Fastställelseintyg

Undertecknad styrelseledamot i Forsta Worldwide AB intygar härmed dels att denna kopia av årsredovisningen samt revisionsberättelsen överensstämmer med originalet, dels att resultat- och balansräkningen fastställts på årsstämma 2025-06-30. Stämman beslutade också att godkänna styrelsens förslag till resultatdisposition.

Norrköping 2025-06-30

Torbjörn Andersson

ank=20250704;20250708190335

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Årsredovisning för

Forsta Worldwide AB

556637-9904

Räkenskapsåret
2024-01-01 - 2024-12-31

Innehållsförteckning: **Sida**

Förvaltningsberättelse	1
Resultaträkning	2
Balansräkning	3-4
Noter	5-9
Underskrifter	9

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Förvaltningsberättelse

Styrelsen och verkställande direktören för Forsta Worldwide AB, 556637-9904, med säte i Norrköping, får härmed avge årsredovisning för räkenskapsåret 2024-01-01 - 2024-12-31.

Allmänt om verksamheten

Forsta Worldwide AB utvecklar den molnbaserade IT plattformen Forsta Visualizations. Forsta Visualizations är en mjukvara för visualisering av marknadsundersökningsdata. Kunder återfinns inom segmentet marknadsundersökningsföretag samt professionella marknadsundersökningsavdelningar hos slutkundsföretag. Bolaget har kunder på flertalet marknader, med en tyngdpunkt inom Europa, Nordamerika och Australien.

Forsta AS, Norge, org nr 976886240, äger 100% av aktierna.

Flerårsöversikt

	2024	*2023*	*2022*	*2021*	*2020*
Nettoomsättning	37 293	34 101	41 770	45 937	44 288
Resultat efter finansiella poster	-3 934	2 473	620	5 708	-7 608
Balansomslutning	136 280	129 370	116 421	92 035	42 405
Soliditet, %	48	53	57	82	28

Definitioner: se not 1

Eget kapital

	Aktie-kapital	*Reservfond*	*Överkursfond*	*Bal res inkl årets resultat*	*Totalt*
Ingående balans 240101	8 968	20	33 177	26 776	68 941
Årets resultat				-3 934	-3 934
Utgående balans 241231	**8 968**	**20**	**33 177**	**22 842**	**65 007**

Förslag till disposition av företagets vinst eller förlust

	Belopp i kr
Balanserat resultat	59 953 189
Årets resultat	-3 933 533
Totalt	56 019 656
Balanseras i ny räkning	56 019 656
Summa	**56 019 656**

Vad beträffar resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkning med tillhörande noter

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Resultaträkning

Belopp i Tkr	*Not*	*2024-01-01-2024-12-31*	*2023-01-01-2023-12-31*
Nettoomsättning		37 293	34 101
		37 293	34 101
Rörelsens kostnader			
Råvaror och förnödenheter		-25	-90
Övriga externa kostnader		-9 864	-8 454
Personalkostnader	*2*	-26 508	-24 451
Av- och nedskrivningar av materiella och immateriella anläggningstillgångar		-127	-120
Rörelseresultat		769	986
Resultat från finansiella poster			
Resultat från övriga värdepapper och fordringar som är anläggningstillgångar	*3*	-3 342	-
Ränteintäkter och liknande resultatposter	*4*	2 043	2 238
Räntekostnader och liknande resultatposter	*5*	-3 404	-751
Resultat efter finansiella poster		-3 934	2 473
Resultat före skatt		-3 934	2 473
Årets resultat		**-3 934**	**2 473**

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Balansräkning

Belopp i Tkr	*Not*	*2024-12-31*	*2023-12-31*
TILLGÅNGAR			
Anläggningstillgångar			
Materiella anläggningstillgångar			
Inventarier, verktyg och installationer	*6*	220	296
		220	296
Finansiella anläggningstillgångar			
Andelar i koncernföretag	*7*	5	5
Fordringar hos koncernföretag	*8*	50 127	48 682
		50 132	48 687
Summa anläggningstillgångar		50 352	48 983
Omsättningstillgångar			
Kortfristiga fordringar			
Kundfordringar		7 383	13 027
Fordringar hos koncernföretag		73 789	62 615
Aktuell skattefordran		957	883
Förutbetalda kostnader och upplupna intäkter		737	748
		82 866	77 273
Kassa och bank		3 062	3 114
Summa omsättningstillgångar		85 928	80 387
SUMMA TILLGÅNGAR		136 280	129 370

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Balansräkning

Belopp i Tkr	*Not*	*2024-12-31*	*2023-12-31*
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		8 968	8 968
Reservfond		20	20
		8 988	8 988
Fritt eget kapital			
Överkursfond		33 177	33 177
Balanserad vinst eller förlust		26 776	24 303
Årets resultat		-3 934	2 473
		56 019	59 953
Summa eget kapital		65 007	68 941
Långfristiga skulder	9		
Skulder till koncernföretag		-	21
		-	21
Kortfristiga skulder			
Leverantörsskulder		719	589
Skulder till koncernföretag		48 059	31 924
Övriga kortfristiga skulder		2 752	3 881
Upplupna kostnader och förutbetalda intäkter		19 743	24 014
		71 273	60 408
SUMMA EGET KAPITAL OCH SKULDER		136 280	129 370

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Noter

Not 1 Redovisningsprinciper

Belopp i Tkr om inget annat anges

Allmänna redovisningsprinciper

Årsredovisningen har upprättats i enlighet med årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning (K3). Redovisningsprinciperna är oförändrade jämfört med f g år.

Koncernredovisning upprättas ej med hänvisning till ÅRL 7:2. Koncernredovisning upprättas av överordnat bolag, Azalea Topco Inc, EIN 81-3927202.

Värderingsprinciper m m

Tillgångar, avsättningar och skulder har värderats utifrån anskaffningsvärden om inget annat anges nedan.

Utländsk valuta

Transaktioner i utländsk valuta omräknas till den funktionella valutan till den valutakurs som föreligger på transaktionsdagen. Monetära tillgångar och skulder i utländska valuta räknas om till den funktionella valutan till den valutakurs som föreligger på balansdagen. Valutakursdifferenser som uppstår vid omräkningarna redovisas i resultaträkningen.

Tillgångar och skulder i utländska dotterbolag omräknas till den valutakurs som gäller på balansdagen. Intäkter och kostnader omräknas till svenska kronor till en genomsnittskurs som utgör en approximation av kurserna vid respektive transaktionskurs. Omräkningsdifferenser som uppstår vid valutaomräkning av utlandsverksamheter redovisas direkt mot eget kapital.

Intäkter

Det inflöde av ekonomiska fördelar som företaget erhållit eller kommer att erhålla för egen räkning redovisas som intäkt. Bolagets intäkter värderas till verkliga värdet av det som erhållits eller kommer att erhållas, med avdrag för rabatter.

Licensintäkter

Licensintäkter redovisas linjärt över kontraktets löptid.

Supportintäkter

Supportintäkterna består av timbaserade tjänster relaterade till de programvaror som koncernen levererar. Supportintäkter redovisas i takt med att kunden utnyttjar tjänsten.

Tjänsteuppdrag

Konsulttjänster och utbildning intäktsförs i takt med att tjänsterna levereras.

Leasingavtal

Samtliga leasingavtal redovisas som operationella leasingavtal. Bolaget har inga väsentliga finansiella leasingavtal.

Leasingavgifterna enligt operationella leasingavtal, inklusive förhöjd förstagångshyra men exklusive utgifter för tjänster som försäkring och underhåll, redovisas som kostnad linjärt över leasingperioden.

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Skatt

Skatt på årets resultat i resultaträkningen består av aktuell skatt och uppskjuten skatt. Aktuell skatt är inkomstskatt för innevarande räkenskapsår som avser årets skattepliktiga resultat och den del av tidigare räkenskapsårs inkomstskatt som ännu inte har redovisats.

Uppskjutna skattefordringar har värderats till högst det belopp som sannolikt kommer att återvinnas baserat på innevarande och framtida skattepliktiga resultat. Värderingen omprövas varje balansdag. Av försiktighetsskäl har bolaget inte aktiverat uppskjuten skattefordran på upparbetade underskott.

Materiella anläggningstillgångar

Materiella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar och nedskrivningar. I anskaffningsvärdet ingår förutom inköpspriset även utgifter som är direkt hänförliga till förvärvet.

Tillkommande utgifter som uppfyller tillgångskriteriet räknas in i tillgångens redovisade värde. Utgifter för löpande underhåll och reparationer redovisas som kostnader när de uppkommer.

Avskrivningar

Avskrivning sker linjärt över tillgångens beräknade nyttjandeperiod eftersom det återspeglar den förväntade förbrukningen av tillgångens framtida ekonomiska fördelar. Avskrivningen redovisas som kostnad i resultaträkningen.

Följande avskrivningstider tillämpas:

Materiella anläggningstillgångar	*År*
Inventarier, verktyg och installationer	5

Finansiella instrument

Finansiella instrument som redovisas i balansräkningen inkluderar långfristiga fordringar, kundfordringar och övriga fordringar, leverantörsskulder, och låneskulder. Instrumenten redovisas i balansräkningen när bolaget blir part i instrumentets avtalsmässiga villkor. Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumentet har löpt ut eller överförts och koncernen har överfört i stort sett alla risker och förmåner som är förknippade med äganderätten. Finansiella skulder tas bort från balansräkningen när förpliktelserna har reglerats eller på annat sätt upphört.

Kundfordringar och övriga fordringar
Fordringar redovisas som omsättningstillgångar med undantag för poster med förfallodag mer än 12 månader efter balansdagen, vilka klassificeras som anläggningstillgångar. Fordringar tas upp till det belopp som förväntas bli inbetalt efter avdrag för individuellt bedömda osäkra fordringar. Fordringar som är räntefria eller som löper med ränta som avviker från marknadsräntan och har en löptid överstigande 12 månader redovisas till ett diskonterat nuvärde och tidsvärdeförändringen redovisas som ränteintäkt i resultaträkningen.

Låneskulder och leverantörsskulder
Låneskulder och leverantörsskulder redovisas initialt till anskaffningsvärde efter avdrag för transaktionskostnader.

Kvittning av finansiell fordran och finansiell skuld
En finansiell tillgång och en finansiell skuld kvittas och redovisas med ett nettobelopp i balansräkningen endast då legal kvittningsrätt föreligger samt då en reglering med ett nettobelopp avses ske eller då en samtida avyttring av tillgången och reglering av skulden avses ske.

