

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended **December 31, 2023**  
OR

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

For the transition period from        to  
Commission File Number: **001-36092**

**Premier, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**35-2477140**

(I.R.S. Employer  
Identification No.)

**13034 Ballantyne Corporate Place**

**Charlotte, North Carolina**

(Address of principal executive offices)

**28277**

(Zip Code)

**(704) 357-0022**

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.01 Par Value	PINC	NASDAQ Global Select Market

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

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

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

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

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

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

As of February 1, 2024, there were 119,817,876 shares of the registrant's Class A common stock, par value \$0.01 per share outstanding.

## TABLE OF CONTENTS

	Page
<b><u>PART I. FINANCIAL INFORMATION</u></b>	6
Item 1. Financial Statements	6
Condensed Consolidated Balance Sheets (Unaudited)	6
Condensed Consolidated Statements of Income and Comprehensive Income (Unaudited)	7
Condensed Consolidated Statements of Stockholders' Equity (Unaudited)	8
Condensed Consolidated Statements of Cash Flows (Unaudited)	9
Notes to Condensed Consolidated Financial Statements (Unaudited)	10
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	25
Item 3. Quantitative and Qualitative Disclosures About Market Risk	45
Item 4. Controls and Procedures	45
<b><u>PART II. OTHER INFORMATION</u></b>	46
Item 1. Legal Proceedings	46
Item 1A. Risk Factors	46
Item 5. Other Information	46
Item 6. Exhibits	47
Signatures	48

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements made in this Quarterly Report on Form 10-Q for the six months ended December 31, 2023 for Premier, Inc. (this “Quarterly Report”) that are not statements of historical or current facts, such as those under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from historical results or from any future results or projections expressed or implied by such forward-looking statements. In addition to statements that explicitly describe such risks and uncertainties, readers are urged to consider statements in conditional or future tenses or that include terms such as “believes,” “belief,” “expects,” “estimates,” “intends,” “anticipates” or “plans” to be uncertain and forward-looking. Forward-looking statements may include comments as to our beliefs and expectations regarding future events and trends affecting our business and are necessarily subject to uncertainties, many of which are outside our control. Factors that could cause actual results to differ materially from those indicated in any forward-looking statement include, but are not limited to:

- competition which could limit our ability to maintain or expand market share within our industry;
- consolidation in the healthcare industry;
- potential delays in recognizing or increasing revenue if the sales cycle or implementation period takes longer than expected;
- the impact to our business if members of our group purchasing organization (“GPO”) programs reduce activity levels or terminate or elect not to renew their contracts on substantially similar terms or at all;
- our reliance on administrative fees that we receive from GPO suppliers;
- the rate at which the markets for our software as a service (“SaaS”) or licensed-based clinical analytics products and services develop;
- the dependency of our members on payments from third-party payers;
- our ability to maintain third-party provider and strategic alliances or enter into new alliances;
- our ability to timely offer new and innovative products and services;
- the portion of our revenues that we receive from our largest members and other customers;
- risks and expenses related to future acquisition opportunities and integration of previous or future acquisitions;
- the impact on our business and stock price due to our evaluation of potential strategic alternatives;
- financial and operational risks associated with non-controlling investments in other businesses or other joint ventures that we do not control, particularly early-stage companies;
- pending and potential litigation;
- our reliance on Internet infrastructure, bandwidth providers, data center providers and other third parties and our own systems for providing services to our users;
- data loss or corruption due to failures or errors in our systems and service disruptions at our data centers, or breaches or failures of our security measures;
- the financial, operational, legal and reputational consequences of cyber-attacks or other data security breaches that disrupt our operations or result in the dissemination of proprietary or confidential information about us or our members or other third parties;
- our ability to use, disclose, de-identify or license data and to integrate third-party technologies;
- our use of “open source” software;
- our dependency on contract manufacturing facilities located in various parts of the world;
- inventory risk we face in the event of a potential material decline in demand or price for the personal protective equipment or other products we may have purchased at elevated market prices or fixed prices;
- our ability to attract, hire, integrate and retain key personnel;
- the impact of continuing uncertain economic conditions to our business operations due to, but not limited to, inflation and the risk of global recession;
- the impact of the continuing financial and operational uncertainty due to pandemics, epidemics or public health emergencies and associated supply chain disruptions;
- the financial and operational uncertainty due to global economic and political instability and conflicts;
- the impact of global climate change or by regulatory responses to such change;

