting periods will be calculated as follows: (i) the market/performance achievement for the applicable vesting period, multiplied by (ii) approximately 33.33% of the PRSUs for each of the 2023, 2024 and 2025 vesting periods, each rounded to the nearest whole share.

Notes to the Consolidated Financial Statements

The fair value of the market-based tranches included in the executive PRSUs were estimated on the date of grants using the Monte Carlo simulation valuation model with the following assumptions:

	Year Ended December 31,	
	2025	2024
Expected volatility	71.6%	65.5%
Expected term (in years)	1-3	1-3
Risk-free interest rate	4.16% - 4.23%	4.33% - 4.91%
Expected dividends	—	—

The following table sets forth the outstanding PRSUs, including executive PRSUs, and related activity for the year ended December 31, 2025:

	Performance-based Restricted Stock Units	Weighted Average Grant Date Fair Value
Unvested and outstanding at	524,313	\$ 9.90
PRSUs granted	2,640,823	4.79
PRSUs vested	(147,209)	9.88
PRSUs forfeited	(496,173)	5.59
Unvested and outstanding at December 31, 2025	<u>2,521,754</u>	<u>\$ 5.40</u>

During the years ended December 31, 2025, 2024, and 2023 we granted PRSUs with a weighted-average grant date fair value of \$4.79 and \$9.45, and \$12.42 respectively, which represents the weighted-average closing price of our common stock on the grant date for performance-based tranches and the estimated fair value using a Monte Carlo simulation valuation model for the market-based tranches. The total grant date fair value of PRSUs vested during the years ended December 31, 2025, 2024, and 2023 was \$1.5 million, \$0.6 million, and \$4.8 million respectively. As of December 31, 2025, we had \$2.2 million of unrecognized stock-based compensation expense related to outstanding PRSUs expected to be recognized over a remaining weighted-average period of 1.2 years.

Employee stock purchase plan

In connection with our IPO in July 2019, our board of directors adopted the ESPP and a total of 750,000 shares of common stock were initially reserved for issuance under the ESPP. The number of shares of common stock available for issuance under the ESPP will be increased on the first day of each calendar year beginning January 1, 2020 and each year thereafter until the ESPP terminates. The number of shares of common stock reserved and available for issuance under the ESPP shall be cumulatively increased by the least of (i) 750,000 shares, (ii) one percent of the number of shares of common stock issued and outstanding on the immediately preceding December 31, and (iii) such lesser number of shares of common stock as determined by the ESPP Administrator. As of January 1, 2025, the number of shares of common stock available for issuance under the ESPP increased by 640,437 shares.

The ESPP generally provides for six-month offering periods. The offering periods generally start on the first trading day after June 30 and December 31 of each year. The ESPP permits participants to elect to purchase shares of common stock through fixed percentage contributions from eligible compensation during each offering period, not to exceed 15% of the eligible compensation a participant receives during an offering period or accrue at a rate which exceeds \$25,000 of the fair value of the stock (determined on the option grant dates(s)) for each calendar year. A participant may purchase the lowest of (i) a number of shares of common stock determined by dividing such participant's accumulated payroll deductions on the exercise date by the option price, (ii) 2,500 shares; or (iii) such other lesser maximum number of shares as shall have been established by the ESPP Administrator in advance of the offering period. Amounts deducted and accumulated by the participant will be used to purchase shares of common stock at the end of each offering period. The purchase price of the shares will be 85% of the lower of the fair value of common stock on the first trading day of each offering period or on the purchase date. Participants may end their participation at any time during an offering period and will be paid their accumulated contributions that have not been used to purchase shares of common stock. Participation ends automatically upon termination of employment.

Notes to the Consolidated Financial Statements

The fair value of the purchase right for the ESPP option component is estimated on the date of grant using the Black-Scholes model with the following assumptions for the years ended December 31, 2025, 2024, and 2023:

	Year Ended December 31,		
	2025	2024	2023
Expected volatility	59.2%-75.2%	55.5%-56.8%	54.3%-99.4%
Expected term (in years)	0.5	0.5	0.5
Risk-free interest rate	4.3%	5.2%-5.4%	4.8%-5.5%
Expected dividends	—	—	—

Expected volatility estimates were based on the historical volatility of our common stock as of the beginning of each respective offering period. The expected term of the ESPP option component was based on the six-month offering period and the risk-free rate represented the yield on U.S. Treasury bonds with maturity equal to the expected term as of the beginning of each respective offering period. During the year ended December 31, 2025, we issued 562,833 shares under the ESPP, with a weighted-average purchase price per share of \$2.68. Total cash proceeds withheld from employees for the purchase of shares under the ESPP in 2025 were \$1.5 million. As of December 31, 2025, 1,679,607 shares are reserved for future issuance under the ESPP.

Restricted shares issued as part of acquisitions

As part of the Upfront acquisition that closed on January 22, 2025, 106,196 shares of our common stock were issued pursuant to the terms of the acquisition agreement and were considered a stock-based compensation arrangement subject to a restriction agreement. The vesting of these shares is subject to eighteen months of continuous service with cliff vesting. In addition we entered into certain management retention bonus agreements that may result in the issuance of up to approximately 151,148 restricted shares of common stock to certain Upfront management team members, a portion of which is variable based upon the achievement of earn-out performance targets. The retention bonuses are recorded as post-combination compensation expense. During the year ended December 31, 2025, 86,975 of these retention bonus restricted shares vested.

As part of the ERS acquisition that closed on October 2, 2023, 175,901 shares of our common stock were issued pursuant to the terms of the acquisition agreement and are considered a stock-based compensation arrangement subject to a restriction agreement. The vesting of those shares was originally subject to eighteen months of continuous service with cliff vesting. However, due to workforce reductions made as part of the 2023 Restructuring Plan, the ERS restricted shares were fully vested in February 2024, resulting in an acceleration of the related stock-based compensation expense.

As part of the ARMUS acquisition that closed on April 29, 2022, 235,330 shares of our common stock were issued pursuant to the terms of the acquisition agreement and are considered a stock-based compensation arrangement subject to a restriction agreement. The vesting of those shares was subject to eighteen months of continuous service with cliff vesting upon the eighteen-month anniversary of the acquisition close date.

As part of the KPI Ninja acquisition that closed on February 24, 2022, 356,919 shares of our common stock were issued pursuant to the terms of the acquisition agreement and are considered a stock-based compensation arrangement subject to a restriction agreement. The vesting of those shares is subject to continuous service with 25% vesting upon each six-month anniversary of the acquisition close date.

As of December 31, 2025, we had \$0.2 million of unrecognized stock-based compensation expense related to outstanding restricted shares expected to be recognized over a weighted-average period of 0.6 years.

