

Risk Factors Comparison 2025-02-28 to 2024-02-26 Form: 10-K

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We believe that the risks and uncertainties described below are the material risks facing the Company as of the date of this Annual Report on Form 10-K. Our business, reputation, financial condition, results of operations, and / or prospects could be materially and adversely affected by the occurrence of any of the following risks and uncertainties. The considerations and risks that follow are organized within relevant headings but may be relevant to other headings as well. Additional risks or uncertainties not presently known to us, or that we currently deem immaterial, also may adversely affect our business, reputation, financial condition, results of operations, and prospects. Therefore, the risk factors below should not be considered a complete list of potential risks we may face. The trading price of our common stock could also decline due to the occurrence of any of the following risks, as well as risks and uncertainties not presently known to us, or that we currently deem immaterial.

Risks Related to Our Business Model Unfavorable conditions in our industry or the U. S. economy, or reductions in information technology spending, could limit our ability to grow our business and negatively affect our operating results. The U. S. has ~~recently~~ experienced ~~negative~~ **challenging** macroeconomic conditions **in recent periods in certain respects**, including as the result of significant inflationary pressures, **ongoing** elevated interest rate levels, and challenging labor market conditions. Continued global economic uncertainty, political conditions, and fiscal challenges in the U. S. and abroad, such as inflation and potential recessionary conditions, have, among other things, limited our ability to forecast future demand for our products and services, contributed to increased volatility in customer demand, and could constrain future access to capital for ourselves, our suppliers, customers, and partners. **While inflationary conditions** ~~In this regard, we have~~ **decreased in comparison to** ~~recently~~ -- **recent** ~~experienced~~ **periods**, and we believe that many of our customers have experienced -- increased labor, supply chain, capital, and other expenditures associated with ~~current~~ **recent** inflationary pressures. Moreover, these conditions impacting the U. S. economy and our customers in the healthcare industry have adversely affected, and may continue to adversely impact, our business and results of operations. In addition, if current economic conditions in the U. S. significantly deteriorate, ~~any such developments could materially and adversely affect~~ **including as a result of the impact of increased tariffs or trade restrictions**, our results of operations, financial position, and / or cash flows **could be materially and adversely affected**. Our operating results may vary based on the impact of changes in our industry or the economy on us or our clients. The revenue growth and potential profitability of our business depends on demand for our solutions by healthcare providers. We sell our products and services to large, mid- sized, and small organizations whose businesses fluctuate based on general economic and business conditions. In addition, a portion of our revenue is attributable to the number of users of our products at each of our clients, which in turn is influenced by the employment and hiring patterns of our clients and potential clients. To the extent that economic uncertainty or weak economic conditions cause our clients and potential clients to freeze or reduce their headcount or operations, demand for our products may be negatively affected. Moreover, prior economic downturns and the current economic circumstances have resulted in overall reductions in spending by some healthcare providers as well as pressure from some clients and potential clients for extended ~~billing~~ **payment** terms. If ~~current~~ **ongoing** ~~negative~~ economic conditions ~~persist or deteriorate~~, our clients and potential clients may elect to decrease their budgets for our solutions by deferring or reconsidering purchases **or could file for bankruptcy**, which **has occurred from time to time. Such budget decreases or bankruptcy filings** would limit our ability to grow our business and negatively affect our operating results. Moreover, other economic, regulatory, or other developments that adversely or disproportionately impact the healthcare industry may reduce spending on information technology by healthcare organizations and otherwise adversely affect our customer base. Furthermore, the margins of many healthcare providers are modest, and potential decreases in reimbursement for healthcare costs may reduce the overall solvency of our customers or cause further deterioration in their financial or business condition. These developments could reduce our sales or adversely impact the ability of our customers to pay for our products and services. In addition, **budget pressures at the federal and state levels have had and may continue to have a negative impact on spending for any many health and human services programs, including Medicare and Medicaid, which represent significant payor sources for our customers. We anticipate that federal and state budget deficits and growing governmental healthcare expenditures will continue to place pressure on governmental healthcare programs. Any** reductions in government ~~health~~ **healthcare** ~~care~~ spending, **including as a result of** ~~in an effort to reduce the U. S. federal deficit~~ **reduction initiatives**, could result in reduced demand for our products or additional pricing pressure. Further, there is ongoing uncertainty regarding the federal budget and federal spending levels, including the possible impacts of a failure to increase the " debt ceiling. " **Any** **Additionally, the current presidential administration has announced a planned advisory commission, the " Department of Government Efficiency," to reform federal government process and reduce expenditures, which could reduce federal spending or give rise to separate efforts at the state level to reduce governmental spending, in a manner that could adversely impact our healthcare clients and, ultimately, us. Moreover, any** U. S. government default on its debt could have broad macroeconomic effects. ~~Moreover~~ **In addition**, pressures on and uncertainty surrounding the **US. Federal government's budget and potential changes in spending levels, as well as** ~~any future~~ shutdown of the federal government ~~or~~, failure to enact annual appropriations, **or holds on congressionally authorized spending**, could adversely affect our financial results due to the reliance of many of our customers on payments from third- party healthcare payors, including Medicare, Medicaid, and other government- sponsored programs. ~~We~~ **11** ~~We~~ may be unable to effectively execute our business strategy, which could have an adverse effect on our business and competitive position in the industry. Our business strategy includes increasing our market share and presence through sales to new customers, additional sales to existing customers, introductions