- changes and uncertainty in the political, economic or regulatory environment affecting healthcare organizations, including with respect to the status of the Patient Protection and Affordable Care Act, as amended by the Healthcare and Education Reconciliation Act of 2010 and pandemic-related public health and reimbursement measures;
- our compliance with complex international, federal and state laws, rules and regulations governing financial relationships among healthcare providers and the submission of false or fraudulent healthcare claims;
- interpretation and enforcement of current or future antitrust laws and regulations;
- compliance with complex federal, state and international privacy, security and breach notification laws;
- compliance with current or future laws, rules or regulations relating to information blocking provisions of the 21st Century Cures Act issued by the Office of the National Coordinator for Health Information Technology (the “ONC Rules”) that may cause our certified Health Information Technology products to be regulated by the ONC Rules;
- compliance with current or future laws, rules and regulations adopted by the Food and Drug Administration applicable to our software applications that may be considered medical devices;
- adequate protection of our intellectual property and potential claims against our use of the intellectual property of third parties;
- potential sales and use, franchise and income tax liability in certain jurisdictions;
- changes in tax laws that materially impact our tax rate, income tax expense, anticipated tax benefits, deferred tax assets, cash flows and profitability and potential material tax disputes;
- the impact of payments required under notes payable to former limited partners related to the early termination of the Unit Exchange and Tax Receivable Acceleration Agreements (the “Unit Exchange Agreements”) issued in connection with our August 2020 Restructuring on our overall cash flow and our ability to fully realize the expected tax benefits to match such fixed payment obligations under those notes payable;
- provisions in our certificate of incorporation and bylaws and provisions of Delaware law and other applicable laws that discourage or prevent strategic transactions, including a takeover of us;
- our indebtedness and our ability to obtain additional financing on favorable terms, including our ability to renew or replace our existing long-term credit facility at or before maturity;
- fluctuation of our quarterly cash flows, revenues and results of operations;
- failure to maintain an effective system of internal controls over financial reporting or an inability to remediate any weaknesses identified and the related costs of remediation;
- the impact on the price of our Class A common stock if we cease paying dividends or reduce dividend payments from current levels;
- the number of shares of Class A common stock repurchased by us pursuant to any then existing Class A common stock repurchase program and the timing of any such repurchases;
- the number of shares of Class A common stock eligible for sale after the issuance of Class A common stock in our August 2020 Restructuring and the potential impact of such sales; and
- the risk factors discussed under the heading “Risk Factors” under Item 1A of our Annual Report on Form 10-K for the fiscal year ended June 30, 2023 (the “2023 Annual Report”) filed with the Securities and Exchange Commission (“SEC”), as updated by our Quarterly Reports on Form 10-Q (including this Quarterly Report) filed with the SEC.

More information on potential factors that could affect our financial results is included from time to time in the “Cautionary Note Regarding Forward-Looking Statements,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” or similarly captioned sections of this Quarterly Report and our other periodic and current filings made from time to time with the SEC, which are available on our website at <http://investors.premierinc.com> (the contents of which are not part of this Quarterly Report). You should not place undue reliance on any of our forward-looking statements, which speak only as of the date they are made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Furthermore, we cannot guarantee future results, events, levels of activity, performance or achievements.

#### **Certain Definitions**

For periods on or after August 11, 2020, references to “members” are references to health systems and other customers that utilize any of our programs or services, some of which were formerly member owners who participated in our GPO programs and were also limited partners of Premier Healthcare Alliance L.P. (“Premier LP”).