Notes to the Consolidated Financial Statements

15. Income Taxes

For the years ended December 31, 2025, 2024, and 2023, loss before income taxes consisted of the following (in thousands):

	Year Ended December 31,		
	2025	2024	2023
United States	\$ (161,556)	\$ (65,059)	\$ (118,098)
Foreign	(15,702)	(4,110)	307
Loss before income taxes	<u>\$ (177,258)</u>	<u>\$ (69,169)</u>	<u>\$ (117,791)</u>

For the years ended December 31, 2025, 2024, and 2023, the income tax provision consisted of the following (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Current taxes:			
Federal	\$ —	\$ —	\$ —
Foreign	454	62	204
State	181	194	144
Total current tax provision	<u>635</u>	<u>256</u>	<u>348</u>
Deferred taxes:			
Federal	69	61	8
Foreign	(2)	4	(1)
State	14	12	1
Total deferred provision	<u>81</u>	<u>77</u>	<u>8</u>
Total income tax provision	<u>\$ 716</u>	<u>\$ 333</u>	<u>\$ 356</u>

The amount of cash income taxes we paid were as follows (in thousands):

	Year Ended December 31,
	2025
U.S. federal income taxes paid, net	\$ —
States and local income taxes paid, net	
Tennessee	42
Texas	41
Louisiana	38
Massachusetts	25
New York	24
Other	36
Foreign income taxes paid, net	
India	144
United Kingdom	27
Other	18
Total income taxes paid, net	<u>\$ 395</u>

We paid cash income taxes of \$0.3 million during each of the years ended December 31, 2024 and 2023.

Notes to the Consolidated Financial Statements

A reconciliation of the provision for income taxes to the amount computed by applying the statutory U.S. federal income tax rate of 21% to loss before income taxes after the adoption of ASU 2023-09 is as follows:

	Year Ended December 31,	
	2025	
	(in thousands)	Percent
Tax at U.S. statutory rate	\$ (37,224)	21.0 %
State and local income tax, net of federal tax effect ⁽¹⁾	157	(0.1)%
Foreign tax effects		
United Kingdom		
Goodwill impairment	2,022	(1.1)%
Change in valuation allowance	2,870	(1.6)%
Other	(1,225)	0.7 %
Other foreign jurisdictions	75	— %
Change in valuation allowance	13,490	(7.6)%
Nontaxable or nondeductible items		
Goodwill impairment	17,487	(9.9)%
Stock-based compensation	3,698	(2.1)%
Other nondeductible items	(1,064)	0.6 %
Other adjustments	430	(0.2)%
Effective income tax rate	\$ 716	(0.4)%

(1) The state jurisdictions that contribute to a majority (greater than 50%) of the tax effect in this category included Texas and Tennessee.

A reconciliation of the statutory U.S. federal income tax rate to our effective income tax rate for years prior to the adoption of ASU 2023-09 is as follows:

	Year Ended December 31,	
	2024	2023
Tax at U.S. statutory rate	21.0 %	21.0 %
State and local income tax, net of federal tax effect	(0.2)	(0.1)
Stock-based compensation	(7.1)	(7.0)
Contingent consideration	0.5	—
Transaction costs	(0.8)	—
Change in valuation allowance	(13.6)	(14.0)
Other, net	(0.2)	(0.2)
Effective income tax rate	(0.4)%	(0.3)%

Notes to the Consolidated Financial Statements

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities were as follows as of December 31, 2025 and 2024 (in thousands):

	As of December 31,	
	2025	2024
Deferred income tax assets:		
Net operating loss carryforwards	\$ 223,002	\$ 194,572
Research and development credits	27,134	27,273
Code 174 capitalized research and development	27,533	36,806
Operating lease liabilities	4,222	4,768
Intangible assets	4,208	3,725
Accrued expenses	3,520	2,384
Interest limitation carryforward	5,244	2,115
Property and equipment	2,175	1,807
Stock-based compensation	1,005	1,691
Allowance for bad debt	933	1,055
Deferred revenue	313	804
Foreign non-trading loss carryforward	1,495	481
Debt-related costs	728	318
Other	89	82
Total deferred income tax assets	301,601	277,881
Valuation allowance	(294,882)	(268,589)
Net deferred income tax assets	6,719	9,292
Deferred income tax liabilities:		
Foreign intangible assets	(2,472)	(3,256)
Operating lease right-of-use assets	(1,277)	(2,724)
Prepaid expenses	(1,915)	(2,112)
Deferred commissions	(1,055)	(1,201)
Indefinite-lived intangible assets	(227)	(154)
Total deferred income tax liabilities	(6,946)	(9,447)
Net deferred income tax liabilities	\$ (227)	\$ (155)

We account for deferred taxes under ASC 740, *Income Taxes*, which requires a reduction of the carrying amounts of deferred tax assets by a valuation allowance if, based on available evidence, it is more likely than not that such assets will not be realized. Accordingly, the need to establish valuation allowances for deferred tax assets is assessed periodically based on the ASC 740 more-likely-than-not realization threshold criterion. This assessment considers matters such as future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, legislative developments, and results of recent operations. The evaluation of the recoverability of the deferred tax assets requires that we weigh all positive and negative evidence to reach a conclusion that it is more likely than not that all or some portion of the deferred tax assets will not be realized. The weight given to the evidence is commensurate with the extent to which it can be objectively verified.

We have provided a valuation allowance for our net deferred tax assets, absent differences related to intangible assets with indefinite lives, at December 31, 2025 and 2024, due to the uncertainty surrounding the future realization of such assets and the cumulative losses we have generated. Therefore, no benefit has been recognized in the financial statements for the net operating loss carryforwards and other deferred tax assets, apart from an immaterial deferred tax liability as noted previously. The net deferred income tax liability balance is recorded under Other Liabilities on the consolidated balance sheets. During the years ended December 31, 2025 and 2024, respectively, the valuation allowance increased by \$26.3 million and \$42.3 million, respectively.

Notes to the Consolidated Financial Statements

As of December 31, 2025, we had approximately \$787.8 million of consolidated federal net operating loss carryforwards and \$647.7 million of apportioned state net operating loss carryforwards available to offset future taxable income, respectively. If unused, the federal and state net operating loss carryforwards will begin to expire in 2032 and 2026, respectively. We have federal research and development credit carryforwards of \$25.5 million and state research and development credit carryforwards of \$10.7 million, which if not utilized will begin to expire in 2032 and 2026, respectively. To the extent we do not utilize our carryforwards within the applicable statutory carryforward periods, either because of ownership changes and limitations under Code Sections 382 and 383 and similar state laws or the lack of sufficient taxable income, the carryforwards will expire unused.

Utilization of net operating loss carryforwards and credits may be subject to a substantial annual limitation due to the ownership change limitations provided by the Code, and similar state provisions. The Company most recently performed a detailed analysis in December 2021 to determine whether an ownership change under Section 382 of the Code had occurred or will occur that resulted in limitations pursuant to Section 382 and Section 383 due to pre-acquisition changes in ownership identified. It is possible that additional limitations may arise in future years due to future changes in the ownership of the Company.

We file federal and state income tax returns in jurisdictions with varying statutes of limitations. With few exceptions, including unutilized net operating loss and research and development credit carryforwards, we are no longer subject to federal or state income tax examinations by tax authorities for tax years prior to 2022 and 2021, respectively.