Nedskrivningsprövning av finansiella anläggningstillgångar
Vid varje balansdag bedömer bolaget om det finns någon indikation på nedskrivningsbehov i någon utav de finansiella anläggningstillgångarna. Nedskrivning sker om värdenedgången bedöms vara bestående.

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Andelar i dotterföretag
Aktier och andelar i dotterföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet ingår köpeskillingen som erlagts för aktierna samt förvärvskostnader.

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Nyckeltalsdefinitioner

Soliditet
Eget kapital och obeskattade reserver (med avdrag för uppskjuten skatt) i förhållande till balansomslutningen.

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Not 2 Anställda och personalkostnader

Medelantalet anställda

	2024-01-01-2024-12-31	*Varav män*	*2023-01-01-2023-12-31*	*Varav män*
Sverige	16	12	17	14
Totalt	**16**	**12**	**17**	**14**

Not 3 Resultat från övriga värdepapper och fordringar som är anläggningstillgångar

	2024-01-01-2024-12-31	*2023-01-01-2023-12-31*
Nedskrivning av fordran	-3 342	
Summa	**-3 342**	

Not 4 Ränteintäkter och liknande resultatposter

	2024-01-01-2024-12-31	*2023-01-01-2023-12-31*
Ränteintäkter, koncernföretag	1 792	1 902
Ränteintäkter, övriga	36	16
Valutakursvinst	215	320
Summa	**2 043**	**2 238**

Not 5 Räntekostnader och liknande resultatposter

	2024-01-01-2024-12-31	*2023-01-01-2023-12-31*
Räntekostnader, koncernföretag	-457	-496
Valutakursförlust	-2 947	-255
Summa	**-3 404**	**-751**

Not 6 Inventarier, verktyg och installationer

	2024-12-31	*2023-12-31*
Ackumulerade anskaffningsvärden		
-Vid årets början	554	517
-Nyanskaffningar	51	37
	605	554
Ackumulerade avskrivningar		
-Vid årets början	-258	-139
-Årets avskrivning	-127	-119
	-385	-258
Redovisat värde vid årets slut	**220**	**296**

Not 7 Andelar i koncernföretag

	2024-12-31	*2023-12-31*
Ackumulerade anskaffningsvärden:		
-Vid årets början	5	5
Redovisat värde vid årets slut	**5**	**5**

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Not 8 Fordringar hos koncernföretag

	2024-12-31	*2023-12-31*
-Vid årets början	48 682	46 585
-Tillkommande fordringar	1 836	2 097
- Nedskrivning	-2 930	
Redovisat värde vid årets slut	**47 588**	**48 682**

Not 9 Långfristiga skulder

Inga skulder förfaller till betalning senare än 5 år.

Underskrifter

Den dag som framgår av vår elektroniska signatur

Torbjörn Andersson
Verkställande direktör

Vår revisionsberättelse har lämnats den dag som framgår av vår elektroniska underskrift

Öhrlings PricewaterhouseCoopers AB

Signed by:
Fredrik Ömerth
Fredrik Ömerth
Auktoriserad revisor

DocuSigned by:
Torbjörn Andersson
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Revisionsberättelse

Till bolagsstämman i Forsta Worldwide AB, org.nr 556637-9904

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Forsta Worldwide AB för år 2024.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Forsta Worldwide ABs finansiella ställning per den 31 december 2024 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för Forsta Worldwide AB.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Forsta Worldwide AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

En ytterligare beskrivning av vårt ansvar för revisionen av årsredovisningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Forsta Worldwide AB för år 2024 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamot och verkställande direktören ansvarsfrihet för räkenskapsåret.

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Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Forsta Worldwide AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation, och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Den verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

En ytterligare beskrivning av vårt ansvar för revisionen av förvaltningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Linköping den dag som framgår av vår elektroniska signatur

Öhrlings PricewaterhouseCoopers AB

Fredrik Önnerth
Auktoriserad revisor

Deltagare

ÖHRLINGS PRICEWATERHOUSECOOPERS AB 556029-6740 Sverige

Signerat med Svenskt BankID	*2025-06-30 19:32:20 UTC*
Undertecknare	Datum

Namn returnerat från Svenskt BankID: Per Fredrik Önnerth

Fredrik Önnerth
Auktoriserad revisor

Leveranskanal: E-post

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AZALEA TOPCO, INC.

2024 and 2023 Consolidated Financial Statements
With Report of Independent Auditors

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INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements

Report of Independent Auditors	2
Consolidated Balance Sheets	4
Consolidated Statements of Comprehensive Loss	5
Consolidated Statements of Shareholder's Equity	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8

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Report of Independent Auditors

The Board of Directors and Shareholder of Azalea TopCo, Inc.

Opinion

We have audited the consolidated financial statements of Azalea TopCo, Inc. (the Company), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive loss, shareholder's equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst & Young LLP

April 23, 2025

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Azalea Topco, Inc.
Consolidated Balance Sheets
(Thousands of dollars, except share and per share data)

	December 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 47,276	$ 28,596
Accounts receivable, net of allowance of $1,713 and $2,881, respectively	139,717	133,807
Unbilled receivables	14,778	12,080
Prepaid expenses and other assets	33,025	25,255
Income taxes receivable	1,451	7,585
Derivative assets	4,237	11,626
Total current assets	240,484	218,949
Property and equipment, net	104,636	115,537
Other non-current assets	27,805	37,729
Intangible assets, net	1,947,371	2,146,147
Goodwill	3,261,188	3,277,142
Total assets	$ 5,581,484	$ 5,795,504
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Current portion of long-term debt	$ 21,727	$ 23,438
Accounts payable	13,234	24,275
Accrued payroll and related liabilities	35,345	27,727
Current portion of contingent consideration payable	-	4,500
Accrued expenses and other liabilities	18,299	22,585
Deferred revenue	89,678	79,976
Total current liabilities	178,283	182,501
Long-term debt	1,852,274	2,526,488
Derivative liabilities	-	6,097
Other non-current liabilities	19,184	29,874
Deferred income taxes	356,517	427,125
Total liabilities	2,406,258	3,172,085
Shareholder's equity		
Common stock, 1,000 shares authorized at $0.01 par value with 1 share issued and outstanding as of December 31, 2024 and 2023, respectively	-	-
Additional paid-in capital	3,930,430	3,224,293
Accumulated deficit	(717,532)	(586,673)
Accumulated other comprehensive loss	(37,672)	(14,201)
Total shareholder's equity	3,175,226	2,623,419
Total liabilities and shareholder's equity	$ 5,581,484	$ 5,795,504

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

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Azalea TopCo, Inc.
Consolidated Statements of Comprehensive Loss
(Thousands of dollars)

	Year Ended December 31, 2024	Year Ended December 31, 2023
Revenue	$ 801,913	$ 775,626
Cost of revenue (exclusive of Depreciation and amortization)	295,929	302,102
Operating expenses:		
Selling, general and administrative	231,883	224,941
Depreciation and amortization	245,782	255,268
Other operating expense (income)	245	(778)
Total operating expense	477,910	479,431
Income (loss) from operations	28,074	(5,907)
Other expense:		
Interest expense, net	(179,861)	(214,832)
Loss on extinguishment of debt	(12,451)	-
Other (expense) income	(2,522)	36
Total other expense	(194,834)	(214,796)
Loss before income taxes	(166,760)	(220,703)
Income tax benefit	(35,901)	(48,328)
Net loss	(130,859)	(172,375)
Other comprehensive loss, net of tax:		
Unrealized loss on cash flow hedge, net of tax of $288 and $3,653 for the year ended December 31, 2024 and 2023, respectively	(852)	(10,961)
Foreign currency translation loss, net of tax of $- and $- for the year ended December 31, 2024 and 2023, respectively	(22,619)	(4,416)
Total other comprehensive loss, net of tax	(23,471)	(15,377)
Comprehensive loss	$ (154,330)	$ (187,752)

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

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Azalea TopCo, Inc.
Consolidated Statement of Shareholder's Equity
(Thousands of dollars)

	Common stock	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total Shareholder's Equity
Balance, January 1, 2023	$ —	$ 3,195,297	$ (414,298)	$ 1,176	$ 2,782,175
Net loss	—	—	(172,375)	—	(172,375)
Foreign currency translation loss	—	—	—	(4,416)	(4,416)
Equity-based compensation	—	5,886	—	—	5,886
Equity repurchases	—	(1,781)	—	—	(1,781)
Equity contributions	—	24,891	—	—	24,891
Unrealized loss on cash flow hedge, net of tax	—	—	—	(10,961)	(10,961)
Balance, December 31, 2023	—	3,224,293	(586,673)	(14,201)	2,623,419
Net loss	—	—	(130,859)	—	(130,859)
Foreign currency translation loss	—	—	—	(22,619)	(22,619)
Equity-based compensation	—	3,812	—	—	3,812
Equity repurchases	—	(257,480)	—	—	(257,480)
Equity contributions	—	959,805	—	—	959,805
Unrealized loss on cash flow hedge, net of tax	—	—	—	(852)	(852)
Balance, December 31, 2024	$ —	$ 3,930,430	$ (717,532)	$ (37,672)	$ 3,175,226

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

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Azalea TopCo, Inc.
Consolidated Statements of Cash Flows
(Thousands of dollars)

	Year Ended December 31, 2024	Year Ended December 31, 2023
Operating activities:		
Net loss	$ (130,859)	$ (172,375)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	245,782	255,268
Amortization of deferred financing fees and debt discount	9,016	13,310
Change in fair value of contingent consideration	—	(782)
Equity-based compensation	5,706	12,567
Loss on extinguishment of debt	12,451	—
Loss on disposal of property and equipment	326	4
Deferred income taxes	(70,319)	(58,433)
Changes in operating assets and liabilities:		
Accounts receivable, net	(5,910)	7,410
Unbilled revenue	(2,698)	722
Prepaid expenses and other assets	(384)	15,885
Accounts payable	(10,999)	(12,165)
Accrued payroll and related liabilities	7,618	2,628
Accrued expenses and other liabilities	(14,048)	3,828
Deferred revenue	9,702	1,175
Income taxes receivable	6,134	(1,380)
Net cash provided by operating activities	61,518	67,662
Investing activities:		
Capital expenditures	(42,873)	(38,436)
Net cash used in investing activities	(42,873)	(38,436)
Financing activities:		
Proceeds from the issuance of long-term debt, net	1,798,347	—
Payments on long-term debt	(2,397,500)	(20,096)
Proceeds from the revolving credit facility	10,000	25,000
Payments on the revolving credit facility	(105,000)	(100,000)
Proceeds from the receivables credit facility	8,700	68,100
Payments on the receivables credit facility	(8,700)	(8,100)
Payments on finance lease obligations	(3,372)	(3,259)
Proceeds from equity contributions	959,805	—
Equity repurchases	(257,480)	(705)
Contingent consideration payments	(4,500)	(1,277)
Net cash used in by financing activities	300	(40,337)
Effect of exchange rate changes on cash	(265)	(468)
Net increase (decrease) in cash	18,680	(11,579)
Cash, cash equivalents and restricted cash at beginning of period	28,596	40,175
Cash, cash equivalents and restricted cash at end of period	$ 47,276	$ 28,596
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest	$ (169,555)	$ (198,780)
Income taxes	(25,926)	(11,432)
Non-cash activities		
Capital expenditures in accounts payable	42	159
Rollover of equity interests in connection with acquisition of business	—	24,891