of new products and services, participation in our ecosystem, interoperability and integration with our platform, and maintaining strong relationships with our existing customers. Risks that we may encounter in executing our growth strategy include: • expenses, delays, and difficulties in identifying and developing new products or services and integrating such new products or services into our existing organization; • inability to leverage or evolve our customer and partner facing technology platform and applications; ~~• inability to leverage our operational and financial systems and processes sufficiently to support our growth; • inability to generate sufficient revenue from our products to offset investment costs; • inability to effectively identify, manage, and benefit from existing and emerging market opportunities; • inability to maintain our existing customer relationships; • inability to identify, attract, and retain partners; • inability to maintain our corporate culture; • increased competition from new and existing competitors; • lengthy sales cycles, or customers delaying purchasing decisions or payments due to economic conditions; • reduced spending by customers within our target markets; • the loss of a significant customer, including through acquisitions or consolidations; • a negative change in the financial condition or creditworthiness of our customers; • failure of the market for our products and services to grow to a sufficient size or at a sufficient rate; • negative impact on our customers and our business related to the ongoing impact of the pandemic (or concerns over the possibility of another public health crisis or pandemic);~~ and • inability to hire sufficient number of qualified employees to execute and support the growth of the Company. If any of these risks are realized, our business, and our competitive position in the industry, could suffer. In addition, we may be unable to effectively execute on our One HealthStream approach of operating and managing the Company on a consolidated, enterprise basis. Our ability to effectively execute this strategy is dependent upon various factors, including our ability to achieve anticipated operational efficiencies and to effectively implement the operational and management changes associated with this strategy without adversely impacting the services we provide. In the event that we are unable to effectively execute on this strategy or are otherwise adversely affected by our shift to this One HealthStream approach, our business and financial results may be adversely affected. A deterioration of public health conditions associated with ~~COVID-19~~, a future pandemic, epidemic, or public health event, or a future catastrophic event, could adversely affect our business and financial results. ~~If public health conditions related to COVID-19 significantly worsen, our business and financial results could be adversely impacted. Moreover, conditions related to COVID-19 continue to evolve, and we may not be able to predict or effectively respond to future developments.~~ We face a wide variety of risks related to **the emergence and effects of potential future epidemics, pandemics, outbreaks of infectious disease or other public health crises. Our primary customers are healthcare organizations, which are particularly vulnerable to health and economic effects of public health conditions. The potential impact of a future public health crises crisis, epidemics, pandemics, or similar events, including as a result of the potential impact of any such events on our healthcare customers that could, in turn, adversely impact us. If a new health epidemic or outbreak were to occur, our business and financial results could be adversely impacted, including in a similar or more extensive manner to how our business was adversely impacted by COVID-19. If it is difficult to predict how and when a future public health crisis may evolve, and we may not be able to predict or effectively respond to any such event were to occur future developments. If a new public health crisis emerges** or if public health conditions in the U. S. were to significantly deteriorate, our business and financial results could be adversely affected. Our business could also be adversely impacted by catastrophic events (particularly in areas where we have office locations and / or where we have network infrastructure), such as fires, earthquakes, hurricanes, natural disasters, **social or** civil unrest, military conflicts or warfare (such as the war in the Ukraine or the conflict in the Middle East), geographic instability, terrorist attacks, ~~pandemics or other public health emergencies~~, or the effects of climate change (such as drought, flooding, wildfires, increased storm severity and sea level rise). ¹²We may be unable to effectively identify, complete, or integrate the operations of acquisitions, joint ventures, collaborative arrangements, or other strategic investments, which would inhibit our ability to execute upon our growth strategy. As part of our growth strategy, we actively review possible acquisitions, joint ventures, collaborative arrangements, or strategic investments that complement or enhance our business. **For example, in 2024, we completed the acquisitions of TCPS and The Clinical Hub**. However, we may be unable to source or complete future acquisitions, joint ventures, collaborative arrangements, or other strategic investments on acceptable terms or at all. In addition, if we finance acquisitions, joint ventures, collaborative arrangements, or other strategic initiatives by issuing equity securities, our existing shareholders may be diluted, which could affect the market price of our stock. As a result, if we fail to properly evaluate and execute acquisitions, joint ventures, collaborative arrangements, or strategic investments, our performance or prospects may be seriously harmed. Risks that we may encounter in implementing our acquisition, joint venture, collaborative arrangement, or strategic investment strategies include: • expenses, delays, or difficulties in identifying and integrating acquired companies or joint venture operations, collaborative arrangements, or other strategic investments into our organization and to otherwise realize expected synergies; • the possibility that we may become responsible for substantial contingent or unanticipated liabilities as the result of an acquisition, joint venture, collaborative arrangement, or other strategic investment; • inability to retain key personnel associated with acquired companies, joint ventures, collaborative arrangements, or other strategic investments; • loss of material customers or contracts and other key business relations associated with acquired companies, joint ventures, collaborative arrangements, or other strategic investments; • diversion of management’s attention from other initiatives and / or day-to-day operations to effectively execute our growth strategy; • the incorporation of products associated with acquired companies, joint ventures, collaborative arrangements, or other strategic investments into our product lines; • the increasing demands on our operational and informational technology systems which may arise from any such acquired companies or joint venture operations, collaborative arrangements, or other strategic investments; • potentially insufficient internal controls over financial activities or financial reporting at any such acquired company that could impact us on a consolidated basis; • the financial performance of acquired entities, joint ventures, collaborative arrangements, or other strategic investments may have a negative impact on our financial performance; and • an inability to generate sufficient revenue, profit, and cash flow from acquisitions, joint ventures, collaborative arrangements, or other strategic investments to offset our investment costs. Moreover, although we

conduct what we believe to be a prudent level of investigation regarding the operating, financial, and information security conditions of acquired companies, joint ventures, collaborative arrangements, or other strategic investments, an unavoidable level of risk remains regarding the operating performance, financial condition and potential liabilities of, and the information and cyber security risks associated with, these businesses, and we may not be able to fully assess these risks until a transaction has been completed. In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill, which must be assessed for impairment at least annually, or to intangible assets, which are assessed for impairment upon certain triggering events. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our operating results based on this impairment assessment process, which could harm our operating results. We are subject to risks associated with our equity investments, including partial or complete loss of invested capital, and significant changes in the fair value of these investments could adversely impact our financial results. We have invested in, and may continue to invest in, early- to- late stage companies for strategic reasons and to support key business initiatives, and we may not realize a return on our equity investments. Many such companies generate net losses and the market for their products, services, or technologies may be slow to develop or never materialize. Further, valuations of non- marketable equity investments are inherently complex due to the lack of readily available market data. We may experience additional volatility to our financial results due to changes in market prices of our marketable equity investments, the valuation and timing of observable price changes or impairments of our non- marketable equity investments, including impairments to such investments as a result of **challenging current negative macroeconomic conditions or other developments**, and changes in the proportionate share of earnings and losses or impairment of our equity investments accounted for under the equity method. This volatility could be material to our results in any particular period. 13Our financial performance may be difficult to predict as the result of lengthy and widely varying sales cycles and other factors. The period from our initial contact with a potential customer and such customer's first purchase of our ~~solution~~ **solutions** typically ranges from three to nine months, and in some cases may be significantly longer. Sales of additional solutions to existing customers may also experience sales cycles ranging from three to nine months, or longer. The range in the sales cycle can be impacted by multiple factors, including **customer size**, an increasing trend towards more formal request for proposal processes and more competition within our industry, **increased customer-driven security assessments** ~~delays associated with the impact of the pandemic~~, as well as formal budget timelines which impact timing of purchases by target customers. New products, including those that may compete with or replace our former product offerings, tend to have a longer and more unpredictable revenue ramp period because of varying customer adoption rates. As a result of these factors, our ability to accurately predict the timing and type of initial sales may be limited. Moreover, while the revenue we receive from particular products and services in our subscription business may be predictable during the term of the applicable contract, the performance of our subscription business may become more subject to fluctuations between quarterly periods as our solution offerings are increasingly diversified and become more sophisticated. Certain professional services contracts are subject to the customers' involvement in the provision of the product or service. The timing and magnitude of these product and service contracts may vary widely from quarter to quarter and year to year, and thus may affect our ability to accurately forecast our financial performance. In addition, some products can require significant implementation lead times and resources and may require a level of change management efforts from our clients, which may also limit our ability to accurately predict our financial performance. Additionally, our ability to accurately predict our financial performance may be further limited as we expand our revenue generating model such that third parties may pay network connection fees based on sales they make. We may not be able to maintain our competitive position against current and potential competitors, especially those with significantly greater financial, technical, marketing, or other resources. Many of our competitors and potential competitors have longer operating histories and significantly greater financial, technical, marketing, or other resources than we do. We encounter direct competition from both large and small companies focused on providing solutions that compete with those we offer. Given the profile and growth of the healthcare industry and the ongoing need for training, simulation, scheduling, credentialing, and other information products and services, it is likely that additional competitors will **continue to** emerge. Additionally, mergers of or other strategic transactions by our competitors could weaken our competitive position. Moreover, our lack of market diversification resulting from our concentration on the healthcare industry may make us susceptible to losing market share to our competitors who also offer solutions, and in some cases a more robust suite of solutions, to a cross- section of industries. These companies may be able to respond more quickly than we can to new or changing opportunities, technologies, standards, or customer requirements. Additionally, **the development of AI / ML and other emerging technologies is complex and uncertain and presents various risks and uncertainties, including as the result of the rapidly evolving legal, regulatory, and ethical landscape associated with the use of AI / ML, and could subject us to competitive harm, legal and regulatory risk, and increase our cybersecurity, intellectual property, and privacy risks. Further,** given the evolving nature of technology, our technology enabled offerings may be disrupted by innovative or emerging technologies, such as ~~artificial intelligence~~ **AI / ML**, blockchain, Web3, or quantum computing technologies, and such disruption could adversely impact our ability to compete. Further, most of our customer agreements are for terms ranging from one to five years, with no obligation to renew. The terms of these agreements may enable customers to more easily shift to one of our competitors following the expiration of the agreement. Expanding our business model such that third parties may pay network connection fees in exchange for the ability to deliver their products through our technology platform and have them featured as part of our ecosystem may result in unpredictability and / or harm to the operational and financial performance of our business. The Company has expanded its business model by offering third parties the ability to utilize their sales teams to market and sell their third- party products and have such products delivered through the Company's technology platform, provided such third parties pay a network connectivity fee when such products are sold to customers in our network. Given that these third parties are responsible for their products and the marketing and selling thereof, the Company may not always be able to ensure the operational, financial, or security- related performance or impact of products controlled by