References to the “August 2020 Restructuring” are references to our corporate restructuring on August 11, 2020 in which we (i) eliminated our dual-class ownership structure through an exchange under which member owners who were limited partners of

Premier LP converted their Class B common units in Premier LP and corresponding Class B common shares of Premier, Inc. into our Class A common stock, on a one-for-one basis, and (ii) exercised our right to terminate the Tax Receivable Agreement (the “TRA”) by providing all former limited partners a notice of termination and the amount of the expected payment to be made to each limited partner pursuant to the early termination provisions of the TRA with a determination date of August 10, 2020. For additional information and details regarding the August 2020 Restructuring, see our Annual Report on Form 10-K for the fiscal year ended June 30, 2021.

References to the “Subsidiary Reorganization” are references to an internal legal reorganization of our corporate subsidiaries in December 2021 for the purpose of simplifying our subsidiary reporting structure. For additional information and details regarding the Subsidiary Reorganization, see our Quarterly Report on Form 10-Q for the period ended December 31, 2021.

References to “adjacent markets” are references to the non-provider healthcare markets penetrated by Premier, Inc.’s businesses and brands that are designed to diversify revenue for the Company. This includes PINC AI Clinical Decision Support serving providers and payers; PINC AI Applied Sciences serving biotech, pharmaceutical and medical device companies; Contigo Health that serves self-insured employers, including healthcare providers that are also payers (“payviders”); and Remitra that serves healthcare suppliers and providers.

**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**PREMIER, INC.**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**  
**(In thousands, except share data)**

	December 31, 2023	June 30, 2023
<b>Assets</b>		
Cash and cash equivalents	\$ 371,110	\$ 89,793
Accounts receivable (net of \$2,394 and \$2,878 allowance for credit losses, respectively)	122,300	115,295
Contract assets (net of \$1,137 and \$885 allowance for credit losses, respectively)	331,727	299,219
Inventory	72,766	76,932
Prepaid expenses and other current assets	92,354	60,387
<b>Total current assets</b>	<b>990,257</b>	<b>641,626</b>
Property and equipment (net of \$703,148 and \$662,554 accumulated depreciation, respectively)	218,050	212,308
Intangible assets (net of \$290,884 and \$265,684 accumulated amortization, respectively)	404,830	430,030
Goodwill	1,012,355	1,012,355
Deferred income tax assets	808,562	653,629
Deferred compensation plan assets	48,792	50,346
Investments in unconsolidated affiliates	229,434	231,826
Operating lease right-of-use assets	24,439	29,252
Other assets	95,809	110,115
<b>Total assets</b>	<b>\$ 3,832,528</b>	<b>\$ 3,371,487</b>
<b>Liabilities and stockholders' equity</b>		
Accounts payable	\$ 54,252	\$ 54,375
Accrued expenses	50,946	47,113
Revenue share obligations	279,855	262,288
Accrued compensation and benefits	53,798	60,591
Deferred revenue	20,692	24,311
Current portion of notes payable to former limited partners	100,594	99,665
Line of credit and current portion of long-term debt	1,008	216,546
Current portion of liability related to the sale of future revenues	35,800	—
Other current liabilities	96,750	50,574
<b>Total current liabilities</b>	<b>693,695</b>	<b>815,463</b>
Long-term debt, less current portion	—	734
Liability related to the sale of future revenues, less current portion	579,409	—
Notes payable to former limited partners, less current portion	50,994	101,523
Deferred compensation plan obligations	48,792	50,346
Operating lease liabilities, less current portion	16,016	21,864
Other liabilities	53,413	47,202
<b>Total liabilities</b>	<b>1,442,319</b>	<b>1,037,132</b>
<b>Commitments and contingencies (Note 14)</b>		
<b>Stockholders' equity:</b>		
Class A common stock, \$0.01 par value, 500,000,000 shares authorized; 126,245,859 shares issued and 119,816,484 shares outstanding at December 31, 2023 and 125,587,858 shares issued and 119,158,483 shares outstanding at June 30, 2023	1,262	1,256
Treasury stock, at cost; 6,429,375 shares at both December 31, 2023 and June 30, 2023	(250,129)	(250,129)
Additional paid-in capital	2,186,115	2,178,134
Retained earnings	452,946	405,102
Accumulated other comprehensive income (loss)	15	(8)
<b>Total stockholders' equity</b>	<b>2,390,209</b>	<b>2,334,355</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 3,832,528</b>	<b>\$ 3,371,487</b>

See accompanying notes to the unaudited condensed consolidated financial statements.