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

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1. Nature of operations

Azalea TopCo, Inc. ("the Company") is a leading provider of experience technology, data analytics and insights that help companies better understand and serve their customers, employees and stakeholders. Through its wholly owned subsidiary, Press Ganey Associates LLC ("Associates"), and through Associates' wholly owned subsidiary, Compass Midco Limited ("Forsta"), the Company powers the Human Experience ("Hx") platform – a suite of experience and research solutions that break down the silos between Customer Experience, Employee Experience, Patient Experience and Market Research. We serve clients globally across multiple industries including healthcare, financial services, hospitality, market research, professional services, retail and technology.

The immediate parent of the Company is Azalea Intermediate Corp. (the "Immediate Parent"). Azalea Intermediate Corp. is a subsidiary of Azalea Parent Corp. (the "Parent"), which is a subsidiary of Azalea Parent Holdings LP (the "Ultimate Parent), a Delaware Limited Partnership with Azalea GP LLC as its General Partner.

2. Significant accounting policies

Basis of consolidation and presentation

The consolidated financial statements include the financial statements of Azalea TopCo, Inc. and its wholly owned subsidiaries. All intercompany balances and transactions are eliminated in consolidation. Unless otherwise indicated, all financial data presented in these consolidated financial statements are expressed in US dollars.

Use of estimates

The preparation of consolidated financial statements in conformity with US generally accepted accounting principles ("US GAAP") requires management to make estimates and assumptions affecting amounts reported and disclosed in the financial statements and accompanying notes. Actual results could differ materially from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash in readily available checking and money market funds. We consider all highly liquid investments purchased with a maturity of three months or less on the date of purchase to be cash equivalents. Cash equivalents are carried at cost which approximates fair value.

Restricted cash

Restricted cash is included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts shown on the statement of cash flows. Restricted cash is restricted as to withdrawal or use. The Company has restricted cash held on deposit at various financial institutions to secure bank guarantees of amounts related to government requirements and for collateral for a corporate credit card.

Accounts receivable and Allowance for credit losses

Accounts receivable are carried at gross value, net of an allowance for credit losses. The allowance reflects the Company's current estimate of credit losses expected to be incurred over the life of the accounts receivable. Collectability of accounts receivable is assessed on an ongoing basis and determined based on the delinquency of customer accounts, the financial condition of individual customers, past collections experience and forecasted macroeconomic conditions. Payment terms with customers are generally 30 days from the invoice date.

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Changes in the allowance for credit losses are as follows:

	2024	2023
Balance as of January 1	$ 2,881	$ 1,911
Provision for credit losses	(833)	1,866
Write-offs	(335)	(667)
Recoveries	-	(229)
Balance as of December 31	$ 1,713	$ 2,881

Property and equipment, net

Property and equipment are carried at historical cost, net of accumulated depreciation and amortization. Plant and equipment under finance leases are carried at the present value of their minimum lease payments.

Depreciation is recorded on a straight-line basis over the estimated useful lives of each asset. Amortization of leasehold improvements is recorded on a straight-line basis over the shorter of the lease term or estimated useful life of the asset and is classified as depreciation expense. The estimated useful life of each asset is as follows:

Equipment	2-7 years
Internal-use software	3 years
Furniture and fixtures	5-7 years
Leasehold improvements	Lesser of lease term or useful life
Office equipment	3-5 years
Building	25 years

The Company evaluates the useful life and carrying value of property and equipment for impairment if an event occurs or circumstances change that would indicate the carrying value may not be recoverable. If the carrying amount of the asset group is not recoverable on an undiscounted cash flow basis, an impairment loss is recognized to the extent that the asset group's carrying amount exceeds its estimated fair value.

Computer software development costs that are incurred in the preliminary project stage are expensed as incurred. During the development stage, direct consulting expenses, payroll and payroll related expenses for employees that are directly associated with each project are capitalized and amortized over the estimated useful life of the software once placed into operation. Replacements and major improvements are capitalized while maintenance and repairs are expensed as incurred. Capitalized internal-use software costs are amortized on a straight-line basis over its estimated useful life of 36 months. The Company recognized amortization expense of $46.5 million and $45.7 million related to capitalized internal-use software for the years ended December 31, 2024 and 2023, respectively, within depreciation and amortization in the consolidated statements of comprehensive loss.

Goodwill and intangible assets

Goodwill represents the excess of the aggregate purchase price over the fair value of the net assets acquired in a business combination. Identifiable intangible assets are recognized separately from goodwill and include trade names, customer contracts, customer relationships, proprietary technology, databases and other specifically identifiable assets. Certain trade names are deemed to have an indefinite-life. Goodwill and indefinite-lived assets are not amortized, but are subject to impairment testing.

The goodwill impairment test is performed at the reporting unit level. The Company performs the annual impairment assessment for goodwill and indefinite-lived intangible assets in its fourth fiscal quarter, or between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount.

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The Company has the option to perform either the qualitative or the quantitative test. In the event a reporting unit fails the qualitative test, it is required to perform the quantitative test. If the fair value of the reporting unit is less than its carrying value, the reporting unit will recognize an impairment for the lesser of either the amount by which the reporting unit's carrying amount exceeds the fair value of the reporting unit or the carrying value of the reporting unit.

Definite-lived intangible assets are tested for impairment if an event occurs or circumstances change that indicate the carrying value may not be recoverable.

Leases

At the commencement date of a lease, the Company recognizes a liability to make lease payments and an asset representing the right to use the underlying asset for the lease term. The Company includes options to extend or terminate a lease within the lease term when it is reasonably certain the option will be exercised. The lease liability is measured at the present value of fixed lease payments over the lease term. The Company does not allocate consideration between lease and non-lease components, such as maintenance costs, as the Company has elected to not separate lease and non-lease components for any leases within its existing classes of assets. When a contract excludes an implicit rate, the Company utilizes an incremental borrowing rate based on information available at the lease commencement date, including lease term and geographic region. The initial measurement of the right-of-use ("ROU") asset includes the initial measurement of the lease liability, fixed lease payments made in advance of the lease commencement date and initial direct costs incurred by the Company and excludes lease incentives. Variable lease payments, such as payments based on usage, are expensed as incurred and excluded from lease liabilities and right-of-use assets.

Leases with an initial term of 12 months or less are classified as short-term leases and are not recorded on the consolidated balance sheets. The lease expense for short-term leases is recognized on a straight-line basis over the lease term.

ROU assets are assessed for impairment consistent with the Company's long-lived asset policy.

Business Combinations

The Company accounts for acquired businesses using the acquisition method of accounting under ASC 805, *Business Combinations* (ASC 805), which requires that assets acquired, and liabilities assumed be recorded at the date of acquisition at their respective fair values. The fair value of the consideration paid, including contingent consideration, is assigned to the underlying net assets of the acquired business based on their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

Significant judgments are used in determining the estimated fair values assigned to the assets acquired and liabilities assumed and in determining estimates of useful lives of long-lived assets. Fair value determinations and useful life estimates are based on, among other factors, estimates of expected future cash flows, estimates of appropriate discount rates used to determine the present value of expected future net cash flows, and other factors. These judgments can materially impact the estimates used to determine the acquisition date fair values to assets acquired and liabilities assumed, and the resulting timing and amounts charged to, or recognized in current and future operating results.

Any changes in the fair value of contingent consideration resulting from a change in the underlying inputs is recognized in other operating expenses (income) until the contingent consideration arrangement is settled. Changes in the fair value of contingent consideration resulting from the passage of time are recorded within interest expense until the contingent consideration is settled.

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Revenue recognition

Revenue is measured as the amount of consideration the Company expects to receive in exchange for providing a service. Sales and other taxes collected from customers to be remitted to government authorities are excluded from revenue.

Classes of Revenue

The Company generates revenues from the following activities:

Health care performance improvement solutions, including patient experience, member experience and caregiver engagement surveys

The Company generates revenue from sales of health care performance improvement solutions. The Company assists its customers in gathering data, primarily through surveys, and aggregate, analyze and summarize the information. The Company helps its customers interpret the results as well as submit results to regulatory authorities, if applicable.

Marketing automation and reputation management services (consumerism)

The Company generates revenue from the sale of marketing automation and reputation management services. The Company assists its customers in creating a better customer experience by managing physician directories and facility location information as well as collect, review and analyze customer feedback.

Professional services, including strategic advisory and consulting solutions

The Company provides strategic advisory and consulting services.

Subscriptions

The Company generates revenue from sales of subscriptions to access the Company's hosted market research platform. The subscription includes support, training, and onboarding services. Customers do not have the right to take possession of the Company's software at any time. Instead, customers are granted access to the Company's platform over the contractual period.

Market research streaming services

The Company generates revenue from web-based streaming services.

Identification of Performance Obligations

The Company's revenue arrangements with customers may include a combination of more than one performance obligation. For contracts that contain more than one separately identified performance obligation, the total transaction price is allocated to the identified performance obligations based on the relative stand-alone selling prices of the performance obligations.

Determination of Transaction Price

Prices are fixed at contract inception, therefore, the Company's contracts do not contain a significant amount of variable consideration.

Allocation of transaction price

The transaction price is allocated to the separate performance obligations on a relative stand-alone selling price basis.

Judgment is required when estimating standalone selling prices. The Company reviews the standalone selling prices periodically or whenever facts and circumstances change to ensure the most objective input parameters available are used.