a third party, **as has occurred to a limited extent from time to time**. While we have contractual protections with third parties regarding their products, including but not limited to service levels, information security, confidentiality, data rights, and indemnification against certain breaches, these may not be sufficient to ensure the predictability or performance of such products, or potential negative impacts related thereto. The failure to maintain and strengthen our relationships with ecosystem partners or significant changes in the terms of the agreements we have with ecosystem partners may have an adverse impact on our ability to successfully market, sell, and deliver certain product and service offerings. We have entered into contracts with ecosystem partners, including content, application, infrastructure, technology, and retail channel vendors. Our ability to increase the sales of our products and services depends in part upon maintaining and strengthening relationships with these current and future ecosystem partners. Certain ecosystem partners may offer multiple products and services, including, in some instances, products or services which may compete with other products and services we offer. Moreover, under contracts with some of our ecosystem partners, we may be bound by provisions that restrict our ability to market and sell our products and services to certain potential customers. The success of these contractual arrangements will depend in part upon the ecosystem partners' own competitive, marketing, and strategic considerations, including the relative advantages for such ecosystem partners in using alternative products being developed and marketed by them or our competitors, rather than our products and services. **Moreover** **14Moreover**, most of our agreements with ecosystem partners are for initial terms of three or more years. These partners may choose not to renew their agreements with us or may terminate their agreements early if we do not fulfill our contractual obligations. If our partners terminate or fail to renew their agreements with us on as favorable terms, such as through a reduction in our revenue share arrangement, it could result in a reduction in the number of solutions we are able to distribute, declines in the number of subscribers to our platform, and decreased revenues. Some of our agreements with our ecosystem partners are non-exclusive, and our competitors offer, or could offer, solutions that are similar to or the same as those we offer. If our current partners offer or otherwise make available their products and services to users or our competitors on more favorable terms than those offered to us or increase our license fees, our competitive position, revenue, and our profit margins and prospects could be harmed. **14We We** cannot guarantee that we will be able to maintain and strengthen our relationships with ecosystem partners, that we will be successful in effectively integrating or enhancing such partners' products and technology, including without limitation through our single platform strategy, with, into, or through our own, or that such relationships will be successful in generating additional revenue. If any of these ecosystem partners have negative experiences with our products and services, or seek to amend or terminate the financial or other terms of the contracts or arrangements we have with them, we may need to increase our organizational focus on the types of services and solutions they sell and alter our development, integration, and / or distribution strategies, which may divert our planned efforts and resources from other projects. We could also be subject to claims and liability or related expenses as a result of the activities, products, or services of these ecosystem partners and / or our actual or alleged acts or omissions with regard to these ecosystem partners, which could adversely impact our business. We may not be able to develop new products and services or enhancements to our existing products and services, or be able to achieve widespread acceptance of new products, services, or features, or keep pace with technological developments. Our growth strategy depends in part on our ability to generate revenue growth through sales to new customers as well as increasing sales of additional subscriptions and other products and services to existing customers. Our identification of additional features, content, products, and services may not result in timely development of complementary products. In addition, the success of certain new products and services may be dependent on continued growth in our customer base. Furthermore, we are not able to accurately predict the volume or speed with which existing and new customers may adopt such new products and services. Because healthcare technology continues to evolve and regulatory and industry requirements and standards are subject to change, we may be unable to accurately predict and develop new products, features, content, and other products to address the needs of the healthcare industry. We may not be able to develop such new products, features, content, and other products, in a cost-effective and competitive manner. Further, the new products, services, and enhancements we develop may introduce significant defects into or otherwise negatively impact our technology platform. While all new products and services are subject to testing and quality control, all software and software-based services are subject to errors and malfunctions. If we release new products, services, and / or enhancements with bugs, defects, or errors or that cause bugs, defects, or errors in existing products, it could result in lost revenues and / or reduced ability to meet contractual obligations and would be detrimental to our business and reputation. If new products, features, or content are not accepted or integrated by new or existing customers, we may not be able to recover the cost of this development, and our financial performance may be adversely affected. Continued growth and maintenance of our customer population is dependent on our ability to continue to provide relevant products and services in a timely manner. The success of our business will depend on our ability to continue providing our products and services as well as enhancing our content, product, and service offerings that address the needs of healthcare organizations in a timely manner. We may be unable to continue to license our third-party software, on which a portion of our product and service offerings rely, or we may experience errors in this software, which could adversely impact our business. We use technology components in some of our products that have been licensed from third parties. Future licenses to these technologies may not be available to us on commercially reasonable terms or at all. The loss of or inability to obtain or maintain any of these licenses could result in delays in the introduction of new products and services or could force us to discontinue offering portions of solutions until equivalent technology, if available, is identified, licensed, and integrated. In addition, customers may choose not to renew their agreements with us or to terminate their agreements early if we lose or are unable to maintain licenses to some of our product components. If our customers terminate or fail to renew their agreements with us on as favorable terms, it could result in a reduction in the number of content and solutions we are able to distribute, declines in the number of subscribers to our offerings, and decreased revenues. The operation of our products would be impaired if errors occur in third party technology or content that we incorporate, and we may incur additional costs to repair or replace the defective technology or content. It may be difficult for us to correct any errors in third party products because the products are