We recognize tax benefits from uncertain tax positions when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. The following table summarizes the activity related to unrecognized tax benefits for the years ended December 31, 2025, 2024, and 2023 (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Beginning balance	\$ 6,818	\$ 6,818	\$ 6,821
Decrease in unrecognized tax benefits taken in prior years	(12)	—	(3)
Ending balance	<u>\$ 6,806</u>	<u>\$ 6,818</u>	<u>\$ 6,818</u>

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is zero due to the valuation allowance. We do not anticipate material changes in the total amount of our unrecognized tax benefits within 12 months of the reporting date. Our policy is to accrue interest and penalties related to unrecognized tax benefits within the provision for income taxes. However, as of December 31, 2025 and 2024, we have not accrued interest and penalties because we have net operating loss carryforwards.

16. Contingencies***Litigation***

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

We are involved in legal proceedings from time to time that arise in the normal course of business. In the opinion of management, such routine claims and lawsuits are not significant, and we do not expect them to have a material adverse effect on our business, financial condition, results of operations, or liquidity, except as noted below. We were party to the proceedings set forth below.

On December 21, 2020, Pascal Metrics, Inc. (Pascal Metrics) filed a complaint against the Company in the Delaware Chancery Court (as amended, Complaint) alleging that the Company misappropriated alleged trade secrets of Pascal Metrics and seeking monetary damages. The Complaint focuses upon Patient Safety Monitor. On June 15, 2023, we entered into a settlement and mutual release agreement (Settlement Agreement) with Pascal Metrics and agreed to pay \$18.8 million without admission of any wrongdoing, resolving the litigation amongst the parties. The Settlement Agreement provided us with a broad intellectual property license of the alleged trade secrets that were the subject matter of the Complaint. The Complaint was dismissed with prejudice on June 20, 2023 and the settlement amount was paid on June 27, 2023. The litigation charges were recorded as part of general and administrative expense in our consolidated statements of operations during the year ended December 31, 2023.

Notes to the Consolidated Financial Statements**17. Contract Balances and Performance Obligations***Contract balances*

As of December 31, 2025 and 2024, the unbilled accounts receivable included in accounts receivable on our consolidated balance sheets was \$10.1 million and \$11.8 million, respectively.

As of December 31, 2025 and 2024, the total of current and non-current deferred revenue on our consolidated balance sheets was \$56.5 million and \$53.5 million, respectively. Deferred revenue includes advance client payments and billings in excess of revenue recognized. For the years ended December 31, 2025, 2024, and 2023 approximately \$50.9 million (16%), \$52.0 million (17%), and \$52.9 million (18%), respectively, of the revenue recognized was included in deferred revenue at the beginning of the period.

Transaction price allocated to the remaining performance obligations

Most of our technology and professional services contracts have a three or five-year term, of which many are terminable after one year upon 90 days' notice. For arrangements that do not allow the client to cancel within one year or less, we expect to recognize \$254.4 million of revenue on unsatisfied performance obligations as of December 31, 2025. We expect to recognize approximately 70% of the remaining performance obligations over the next 24 months, with the balance recognized thereafter.

18. Related Parties

We have entered into arrangements with a client, Carle Health, and a member of the client's executive leadership team began serving on our board of directors effective July 1, 2023 and currently serves on our board of directors. We recognized revenue from this related party of \$17.7 million, \$16.7 million, and \$8.1 million for the years ended December 31, 2025, 2024 and 2023, respectively, after the related party relationship commenced. As of December 31, 2025 and 2024, we had receivables from this related party of \$1.7 million and \$2.2 million, respectively, and deferred revenue with this related party of \$0.2 million and \$0.1 million, respectively. We have revenue arrangements with clients that were also our investors. None of these clients hold a significant amount of ownership in our equity interests.

19. Employee Benefit Plans

We have a 401(k) defined contribution plan covering eligible employees. Our contributions were \$3.4 million, \$5.4 million, and \$5.7 million for the years ended December 31, 2025, 2024, and 2023, respectively. In recent years we matched 100% of the first 4% of an employees' 401(k) plan contributions, however, these employer contributions were paused during the second half of 2025.

20. Segments

We operate our business in two operating segments that also represent our reportable segments. Our business is organized based on our technology offerings and professional services. Accordingly, our segments are:

- **Technology** - Our technology segment (Technology) includes our data platform, analytics applications and support services and generates revenues primarily from contracts that are cloud-based subscription arrangements, time-based license arrangements, and maintenance and support fees; and
- **Professional Services** - Our professional services segment (Professional Services) is generally the combination of analytics, implementation, strategic advisory, outsource, and improvement services to deliver expertise to our clients to more fully configure and utilize the benefits of our Technology offerings.

Revenues and cost of revenues generally are directly attributed to our segments. All segment revenues are from our external clients. Asset and other balance sheet information at the segment level is not reported to our CODM. The CODM is regularly provided with and reviews revenue and Adjusted Gross Profit by operating segment. The CODM uses Adjusted Gross Profit as the primary measure of our profit used to assess performance and allocate resources between the two operating segments. Adjusted Cost of Revenue is a significant segment expense that is easily computable by subtracting segment Adjusted Gross Profit from segment revenue. Adjusted Gross Profit and Adjusted Cost of Revenue are non-GAAP financial measures, have limitations as analytical tools, and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP.

Notes to the Consolidated Financial Statements

The reconciliation between consolidated loss before income tax to reportable segment Adjusted Gross Profit is as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Adjusted Gross Profit:			
Technology	\$ 140,315	\$ 129,139	\$ 127,339
Professional Services	18,792	20,394	15,099
Total reportable segments Adjusted Gross Profit	159,107	149,533	142,438
Less Adjusted Gross Profit reconciling items:			
Stock-based compensation	(4,475)	(7,741)	(9,235)
Acquisition-related costs, net ⁽³⁾	(328)	(753)	(664)
Restructuring costs	(2,629)	(260)	(706)
Less other reconciling items:			
Sales and marketing	(52,477)	(54,387)	(67,321)
Research and development	(49,770)	(57,950)	(72,627)
General and administrative	(49,559)	(56,817)	(76,559)
Depreciation and amortization	(50,500)	(41,431)	(42,223)
Impairment of goodwill and intangible assets	(110,223)	—	—
Interest and other income (expense), net	(16,404)	637	9,106
Loss before income taxes	\$ (177,258)	\$ (69,169)	\$ (117,791)

(3) Acquisition-related costs, net include deferred retention expenses following the Lumeon, Carevive, ARMUS, and KPI Ninja acquisitions.