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Recognition of Revenue

Health care performance improvement solutions represent a series of distinct services as the Company continually provides access to and fulfills its obligation to the end customer over the contract term. The series of distinct services represents a single performance obligation that is satisfied over time. Accordingly, the fixed consideration related to health care performance improvement solutions is recognized as revenue on a straight-line basis over the contract term, beginning on the date that the service is made available to the customer.

Marketing automation and reputation management services represent a series of distinct services as the Company continually provides access to and fulfills its obligation to the end customer over the contract term. The series of distinct services represents a single performance obligation that is satisfied over time. Accordingly, the fixed consideration related to marketing automation and reputation management services is recognized as revenue over a straight-line basis over the contract term, beginning on the date that the service is made available to the customer.

Revenue from professional services related to strategic advisory and consulting services is recognized as the services are performed and contract milestones are satisfied, as the customer consumes the benefit as the services are provided.

Revenue from subscription services is recognized on a ratable basis over the contract term beginning on the date that the Company's service is made available to the customer, which the Company believes best reflects the manner in which the Company's customers utilize the Company's subscription offerings. Arrangements with customers do not provide the customer with the right to take possession of the software supporting the Company's solutions at any time and, as a result, are accounted for as a service contract.

Revenue from web-based streaming services is recognized once the service has been performed and the customer has consumed the benefit, at the end of the project.

Judgment is required to determine whether revenue is to be recognized at a point in time or over time. All judgments and estimates mentioned above can significantly impact the timing and amount of revenue to be recognized.

Contract Balances

The Company generally invoices the customer in advance. In addition, the Company also enters into non-cancelable multi-year contracts with its customers which include price escalations each year. The Company accounts for the difference between straight-line revenue and annual invoice amounts as a contract asset. Contract assets are classified as unbilled revenue on the consolidated balance sheets. The Company classifies contract liabilities as deferred revenue. Deferred revenue primarily relates to the advance consideration received from the customer prior to the related performance obligation being fulfilled.

Disaggregation of Revenue

The following table represents revenue by region based on the location of customers:

	Year Ended December 31,	
	2024	2023
United States	$ 745,832	$ 719,415
United Kingdom	15,370	15,158
Rest of world	40,711	41,053
Total revenue	$ 801,913	$ 775,626

No single country outside of the United States accounted for 10% or more of revenue during the year ended December 31, 2024 and 2023.

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Deferred contract costs

The Company defers commissions and incentives, including payroll taxes, if they are incremental and recoverable costs of obtaining a customer contract. Deferred contract costs are amortized over the estimated contract term. An impairment of deferred contract costs is recognized when the unamortized balance of deferred contract costs exceeds the remaining amount of consideration the Company expects to receive, less the expected future costs directly related to providing those services. Deferred contract costs are included in prepaid expenses and other assets and other non-current assets on the consolidated balance sheet. As of December 31, 2024, the current and non-current portion of the deferred contract costs were $9.9 million and $4.6 million, respectively. As of December 31, 2023, the current and non-current portion of the deferred contract costs were $10.0 million and $4.0 million, respectively.

Derivatives

The Company uses derivative financial instruments to manage risks associated with interest rate fluctuations. The Company records all derivatives on the consolidated balance sheet at fair value. The fair value of interest rate swaps is determined by estimating the net present value of amounts to be paid under the agreement offset by the net present value of the expected cash inflows based on market rates and associated yield curves. Based on these valuation methodologies, these derivative contracts are classified as Level 2 in the fair value hierarchy. For derivative contracts with the same counterparty where the Company has a master netting arrangement with the counterparty, the fair value of the asset/liability is presented on a net basis within the consolidated balance sheets.

The Company has entered into derivative financial instruments designated as cash flow hedges to manage the risk of future cash payments associated with its variable-rate debt. The effective portion of changes in fair value of cash flow hedges are recorded in accumulated other comprehensive loss within the consolidated balance sheets and are subsequently reclassified into earnings in the period for which the hedged forecasted transaction affects earnings. The ineffective portion of the changes in fair value of the derivatives is recognized directly into earnings.

Equity-based compensation

The Company's equity-based compensation is classified as either equity awards or liability awards. The fair value of an equity-classified award is determined at the grant date. The fair value of a liability-classified award is also determined at the grant date, and remeasured at each period end from grant date until final vesting. The related liability is included in other non-current liabilities on the consolidated balance sheet. The change in the fair value of liability-classified awards is recorded to cost of revenue and selling, general and administrative expense.

The fair value of an award with service based vesting conditions that is ultimately expected to vest is recognized as expense over the requisite service period in the Company's consolidated statement of comprehensive loss using the straight-line method. For awards with performance and market based vesting conditions, the fair value of an award that is ultimately expected to vest is recognized as expense if the performance based vesting conditions are deemed probable.

The Company recognizes forfeitures as incurred. Units forfeited are available to be reissued by the Company.

Foreign currency

Assets and liabilities of foreign subsidiaries are translated into US dollars at period-end exchange rates. Income and expense accounts of foreign subsidiaries are translated into US dollars at the average exchange rates for the period. The net exchange gains and losses arising from the translation are reflected as a component of currency translation within accumulated other comprehensive loss.

Foreign exchange transaction gains and losses associated with the revaluation of balance sheet amounts denominated in a foreign currency are included in other income in the consolidated statement of comprehensive loss.

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Income Taxes

The Company accounts for income taxes using the asset and liability approach. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences reverse. Deferred tax assets are also recognized for the estimated future effects of tax loss carryforwards. The effect on deferred taxes of changes in tax rates is recognized in the period in which the revised tax rate is enacted.

The Company recognizes interest and penalties related to unrecognized tax benefits within selling, general and administrative expense in the consolidated statement of comprehensive loss. Accrued interest and penalties are included in accrued expenses and other liabilities and other non-current liabilities in the consolidated balance sheets.

Fair value

Certain assets and liabilities are required to be recorded at fair value. The estimated fair values of those assets and liabilities have been determined using market information and valuation techniques. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. There are three levels of inputs that may be used to measure fair value:

Level 1	Quoted prices for identical instruments in active markets
Level 2	Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuation in which all significant inputs and significant value drivers are observed in active markets
Level 3	Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable

Recently adopted accounting pronouncements

On January 1, 2023, the Company adopted ASU 2022-06 "Reference Rate Reform" (Topic 848) "Deferral of the Sunset Date of Topic 848", which deferred the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. Topic 848 provides optional practical expedients and elections when accounting for contracts, hedging relationships and other transactions affected by the discontinuation of reference rates such as LIBOR, if certain criteria are met. The adoption of the standard did not have a material impact on our consolidated financial statements.

On January 1, 2023, the Company adopted ASU 2016-13 "Financial Instruments - Credit Losses" (Topic 326), which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. The transition to the new methodology resulted in an immaterial financial impact and the Company did not recognize a cumulative-effect adjustment to the opening balance of accumulated deficit.

On January 1, 2023, the Company adopted ASU 2019-12 "Income Taxes" (Topic 740) – "Simplifying the Accounting for Income Taxes", which clarifies and simplifies the accounting for income taxes by eliminating certain exceptions for intra-period tax allocation principles, updating the methodology for calculating income tax rates in an interim period and aligning the recognition of deferred taxes for outside basis differences in an investment, among other updates. The adoption of the standard did not have a material impact on our consolidated financial statements.

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Recently issued accounting pronouncements not yet adopted

In December 2023, the FASB issued ASU 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". The Company will adopt this guidance effective January 1, 2026 and is evaluating the impact the standard will have on its consolidated financial statements.

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". The Company will adopt this guidance effective January 1, 2027 and is evaluating the impact the standard will have on its consolidated financial statements.

3. Property and Equipment, net

Property and equipment, net consisted of the following:

	December 31,	
	2024	2023
Furniture, fixtures, and leasehold improvements	$ 12,043	$ 11,535
Office equipment	41,684	31,251
Internal-use software	317,299	276,434
Building	22,858	22,858
Subtotal	393,884	342,078
Less: Accumulated depreciation	(289,518)	(226,577)
Subtotal	$ 104,366	$ 115,501
Software development and construction in progress	270	36
Property and equipment, net	$ 104,636	$ 115,537

The Company recorded depreciation and amortization expense of $53.4 million and $53.2 million for the year ended December 31, 2024 and 2023, respectively.

4. Business Combinations

Compass Midco Limited

On April 26, 2022, Press Ganey Associates LLC and Azalea Parent Holdings LP completed an acquisition of 100% of the equity interest of Compass Midco Limited ("Forsta"). Forsta is a leading global provider of market research, customer experience and employee experience technology. The acquisition allowed the Company to expand into new geographies and industries with highly complementary market research and technology that coordinated seamlessly with the Company's existing healthcare solutions.

The total purchase price of the acquisition was $809.5 million. The purchase price was settled through a cash payment of $472.3 million, issuance of equity interest in the Ultimate Parent valued at $291.0 million as of the acquisition date, future issuance of equity interest in the Ultimate Parent valued at $43.8 million as of the acquisition date ("the earnout" or "contingent consideration") and settlement of a pre-existing relationship of $2.4 million. The earnout arrangement required the Company to pay up to $50.0 million of additional consideration, payable subject to revenue targets for the year ending December 31, 2022. We estimated the fair value of the contingent consideration using a real option approach. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement as defined by ASC 820. Refer to Note 5 for changes made to the contingent consideration liability throughout the year.

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The cash portion of the purchase price and acquisition related costs were funded using the proceeds from the issuance of new debt and additional withdrawals on our revolving credit facility. Refer to "Note 7: Long term debt" for more information.

During the year ended December 31, 2023, the Company updated the purchase price allocation to reflect final uncertain tax positions acquired, net of deferred tax assets. The accounting for this acquisition was complete as of April 25, 2023.

The final purchase price allocation and measurement period adjustments are shown below:

Cash	$	35,442
Accounts receivable		28,544
Unbilled revenue		436
Prepaid expenses		8,058
Property and equipment		1,872
Other assets		9,474
Intangible assets		390,617
Total identifiable assets acquired		**474,443**
Accounts payable		(6,373)
Accrued expenses		(33,753)
Deferred revenue		(33,296)
Other liabilities		(7,580)
Income taxes payable		(2,111)
Deferred tax liabilities		(81,034)
Total identifiable liabilities assumed		**(164,147)**
Net identifiable assets acquired		310,296
Goodwill		499,196
Net assets acquired	**$**	**809,492**

The Company recorded $499.2 million of goodwill. The goodwill is primarily attributed to expected synergies from combining operations. The Company expects approximately $5.7 million of goodwill to be deductible for income tax purposes.