not within our control. Accordingly, our revenue could decrease, and our costs could increase in the event of any errors in this technology. Furthermore, we may become subject to legal claims related to licensed technology based on product liability, infringement of intellectual property, or other legal theories. Even if these claims do not result in liability to us, investigating and defending these claims could be expensive and time-consuming and could result in suspension of or interference with certain offerings to our clients and / or adverse publicity that could harm our business. Financial Risks A significant portion of our revenue is generated from a relatively small number of customers. We derive a substantial portion of our revenues from a relatively small number of customers. A termination or material modification of our agreements with any of our significant customers or a failure of these customers to renew their contracts on favorable terms, or at all, could have an adverse effect on our business. **A-However, during the years ended December 31, 2024, 2023, and 2022, no single customer accounted for 10 percent or more of our annual revenue. 15A** significant portion of our business is subject to renewal. Therefore, renewals have a significant impact on our revenue and operating results. For the year ended December 31, ~~2023~~**2024**, approximately 96 % of our net revenue was derived from SaaS- based subscriptions and software licensing agreements. Our product and service contracts typically range from one to five years in length, and customers are not obligated to renew their contract with us after their contract term expires; in fact, some customers have elected not to renew their contract, and this risk has increased as the result of current negative macroeconomic conditions. In addition, our customers may renew at a lower price or volume level. Our customers' renewals may decline or fluctuate as a result of a number of factors, including but not limited to, their dissatisfaction with our service, a dissipation or cessation of their need for one or more of our products or services, pricing, or competitive product offerings. If we are unable to renew a substantial portion of the contracts that are up for renewal or maintain our pricing, our results of operations and financial condition could be adversely affected. ~~15Failure~~**Failure** to adequately optimize our direct sales infrastructure will impede our growth. We continue to need to optimize our sales infrastructure in order to grow our customer base and our business. Identifying and recruiting qualified personnel and training them in our sales methodology, our sales systems, and the use of our software requires significant time, expense, and attention. Moreover, the current competitive labor market has increased the challenge of recruiting and retaining qualified sales representatives. It can take significant time before our sales representatives are fully trained and productive. Our business may be adversely affected if our efforts to expand and train our direct sales teams do not generate a corresponding increase in revenues. In particular, if we are unable to hire, develop, and retain talented sales personnel or if new direct sales personnel are unable to achieve desired productivity levels in a reasonable period of time, we may not be able to realize the expected benefits of this investment or increase our revenues. We may be unable to accurately predict the timing of revenue recognition from sales activity as it is often dependent on achieving certain events or performance milestones, and this inability could impact our operating results. Our ability to recognize revenue is dependent upon several factors in order for us to implement customers on our subscription- based platform and applications. If customers do not provide us with the information required to complete implementations in a timely manner, our ability to recognize revenue may be delayed, which could adversely impact our operating results. Moreover, some products can require significant implementation lead times and the rate at which customer orders move from backlog to revenue generation in connection with these products may significantly affect the timing of revenue recognition. Because we recognize revenue from subscriptions for our products and services over the term of the subscription period, downturns or upturns in new sales and renewals may not be immediately reflected in our operating results. During the year ended December 31, ~~2023~~**2024**, we recognized approximately 96 % of our revenue from customers over the terms of their subscription or software licensing agreements, which generally have contract terms ranging from one to five years. As a result, much of the revenue we report in each quarter is related to subscription or licensing agreements entered into during previous quarters. Consequently, a decline in new or renewed subscription or licensing agreements in any one quarter will not necessarily be reflected in the revenue in that quarter and will negatively affect our revenue in future quarters. In addition, we may be unable to adjust our cost structure in a timely manner, or at all, to reflect this reduced revenue. Accordingly, the effect of significant downturns in new sales, renewals, and market acceptance of our products and services may not be reflected in our results of operations until future periods. Additionally, our subscription model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from new customers must be recognized over the applicable subscription term. Moreover, as noted above, we generally have contract terms ranging from one to five years, and the fees payable under a majority of contracts were often determined without reference to any increases in the consumer price index or similar inflation- related metric over the term of such contract, although we ~~intend~~**have begun** to implement such provisions **in contracts executed in 2024** going forward to the extent possible. As such, particularly for longer term contracts, we have been, and may continue to be, adversely impacted by inflationary conditions such as those that the U. S. economy ~~has is currently experiencing~~**experienced in recent periods** given that the fees that we are receiving during the outstanding term of such contracts will not be impacted by general price increases resulting from inflation whereas such inflationary conditions may increase the amount of labor, capital, and other expenditures we incur in connection with the operation of our business. We may not be able to meet our strategic business objectives unless we obtain additional financing, which may not be available to us on favorable terms or at all. We may need to raise additional funds for various purposes, including to: • develop new or enhance existing products, services, and technology; • respond to competitive pressures; • finance working capital requirements; • acquire or invest in complementary businesses, technologies, content, or products; or • otherwise effectively execute our growth strategy. ~~At 16At~~**At 16At** December 31, ~~2023~~**2024**, we had approximately \$ ~~71-97~~**1-2** million in cash, cash equivalents, and marketable securities. We also have up to \$ 50. 0 million of availability under our Revolving Credit Facility, subject to certain covenants **and minimum liquidity requirements**, which expires in October 2026. We cannot be assured that if we need additional financing, it will be available on terms favorable to us or at all. Moreover, elevated interest rate levels and current economic uncertainty have led to disruption and volatility in financial and capital markets and could lead to future disruption and / or volatility. Moreover, if elevated interest rate levels persist, this could increase the costs associated with any future

financing activities. If adequate funds are not available or are not available on acceptable terms, our ability to fund expansion, take advantage of available opportunities, develop or enhance services or products, or otherwise respond to competitive pressures would be significantly limited. If we raise additional funds by issuing equity or convertible debt securities, the percentage ownership of our existing shareholders may be reduced. ~~16~~**Goodwill** -- **Goodwill**, identifiable intangible assets, long-lived assets, and strategic investments recorded on our balance sheet may be subject to impairment losses that could reduce our reported assets and earnings. There are inherent uncertainties in the estimates, judgments, and assumptions used in assessing recoverability of goodwill, intangible assets, long-lived assets, and strategic investments. Economic, legal, regulatory, competitive, reputational, contractual, and other factors could result in future declines in the operating results of our business units or market values that do not support the carrying value of goodwill, identifiable intangible assets, long-lived assets, and strategic investments. Moreover, the risk of such declines in operating results and market values, and thus, potential goodwill impairment, may be increased ~~by current~~ **as the result of** negative macroeconomic conditions. If the value of our goodwill, intangible assets, long-lived assets, or strategic investments is impaired, accounting principles require us to reduce their carrying value and report an impairment charge, which would reduce our reported assets and earnings for the period in which an impairment is recognized. We may be affected by healthcare reform efforts and other changes in the healthcare industry that impact us and our clients. Our clients are concentrated in the healthcare industry, which is subject to changing regulatory, economic, and political conditions. **The healthcare industry has** ~~In recent years, there have been significant changes and~~ **continues to be impacted by healthcare reform effects** at the federal and state levels ~~, many~~ **Many of which recent changes** have been aimed at reducing costs and government spending and increasing access ~~for to~~ health insurance. **For example** ~~The most prominent of these reform efforts~~, the Patient Protection and Affordable Care Act, as amended by the Healthcare and Education Reconciliation Act of 2010 (collectively, the ACA), **increased** ~~affects how healthcare services are covered, delivered, and reimbursed and expanded~~ health insurance coverage **through a combination of public program expansion and private sector insurance reforms**. **The** ~~However, changes in the law's implementation, subsequent legislation and regulations, state initiatives, and other factors have affected and may continue to affect health insurance coverage and various other elements of the ACA has been. In addition, the Medicare and Medicaid programs are~~ **continues to be**, subject to legislative and regulatory **change, including as a result of the recent change in the presidential administration. For example, some members of Congress have proposed measures intended to accelerate the shift from traditional Medicare to Medicare Advantage, or repealing the Affordable Care Act or eliminating some of its consumer protections. Changes in governmental administration, including changes in agency structures and staffing** ~~court challenges. There is uncertainty regarding whether, when, such as reduction or elimination of personnel and how the ACA will be further~~ **agencies, may also result in** ~~changed~~ **changes to established rulemaking conventions and how** ~~timelines, including for regularly issued reimbursement rules, among the other effects law will be interpreted and implemented.~~ Other recent health reform initiatives and proposals at the federal and state levels include those focused on price transparency and out-of-network charges, such as the No Surprises Act, and those intended to advance value-based payment efforts. ~~Some members of Congress have proposed significantly expanding the coverage of government-funded programs, while others have proposed reducing them.~~ At the state level, there has been increasing acceptance of interstate licensure compacts and uniformity in licensure requirements, which may reduce continuing education requirements for some professionals and impact demand for our services. Other industry participants, such as large employer groups and their affiliates, may also introduce financial or delivery system reforms or otherwise intensify competitive pressures. Some of the recent changes in the healthcare industry have driven consolidation, particularly among health insurance providers, which could affect the size of our customer base. Other reforms or industry changes may reduce payments from third-party healthcare payers, including Medicare and Medicaid, to our customers. There is uncertainty regarding whether, when, and what other ~~health reform~~ **public policy** initiatives will be adopted **through governmental avenues** and / or **the impact private sector, the timing and implementation of any such efforts, and the impact of those efforts on providers and the other** healthcare industry. ~~Any legal or regulatory developments, or other developments affecting participants in the healthcare industry. that~~ **It is difficult to predict the nature and / or success of current and future public policy changes, any of which may have an** ~~adversely~~ **adverse impact effect on the operations, business, or financial condition of our clients. If our clients or potential clients are adversely affected by public policy developments, it** could reduce the amount of business we receive from such clients, **negatively impact our ability to attract new clients, or require us to make changes to our operations or consider price concessions or other less favorable contract terms, which could reduce our revenues** and ~~thus otherwise~~ have an adverse effect on our results of operations. We may discover weaknesses in our internal controls over financial reporting, which may adversely affect investor confidence in the accuracy and completeness of our financial reports and consequently the market price of our securities. Section 404 of the Sarbanes-Oxley Act of 2002 requires our management to report on and requires our independent public accounting firm to attest to, the effectiveness of our internal controls over financial reporting. The rules governing the standards to be met are complex and may require significant process review, documentation, and testing, as well as remediation efforts for any identified deficiencies. This process of review, documentation, testing, and remediation may result in increased expenses and require significant attention from management and other internal and external resources. These requirements may also extend to acquired entities and our efforts to integrate those operations into our system of internal controls. Any material weaknesses identified during this process may preclude us from asserting the effectiveness of our internal controls. This may negatively affect our stock price if we cannot effectively remediate the issues identified in a timely manner. ~~Risks~~ **17Risks** Related to Operations Our operating margins could be affected if our ongoing refinement to pricing models for our products and services is not accepted by our customers and the market. We continue to make changes in the pricing of our offerings so as to increase revenue and meet the needs of our customers. We cannot predict whether the current pricing of our offerings or any ongoing refinements we make will be accepted by our existing customer base or by prospective customers. If our customers and potential