**PREMIER, INC.**  
**Condensed Consolidated Statements of Income and Comprehensive Income**  
**(Unaudited)**  
(In thousands, except per share data)

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2023	2022	2023	2022
Net revenue:				
Net administrative fees	\$ 149,563	\$ 154,423	\$ 298,590	\$ 304,429
Software licenses, other services and support	129,401	138,210	248,541	243,216
Services and software licenses	278,964	292,633	547,131	547,645
Products	55,781	66,993	106,366	125,854
<b>Net revenue</b>	<b>334,745</b>	<b>359,626</b>	<b>653,497</b>	<b>673,499</b>
Cost of revenue:				
Services and software licenses	65,990	55,265	130,122	109,279
Products	47,472	61,620	91,510	119,494
<b>Cost of revenue</b>	<b>113,462</b>	<b>116,885</b>	<b>221,632</b>	<b>228,773</b>
Gross profit	221,283	242,741	431,865	444,726
Operating expenses:				
Selling, general and administrative	142,150	140,528	280,210	272,578
Research and development	928	1,000	1,791	1,975
Amortization of purchased intangible assets	12,512	13,047	25,200	23,499
<b>Operating expenses</b>	<b>155,590</b>	<b>154,575</b>	<b>307,201</b>	<b>298,052</b>
<b>Operating income</b>	<b>65,693</b>	<b>88,166</b>	<b>124,664</b>	<b>146,674</b>
Equity in net (loss) income of unconsolidated affiliates	(666)	1,674	(2,392)	9,917
Interest income (expense), net	2,438	(4,631)	2,633	(7,490)
Other income, net	4,679	2,930	3,587	766
Other income (expense), net	6,451	(27)	3,828	3,193
Income before income taxes	72,144	88,139	128,492	149,867
Income tax expense	19,278	23,765	33,216	42,534
<b>Net income</b>	<b>52,866</b>	<b>64,374</b>	<b>95,276</b>	<b>107,333</b>
Net loss (income) attributable to non-controlling interest	1,436	(328)	3,787	(571)
<b>Net income attributable to stockholders</b>	<b>\$ 54,302</b>	<b>\$ 64,046</b>	<b>\$ 99,063</b>	<b>\$ 106,762</b>
Comprehensive income:				
Net income	\$ 52,866	\$ 64,374	\$ 95,276	\$ 107,333
Comprehensive loss (income) attributable to non-controlling interest	1,436	(328)	3,787	(571)
Foreign currency translation gain (loss)	26	1	23	(9)
<b>Comprehensive income attributable to stockholders</b>	<b>\$ 54,328</b>	<b>\$ 64,047</b>	<b>\$ 99,086</b>	<b>\$ 106,753</b>
Weighted average shares outstanding:				
Basic	119,702	118,787	119,523	118,569
Diluted	120,057	119,652	120,095	119,842
Earnings per share attributable to stockholders:				
Basic	\$ 0.45	\$ 0.54	\$ 0.83	\$ 0.90
Diluted	\$ 0.45	\$ 0.54	\$ 0.82	\$ 0.89

See accompanying notes to the unaudited condensed consolidated financial statements.



**PREMIER, INC.**  
**Condensed Consolidated Statements of Stockholders' Equity**  
**Six Months Ended December 31, 2023 and 2022**  
**(Unaudited)**  
**(In thousands, except per share data)**