The identified intangible assets were related to trade name, technology and customer relationships, which have amortization periods of 9 years, 9-13 years and 13 years, respectively, and a total weighted average amortization period of 12.3 years.

5. Contingent consideration payable

The Company classifies its financial instruments according to the fair value hierarchy described in "Note 2: Summary of significant accounting policies."

The following is a reconciliation of the fair valuation measurements that use significant unobservable inputs (Level 3), which consist of contingent consideration liabilities related to the Compass Midco Limited (Forsta), NextPlane Solutions LLC and Health Performance Group (Doctor.com) acquisitions:

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Balance at January 1, 2023	**$ 31,450**
Fair value adjustments	(782)
Equity issuance	(24,891)
Payments	(1,277)
Balance at December 31, 2023	**4,500**
Fair value adjustments	—
Equity issuance	—
Payments	(4,500)
Balance at December 31, 2024	**$ —**

The fair value of the contingent consideration is based on a real option approach, which takes into account management's best estimate of the acquired business performance, as well as achievement risk. The Company assesses the projected results for each of the acquisitions in comparison to the earnout targets and adjusts the liability accordingly.

During the year ended December 31, 2024, the Company paid $4.5 million in cash specific to the Health Performance Group (Doctor.com) acquisition.

During the year ended December 31, 2023, the Company issued $24.9 million of equity interest in the Ultimate Parent and paid $0.6 million in cash specific to the Compass Midco Limited (Forsta) acquisition. The Company also paid $0.7 million specific to the Next Plane Solution LLC acquisition. The performance assumptions associated with the Health Performance Group (Doctor.com) and Compass Midco Limited (Forsta) acquisitions were revised, resulting in ($1.2 million) and $0.5 million fair value adjustments, respectively.

Fair value adjustments are recorded within other operating income on the consolidated statement of comprehensive loss.

6. Goodwill and intangible assets

Goodwill

The following is a summary of the activity in goodwill:

Balance as of January 1, 2023	**$ 3,279,171**
Final purchase price allocation for Forsta acquisition	708
Foreign currency translation	(2,737)
Balance as of December 31, 2023	**3,277,142**
Foreign currency translation	(15,954)
Balance as of December 31, 2024	**$ 3,261,188**

As of October 1, 2024, the Company performed its annual impairment review and concluded that there were no impairments.

Intangible assets, net

The gross carrying amounts and accumulated amortization of the Company's intangible assets were as follows:

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	December 31, 2024				December 31, 2023			
	Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trade name (indefinite life)	—	$ 506,000	$ —	$ 506,000	—	$ 506,000	$ —	$ 506,000
Trade name (finite life)	4.5	63,180	(28,772)	34,408	5.4	63,917	(20,380)	43,537
Customer contracts	0.9	11,118	(9,147)	1,971	1.9	11,118	(6,924)	4,194
Customer relationships	9.8	1,951,048	(647,361)	1,303,687	10.8	1,951,364	(514,898)	1,436,466
Proprietary technology	4.7	222,345	(126,524)	95,821	5.8	231,251	(96,185)	135,066
Database	0.2	121,100	(115,752)	5,348	0.9	121,100	(100,416)	20,684
Other	—	136	—	136	0.2	2,535	(2,335)	200
		$ 2,874,927	$ (927,556)	$ 1,947,371		$ 2,887,285	$ (741,138)	$ 2,146,147

The Company recorded amortization expense of $192.4 million and $202.1 million for the year ended December 31, 2024 and 2023, respectively. The Company cannot reliably determine the pattern for which it derives the benefit of its intangible assets. As such, the Company amortizes its intangible assets using the straight-line method over their estimated lives.

The estimated annual amortization expense in each of the next five years is as follows:

2025	$ 171,760
2026	150,925
2027	147,279
2028	147,279
2029	146,991

7. Long-term debt

As of December 31, 2024 and 2023, the Company's long-term debt consisted of the following:

	December 31,	
	2024	2023
Term Loan Facilities:		
Term Loan - 2024	$ 1,820,438	$ —
First Lien Term Loan	—	1,196,875
First Lien Second Amendment Term Loan	—	350,561
First Lien Third Amendment Term Loan	—	393,000
Second Lien Term Loan	—	452,500
Revolving line of credit:		
Revolving line of credit - 2024	—	—
Revolving line of credit	—	95,000
Accounts receivable facility:		
Accounts receivable facility	60,000	60,000
Finance lease obligations	30,032	33,404
Long-term debt before discount	1,910,470	2,581,340
Less: Unamortized deferred financing fees	(16,938)	(25,791)
Less: Unamortized original issue discount	(19,531)	(5,623)
Total long-term debt	1,874,001	2,549,926
Less: Current maturities	(21,727)	(23,438)
Total long-term debt, excluding current maturities	$ 1,852,274	$ 2,526,488

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As of December 31, 2024, future contractual maturities of long-term debt, excluding finance lease obligations, were as follows:

2025	$ (18,250)
2026	(18,250)
2027	(78,250)
2028	(18,250)
2029	(18,250)
Thereafter	(1,729,188)
Total debt	$ (1,880,438)

Credit Agreement

The Company entered into a Credit Agreement ("Credit Agreement"), dated April 30, 2024. The Credit Agreement provides a new term loan facility in an aggregate principal amount of $1,825.0 million ("Term Loan - 2024") and a new revolving credit facility of $350.0 million ("Revolving Credit Facility – 2024"). The Company also repaid in full, without penalties, the remaining term loans related to the First Lien Credit Agreement ("First Lien Agreement") and the Second Lien Credit Agreement ("Second Lien Agreement") as well as the balance outstanding on the Revolving Credit Facility of $95.0 million. The Credit Agreement was issued with an original issue discount of $21.5 million. The Company incurred and capitalized deferred financing fees of $17.8 million related to the Credit Agreement.

On November 26, 2024, the Company entered into the First Amendment which amended the applicable rate specific to the interest rate calculation. Deferred financing fees of $1.0 million were capitalized in connection with the amendment.

The interest rate applicable to the Term Loan – 2024 is based on, at the borrower's option, (i) a fluctuating rate of interest determined by reference to a benchmark rate loan, plus an applicable rate or (ii) a base rate loan, plus an applicable rate. The adjusted term SOFR is equal to (a) the term SOFR plus (b) the applicable term SOFR adjustment. The term SOFR adjustment fluctuates depending on the Company's elected interest period. The applicable rate for the benchmark rate loan and base rate loan calculations were 3.25% and 2.25%, respectively, as of December 31, 2024.

The Company is required to repay the outstanding principal amount of the Term Loan – 2024 in equal quarterly amounts of $4.6 million, commencing on December 31, 2024. The remaining Term Loan – 2024 balance will be due upon maturity on April 30, 2031.

The interest rate applicable to the Revolving Credit Facility – 2024 is based on, at the borrower's option, (i) a fluctuating rate of interest determined by reference to a benchmark rate loan, plus an applicable rate or (ii) a base rate loan, plus an applicable rate. The adjusted term SOFR was equal to (a) the term SOFR plus (b) the applicable term SOFR adjustment. The term SOFR adjustment fluctuates depending on the Company's elected interest period. The applicable margins fluctuate depending on the Company's Net Leverage Ratio, as defined in the Credit Agreement. The applicable rate for the benchmark rate loan and the base rate loan calculations were 3.25% and 2.25%, respectively, as of December 31, 2024.

Unamortized deferred financing fees related to the Revolving Credit Facility – 2024 were $2.6 million as of December 31, 2024 and are included in other non-current assets in the consolidated balance sheets.

First Lien Credit Agreement

The Company entered into a First Lien Credit Agreement ("First Lien Agreement"), dated July 25, 2019. The First Lien Agreement provided a new term loan facility in an aggregate principal amount of $1,250.0 million ("First Lien Term Loan") and a new revolving credit facility of $250.0 million ("Revolving Credit Facility"). The First Lien Agreement also provided an incremental credit facility ("Swing Line Loan").

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The interest rate applicable to the First Lien Term Loan was based on, at the borrower's option, (i) a fluctuating rate of interest determined by reference to an adjusted base rate ("ABR") plus an applicable margin or (ii) an adjusted term Secured Overnight Financing rate ("SOFR"), plus an applicable margin. The adjusted term SOFR was equal to (a) the term SOFR plus (b) the applicable term SOFR adjustment. The term SOFR adjustment fluctuated depending on the Company's elected interest period. The applicable margins fluctuated depending on the Company's Net Leverage Ratio, as defined in the First Lien Agreement. The applicable margin for the ABR and SOFR calculations were 2.50% and 3.50%, respectively, as of December 31, 2023.

On May 25, 2021, the Company entered into the Second Amendment which provided a new term loan facility in an aggregate principal amount of $359.6 million ("First Lien Second Amendment").

The interest rate applicable to the First Lien Second Amendment was also based on, at the borrower's option, (i) a fluctuating rate of interest determined by reference to an adjusted base rate ("ABR") plus an applicable margin or (ii) an adjusted term Secured Overnight Financing rate ("SOFR"), with a floor of 0.75%, plus an applicable margin. The adjusted term SOFR was equal to (a) the term SOFR plus (b) the applicable term SOFR adjustment. The term SOFR adjustment fluctuated depending on the Company's elected interest period. The applicable margins fluctuated depending on the Company's Net Leverage Ratio, as defined in the First Lien Agreement. The applicable margin for the ABR and SOFR calculations were 2.75% and 3.75%, respectively, as of December 31, 2023.

On April 26, 2022, the Company entered into the Third Amendment which provided a new term loan facility in an aggregate principal amount of $400.0 million ("First Lien Third Amendment").

The interest rate applicable to the First Lien Third Amendment was also based on, at the borrower's option, (i) a fluctuating rate of interest determined by reference to an adjusted based rate ("ABR") plus an applicable margin or (ii) a Secured Overnight Financing rate ("SOFR"), with a floor of 0.75%, plus an applicable margin. The applicable margin fluctuated depending on the Company's Net Leverage Ratio, as defined in the First Lien Agreement. The adjusted term SOFR was equal to (a) the term SOFR plus (b) the applicable term SOFR adjustment. The term SOFR adjustment fluctuated depending on the Company's elected interest period. The applicable margin for the ABR and SOFR calculations were 2.75% and 3.75%, respectively, as of December 31, 2023.