customers decide not to accept our current or future pricing or offerings, it could have an adverse effect on our business and results of operations. Additionally, ecosystem partners establish the price for some of the products we market and sell, and we do not have control over such price setting or customer acceptance thereof or reaction thereto. ~~17~~**We** may be unable to adequately develop our systems, processes, and support in a manner that will enable us to meet the demand for our products and services. We have provided our online products and services for a significant period of time and continue to expand our ability to provide our solutions on both a subscription and transactional basis over the Internet or otherwise. Our future success will depend on our ability to effectively develop and maintain our infrastructure, including procurement of additional hardware and software, integrate and interoperate with third party systems, and implement the services, including customer support, necessary to meet the demand for our offerings. Our inability from time to time to successfully develop the necessary systems and implement the necessary services on a timely basis may result in our customers experiencing delays, interruptions, and / or errors in their service. Such delays or interruptions may cause customers to become dissatisfied with our service and move to competing providers. If this happens, our reputation, results of operations, and financial condition could be adversely affected. We operate in a challenging market for talent and may fail to attract and retain qualified personnel, including key management personnel. Our future performance is substantially dependent on the continued services of our management team and our ability to attract, retain, and motivate them. The loss of the services of any of our officers or senior managers, or the inability to attract additional officers or senior managers as appropriate, could harm our business, as we may not be able to find suitable replacements. Moreover, current competitive labor market conditions may make it more difficult for us to attract and retain key management personnel. In addition, our future success will depend on our ability to attract, train, motivate, and retain other highly skilled technical, managerial, marketing, sales, and customer support personnel. We continue to face competition for certain personnel, especially for software developers, web designers, user experience and interaction designers, and sales personnel, and we may be unable to successfully attract sufficiently qualified personnel where needed. Additionally, current competitive labor market conditions have increased, and may continue to increase, our labor costs as well as the difficulty of hiring and retaining qualified personnel where needed. We have experienced in the past, and continue to experience, difficulty hiring qualified personnel in a timely manner for certain positions, and we may not be able to fill certain positions in desired geographic areas or at all. The pool of qualified technical personnel, in particular, is limited. Many of the companies with which we compete for experienced personnel have greater resources than we have and some of these companies may offer more lucrative compensation packages. We anticipate needing to continue to maintain or increase the size of our staff to support our anticipated growth, without compromising the quality of our offerings or customer service. Our inability to locate, attract, hire, integrate, and retain qualified personnel in sufficient numbers may reduce the quality of our services and impair our ability to grow and adversely impact our financial performance. A significant portion of our workforce have been working remotely since 2020 and we expect a significant portion to continue working remotely under our hybrid workplace model. If we are unable to effectively maintain this hybrid work environment long- term, then we may experience increased attrition, a less cohesive workforce, reduced performance, and less innovation, which may adversely impact our business and financial results. We may not be able to upgrade our hardware and software technology infrastructure quickly enough to effectively meet demand for our services or our operational needs. We must continue to obtain reasonably priced, commercially available hardware, operating software, and hosting services, as well as continue to enhance our software and systems to accommodate the increased use of our platform, the increased content in our library, the expanding amount and type of data we store on behalf of our customers, and the resulting increase in operational demands on our business, including as imposed by new and changing legal and regulatory requirements applicable to our business. Decisions about hardware and software enhancements are based in part on estimated forecasts of the growth in demand for our services. This growth in demand for our services is difficult to forecast and the potential audience for our services is widespread and dynamic. If we are unable to increase the data storage and processing capacity of our systems at least as fast as the growth in demand, our customers may encounter delays or disruptions in their service. Unscheduled downtime or reduced response time of our platforms could harm our business and could discourage current and potential customers from using or continuing to use our services and reduce future revenue. If we are unable to acquire, update, or enhance our technology infrastructure and systems quickly enough to effectively meet increased operational demands on our business, that may also have an adverse effect on our results of operations or financial condition. Further, our applications necessarily must integrate with a variety of systems and technologies. As we develop our platform and applications and rely on ever changing and improving technologies, we may be impeded by our customers' and ecosystem partners' inability to adopt new technologies and technology standards upon which new platform enhancements may be based. ~~18~~**Our network infrastructure and computer systems and software may fail . The performance of our information systems is critical to our business operations**. An unexpected event (including but not limited to a cyber- security incident, such as a ransomware attack, denial- of- service attack, security compromise, or other attempts to misappropriate our confidential information; telecommunications failure; vandalism; fire; earthquake; public health crisis ,~~such as an epidemic or pandemic~~; or other catastrophic loss) at or impacting our Internet service providers' facilities, our on- site data center facilities, or our public- cloud infrastructure providers, could cause the loss of critical data and prevent us from offering our products and services for an unknown period of time. ~~Our~~**Although we have taken measures intended to prevent potential problems that could affect our information systems, our** or a third party' s disaster recovery planning cannot account for all eventualities, or may not be sufficient to mitigate against or recover from any of these events. We also may incur increased operating expenses to recover data, including ransom payments made to cyber- attackers, repair or remediate systems, equipment or facilities, and to protect ourselves from such disruptions. In addition, we may encounter challenges as a result of **reliance on increased acceptance of** remote work environments. For example, the daily activities and productivity of our workforce is ~~now more closely~~ tied to key vendors, such as video conference services, consistently delivering their services without material disruption. Our ability to deliver information using the Internet and to operate in a remote working environment may be impaired because of