Revenue, Adjusted Cost of Revenue, and Adjusted Gross Profit by operating segment were as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Technology:			
Revenue	\$ 208,277	\$ 194,852	\$ 187,583
Adjusted Cost of Revenue ⁽¹⁾	67,962	65,713	60,244
Adjusted Gross Profit	\$ 140,315	\$ 129,139	\$ 127,339
Professional Services:			
Revenue	\$ 102,859	\$ 111,732	\$ 108,355
Adjusted Cost of Revenue ⁽²⁾	84,067	91,338	93,256
Adjusted Gross Profit	\$ 18,792	\$ 20,394	\$ 15,099

(1) Technology Adjusted Cost of Revenue primarily consists of costs associated with hosting and supporting our technology, including third-party cloud computing and hosting costs, license and revenue share fees, contractor costs, and salary and related personnel costs for our cloud services and support teams. Technology Adjusted Cost of Revenue excludes depreciation, amortization, stock-based compensation, acquisition-related costs, net, and restructuring costs.

(2) Professional Services Adjusted Cost of Revenue primarily consists of costs related to delivering our team's expertise in analytics, strategic advisory, improvement, and implementation services. These costs primarily include salary and related personnel costs, travel-related costs, and outside contractor costs. Professional Services Adjusted Cost of Revenue excludes stock-based compensation, acquisition-related costs, net, and restructuring costs.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of disclosure controls and procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act)), as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were effective at a reasonable assurance level.

Management's report on internal control over financial reporting

Our management is responsible for establishing and maintaining adequate internal controls over financial reporting. Our management, including the CEO and CFO, conducted an evaluation of the effectiveness of our internal control over financial reporting, as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies may deteriorate.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2025 using the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013). Based on the results of this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2025.

The effectiveness of our internal control over financial reporting as of December 31, 2025 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is provided in Part II, Item 8 of this Annual Report on Form 10-K.

Changes in internal control over financial reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by the three months ended December 31, 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent limitations on effectiveness of disclosure controls and procedures

Our management, including our principal executive officer and principal financial officer, do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Item 9B. Other Information

Rule 10b5-1 Trading Arrangements

During the quarter ended December 31, 2025, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) informed us of the adoption or termination of a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

The information required by this item is incorporated by reference to our Form 10-K/A in lieu of our proxy statement relating to our 2026 Annual Meeting of Stockholders. The Form 10-K/A will be filed with the Securities and Exchange Commission within 120 days of the year ended December 31, 2025.

Our board of directors has adopted a Code of Business Conduct and Ethics (Code of Conduct) that applies to all officers, directors, and employees, which is available on our website at ir.healthcatalyst.com under "Corporate Governance." The nominating and corporate governance committee of our board of directors is responsible for overseeing the Code of Conduct and must approve any waivers of the Code of Conduct for employees, executive officers, and directors. We expect that any amendments to the Code of Conduct, or any waivers of its requirements, will be disclosed on our website, as required by applicable law or the Nasdaq listing standards.

We have adopted an Insider Trading Policy governing the purchase, sale, and/or other dispositions of our securities by our directors, officers, employees and other covered persons that are designed to promote compliance with insider trading laws, rules and regulations, and the Nasdaq listing rules, as applicable. A copy of our Insider Trading Compliance Policy is filed as Exhibit 19.1 to this annual report on Form 10-K. It is our policy to comply with U.S. insider trading laws and regulations, including with respect to transactions in our own securities.

Item 11. Executive Compensation

The information required by this item is incorporated by reference to our Form 10-K/A in lieu of our proxy statement relating to our 2026 Annual Meeting of Stockholders. The Form 10-K/A will be filed with the Securities and Exchange Commission within 120 days of the year ended December 31, 2025.

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

The information required by this item is incorporated by reference to our Form 10-K/A in lieu of our proxy statement relating to our 2026 Annual Meeting of Stockholders. The Form 10-K/A will be filed with the Securities and Exchange Commission within 120 days of the year ended December 31, 2025.

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

The information required by this item is incorporated by reference to our Form 10-K/A in lieu of our proxy statement relating to our 2026 Annual Meeting of Stockholders. The Form 10-K/A will be filed with the Securities and Exchange Commission within 120 days of the year ended December 31, 2025.

Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated by reference to our Form 10-K/A in lieu of our proxy statement relating to our 2026 Annual Meeting of Stockholders. The Form 10-K/A will be filed with the Securities and Exchange Commission within 120 days of the year ended December 31, 2025.

PART IV**Item 15. Exhibits and Financial Statement Schedules**

The following documents are filed as a part of this Annual Report on Form 10-K:

(a) Financial statements

The information concerning our financial statements, including the Report of Independent Registered Public Accounting Firm required by this item is incorporated by reference herein to the section of this Annual Report on Form 10-K in Item 8, entitled “Consolidated Financial Statements and Supplementary Data.”

(b) Financial statement schedules

All schedules have been omitted because the required information is not present or not present in amounts sufficient to require submission of the schedules, or because the information required is included in the section of this Annual Report on Form 10-K Item 8, entitled “Consolidated Financial Statements and Supplementary Data.”

(c) Exhibits

See the Exhibit Index immediately preceding the signature page of this Annual Report on Form 10-K.

Item 16. Form 10-K Summary

None.

EXHIBIT INDEX

Exhibit Number	Description of Document	Incorporated by Reference from Form	Incorporated by Reference from Exhibit Number	Date Filed
2.1	Agreement and Plan of Merger, dated January 10, 2025, by and among Health Catalyst, Inc., Upfront Healthcare Services, Inc., and the other parties named therein.	10-K	2.1	February 26, 2025
3.1	Amended and Restated Certificate of Incorporation.	S-1/A	3.2	July 12, 2019
3.2	Amended and Restated Bylaws.	S-1/A	3.4	July 12, 2019
3.3	Amendment to the Amended and Restated Bylaws.	8-K	3.1	August 2, 2021
4.1	Form of common stock certificate.	S-1/A	4.1	July 12, 2019
4.2	Fifth Amended and Restated Registration Agreement, dated February 6, 2019, by and among the Registrant and certain of its stockholders.	S-1	4.2	June 27, 2019
4.3	Fifth Amended and Restated Investor Rights Agreement, dated February 6, 2019, by and among the Registrant and certain of its stockholders.	S-1	4.3	June 27, 2019
4.4	Fifth Amended and Restated Stockholders Agreement, dated February 6, 2019, by and among the Registrant and certain of its stockholders.	S-1	4.4	June 27, 2019
4.5	Amendment No. 1 to Financing Documents, dated July 10, 2019, by and among the Registrant and certain of its stockholders.	S-1/A	4.5	July 12, 2019
4.6	Description of securities registered under Section 12 of the Exchange Act.	10-K	4.6	February 28, 2020
10.1#	Non-Employee Director Compensation Policy.	10-K/A	10.1#	April 30, 2025
10.2#	2019 Stock Option and Incentive Plan, and forms of agreements thereunder.	S-1/A	10.12	July 12, 2019
10.3#	Amended and Restated 2011 Stock Incentive Plan, and forms of agreements thereunder.	S-1	10.13	June 27, 2019
10.4#	2019 Employee Stock Purchase Plan.	S-1/A	10.14	July 12, 2019
10.5#	Amended and Restated Executive Severance Plan.	Filed herewith		
10.6#	Offer Letter, dated August 7, 2020, between the Registrant and Kevin Freeman.	10-K	10.6	February 28, 2023
10.7#	Offer Letter, dated September 26, 2011, between the Registrant and Daniel Burton.	S-1	10.6	June 27, 2019
10.8#	Offer Letter, dated May 22, 2013, between the Registrant and Linda Llewelyn.	S-1	10.10	June 27, 2019
10.9#	Offer Letter, dated April 4, 2013, between the Registrant and Jason Alger.	10-K	10.15	February 25, 2021
10.10#	Offer Letter, dated March 27, 2023, between the Registrant and Ben Landry.	10-Q	10.2	May 10, 2023
10.11#	Offer Letter, dated September 5, 2025, between the Registrant and Benjamin Albert.	8-K	10.1	February 18, 2026
10.12#	Offer Letter, dated February 12, 2026, between the Registrant and Benjamin Albert.	8-K	10.1	February 18, 2026
10.13#	Letter of Agreement, among the Registrant, First Light Asset Management, LLC and Mathew Arens.	8-K	10.1	December 2, 2025
10.14#	Senior Executive Cash Incentive Bonus Plan.	S-1	10.15	June 27, 2019