On March 17, 2023, the Company entered into the Fourth Amendment which extended the maturity date of the Revolving Credit Facility to January 25, 2026 ("First Lien Fourth Amendment"). The Fourth Amendment also replaced the Eurocurrency rate ("LIBOR") with the adjusted term Secured Overnight Financing rate ("SOFR") as an alternative benchmark for all purposes under the Revolving Credit Facility.

On April 18, 2023, the Company entered into the Fifth Amendment which replaced the Eurocurrency rate ("LIBOR") with the adjusted term Secured Overnight Financing rate ("SOFR") as an alternative benchmark for all purposes under the First Lien Agreement and First Lien Second Amendment.

The First Lien Term Loan, the First Lien Second Amendment and the First Lien Third Amendment were repaid in full on April 30, 2024, without penalty, in connection with the issuance of the Credit Agreement. The Company recognized a loss on extinguishment of debt of $7.6 million during the year ended December 31, 2024.

The interest rate applicable to the Revolving Credit Facility was based on, at the borrower's option, (i) a fluctuating rate of interest determined by reference to an adjusted base rate ("ABR") plus an applicable margin or (ii) a Secured Overnight Financing rate ("SOFR"), plus an applicable margin. The applicable margins fluctuated depending on the Company's Net Leverage Ratio, as defined in the First Lien Agreement. The adjusted term SOFR was equal to (a) the term SOFR plus (b) the applicable term SOFR adjustment. The term SOFR adjustment fluctuated depending on the Company's elected interest period. The applicable margin for the ABR and SOFR calculations were 2.50% and 3.50%, respectively, as of December 31, 2023.

Unamortized deferred financing fees related to the Revolving Credit Facility were $2.5 million as of December 31, 2023 and are included in other non-current assets in the consolidated balance sheets.

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The Company was charged a loan commitment fee for unused amounts on the Revolving Credit Facility. The loan commitment fee was 0.50% as of December 31, 2023.

Second Lien Credit Agreement

The Company entered into a Second Lien Credit Agreement ("Second Lien Agreement"), dated July 25, 2019. The Second Lien Agreement provided a new term loan facility in an aggregate principal amount of $452.5 million. The interest rate on the Second Lien Agreement was a 9% fixed rate. The Second Lien Credit Agreement was repaid in full on April 30, 2024, without penalty, in connection with the issuance of the Credit Agreement. The Company recognized a loss on extinguishment of debt of $4.9 million during the year ended December 31, 2024.

Accounts Receivable Facility

On March 3, 2023, a wholly owned subsidiary of the Company entered into an agreement to sell certain accounts receivable balances on a revolving basis ("Accounts Receivable Facility"). The agreement is subject to a Facility Limit of $80.0 million and a Minimum Funding Limit of the lesser of (i) the product of 75% times the Facility Limit, and (ii) the Borrowing Base, defined as the lesser of (a) the Facility Limit and (b) the amount equal to the Net Receivable Pool balance at such time minus the Total Reserves at such time. Deferred financing fees of $1.7 million were capitalized in connection with the agreement.

The interest rate applicable to the Accounts Receivable Facility is the sum of (i) the Daily 1M Secured Overnight Financing rate ("SOFR") plus (ii) the Secured Overnight Financing rate ("SOFR") adjustment of 0.10% and (iii) the Base Rate, a fluctuating per annum rate equal to the higher of (a) the Overnight Funding Rate, plus 0.50%, (b) the Prime Rate and (c) the Daily Simple Secured Overnight Financing rate, plus 1.00%. The interest rate shall increase by 2.00% each annum. The agreement also includes an Undrawn Fee, equal to the product of (i) 0.50%, (ii) the excess of the lender's commitment over the aggregate principal of all loans being funded, and (iii) 1/360, as well as a Drawn Fee, equal to the product of (i) 3.25%, (ii) the aggregate outstanding principal, and (iii) 1/360.

On May 31, 2024, the Company entered into the First Amendment which extended the maturity date of the Accounts Receivable Facility to May 31, 2027 ("Accounts Receivable First Amendment"). Any outstanding balances in the Accounts Receivable Facility will be due upon maturity.

Debt Covenants

At each quarter-end, so long as the outstanding amount of the Revolving Credit Facility and Swing Line Loans exceed 40% of the Revolving Commitments then in effect, the Credit Agreement Net Leverage Ratio must not exceed 9.00:1.00. As per the terms of the Credit Agreement, the Accounts Receivable Facility is excluded from the First Lien Net Leverage Ratio calculation. Additionally, the Credit Agreement contains certain restrictive covenants limiting the Company in its ability to incur additional indebtedness or liens, make certain investments or other restricted payments, enter into certain transactions with affiliates, merge or consolidate with another entity, or dispose of certain assets. The Company is in compliance with all debt covenants as of December 31, 2024 and 2023.

Other Information

The recorded values of the variable rate term loans under the Company's credit agreements approximate fair value as the interest rates fluctuate with market rates.

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8. Derivatives

Interest rate swaps

The Company's objective in using interest rate derivatives is to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company uses interest rate swaps as part of its interest rate risk management strategy.

In August 2019, the Company entered into an interest rate swap designated as a cash flow hedge with a notional amount of $850.0 million with an effective date of August 31, 2019. The interest rate swap matured on August 31, 2023. During 2023, the Company entered into several new interest rate swaps designated as cash flow hedges with notional amounts of $850.0 million, $200.0 million and $300.0 million, and effective dates of August 31, 2023, March 31, 2023 and March 31, 2023, respectively. The interest rate swaps mature on January 31, 2026.

Notional amounts and fair value of derivative instruments

The following table presents the notional amounts of the Company's outstanding derivative instruments by type:

	December 31,	
	2024	2023
Designated Derivatives:		
Interest rate swap contracts	$ 1,350,000	$ 1,350,000

The following are the pre-tax effects of derivative instruments on the consolidated statements of comprehensive loss for the years ended December 31, 2024 and 2023:

		Amount of loss reclassified from other comprehensive loss into net loss	
		Year ended December 31,	
	Statement of Operations Classification	2024	2023
Derivatives in cash flow hedging relationship:			
Interest rate swap contracts	Interest expense	$ 19,138	$ 30,138

The amount of income to be reclassified to the consolidated statement of comprehensive loss within the next 12 months is $4.2 million.

9. Leases

The Company has operating and finance leases for office space and other equipment. The lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Company subleases certain facilities to third parties.

		December 31,	
	Balance Sheet Classification	2024	2023
Assets:			
Operating lease assets	Other non-current assets	$ 13,112	$ 23,743
Finance lease assets	Property and equipment, net	29,965	33,589
Total lease assets		$ 43,077	$ 57,332
Liabilities:			
Current liabilities:			
Current portion of operating lease liabilities	Accrued expenses and other liabilities	$ 7,797	$ 7,725
Current portion of finance lease liabilities	Current portion of long-term debt	3,477	3,343
Non-current liabilities:			
Operating lease liabilities	Other non-current liabilities	7,450	19,765
Finance lease liabilities	Long-term debt	26,556	30,061
Total lease liabilities		$ 45,280	$ 60,894

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The components of lease cost for operating and finance leases are as follows as of December 31, 2024 and 2023:

	Year ended December 31,	
	2024	2023
Finance lease costs	$	$
Amortization of ROU assets	3,623	3,737
Interest on lease liabilities	1,451	1,526
Operating lease costs	9,019	9,576
Other lease costs	-	115
Variable lease costs	104	104
Total gross lease costs	$ 14,197	$ 15,058
Less: sublease income	(671)	(1,062)
Total net lease costs	$ 13,526	$ 13,996

Amortization of ROU assets is classified as depreciation and amortization on the consolidated statements of comprehensive loss. Interest on lease liabilities is classified as interest expense on the consolidated statements of comprehensive loss. Operating lease costs and variable lease costs are classified as selling, general and administrative expenses on the consolidated statements of comprehensive loss.

Supplemental cash flow information related to leases was as follows during the year ended December 31, 2024 and 2023:

	Year ended December 31,	
	2024	2023
Cash paid for amounts included in measurement of lease obligations		
Operating cash flows from operating leases	$ 9,137	$ 9,962
Operating cash flows from finance leases	1,451	1,526
Financing cash flows from finance leases	3,372	3,259
Right-of-use assets obtained in exchange for new operating lease obligations	2,745	—
Right-of-use assets obtained in exchange for new finance lease obligations	—	3,840

The following table represents the weighted-average remaining lease term and discount rate as of December 31, 2024 and 2023:

	December 31,	
	2024	2023
Operating leases:		
Weighted average remaining lease term (years)	3.25	5.58
Weighted average discount rate	4.51%	5.09%
Finance leases:		
Weighted average remaining lease term (years)	17.20	16.90
Weighted average discount rate	4.63%	4.70%

Future undiscounted lease payments for the Company's operating and finance lease liabilities are as follows as of December 31, 2024:

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	Operating	Finance
2025	$ 8,050	$ 4,764
2026	3,589	4,659
2027	1,950	3,318
2028	574	1,519
2029	470	1,295
Thereafter	1,678	27,893
Total future lease payments	$ 16,311	$ 43,448
Less imputed interest	(1,064)	(13,415)
Present value of lease liabilities	15,247	30,033
Lease liabilities, current	7,797	3,477
Lease liabilities, non-current	$ 7,450	$ 26,556

10. Defined Contribution Retirement Plan

The Company provides defined contribution plans to assist eligible employees in providing for retirement and other future needs. Company contribution expense amounted to $8.3 million and $1.8 million in the years ended December 31, 2024 and 2023, respectively.

11. Shareholder's Equity

Equity-based compensation

The Company recognized the following amounts in total equity-based compensation expense for the year ended December 31, 2024 and 2023:

	Year Ended December 31,	
	2024	2023
Cost of revenue	$ 459	$ 1,343
Selling, general and administrative	5,247	11,224
Total	$ 5,706	$ 12,567

Equity-classified awards

2019 Class B Unit Incentive Equity Plan

On July 25, 2019, the Ultimate Parent of the Company created the Azalea Parent Holdings LP 2019 Class B Unit Incentive Equity Plan (the "Plan"). The Plan allows the Company to issue awards to employees of the Company. Awards are in the form of incentive units. As of December 31, 2024, there were 104,404, 48,702 and 13,551 units of Class B-1, Class B-2 and Class B-3, respectively, authorized and remaining to be issued under the Plan.

Class B-1 units generally vest annually over a four-year period based on continued employment. The remaining contractual term of the vested Class B-1 units is 4.57 years at December 31, 2024. As of December 31, 2024, the Company has unrecognized equity-based compensation expense related to non-vested Class B-1 units of approximately $10.2 million, which will be recognized over the remaining weighted-average vesting term of 1.44 years.