	Class A Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
<b>Balance at June 30, 2023</b>	<b>119,158</b>	<b>\$ 1,256</b>	<b>6,429</b>	<b>\$ (250,129)</b>	<b>\$ 2,178,134</b>	<b>\$ 405,102</b>	<b>\$ (8)</b>	<b>\$ 2,334,355</b>
Issuance of Class A common stock under equity incentive plan	514	5	—	—	—	—	—	5
Stock-based compensation expense	—	—	—	—	6,692	—	—	6,692
Repurchase of vested restricted units for employee tax-withholding	—	—	—	—	(5,178)	—	—	(5,178)
Net income	—	—	—	—	—	42,410	—	42,410
Net loss attributable to non-controlling interest	—	—	—	—	(2,351)	2,351	—	—
Change in ownership of consolidated entity	—	—	—	—	27	—	—	27
Dividends (\$0.21 per share)	—	—	—	—	—	(25,603)	—	(25,603)
Foreign currency translation adjustment	—	—	—	—	—	—	(3)	(3)
<b>Balance at September 30, 2023</b>	<b>119,672</b>	<b>1,261</b>	<b>6,429</b>	<b>(250,129)</b>	<b>2,177,324</b>	<b>424,260</b>	<b>(11)</b>	<b>2,352,705</b>
Issuance of Class A common stock under equity incentive plan	56	—	—	—	—	—	—	—
Issuance of Class A common stock under employee stock purchase plan	88	1	—	—	1,975	—	—	1,976
Stock-based compensation expense	—	—	—	—	8,378	—	—	8,378
Repurchase of vested restricted units for employee tax-withholding	—	—	—	—	(151)	—	—	(151)
Net income	—	—	—	—	—	52,866	—	52,866
Net loss attributable to non-controlling interest	—	—	—	—	(1,436)	1,436	—	—
Change in ownership of consolidated entity	—	—	—	—	25	—	—	25
Dividends (\$0.21 per share)	—	—	—	—	—	(25,616)	—	(25,616)
Foreign currency translation adjustment	—	—	—	—	—	—	26	26
<b>Balance at December 31, 2023</b>	<b>119,816</b>	<b>\$ 1,262</b>	<b>6,429</b>	<b>\$ (250,129)</b>	<b>\$ 2,186,115</b>	<b>\$ 452,946</b>	<b>\$ 15</b>	<b>\$ 2,390,209</b>

	Class A Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
<b>Balance at June 30, 2022</b>	<b>118,052</b>	<b>\$ 1,245</b>	<b>6,429</b>	<b>\$ (250,129)</b>	<b>\$ 2,166,047</b>	<b>\$ 331,690</b>	<b>\$ (3)</b>	<b>\$ 2,248,850</b>
Issuance of Class A common stock under equity incentive plan	694	7	—	—	637	—	—	644
Stock-based compensation expense	—	—	—	—	7,136	—	—	7,136
Repurchase of vested restricted units for employee tax-withholding	—	—	—	—	(13,089)	—	—	(13,089)
Net income	—	—	—	—	—	42,959	—	42,959
Net income attributable to non-controlling interest	—	—	—	—	243	(243)	—	—
Change in ownership of consolidated entity	—	—	—	—	26	—	—	26
Dividends (\$0.21 per share)	—	—	—	—	—	(25,097)	—	(25,097)
Foreign currency translation adjustment	—	—	—	—	—	—	(10)	(10)
<b>Balance at September 30, 2022</b>	<b>118,746</b>	<b>1,252</b>	<b>6,429</b>	<b>(250,129)</b>	<b>2,161,000</b>	<b>349,309</b>	<b>(13)</b>	<b>2,261,419</b>
Issuance of Class A common stock under equity incentive plan	54	—	—	—	60	—	—	60
Issuance of Class A common stock under employee stock purchase plan	67	1	—	—	2,267	—	—	2,268
Stock-based compensation expense	—	—	—	—	2,679	—	—	2,679
Repurchase of vested restricted units for employee tax-withholding	—	—	—	—	(41)	—	—	(41)
Net income	—	—	—	—	—	64,374	—	64,374
Net income attributable to non-controlling interest	—	—	—	—	328	(328)	—	—
Change in ownership of consolidated entity	—	—	—	—	26	—	—	26
Dividends (\$0.21 per share)	—	—	—	—	—	(25,303)	—	(25,303)
Foreign currency translation adjustment	—	—	—	—	—	—	1	1
Other	—	—	—	—	590	—	—	590
<b>Balance at December 31, 2022</b>	<b>118,867</b>	<b>\$ 1,253</b>	<b>6,429</b>	<b>\$ (250,129)</b>	<b>\$ 2,166,909</b>	<b>\$ 388,052</b>	<b>\$ (12)</b>	<b>\$ 2,306,073</b>

See accompanying notes to the unaudited condensed consolidated financial statements.