infrastructure failures, service outages at third party Internet providers, malicious attacks or other factors. System downtime could negatively affect our reputation and ability to sell our products and services and may expose us to significant third-party claims. Our cyber liability and business interruption insurance may not adequately compensate us for losses that may occur. In addition, we rely on third parties to securely store our archived data, house our infrastructure and network systems, and connect us to the Internet. While our service providers have planned for certain contingencies, the failure by any of these third parties to provide these services satisfactorily and our inability to find suitable replacements would impair our ability to access archives and operate our systems and software, and our customers may encounter delays. Such disruptions could harm our reputation and **cause customers to become dissatisfied and possibly take their business to a competing provider, and negatively impact our ability to attract new customers,** which would adversely affect our financial performance. A data breach or cybersecurity incident could result in a loss of confidential data, give rise to remediation and other expenses, expose us to liability ~~under federal and state data protection and data privacy requirements, foreign data privacy regulations, consumer protection laws, common law theories, and other laws, rules and regulations~~, subject us to litigation and governmental inquiries and actions, damage our reputation, and otherwise adversely impact our financial results and business. We collect and store personal data and sensitive information, including intellectual property, ~~Protected~~ **protected Health health Information information** (PHI) as defined under HIPAA and other individually identifiable health information, provider credentialing and privileging data, education records, and other sensitive personal information, on our networks. ~~We In addition, there are~~ **directly subject a variety of other national, foreign, and international laws and regulations that apply to certain HIPAA privacy and the collection, use, retention, protection, security, disclosure, transfer, and other..... our operations. Companies' obligations and requirements under these laws and regulations are subject..... relating to our compliance with these regulations**. The secure maintenance of personal data and sensitive information is critical to our business operations. As a result, the continued development and enhancement of controls, processes, and practices designed to protect our information systems from attack, damage, or unauthorized access remain a priority for us. If the security measures that we use to protect personal data ~~and~~, sensitive information, or other data of our customers and business relations, are ineffective, we may lose users of our services, which could reduce our revenue, tarnish our reputation, and subject us to significant liability. In addition, if our subcontractors, subprocessors, or various other vendors and service providers on which we rely ~~fail or if they~~ fail to use adequate security or data protection processes or use personal data and sensitive information in an unpermitted or improper manner, we may be liable for losses as a result of their breach and, as a result, we may incur damage to our reputation. Additionally, **we may encounter challenges obtaining and maintaining certifications related to data privacy and protection, our or the** costs and efforts associated with ~~obtaining and maintaining certain these~~ certifications ~~related to data privacy and protection~~ may also increase ~~, to the extent we are able to obtain or maintain such certifications at all.~~ ~~19The~~ ~~---~~ **The** current cyber threat environment presents increased risk for all companies, including companies in our industry, and cyberattacks have become increasingly frequent, sophisticated, and difficult to detect. While we have implemented multiple layers of security measures to protect **our information technology structure and the** personal data and sensitive information that we collect and store, there is no assurance that these security measures will not be circumvented, including by new technological developments. Moreover, advanced new attacks that may be directed at us or our third-party vendors create risk of cybersecurity incidents, including ransomware, malware, and phishing incidents. We may also be subject to attacks in which malicious actors seek to, and potentially succeed in, exploiting our products or services as a vector to compromise the security or integrity of our customers, partners, or vendors. Additionally, in the current environment, it has become increasingly prevalent for malicious actors to target vendors, such as ourselves, as a means through which to gain unauthorized access to the systems and sensitive information of organizations such as healthcare providers, which comprise our primary customer base. In addition, the rapid evaluation and increased adoption of ~~artificial~~ **AI and other emerging** technologies may heighten our cybersecurity risks by making cybersecurity attacks more difficult to detect, contain, and mitigate. Further, the audit processes, penetration and vulnerability testing, and controls used within our production platforms may not be sufficient to identify and prevent errors or deliberate misuse. Moreover, our software, databases, and servers may contain vulnerabilities or irregularities that lead to computer viruses, physical or electronic attacks, and similar disruptions. Further, we may be at increased risk because we outsource certain services or functions to, or have systems that interface with, third parties. Our contracts with service providers typically require them to implement and maintain adequate security controls, but we may not have the ability to effectively monitor these security measures. As a result, inadequacies of third-party security controls may not be detected until after a cybersecurity incident has occurred. For example, third-party IT vendors may not provide us with fixes or updates to hardware or software in a manner as to avoid an unauthorized loss, access, or disclosure of data or to address a known vulnerability, which may subject us to known threats and cause system failures or disruptions. Third-party vendors that store or have access to our data **, or operate networks or services on which we rely,** may not have effective controls, processes, or practices to protect our information or systems from attack, damage, or unauthorized access. These risks may be heightened in connection with employees and service providers working from remote work environments, as our dependency on certain service providers, such as video conferencing and web conferencing services, has significantly increased. In addition, to access our network, products, and services, customers and other third parties may use personal mobile computing devices that are outside of our network environment and subject to their own security risks. ~~We~~ ~~19We~~ are regularly the target of cybersecurity attacks and other threats that could have a security impact, and we expect to continue to experience an increase in cybersecurity threats in the future. Moreover, in spite of our security measures, we have experienced data and cybersecurity incidents from time to time in the course of our business and have handled those incidents in accordance with our internal policies and our understanding of applicable laws. There is no assurance that we, or the third parties with which we interact, will not experience a cybersecurity incident or data breach in the future **bypassing our security measures** ~~that will materially affect affects~~ **us, including as the result of a loss of personal data or other confidential information, or the disruption of our information systems or business**. In the future, data breaches or

security incidents could result from a variety of circumstances and events, including third party action or inaction, system errors or downtime, employee negligence or error, malfeasance, failures during the process of upgrading or replacing software, databases, or components thereof, power outages, hardware failures, telecommunication failures, user errors, catastrophic events, or threats from malicious persons and groups, new vulnerabilities, and advanced new attacks against information systems, including those against our vendors and customers. Moreover, because the techniques used in cybersecurity attacks change frequently and may not be immediately recognized, we may experience cybersecurity incidents that remain undetected for an extended time. Any such security incidents and data breaches involving us or third parties with which we interact could result in business and operational interruptions and delays; the loss, unauthorized access, misappropriation, acquisition, use, disclosure, or corruption of data; result in our inability to access data; damage or adversely impact our information systems; damage our reputation; adversely impact our relationship with key customers and other business relations; and otherwise adversely impact our business. ~~There can be no assurance that we will not be subject to cybersecurity incidents that bypass our security measures, result in loss of personal data or other confidential information, or disrupt our information systems or business.~~ In addition, data and cybersecurity incidents, particularly if a large number of individuals are affected or if the compromised information is highly sensitive, could expose us and our customers to **litigation and liability under federal, state, and foreign** privacy, security, and consumer protection laws **and regulations**, such as HIPAA ~~and FERPA~~, ~~and state privacy laws, and foreign data privacy regulations,~~ or subject us to litigation under these or other laws, including common law theories. ~~Moreover, such~~ Such incidents could **also** subject us to federal and state governmental disclosure requirements, inquiries, or enforcement, result in civil monetary penalties, settlement agreements, corrective action plans, and monitoring requirements, require us to devote significant management resources to address and respond to any such cybersecurity events, interfere with the pursuit of other important business strategies, and / or cause us to incur additional expenditures, which could be material, including to investigate such events, remedy cybersecurity problems, recover lost data, and adapt systems and practices in response to such events. Moreover, there is no assurance that any remedial actions will meaningfully limit the success of future attempts to breach our information systems or the information systems of third parties with which we interact. **Further, we are subject to an increasing number of cybersecurity reporting obligations in different jurisdictions that vary in their scope and application, which may create conflicting reporting obligations and inhibit our ability to quickly provide complete and reliable information about cybersecurity incidents to customers, counterparties, and regulators, as well as the public.** In addition, our cyber liability and business interruption insurance may not cover or adequately compensate us for losses that may occur in connection with any cybersecurity incident. Furthermore, we have acquired a number of companies, products, services, and technologies in recent years. Although we devote ~~significant~~ resources to address any security issues with respect to such acquisitions, we still may inherit additional security risks when we integrate those companies within HealthStream. Moreover, if a high- profile security breach occurs with respect to an industry peer, our customers and potential customers may lose trust in the security of our solutions in general. As threats to personal data, sensitive information, and our confidential information continue to evolve and increase, we may be required to continue to expend significant resources to maintain, modify, or enhance our internal processes, governance, or protective measures, or to investigate and remediate any security vulnerabilities. For information on our cybersecurity risk management, strategy, and governance, see Item 1C. Cybersecurity.