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The following table reflects the Class B-1 units activity during the year ended December 31, 2024:

	Class B-1 Units	
	Units	Weighted average fair value
Outstanding as of January 1, 2024	1,689,434	$ 21.33
Granted	150,381	19.74
Exercised	—	—
Forfeited	(22,278)	29.69
Cancelled	(59,980)	20.79
Outstanding as of December 31, 2024	1,757,557	$ 21.10
Vested as of December 31, 2024	1,296,072	$ 20.74
Expected to vest after December 31, 2024	461,485	$ 22.09

Class B-2 and Class B-3 units vest upon the achievement of performance and market conditions. The performance condition is the occurrence of an initial public offering, change in control or other transaction that allows the Company's investors to monetize all or a portion of their investment. The market condition is based on the Ultimate Parent's return on investment. The Company will recognize equity-based compensation expense when the performance condition is probable, which is upon the occurrence of one of the above events. As of December 31, 2024, the Company has unrecognized equity-based compensation expense related to non-vested Class B-2 and B-3 units of approximately $19.6 million, which will be recognized once the performance condition is probable, which is upon the occurrence of one of the above events.

The following tables reflect the Class B-2 and B-3 units activity during the year ended December 31, 2024:

	Class B-2 Units	
	Units	Weighted average fair value
Outstanding as of January 1, 2024	1,084,871	$ 14.98
Granted	100,253	15.66
Exercised	—	—
Forfeited	(35,682)	21.60
Outstanding as of December 31, 2024	1,149,442	$ 14.82
Vested as of December 31, 2024	—	$ —
Expected to vest as of December 31, 2024	1,149,442	$ 14.82

	Class B-3 Units	
	Units	Weighted average fair value
Outstanding as of January 1, 2024	301,276	$ 8.26
Granted	27,847	9.30
Exercised	—	—
Forfeited	(9,900)	14.46
Outstanding as of December 31, 2024	319,223	$ 8.16
Vested as of December 31, 2024	—	$ —
Expected to vest as of December 31, 2024	319,223	$ 8.16

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Liability-classified awards

2022 Phantom Incentive Equity Plan

On October 25, 2022, the Ultimate Parent of the Company created the Azalea Parent Holdings LP 2022 Phantom Incentive Equity Plan (the "Phantom Plan"). The Phantom Plan allows the Company to issue phantom units to employees of the Company. Phantom units are notional units that represent a right to receive payment as defined and as stipulated in the Phantom Plan and the grant agreement. As of December 31, 2024, the Company has made no payments related to the Phantom Plan. As of December 31, 2024, there were 19,598, 14,679 and 4,077 units of Phantom Class B-1, Phantom Class B-2 and Phantom Class B-3, respectively, authorized and remaining to be issued under the Phantom Plan.

Phantom Class B-1 units generally vest annually over a four-year period based on continued employment. The remaining contractual term of the vested Phantom Class B-1 units is 7.82 years. As of December 31, 2024, the Company has unrecognized equity-based compensation expense related to non-vested Phantom Class B-1 units of approximately $0.5 million, which will be recognized over the remaining weighted-average vesting term of 0.9 years. The amount of unrecognized equity-based compensation expense for the Phantom Class B-1 units will fluctuate over time as the Phantom Class B-1 units are remeasured at each balance sheet date.

The following table reflects the Phantom Class B-1 units activity during the year ended December 31, 2024:

	Phantom Class B-1 Units	
	Units	Weighted average fair value
Outstanding as of January 1, 2024	63,035	$ 30.83
Granted	—	—
Exercised	—	—
Forfeited	(2,651)	31.04
Cancelled	—	—
Outstanding as of December 31, 2024	60,384	$ 30.83
Vested as of December 31, 2024	45,634	$ 30.76
Expected to vest after December 31, 2024	14,750	$ 31.04

Phantom Class B-2 and Phantom Class B-3 units vest upon the achievement of performance and market conditions. The performance condition is the occurrence of an initial public offering, change in control or other transaction that allows the Company's investors to monetize all or a portion of their investment. The Company reviews progress toward the attainment of the performance criteria regularly. The market condition is based on the Ultimate Parent's return on investment. The Company will recognize equity-based compensation expense when the performance condition is probable, upon the occurrence of one of the above events. As of December 31, 2024, the Company has unrecognized equity-based compensation expense related to non-vested Phantom Class B-2 and Phantom Class B-3 units of approximately $1.2 million, which will be recognized once the performance condition is probable, which is upon the occurrence of one of the above events. The amount of unrecognized equity-based compensation cost for the Phantom Class B-2 and Phantom Class B-3 units will fluctuate over time as the Phantom Class B-2 and Phantom Class B-3 units are marked to market.

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The following tables reflect the Phantom Class B-2 and Phantom Class B-3 units activity during the year ended December 31, 2024:

	Phantom Class B-2 Units	
	Units	Weighted average fair value
Outstanding as of January 1, 2024	39,738	$ 26.73
Granted	—	—
Exercised	—	—
Forfeited	(1,767)	26.95
Outstanding as of December 31, 2024	37,971	$ 26.72
Vested as of December 31, 2024	—	$ —
Expected to vest as of December 31, 2024	37,971	$ 26.72

	Phantom Class B-3 Units	
	Units	Weighted average fair value
Outstanding as of January 1, 2024	11,037	$ 19.29
Granted	—	—
Exercised	—	—
Forfeited	(490)	19.48
Outstanding as of December 31, 2024	10,547	$ 19.28
Vested as of December 31, 2024	—	$ —
Expected to vest as of December 31, 2024	10,547	$ 19.28

Forsta Class F Unit 2022 Phantom Incentive Plan

On October 25, 2022, the Ultimate Parent of the Company created the Azalea Parent Holdings LP Forsta Class F Units 2022 Phantom Incentive Plan (the "Forsta Phantom Plan"). The Forsta Phantom Plan allows the Company to issue phantom units to employees of the Company. Phantom units are notional units that represent a right to receive payment as defined and as stipulated in the Forsta Phantom Plan and the grant agreement. As of December 31, 2024, the Company has made no payments related to the Forsta Phantom Plan. The Company has accounted for the phantom units as liability-classified awards, and accordingly, are remeasured at fair value at each balance sheet date. Changes in the fair value of the units are recorded to cost of revenue and general and administrative expense over the vesting period of the award. As of December 31, 2024, there were 27,690 and 95,500 units of Phantom Class F-1 and Phantom Class F-2, respectively, authorized and remaining to be issued under the Forsta Phantom Plan.

Phantom Class F-1 units generally vest annually over a four-year period based on continued employment. The remaining contractual term of the vested Phantom Class F-1 units is 7.82 years. As of December 31, 2024, the Company has unrecognized equity-based compensation expense related to non-vested Phantom Class F-1 units of approximately $7.0 million, which will be recognized over the remaining weighted-average vesting term of 1.14 years. The amount of unrecognized equity-based compensation expense for the Phantom Class F-1 units will fluctuate over time as the Phantom Class F-1 units are remeasured at each balance sheet date.

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The following table reflects the Phantom Class F-1 units activity during the year ended December 31, 2024:

	Phantom Class F-1 Units	
	Units	Weighted average fair value
Outstanding as of January 1, 2024	111,554	$ 76.71
Granted	23,030	128.88
Exercised	—	—
Forfeited	(4,785)	95.53
Cancelled	(2,197)	74.07
Outstanding as of December 31, 2024	127,602	$ 85.46
Vested as of December 31, 2024	52,790	$ 74.07
Expected to vest after December 31, 2024	74,812	$ 93.31

Phantom Class F-2 units vest upon the achievement of performance and market conditions. The performance condition is the occurrence of an initial public offering, change in control or other transaction of the overall Company or commercial business that allows the Company's investors to monetize all or a portion of their investment. The Company reviews progress toward the attainment of the performance criteria regularly. The market condition is based on the Ultimate Parent's return on investment. The Company will recognize equity-based compensation expense when the performance condition is probable, upon the occurrence of one the above events. As of December 31, 2024, the Company has unrecognized equity-based compensation expense related to non-vested Phantom Class F-2 units of approximately $30.0 million, which will be recognized once the performance condition is probable, which is upon the occurrence of one of the above events. The amount of unrecognized equity-based compensation cost for the Phantom Class F-2 units will fluctuate over time as the Phantom Class B-2 units are remeasured at each balance sheet date.

The following tables reflect the Phantom Class F-2 units activity during the year ended December 31, 2024:

	Phantom Class F-2 Units	
	Units	Weighted average fair value
Outstanding as of January 1, 2024	323,010	$ 74.62
Granted	69,096	112.06
Exercised	—	—
Forfeited	(21,722)	84.54
Cancelled	—	—
Outstanding as of December 31, 2024	370,384	$ 81.02
Vested as of December 31, 2024	—	$ —
Expected to vest after December 31, 2024	370,384	$ 81.02

Fair value

The fair value of the Class B-1, Phantom Class B-1 and Phantom F-1 units vested during the years ended December 31, 2024 and 2023 is $32.2 million and $27.5 million, respectively.

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Fair value assumptions

The fair value of the Plan units and Phantom Plan units were determined using an option pricing model. The weighted-average assumptions used in the valuation model were as follows:

	Year ended December 31,	
	2024	2023
Expected volatility	45.0%	45.0%
Expected term (in years)	3	3
Risk-free interest rate	3.52	4.80
Expected dividend yield	—	—
Marketability discount	27.8% - 31.7%	27.9% - 31.7%

The Monte Carlo simulation-based option valuation model was used to calculate the fair value of the Forsta Phantom Plan units. The weighted-average assumptions used under the Monte Carlo simulation-based option valuation model were as follows:

	Year ended December 31,	
	2024	2023
Expected volatility	39.0%	43.0%
Expected term (in years)	3	2.6
Risk-free interest rate	3.52	4.90
Expected dividend yield	—	—
Marketability discount	24.0%	26.0%

For all valuation models, expected volatility was based on comparable companies' volatility. The risk-free interest rate was derived from the constant maturity treasury curve for a term matching the expected life of the award. The results of the valuations were adjusted to reflect the lack of marketability of the awards.

Equity contributions and repurchases

Equity contributions during the year ended December 31, 2024 comprise of proceeds of $959.8 million from the issuance of preferred stock by the Parent. Equity repurchases during the year ended December 31, 2024 comprise predominately of $255.4 million from the repurchase of preferred stock by the Parent.