10.15#	Form of Indemnification Agreement, between the Registrant and each of its executive officers and directors.	S-1	10.18	June 27, 2019
19.1	Insider Trading Policy.	10-K	19.1	February 26, 2025
21.1	Subsidiaries of Registrant.	Filed herewith		
23.1	Consent of Independent Registered Public Accounting Firm.	Filed herewith		
24.1	Power of Attorney (included on signature page to this Annual Report on Form 10-K).	Filed herewith		
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith		
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith		
32.1^	Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith		
97	Policy for Recovery of Erroneously Awarded Compensation.	10-K	97	February 22, 2024
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed herewith		
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith		
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith		
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith		
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith		
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)	Filed herewith		

Indicates management contract or compensatory plan.

^ The certifications attached as Exhibit 32.1 accompanying this Annual Report on Form 10-K, are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Health Catalyst, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

HEALTH CATALYST, INC.

Date: 3/12/2026

By: /s/ Jason Alger
Jason Alger
Chief Financial Officer
(Principal Financial and Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints each of Benjamin Albert, Jason Alger, and Benjamin Landry, with full power of substitution and resubstitution, as his or her true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file, any and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorney-in-fact and agents or any of them or their and his or her substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Benjamin Albert</u> Benjamin Albert	Chief Executive Officer and Director <i>(Principal Executive and Operating Officer)</i>	3/12/2026
<u>/s/ Jason Alger</u> Jason Alger	Chief Financial Officer <i>(Principal Financial and Accounting Officer)</i>	3/12/2026
<u>/s/ John A. Kane</u> John A. Kane	Director	3/12/2026
<u>/s/ Mathew Arens</u> Mathew Arens	Director	3/12/2026
<u>/s/ Jill Hoggard Green</u> Jill Hoggard Green	Director	3/12/2026
<u>/s/ Matthew Kolb</u> Matthew Kolb	Director	3/12/2026
<u>/s/ Julie Larson-Green</u> Julie Larson-Green	Director	3/12/2026
<u>/s/ Justin Spencer</u> Justin Spencer	Director	3/12/2026

HEALTH CATALYST, INC.**EXECUTIVE SEVERANCE PLAN****(Amended and Restated as of February 12, 2026)**

1. **Purpose.** Health Catalyst, Inc. (the “Company”) considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel. The Board of Directors of the Company (the “Board”) recognizes, however, that, as is the case with many publicly-held corporations, the possibility of an involuntary termination of employment, either before or after a Change in Control (as defined in Section 2 hereof), exists and that such possibility, and the uncertainty and questions that it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders. Therefore, the Board has determined that the Health Catalyst, Inc. Executive Severance Plan (as amended, the “Plan”) should be adopted to reinforce and encourage the continued attention and dedication of the Company’s Covered Executives (as defined in Section 2 hereof) to their assigned duties without distraction. Nothing in this Plan shall be construed as creating an express or implied contract of employment and nothing shall alter the “at will” nature of the Covered Executives’ employment with the Company.
2. **Definitions.** The following terms shall be defined as set forth below:
 - (a) “*Accounting Firm*” shall mean a nationally recognized accounting firm selected by the Company.
 - (b) “*Administrator*” means the Board or the Compensation Committee of the Board.
 - (c) “*Base Salary*” shall mean the higher of (i) the annual base salary in effect immediately prior to the Date of Termination or (ii) the annual base salary in effect for the year immediately prior to the year in which the Date of Termination occurs.
 - (d) “*Cause*” shall mean, and shall be limited to, the occurrence of any one or more of the following events:
 - (i) the Covered Executive’s unauthorized use or disclosure of the Company’s confidential information or trade secrets;
 - (ii) the Covered Executive’s material breach of any agreement between the Covered Executive and the Company;
 - (iii) the Covered Executive’s material failure to comply with the Company’s written policies or rules;
 - (iv) the Covered Executive’s gross negligence or willful misconduct in connection with the Covered Executive’s performance of his/her duties to the Company;
 - (v) the Covered Executive’s continuing failure to perform assigned duties after receiving written notification of the failure from the Company and, if curable, a period of thirty (30) days to cure such failure;

- (vi) the conviction of, indictment for or plea of nolo contendere by the Covered Executive to a felony or a crime involving moral turpitude; or
 - (vii) the Covered Executive's failure to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested the Covered Executive's cooperation.
- (e) "*Change in Control*" shall mean a Sale Event, as defined in the Health Catalyst, Inc. 2019 Stock Option and Incentive Plan, as amended from time to time.
- (f) "*Change in Control Period*" shall mean the period beginning on the date of a Change in Control and ending on the one-year anniversary of the Change in Control.
- (g) "*Code*" shall mean the Internal Revenue Code of 1986, as amended.
- (h) "*Covered Executives*" shall mean Tier 1 Executive and those other employees designated by the Administrator in its sole discretion as the Tier 2 Executives and Tier 3 Executives, and, in each case, who meet the eligibility requirements set forth in Section 4 of the Plan.
- (i) "*Date of Termination*" shall mean the date that a Covered Executive's employment with the Company (or any successor) ends, which date shall be specified in the Notice of Termination. Notwithstanding the foregoing, a Covered Executive's employment shall not be deemed to have been terminated solely as a result of the Covered Executive becoming an employee of any direct or indirect successor to the business or assets of the Company.
- (j) "*Disability*" shall mean the following: if through any illness, injury, accident or condition of either a physical or psychological nature, the Covered Executive becomes unable to perform substantially all of his duties and responsibilities for a continuous period of sixteen (16) consecutive weeks or for any twenty-six (26) weeks within a fifty-two (52) week period. Determinations as to whether Covered Executive is Disabled shall be made by a physician selected by the Board or its insurers and acceptable to the Covered Executive or the Covered Executive's legal representative, such agreement as to acceptability not to be unreasonably withheld or delayed.
- (k) "*Good Reason*" shall mean that the Covered Executive has complied with the "Good Reason Process" following the occurrence of any of the following events:
- (i) a material diminution of the Covered Executive's (i) annual base salary, (ii) target annual bonus and/or (iii) the grant date fair value of Executive's annual equity award (compared to the prior equity award);
 - (ii) the Company requiring the Covered Executive to relocate (other than for travel incident to the Covered Executive's performance of his or her duties on behalf of the Company) a distance of more than fifty (50) miles from the Covered Executive's current principal place of business;

- (iii) any material diminution in the Covered Executive's position, responsibilities, authority or duties (including, without limitation, status, offices, titles, reporting requirements/line of reporting and any change or assignment made as the result of the Company becoming a subsidiary or business unit of a larger company in a Change in Control in which the Covered Executive does not retain their position, responsibilities, authority or duty of the larger company); or
- (iv) any material breach by the Company of any agreement between the Company and the Covered Executive.