**PREMIER, INC.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**  
**(In thousands)**

	Six Months Ended December 31,	
	2023	2022
<b>Operating activities</b>		
Net income	\$ 95,276	\$ 107,333
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	65,795	68,377
Equity in net loss (income) of unconsolidated affiliates	2,392	(9,917)
Deferred income taxes	(154,933)	1,959
Stock-based compensation	15,070	9,815
Other, net	2,966	10,167
Changes in operating assets and liabilities, net of the effects of acquisitions:		
Accounts receivable	(7,005)	(5,145)
Contract assets	(33,178)	(26,458)
Inventory	4,166	3,231
Prepaid expenses and other assets	(10,624)	17,685
Accounts payable	2,608	16,707
Revenue share obligations	17,567	9,974
Accrued expenses, deferred revenue and other liabilities	35,280	(7,003)
<b>Net cash provided by operating activities</b>	<b>35,380</b>	<b>196,725</b>
<b>Investing activities</b>		
Purchases of property and equipment	(49,068)	(38,416)
Acquisition of businesses and equity method investments, net of cash acquired	—	(187,750)
Other	—	(1,300)
<b>Net cash used in investing activities</b>	<b>(49,068)</b>	<b>(227,466)</b>
<b>Financing activities</b>		
Payments on notes payable	(50,872)	(51,049)
Proceeds from credit facility	—	285,000
Payments on credit facility	(215,000)	(135,000)
Proceeds from sale of future revenues	629,820	—
Payments on liability related to the sale of future revenues	(14,611)	—
Cash dividends paid	(51,059)	(50,205)
Other, net	(3,296)	(9,516)
<b>Net cash provided by financing activities</b>	<b>294,982</b>	<b>39,230</b>
Effect of exchange rate changes on cash flows	23	(9)
Net increase in cash and cash equivalents	281,317	8,480
Cash and cash equivalents at beginning of period	89,793	86,143
<b>Cash and cash equivalents at end of period</b>	<b>\$ 371,110</b>	<b>\$ 94,623</b>

See accompanying notes to the unaudited condensed consolidated financial statements.

**PREMIER, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**(1) ORGANIZATION AND BASIS OF PRESENTATION**

**Organization**

Premier, Inc. ("Premier" or the "Company") is a publicly held, for-profit Delaware corporation located in the United States. The Company is a holding company with no material business operations of its own. The Company's primary asset is its equity interest in its wholly owned subsidiary Premier Healthcare Solutions, Inc., a Delaware corporation ("PHSI"). The Company conducts substantially all of its business operations through PHSI and its other consolidated subsidiaries. The Company, together with its subsidiaries and affiliates, is a leading technology-driven healthcare improvement company that unites hospitals, health systems, physicians, employers, product suppliers, service providers, and other healthcare providers and organizations to improve and innovate in the clinical, financial and operational areas of their businesses to meet the demands of a rapidly evolving healthcare industry and continues to expand its capabilities to more fully address and coordinate care improvement and standardization in the employer, payer and life sciences markets. Additionally, the Company also provides some of the various products and services noted above to non-healthcare businesses, including through its direct sourcing activities as well as continued access to its group purchasing organization ("GPO") programs for non-healthcare members whose contracts were sold to OMNIA Partners, LLC ("OMNIA") (see Note 9 - Liability Related to the Sale of Future Revenues).

The Company's business model and solutions are designed to provide its members and other customers access to scale efficiencies, spread the cost of their development, provide actionable intelligence derived from anonymized data in the Company's enterprise data warehouse, mitigate the risk of innovation and disseminate best practices to help the Company's members and other customers succeed in their transformation to higher quality and more cost-effective healthcare.