Equity contributions during the year ended December 31, 2023 comprise predominately of issuance of equity interest of $24.9 million by the Ultimate Parent in connection with the acquisition of Forsta as discussed in "Note 5: Contingent consideration payable".

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12. Accumulated other comprehensive loss

The following table presents the changes in accumulated other comprehensive loss by component, net of tax:

	Cash flow hedge	Currency Translation	Total AOCI
Balance as of January 1, 2023	$ 15,032	$ (13,856)	$ 1,176
Other comprehensive loss	(10,961)	(4,416)	(15,377)
Total other comprehensive loss	(10,961)	(4,416)	(15,377)
Balance as of December 31, 2023	$ 4,071	$ (18,272)	$ (14,201)
Other comprehensive loss	(852)	(22,619)	(23,471)
Total other comprehensive loss	(852)	(22,619)	(23,471)
Balance as of December 31, 2024	$ 3,219	$ (40,891)	$ (37,672)

13. Fair value measurements

The Company classifies its financial instruments according to the fair value hierarchy described in "Note 2: Significant accounting policies."

Items measured at fair value on a recurring basis

The following table is a reconciliation of recurring fair value measurements that use significant unobservable inputs (Level 3), which consisted of the Compass Midco Limited (Forsta), NextPlane Solutions LLC, and Health Performance Group (Doctor.com) acquisition contingent consideration, Phantom Class B unit and Phantom Class F unit liabilities:

	Contingent Consideration		Phantom B Units		Phantom F Units	
	2024	2023	2024	2023	2024	2023
Fair value as of January 1	$ —	$ 31,450	$ 524	$ —	$ 6,157	$ —
Additions	—	—	259	832	3,738	3,471
Fair value adjustments	—	(782)	36	(308)	(2,138)	2,686
Foreign exchange	—	—	—	—	—	—
Transfers out of Level 3	—	(30,668)	—	—	—	—
Fair value as of December 31	$ —	$ —	$ 819	$ 524	$ 7,757	$ 6,157

14. Income taxes

Income tax benefit for the year ended December 31, 2024 and 2023, consist of the following:

	Current	Deferred	Total
Year ended December 31, 2024			
U.S. federal	$ 28,094	$ (59,024)	$ (30,930)
State and local	4,239	(8,792)	(4,553)
Foreign	708	(1,126)	(418)
	$ 33,041	$ (68,942)	$ (35,901)
Year ended December 31, 2023			
U.S. federal	$ 6,188	$ (46,506)	$ (40,318)
State and local	4,061	(10,017)	(5,956)
Foreign	(402)	(1,652)	(2,054)
	$ 9,847	$ (58,175)	$ (48,328)

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Income tax benefit differed from the amounts computed by applying the U.S. federal income tax rate of 21% to loss before income taxes as a result of the following:

	Year ended December 31, 2024	Year ended December 31, 2023
Tax at federal statutory rate	$ (35,005)	$ (46,348)
State and local income taxes, net of federal benefit	(7,006)	(8,422)
Effect of state rate changes	2,142	3,053
Non-deductible fair value adjustments to contingent consideration	—	(157)
Other, net	3,968	3,546
	$ (35,901)	$ (48,328)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, are presented below:

	2024	2023
Deferred tax assets:		
Accounts receivable	$ 426	$ 711
Accrued liabilities	885	284
Deferred revenue	5,391	3,945
Net operating loss carryforward	13,407	14,602
Lease liabilities	11,642	15,454
163(j) Interest expense carryforward	128,539	100,716
Total gross deferred tax assets	160,290	135,712
Valuation allowance	(989)	(1,403)
Total deferred tax assets, net	159,301	134,309
Deferred tax liabilities:		
Property and equipment	1,218	6,657
Intangible assets and goodwill	498,017	533,917
Derivative assets	1,107	1,382
Right of use assets	10,836	14,282
Other	4,640	5,196
Total gross deferred tax liabilities	515,818	561,434
Net deferred tax liabilities	$ 356,517	$ 427,125

The Company has gross U.S. federal net operating loss carryforwards in the amount of $4.9 million and $7.9 million at December 31, 2024 and 2023, respectively. Of these amounts, $0.6 million and $1.7 million have a 20-year life and will expire between the tax years 2035 and 2037 and the remainder has an indefinite carryforward. The Company estimated its tax effected state net operating loss carryforwards of $10.5 million and $10.3 million at December 31, 2024 and 2023, respectively. These net operating losses will expire between 2035 through 2043.

The Company has gross foreign net operating loss carryforwards at December 31, 2024 of $5.5 million, $5.3 million and $1.8 million for its subsidiaries in Norway, United Kingdom ("UK") and Australia, respectively. Of these amounts, the net operating loss carryforwards in the UK, Norway and Australia have an indefinite carryforward.

Accounting for income taxes requires that the Company reduce its deferred income tax assets by a valuation allowance if, based on the weight of the available evidence, it is more likely than not that all or a portion of a deferred tax asset will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences are deductible. Accounting for income taxes requires that all evidence, both positive and negative, be evaluated to determine if the

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deferred tax asset is realizable. The Company has determined that a valuation allowance is required against foreign tax credits, state credits, and various foreign net operating losses of $1.0 million that are not more likely than not to be realized. The Company has determined that it is more likely than not it will be able to realize all of its other deferred tax assets.

The Company has not provided for deferred income taxes on the undistributed earnings of non-US subsidiaries, as it is the Company's intention to indefinitely reinvest these earnings in non-US operations. A determination of the amount of the liability is not practical for the Company to determine.

In the US, Global Intangible Low-Taxed Income (GILTI) imposes a tax on the GILTI earned by certain non-US subsidiaries. The Company has elected to provide for the tax expense related to GILTI in the year the tax is incurred.

The Company recognizes a tax benefit from a tax position only if it is more likely than not to be sustained upon examination based solely on the technical merits of the position. The amount of the accrual for which an exposure exists is measured as the largest amount of benefit determined on a cumulative probability basis that the Company believes is more likely than not to be realized upon ultimate settlement of the position. The Company has recorded a liability of $4.9 million in connection with the acquisition of Forsta related to various transfer pricing and other matters, of which, $2.0 million would impact the effective tax rate if recognized.

The Company is subject to U.S federal income tax, foreign income tax and various state jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. The Company is potentially subject to income tax audits in numerous jurisdictions until the applicable statute of limitations expires. The following is a summary of tax years potentially subject to examination in the significant jurisdictions in which the Company operates:

Jurisdiction	Tax years subject to examination
United States (Federal)	2021-2024
United States (State)	2019-2024
Foreign (Various)	2018-2024

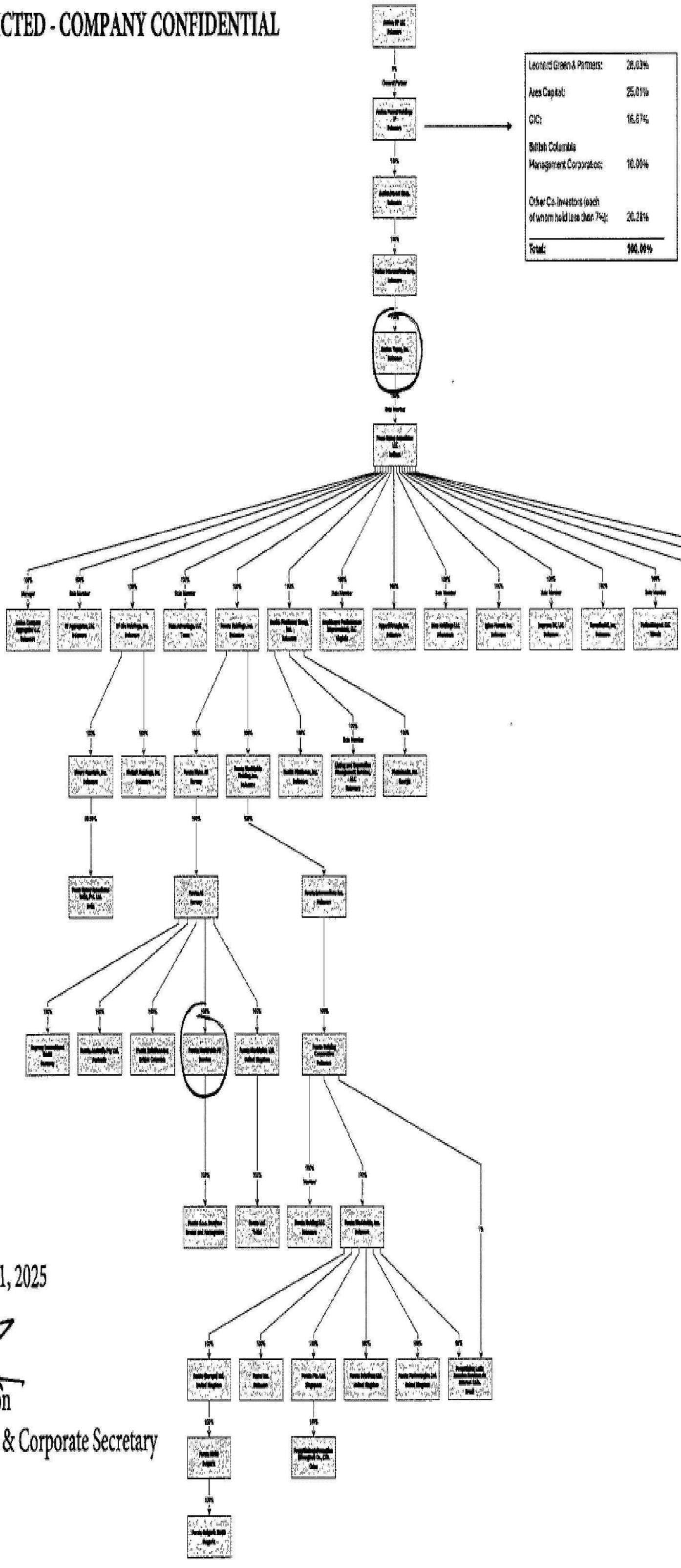
15. Subsequent Events

The Company evaluated subsequent events through April 23, 2025, the date the consolidated financial statements were issued.

On April 2, 2025, Press Ganey Associates LLC completed an acquisition of 100% of the equity interest of Hyperlift Logic, Inc. The total purchase price was $27.7 million.

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PressGaney



Dated: August 11, 2025

Devin J. Anderson

General Counsel & Corporate Secretary