For purposes of Section 2(k)(iii), a change in the reporting relationship, or a change in a title will not, by itself, be sufficient to constitute a material diminution of responsibilities, authority or duty.

(l) "*Good Reason Process*" shall mean:

- (v) the Covered Executive reasonably determines in good faith that a "Good Reason" condition has occurred;
- (vi) the Covered Executive notifies the Company in writing of the first occurrence of the Good Reason condition within sixty (60) days of the first occurrence of such condition;
- (vii) the Covered Executive cooperates in good faith with the Company's efforts, for a period of not less than thirty (30) days following such notice (the "Cure Period"), to remedy the condition;
- (viii) notwithstanding such efforts, the Good Reason condition continues to exist following the Cure Period; and
- (ix) the Covered Executive terminates his or her employment and provides the Company with a Notice of Termination with respect to such termination, each within sixty (60) days after the end of the Cure Period.

If the Company cures the Good Reason condition during the Cure Period, Good Reason shall be deemed not to have occurred.

(m) "*Notice of Termination*" shall mean a written notice which shall indicate the specific termination provision in this Plan relied upon for the termination of a Covered Executive's employment and the Date of Termination.

(n) "*Participation Agreement*" shall mean an agreement between a Covered Executive and the Company that acknowledges the Covered Executive's participation in the Plan.

(o) "*Qualified Termination Event*" shall mean (i) a termination of the Covered Executive's employment by the Company other than for Cause, death or Disability or (ii) the Covered Executive's resignation from the Company for Good Reason.

(p) "*Restrictive Covenants Agreement*" shall mean the Executive Employee Agreement and Invention and Confidentiality Agreement or similar agreement entered into between the Covered Executive and the Company.

(q) “*Tier 1 Executive*” shall mean the Company’s Chief Executive Officer.

(r) “*Tier 2 Executives*” shall mean the individuals designated as such by the Administrator and who are listed in Exhibit A, attached hereto, as such exhibit is amended by the Administrator from time to time.

(s) “*Tier 3 Executives*” shall mean the individuals designated as such by the Administrator and who are listed in Exhibit B, attached hereto, as such exhibit is amended by the Administrator from time to time.

3. Administration of the Plan.

(a) Administrator. The Plan shall be administered by the Administrator.

(b) Powers of Administrator. The Administrator shall have all powers necessary to enable it properly to carry out its duties with respect to the complete control of the administration of the Plan. Not in limitation, but in amplification of the foregoing, the Administrator shall have the power and authority in its discretion to:

- (i) construe the Plan to determine all questions that shall arise as to interpretations of the Plan’s provisions;
- (ii) determine which individuals are and are not Covered Executives, designate an individual as a Tier 2 Executive or Tier 3 Executive, determine the benefits to which any Covered Executives may be entitled, the eligibility requirements for participation in the Plan and all other matters pertaining to the Plan;
- (iii) adopt amendments to the Plan which are deemed necessary or desirable to comply with all applicable laws and regulations, including but not limited to Code Section 409A and the guidance thereunder;
- (iv) make all determinations it deems advisable for the administration of the Plan, including the authority and ability to delegate administrative functions to a third party;
- (v) decide all disputes arising in connection with the Plan; and
- (vi) otherwise supervise the administration of the Plan.

(c) All decisions and interpretations of the Administrator shall be binding on all persons, including the Company and Covered Executives.

4. Eligibility. All Covered Executives who have executed and submitted to the Company a Participation Agreement, and satisfied such other requirements as may be determined by the Administrator, are eligible to participate in the Plan. Notwithstanding the foregoing, the Administrator may determine at any time that a Covered Executive should be designated to participate in the Plan at a different tier (e.g., a change from a Tier 2 Executive to a Tier 3 Executive, or a Tier 3 Executive to a Tier 2 Executive, etc.) as a result of a material change in such Covered Executive’s role, and such designation of the applicable tier shall be effective upon the Administrator taking action by resolution to update the applicable Exhibit hereto.

Similarly, the Administrator may determine at any time that a Covered Executive should no longer be designated as such as a result of a material change in such Covered Executive's role, and such individual shall cease to be eligible to participate in the Plan upon the Administrator taking action by resolution to update the applicable Exhibit hereto.

5. Termination Benefits Generally. In the event a Covered Executive's employment with the Company is terminated for any reason, the Company shall pay or provide to the Covered Executive any earned but unpaid salary, unpaid expense reimbursements in accordance with Company policy, accrued but unused vacation or leave entitlement, and any vested benefits the Covered Executive may have under any employee benefit plan of the Company in accordance with the terms and conditions of such employee benefit plan (collectively, the "Accrued Benefits"), within the time required by law but in no event more than sixty (60) days after the Date of Termination.
6. Termination Not in Connection with a Change in Control. In the event a termination of the Covered Executive's employment by the Company other than for Cause, death or Disability occurs at any time other than during the Change in Control Period, with respect to such Covered Executive, in addition to the Accrued Benefits, subject to his or her execution of a separation agreement in a form and manner satisfactory to the Company containing, among other provisions, a general release of claims in favor of the Company and related persons and entities, confidentiality, return of property and non-disparagement provisions and reaffirmation of the Restrictive Covenants Agreement (the "Separation Agreement and Release") and the Separation Agreement and Release becoming irrevocable, all within the time period set forth in the Separation Agreement and Release but in no event more than sixty (60) days after the Date of Termination, and subject to the Covered Executive complying with the Separation Agreement and Release, the Company shall:
 - (a) pay the Covered Executive an amount equal to the sum of twelve (12) months' Base Salary for the Tier 1 Executive, nine (9) months' Base Salary for each Tier 2 Executive and six (6) months' Base Salary for each Tier 3 Executive; and
 - (b) if the Covered Executive was participating in the Company's group health plan immediately prior to the Date of Termination and elects COBRA health continuation, then the Company shall pay to the Covered Executive a monthly cash payment for (i) twelve (12) months for the Tier 1 Executive, nine (9) months for each Tier 2 Executive and six (6) months for each Tier 3 Executive, or (ii) the Covered Executive's applicable COBRA health continuation period, whichever ends earlier, in an amount equal to the monthly employer contribution that the Company would have made to provide health insurance to the Covered Executive if the Covered Executive had remained employed by the Company, based on the premiums as of the Date of Termination.