~~20~~ **We** We may experience errors or omissions in our software products or processes, including those that deliver credentialing, privileging, and payer enrollment services for our healthcare customers and those that administer and report on healthcare facility performance, and these errors could result in action taken against us that could harm our business. Hospitals and medical practices use our credentialing, privileging, and payer enrollment software to manage, validate, and maintain their providers' and other staff credentials and authorization to practice in a particular facility and to maintain authorization to perform care covered by insurance providers. In some instances, we rely on sources outside the Company for information that we use in our credentialing and privileging products. If errors or omissions occur that inaccurately validate or invalidate the credentials of a provider or staff, or improperly deny or authorize a provider or staff to practice in a hospital or medical practice, these errors or omissions could result in litigation brought against us either by our customers, the provider or staff member, or other interested parties. For example, an important element in a malpractice case brought against a hospital or other provider could be the validation of proper credentialing for the provider, and any errors or omissions in our products that provide these services could subject us to claims. Further, a list of providers' privileges may be made available to the general public by hospitals and medical practices, and errors in credentialing and privileging may result in damage to the hospital, medical practice, or provider. We may also be required to indemnify against such claims and defending against any such claims could be costly, ~~and time-consuming and~~ **and time-consuming** and could negatively affect our business, ~~and may not be fully insured.~~ **Risks-20Risks** Related to Government Regulation, Content, and Intellectual Property Government regulation may subject us to investigation, litigation, or liability or require us to change the way we do business. The laws and regulations that govern our business change rapidly, are often inconsistent between jurisdictions, and in certain respects have become, and may continue to become, more complex and restrictive. Evolving areas of law that are relevant to our business include privacy and security laws, proposed encryption laws, content regulation, information security accountability regulation, sales and use tax laws, laws related to the use of **AI / ML** ~~artificial intelligence and machine learning~~ applications, and regulations and attempts to regulate activities on the Internet. For example, we are directly subject to certain requirements of the HIPAA privacy and security regulations. In addition, we are required through business associate agreements with our customers to protect the privacy and security of protected health information. Further, government laws and regulations that directly affect our customers can have an indirect impact on our business. ~~and requirements~~ under these laws and regulations are subject to uncertainty in how they may be interpreted by government authorities and regulators. The costs of compliance with, and the other burdens imposed by, these and other laws or regulatory actions may increase our operational costs, affect our customers' willingness to permit us to use and store personal data and sensitive information, prevent us from selling our products or services, and / or affect our ability to invest in or jointly

develop products. We may be exposed to litigation, including through private rights of action, regulatory fines, penalties, or other sanctions and damage to our reputation if the personal, confidential, or proprietary information of our customers is not handled in compliance with these laws or is otherwise mishandled or misused by us or any of our suppliers, ecosystem partners, counterparties, or other third parties, or if such third parties do not have appropriate controls in place to protect such personal, confidential, or proprietary information. We may also face audits or investigations by one or more domestic or foreign government agencies relating to our compliance with **these regulations**. We may also be required to develop features, enhancements, or modifications to our products to support our customers' evolving compliance obligations. This may require us to divert development and other resources from other areas, incur significant expenditures, or, if we are unsuccessful in delivering these features, enhancements, or modifications, result in monetary damages, loss of revenue or customers, reputational harm, or other adverse impacts to our business. We may lose sales from existing or potential customers or incur significant expenses if states impose or assess sales and use taxes on our services to a greater degree than is currently the case or we inherit potential state sales and use tax compliance issues in connection with acquisitions we may make from time to time. A successful assertion by one or more states that we should collect sales or uses taxes on the sale of our services to a greater degree than is our current practice could result in substantial tax liabilities for past sales, decrease our ability to compete on pricing with other vendors, and otherwise harm our business. Each state has different rules and regulations governing sales and use taxes, and these rules and regulations are subject to varying interpretations that may change over time. There can be no assurance that we will not be subject to sales and use taxes or related interest or penalties for past sales in states where we believe we are not subject to such taxes. We are also subject to income and other taxes in the United States as well as in those states and foreign jurisdictions in which we do business. Changes in federal tax laws applicable to U. S. corporations and / or other laws, or interpretations of tax laws by taxing authorities or other standard setting bodies, could increase our tax obligations and adversely impact our results of operations. Additionally, we may be subject to taxes and tax laws in foreign jurisdictions where we do business. The rapidly evolving and uncertain regulatory and technology environment could require us to change how we do business or incur additional costs. It may be difficult to predict how changes to **these applicable** laws and regulations **and current and future initiatives related to technology** might affect our business. **Different interpretations or enforcement of, or changes to, relevant laws and regulations in the future could subject our current or past practices to allegations of impropriety or illegality and could require us to alter to our operations**. While we strive to adhere our practices and procedures to the laws that are applicable to our business, we may not be able to timely adapt to evolving rules and regulations, interpretations, and regulator **discretion determinations**. Further, a regulator or court could disagree with our interpretation of these laws and regulations. Failure to comply with applicable legal or regulatory requirements in the U. S. or in any of the countries in which we operate could result in significant legal and financial exposure, damage to our reputation, subject us to **administrative, civil, and** contractual penalties (including termination of our customer agreements), adversely affect our ability to retain clients and attract new clients, or otherwise have a material adverse effect on our business operations, financial condition, and results of operations. 21 Any reduction or change in the regulation of continuing education and training in the healthcare industry may adversely affect our business. A portion of our business model is dependent in part on required training and continuing education for healthcare professionals and other healthcare workers resulting from regulations of state and federal agencies, state licensing boards, and professional organizations. Any change in these regulations and professional standards that reduce the requirements for continuing education and training for the healthcare industry could **reduce the demand for our services and** harm our business. In addition, a portion of our business with pharmaceutical and medical device manufacturers and hospitals is predicated on our ability to maintain accreditation status with organizations such as the ACCME and ANCC. The failure to maintain status as an accredited provider of educational and other services could have a detrimental effect on our business. We may be liable to third parties for content that is sold or made available by us. We may be liable to third parties for the content sold or made available by us if the text, graphics, software, or other content therein violates copyright, trademark, or other intellectual property rights, if our ecosystem partners violate their contractual obligations to others by providing content that we sell or make available, or if the content is inaccurate, incomplete, or does not conform to accepted standards of care in the healthcare profession. Further, we may be liable to these ecosystem partners if we allow access or release and lose control of their intellectual property stored on our platform either due to security issues or through improper release to customers who have not paid for access to such intellectual property. We attempt to minimize these types of liabilities by requiring representations and warranties relating to our intellectual property partners' ownership of the rights to distribute as well as the accuracy of their intellectual property. We also take measures to review this intellectual property ourselves. Although our agreements with our ecosystem partners in most instances contain provisions providing for indemnification by the ecosystem partners in the event of inaccurate intellectual property, our ecosystem partners may not have the financial resources to meet these indemnification obligations. Alleged liability could harm our business by damaging our reputation, requiring us to incur legal costs in defense, exposing us to awards of damages and costs, and diverting management' s attention away from our business. Protection of certain intellectual property may be difficult and costly, and our inability to protect our intellectual property could reduce the value of our products and services or reduce our competitive advantage. Despite our efforts to protect our intellectual property rights, as well as the intellectual property rights of our ecosystem partners, a third party could, without authorization, copy or otherwise misappropriate our content, information from our databases, or other intellectual property, including that of our third- party ecosystem partners. Our agreements with employees, consultants, and others who participate in development activities could be breached and result in our trade secrets becoming known. Alternatively, competitors and other third parties may independently develop or create content or systems that do not infringe our intellectual property rights. We may not have adequate remedies for such breaches or protections against such competitor developments. In addition, the laws of some foreign countries do not protect our proprietary rights to the same extent as the laws of the United States, and effective intellectual property protection may not be available in those jurisdictions. Our business could be harmed if unauthorized parties