The Company, together with its subsidiaries and affiliates, delivers its integrated platform of solutions through two business segments: Supply Chain Services and Performance Services. See Note 15 - Segments for further information related to the Company's reportable business segments. The Company has no significant foreign operations or revenues. The Supply Chain Services segment includes one of the largest national healthcare GPO programs in the United States and provides supply chain co-management, purchased services and direct sourcing activities. The Performance Services segment consists of three sub-brands: *PINC AI™*, the Company's technology and services platform with offerings that help optimize performance in three main areas – clinical intelligence, margin improvement and value-based care – using advanced analytics to identify improvement opportunities, consulting and managed services for clinical and operational design, and workflow solutions to hardwire sustainable change in the provider, payer and life sciences markets; *Contigo Health®*, the Company's direct-to-employer business which provides third-party administrator services and management of health-benefit programs that enable healthcare providers that are also payers (e.g., payviders) and employers to contract directly with healthcare providers as well as partner with healthcare providers to provide employers access to a specialized care network through Contigo Health's centers of excellence program and cost containment and wrap network; and *Remitra®*, the Company's digital invoicing and payables automation business which provides financial support services to healthcare suppliers and providers.

**Principles of Consolidation**

The accompanying condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the SEC and in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and include the assets, liabilities, revenues and expenses of all majority-owned subsidiaries over which the Company exercised control and when applicable, entities for which the Company had a controlling financial interest or was the primary beneficiary. All intercompany transactions have been eliminated upon consolidation. Accordingly, certain information and disclosures normally included in annual financial statements have been condensed or omitted. The accompanying condensed consolidated financial statements reflect all adjustments that, in the opinion of management, are necessary for a fair presentation of results of operations and financial condition for the interim periods shown, consisting of normal recurring adjustments, unless otherwise disclosed. Certain amounts in prior periods have been reclassified to conform to the current period presentation. The Company believes that the disclosures are adequate to make the information presented not misleading and should be read in conjunction with the audited consolidated financial statements and related footnotes contained in the 2023 Annual Report.

## Supplementary Cash Flows Information

The following table presents supplementary cash flows information for the six months ended December 31, 2023 and 2022 (in thousands):

	Six Months Ended December 31,	
	2023	2022
<b>Supplemental schedule of non-cash investing and financing activities:</b>		
Accrued dividend equivalents	\$ 956	\$ 519
Non-cash additions to property and equipment	—	84

## Use of Estimates in the Preparation of Financial Statements

The preparation of the Company's condensed consolidated financial statements in accordance with GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Significant estimates are evaluated on an ongoing basis, including, but not limited to, estimates for net administrative fees revenue, software licenses, other services and support revenue, contract assets, deferred revenue, contract costs, allowances for credit losses, reserves for net realizable value of inventory, obsolete inventory, useful lives of property and equipment, stock-based compensation, deferred tax balances including valuation allowances on deferred tax assets, uncertain tax positions, values of investments not publicly traded, projected future cash flows used in the evaluation of asset impairments, values of call rights, values of earn-out liabilities and the allocation of purchase prices. These estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

## (2) SIGNIFICANT ACCOUNTING POLICIES

There have been no material changes to the Company's significant accounting policies as described in the 2023 Annual Report, except as described below.

### Liability Related to the Sale of Future Revenues

The Company accounts for the sale of future revenues as a liability, with both current and non-current portions. In order to determine the timing of the reduction in debt associated with the sale of future revenues, the Company estimates the total future revenues expected to be remitted to the purchaser. The Company recognizes interest expense based on an estimated effective annual interest rate. The Company determines the effective interest rate based on recognized and expected future revenue and maintains a consistent interest rate throughout the life of the agreement. This estimate contains significant assumptions that impact both the amount of debt and the interest expense recorded over the life of the agreement. To the extent the amount or timing of future payments varies materially from the original estimate, the Company will make a cumulative adjustment to the carrying amount of the debt, which will be recorded as a non-cash gain or loss in other income in the Condensed Consolidated Statements of Income and Comprehensive Income.

## (3) BUSINESS ACQUISITIONS

### Acquisition of TRPN Direct Pay, Inc. and Devon Health, Inc. Assets

On October 13, 2022, the Company, through its consolidated subsidiary Contigo Health, LLC ("Contigo Health"), acquired certain assets (the "TRPN Transferred Assets") of TRPN Direct Pay, Inc. and Devon Health, Inc. (collectively, "TRPN"), including contracts with more than 900,000 providers (collectively, the "Assumed Contracts"), and agreed to assume certain liabilities and obligations of TRPN with regard to the Assumed Contracts (referred to as the "TRPN acquisition"). The TRPN Transferred Assets relate to businesses of TRPN focused on improving access to quality healthcare and reducing the cost of medical claims through pre-negotiated discounts with network providers, including acute care hospitals, surgery centers, physicians and other continuum of care providers in the United States. Contigo Health also agreed to license proprietary cost containment technology of TRPN.