The amounts payable under Section 6(a) and (b) shall be paid out in substantially equal installments in accordance with the Company's payroll practice over twelve (12) months for the Tier 1 Executive, nine (9) months for each Tier 2 Executive, and six (6) months for each Tier 3 Executive, commencing within sixty (60) days after the Date of Termination; provided, however, that if the 60-day period begins in one (1) calendar year and ends in a second calendar year, the severance shall begin to be paid in the second calendar year by the last day of such 60-day period; provided further, that the initial payment shall include a catch-up payment to cover amounts retroactive to the day immediately following the Date of Termination. Each payment pursuant to this Plan is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

7. Termination in Connection with a Change in Control. In the event the Qualified Termination Event occurs within the Change in Control Period, then with respect to such Covered Executive, in addition to the Accrued Benefits, subject to his or her execution and non-revocation of the Separation Agreement and Release, all within the time period set forth in the Separation Agreement and Release, but in no event more than sixty (60) days after the Date of Termination, the Company shall:

(a) cause 100% of the outstanding and unvested equity awards with time-based vesting held by the Covered Executive to immediately become fully vested, exercisable or nonforfeitable as of the Date of Termination; provided, that the performance conditions applicable to any outstanding and unvested equity awards subject to performance conditions will be deemed satisfied at the target level specified in the terms of the applicable award agreement. Notwithstanding the foregoing, in the event of a Change in Control where the parties to such Change in Control do not provide for the assumption, continuation or substitution of equity awards of the Company, any and all outstanding and unvested equity awards held by the Covered Executive shall be subject to Section 3(d) of the Company's 2019 Stock Option and Incentive Plan, as amended from time to time;

(b) pay to the Covered Executive an amount equal to the sum of (i) 150% of Base Salary for the Tier 1 Executive, 100% of Base Salary for each Tier 2 Executive and 75% of Base Salary for each Tier 3 Executive plus (ii) 150% for the Tier 1 Executive, 100% for each Tier 2 Executive and 75% for each Tier 3 Executive, of the Covered Executive's annual target bonus in effect immediately prior to the Qualified Termination Event (or the Covered Executive's target bonus in effect immediately prior to the Change in Control, if higher); and

(c) if the Covered Executive was participating in the Company's group health plan immediately prior to the Date of Termination and elects COBRA health continuation, then the Company shall pay to the Covered Executive a lump sum cash payment in an amount equal to the monthly employer contribution that the Company would have made to provide health insurance to the Covered Executive if the Covered Executive had remained employed by the Company for eighteen (18) months for the Tier 1 Executive, twelve (12) months for each Tier 2 Executive and nine (9) months for each Tier 3 Executive, after the Date of Termination, based on the premiums as of the Date of Termination.

The amounts payable under Section 7(b) and (c), as applicable, shall be paid out in a lump sum within sixty (60) days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, the amounts shall be paid in the second calendar year no later than the last day of the 60-day period. For the avoidance of doubt, the severance pay and benefits provided in this Section 7 shall apply in lieu of, and expressly supersede, the provisions of Section 6 and no Covered Executive shall be entitled to the severance pay and benefits under both Section 6 and 7 hereof.

8. Additional Limitation.

(a) Anything in this Plan to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of the Covered Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, calculated in a manner consistent with Section 280G of the Code and the applicable regulations thereunder (the "Aggregate Payments"), would be subject to the excise tax imposed by Section 4999 of the Code, then the Aggregate Payments shall be reduced (but not below zero) so that the sum of all of the Aggregate Payments shall be \$1.00 less than the amount at which the Covered Executive becomes subject to the excise tax imposed by Section 4999 of the Code; provided that such reduction shall only occur if it would result in the Covered Executive receiving a higher After Tax Amount (as defined below) than the Covered Executive would receive if the Aggregate Payments were not subject to such reduction. In the event of such reduction, the Aggregate Payments shall be reduced in the following order, in each case, in reverse chronological order beginning with the Aggregate Payments that are to be paid the furthest in time from consummation of the transaction that is subject to Section 280G of the Code: (i) cash payments not subject to Section 409A of the Code; (ii) cash payments subject to Section 409A of the Code; (iii) equity-based payments and acceleration; and (iv) non-cash forms of benefits; provided that in the case of all the foregoing Aggregate Payments all amounts or payments that are not subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c) shall be reduced before any amounts that are subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c).

(b) For purposes of this Section 8, the "After Tax Amount" means the amount of the Aggregate Payments less all federal, state, and local income, excise and employment taxes imposed on the Covered Executive as a result of the Covered Executive's receipt of the Aggregate Payments. For purposes of determining the After Tax Amount, the Covered Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in each applicable state and locality, net of the maximum reduction in federal income taxes (if any) which could be obtained from deduction of such state and local taxes.

(c) The determination as to whether a reduction in the Aggregate Payments shall be made pursuant to Section 8(a) shall be made by the Accounting Firm, which shall provide detailed supporting calculations both to the Company and the Covered Executive within fifteen (15) business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Company or the Covered Executive. Any determination by the Accounting Firm shall be binding upon the Company and the Covered Executive.

9. Restrictive Covenants Agreement.

As a condition to participating in the Plan, each Covered Executive shall continue to comply with the terms and conditions contained in the Restrictive Covenants Agreements or similar agreement entered into between the Covered Executive and the Company and such other agreement(s) as designated in the applicable Participation Agreement. If a Covered Executive has not entered into a Restrictive Covenants Agreement or similar agreement with the Company, he or she shall enter into such agreement prior to participating in the Plan.

10. Withholding. All payments made by the Company under this Plan shall be subject to any tax or other amounts required to be withheld by the Company under applicable law.

11. Section 409A.

(a) Anything in this Plan to the contrary notwithstanding, if at the time of the Covered Executive's "separation from service" within the meaning of Section 409A of the Code, the Company determines that the Covered Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B) (i) of the Code, then to the extent any payment or benefit that the Covered Executive becomes entitled to under this Plan would be considered deferred compensation subject to the twenty (20) percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (i) six (6) months and one (1) day after the Covered Executive's separation from service, or (ii) the Covered Executive's death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule.

(b) The parties intend that this Plan will be administered in accordance with Section 409A of the Code and that all amounts payable hereunder shall be exempt from the requirements of such section as a result of being "short term deferrals" for purposes of Section 409A of the Code to the greatest extent possible. To the extent that any provision of this Plan is not exempt from Section 409A of the Code and ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner to comply with Section 409A of the Code. Each payment pursuant to this Plan is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). The parties agree that this Plan may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(c) To the extent that any payment or benefit described in this Plan constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Covered Executive's termination of employment, then such payments or benefits shall be payable only upon the Covered Executive's "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(d) All in-kind benefits provided and expenses eligible for reimbursement under this Plan shall be provided by the Company or incurred by the Covered Executive during the time periods set forth in this Plan. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year (except for any lifetime or other aggregate limitation applicable to medical expenses). Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(e) The Company makes no representation or warranty and shall have no liability to the Covered Executive or any other person if any provisions of this Plan are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

12. Notice and Date of Termination.

(a) Notice of Termination. A termination of the Covered Executive's employment shall be communicated by Notice of Termination from the Company to the Covered Executive or vice versa in accordance with this Section 12.