infringe upon or misappropriate our intellectual property, proprietary systems, content, platform, applications, services, or other information or the intellectual property of our ecosystem partners. Our efforts to protect our intellectual property through copyright, trademarks, trade secrets, patents, and other forms of protection, as well as our efforts to protect the intellectual property of our ecosystem partners, may not be adequate. For instance, we may not be able to secure trademark or service mark registrations for marks in the United States or in foreign countries or to secure patents for our proprietary products and services, and even if we are successful in obtaining patent and / or trademark registrations, these registrations may be opposed or invalidated by a third party. We also have certain contractual obligations to protect the intellectual property of our ecosystem partners and could be required to indemnify such ecosystem partners if we do not adequately provide such protections. There has been substantial litigation in the software services and healthcare technology industries regarding intellectual property assets, particularly patents. Third parties may claim infringement by us with respect to current and future products, trademarks, or other proprietary rights, and we may counterclaim against such third parties in such actions. Any such claims or counterclaims could be time-consuming, result in costly litigation, divert management's attention, cause product release delays, require us to redesign our products, restrict our use of the intellectual property subject to such claim, or require us to enter into royalty or licensing agreements, any of which could have an adverse effect upon our business, financial condition, and operating results. Such royalty and licensing agreements may not be available on terms acceptable to us, if at all. We may be liable for infringing the intellectual property rights of others. Our competitors may develop similar intellectual property, duplicate our offerings, or design around any patents or other intellectual property rights we hold. Litigation may be necessary to enforce our intellectual property rights or to determine the validity and scope of the patents, intellectual property, or other proprietary rights of third parties, which could be time consuming and costly and have an adverse effect on our business and financial condition. Intellectual property infringement claims could be made against us and our ecosystem partners, especially as the number of our competitors grows. These claims, even if not meritorious, could be expensive and divert our attention from operating our company and result in a temporary inability to use the intellectual property subject to such claim. In addition, if we, our ecosystem partners, and / or our customers become liable to third parties for infringing their intellectual property rights, we could be required to pay a substantial damage award and develop comparable non-infringing intellectual property, to obtain a license, or to cease providing the content or services that contain the infringing intellectual property. We may be unable to develop non-infringing intellectual property or obtain a license on commercially reasonable terms, if at all. 22 We use open source software in our products, which could subject us to litigation or other actions. We use open source software in our products and may use more open source software in the future. From time to time, there have been claims challenging the ownership-use of open source software against companies that incorporate it into their products. As a result, we could be subject to suits by parties claiming ownership of rights in our proprietary products that include certain we believe to be open source software. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition, or require us to devote additional research and development resources to change our products. In addition, if we were to combine our proprietary software products with open source software in a certain manner, we could, under certain of the open source licenses, be required to release the source code of our proprietary software products to the public. If we inappropriately use open source software, we may be required to re-engineer our products, discontinue the sale of our products, or take other remedial actions. Our sources of data might restrict our use of or refuse to license data, which could adversely impact our ability to provide certain products or services. A portion of the data that we use is either purchased or licensed from third parties or public records or is obtained from our customers for specific customer engagements. We believe that we have all rights necessary to use the data that is incorporated into our products and services. However, if new laws or regulations impose restrictions on our use of the data or regulators' or courts' interpretations result in restrictions of the data that we currently use in our products and services, or a large number of data providers withdraw their data from us, our ability to provide our products and fulfill our contractual obligations to our customers could be materially adversely impacted. Risks Related to International Operations We face risks arising from our international operations. We have international operations in several countries outside of the United States, including Canada, Australia, and New Zealand. Conducting our business internationally, particularly with expansion into countries in which we have limited experience, subjects us to a variety of risks that that we do not necessarily face to the same degree in the U. S. These risks include, among others: • unexpected changes or differences in regulatory requirements, including with respect to taxes, trade laws, tariffs, export quotas, custom duties, or other trade restrictions; • differing labor regulations; • differing income and non-income based tax rates and laws; • regulations relating to data privacy and security, cross-border data transfers, and the unauthorized use of, or access to, commercial and personal information; • potential penalties or other adverse consequences for violations of anti-corruption, anti-bribery, and other similar laws and regulations, including the U. S. Foreign Corrupt Practices Act; • greater difficulty in supporting and localizing our products; • unrest and / or changes in a specific country's or region's social, political, legal, health, or economic conditions or other geopolitical developments (such as developments arising from the ongoing conflict between Russia and Ukraine, increasing tensions between China and Taiwan, and the ongoing conflict in the Middle East); • challenges inherent in efficiently managing an increased number of employees over large geographic distances, including the need to implement appropriate systems, controls, policies, benefits, and compliance programs; • currency exchange rate fluctuations; • uncertainties regarding the interpretation and enforceability of legal requirements, including limited or unfavorable intellectual property protection and the enforceability of contract rights; • competition with companies or other services that may understand local markets better than we do; • increased financial accounting and reporting burdens and complexities associated with implementing and maintaining adequate internal controls; • potential regulations, health guidelines, and safety protocols in foreign jurisdictions related to public health emergencies within the those pandemic jurisdictions; and • restrictions on repatriation of earnings. 23 Risks Related to Ownership of Our Common Stock It may be difficult for a third party to acquire our company. Tennessee corporate law and our charter and bylaws contain provisions that could delay, defer, or prevent a change in control of our company or our

management. These provisions could also discourage proxy contests and make it more difficult for you and other shareholders to elect directors and take other corporate actions. These provisions in our organizational documents: • authorize us to issue "blank check" preferred stock, which is preferred stock that can be created and issued by the board of directors, without prior shareholder approval, with rights senior to those of common stock; • provide for a staggered board of directors comprised of three classes such that it would take three successive annual meetings to replace all directors; • prohibit shareholder action by written consent; • do not provide shareholders with the right to call a special shareholders meeting; and • establish advance notice requirements for submitting nominations for election to the board of directors and for proposing matters that can be acted upon by shareholders at a meeting. In addition, we are subject to certain provisions of Tennessee law which limit, in some cases, our ability to engage in certain business combinations or transactions with significant shareholders. These provisions, either alone or in combination with each other, give our current directors a substantial ability to influence the outcome of a proposed acquisition of the Company. These provisions would apply even if an acquisition or other significant corporate transaction was considered beneficial by some of our shareholders. If a change in control or change in management is delayed or prevented by these provisions, the market price of our securities could decline. There is no assurance that we will not discontinue or reduce the amount of our current quarterly dividend. Our payment of dividends, as well as the rate at which we pay dividends, is subject to the discretion of our board of directors and compliance with applicable legal requirements and our credit agreement, and our board of directors retains the power to modify, suspend, or cancel our dividend policy in any manner and at any time that our board may deem necessary or appropriate. **Item 1B. Unresolved Staff Comments**