(b) Notice to the Company. Any notices, requests, demands, and other communications provided for by this Plan shall be sufficient if in writing and delivered in person or sent by registered or certified mail, postage prepaid, to a Covered Executive at the last address the Covered Executive has filed in writing with the Company, or to the Company at the following physical or email address:

Health Catalyst, Inc.
Attention: PeopleOps and Legal
10897 S. River Front Parkway, #300South Jordan, UT 84095

Secretary@HealthCatalyst.com

13. No Mitigation. The Covered Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Covered Executive by the Company under this Plan.

14. Benefits and Burdens. This Plan shall inure to the benefit of and be binding upon the Company and the Covered Executives, their respective successors, executors, administrators, heirs and permitted assigns. In the event of a Covered Executive's death after a termination of employment but prior to the completion by the Company of all payments due to him or her under this Plan, the Company shall continue such payments to the Covered Executive's beneficiary designated in writing to the Company prior to his or her death (or to his or her estate, if the Covered Executive fails to make such designation).

15. Enforceability. If any portion or provision of this Plan shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Plan, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Plan shall be valid and enforceable to the fullest extent permitted by law.

16. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Plan, or the waiver by any party of any breach of this Plan, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

17. Non-Duplication of Benefits and Effect on Other Plans. Notwithstanding any other provision in the Plan to the contrary, the benefits provided hereunder shall be in lieu of any other severance payments and/or benefits provided by the Company, including any such payments and/or benefits pursuant to an employment agreement or offer letter between the Company and the Covered Executive, other than as provided in Section 3(d) of the Company's 2019 Stock Option and Incentive Plan, as amended from time to time.

18. No Contract of Employment. Nothing in this Plan shall be construed as giving any Covered Executive any right to be retained in the employ of the Company or shall affect the terms and conditions of a Covered Executive's employment with the Company.

19. Amendment or Termination of Plan. The Company may amend or terminate this Plan at any time or from time to time, but no such action shall adversely affect the rights of any Covered Executive without the Covered Executive's written consent; provided further that no amendment to this Plan shall impact the Company's Chief Executive Officer without his prior written consent.

20. Governing Law. This Plan shall be construed under and be governed in all respects by the laws of the State of Delaware, without giving effect to the conflict of laws principles.

21. Obligations of Successors. In addition to any obligations imposed by law upon any successor to the Company, any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company shall expressly assume and agree to perform this Plan in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

22. Effectiveness and Term. The Executive Severance Plan is effective as of July 23, 2019.

Exhibit A

Tier 2 Executives

Updated from time to time.

Exhibit B

Tier 3 Executives

Updated from time to time.

List of Subsidiaries of Health Catalyst, Inc.

Health Catalyst Australia PTY LTD (Australia)

Health Catalyst UK Ltd (England and Wales)

Health Catalyst India Private Limited (India)

Health Catalyst Singapore Pte. Ltd. (Singapore)

Health Catalyst Middle East FZ-LLC (incorporated within a Free Zone in the UAE)

Lumeon Ltd (England and Wales)

PatientBond India Private Limited (India)

Able Health, LLC (Delaware, United States)

ARMUS I LLC (Delaware, United States)

Carevive Systems, LLC (Delaware, United States)

Electronic Registry Systems, LLC (Delaware, United States)

Healthfinch, LLC (Delaware, United States)

Intraprise Health, LLC (Delaware, United States)

KPI Ninja, LLC (Delaware, United States)

Lumeon, LLC (Delaware, United States)

Medicity LLC (Delaware, United States)

Modern Compliance Solutions, LLC (Utah limited liability company)

Psynteractive LLC (Delaware, United States)

Twistle, LLC (Delaware, United States)

Upfront Healthcare Services, LLC (Delaware, United States)

Vitalware, LLC (Delaware, United States)

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form S-8 No. 333-232795) pertaining to the Amended and Restated 2011 Stock Incentive Plan, the 2019 Stock Option and Incentive Plan and the 2019 Employee Stock Purchase Plan of Health Catalyst, Inc.,
2. Registration Statement (Form S-8 No. 333-236731) pertaining to the 2019 Stock Option and Incentive Plan and the 2019 Employee Stock Purchase Plan of Health Catalyst, Inc.,
3. Registration Statement (Form S-8 No. 333-253542) pertaining to the 2019 Stock Option and Incentive Plan and the 2019 Employee Stock Purchase Plan of Health Catalyst, Inc.,
4. Registration Statement (Form S-3 No. 333-258625) of Health Catalyst, Inc.,
5. Registration Statement (Form S-8 No. 333-263197) pertaining to the 2019 Stock Option and Incentive Plan and the 2019 Employee Stock Purchase Plan of Health Catalyst, Inc.,
6. Registration Statement (Form S-8 No. 333-270138) pertaining to the 2019 Stock Option and Incentive Plan and the 2019 Employee Stock Purchase Plan of Health Catalyst, Inc.,
7. Registration Statement (Form S-8 No. 333-277291) pertaining to the 2019 Stock Option and Incentive Plan and the 2019 Employee Stock Purchase Plan of Health Catalyst, Inc., and
8. Registration Statement (Form S-8 No. 333-285289) pertaining to the 2019 Stock Option and Incentive Plan and the 2019 Employee Stock Purchase Plan of Health Catalyst, Inc.;

of our reports dated March 12, 2026, with respect to the consolidated financial statements of Health Catalyst, Inc. and the effectiveness of internal control over financial reporting of Health Catalyst, Inc. included in this Annual Report (Form 10-K) of Health Catalyst, Inc. for the year ended December 31, 2025.

/s/ Ernst & Young LLP

Salt Lake City, UT
March 12, 2026

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Benjamin Albert, certify that:

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

Date: March 12, 2026

/s/ Benjamin Albert

Benjamin Albert

Chief Executive Officer

(Principal Executive and Operating Officer)

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Jason Alger, certify that:

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

Date: March 12, 2026

/s/ Jason Alger

Jason Alger

Chief Financial Officer

(Principal Financial and Accounting Officer)

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

In connection with the filing of the Annual Report on Form 10-K for the fiscal year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report") by Health Catalyst, Inc. (the "Company"), Benjamin Albert, as the Chief Executive Officer of the Company, and Jason Alger, as the Chief Financial Officer of the Company, each hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

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

Date: March 12, 2026

/s/ Benjamin Albert

Benjamin Albert
Chief Executive Officer
(Principal Executive and Operating Officer)

/s/ Jason Alger

Jason Alger
Chief Financial Officer
(Principal Financial and Accounting Officer)