The purchase price paid by the Company to complete the TRPN acquisition consisted of cash of \$ 177.5 million, funded with borrowings under the Company's Credit Facility (as defined in Note 8 - Debt and Notes Payable) and cash on hand, of which \$17.8 million was placed in escrow to satisfy indemnification obligations of TRPN to Contigo Health and its affiliates and other parties related thereto under the purchase agreement governing the TRPN acquisition.

The Company has accounted for the TRPN acquisition as a business combination whereby the purchase price was allocated to tangible and intangible assets acquired and liabilities assumed based on their fair values. The total fair value assigned to intangible assets acquired was \$116.6 million, consisting primarily of the provider network.

The TRPN acquisition resulted in the initial recognition of \$60.9 million of goodwill attributable to the anticipated profitability of TRPN, based on the purchase price paid in the acquisition compared to the fair value of the net assets acquired. The TRPN acquisition was considered an asset acquisition for income tax purposes. Accordingly, the Company expects tax goodwill to be deductible for tax purposes. In fiscal year 2023, the Company recorded a pre-tax goodwill impairment charge of \$54.4 million related to the Contigo Health reporting unit including goodwill recognized as a result of the TRPN acquisition. TRPN has been integrated within Premier under Contigo Health and is reported as part of the Performance Services Segment.

Pro forma results of operations for the acquisition have not been presented because the effects on revenue and net income were not material to the Company's historical consolidated financial statements.

#### (4) INVESTMENTS

##### Investments in Unconsolidated Affiliates

The Company's investments in unconsolidated affiliates consisted of the following (in thousands):

	Equity in Net (Loss) Income					
	Carrying Value		Three Months Ended		Six Months Ended	
	December 31, 2023	June 30, 2023	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
FFF	\$ 136,080	\$ 136,080	\$ —	\$ 518	\$ —	\$ 7,705
Exela	30,855	32,905	(631)	632	(2,050)	770
Qventus	16,000	16,000	—	—	—	—
Prestige	15,465	15,503	(157)	291	(38)	471
Other investments	31,034	31,338	122	233	(304)	971
<b>Total investments</b>	<b>\$ 229,434</b>	<b>\$ 231,826</b>	<b>\$ (666)</b>	<b>\$ 1,674</b>	<b>\$ (2,392)</b>	<b>\$ 9,917</b>

The Company, through its indirect, wholly owned subsidiary Premier Supply Chain Improvement, Inc. ("PSCI"), held a 49% interest in FFF Enterprises, Inc. ("FFF") through its ownership of stock of FFF at December 31, 2023 and June 30, 2023. On March 3, 2023, the Company and the majority shareholder of FFF amended the FFF shareholders' agreement and as of the date of the amendment, the Company accounts for its investment in FFF at cost less impairments, if any, plus or minus any observable changes in fair value (refer to the 2023 Annual Report for additional information and details regarding the March 2023 amendment). The Company accounts for its investment in FFF as part of the Supply Chain Services segment.

The Company, through its consolidated subsidiary, ExPre Holdings, LLC ("ExPre"), held an approximate 6% interest in Exela Holdings, Inc. ("Exela") through its ownership of Exela Class A common stock at December 31, 2023 and June 30, 2023. At December 31, 2023 and June 30, 2023, the Company owned approximately 15% of the membership interest of ExPre, with the remainder of the membership interests held by 11 member health systems or their affiliates.

The Company, through its consolidated subsidiary, PRAM Holdings, LLC ("PRAM"), held an approximate 20% interest in Prestige Ameritech Ltd. ("Prestige") through its ownership of Prestige limited partnership units at December 31, 2023 and June 30, 2023. At December 31, 2023 and June 30, 2023, the Company owned approximately 26% of the membership interest of PRAM, with the remainder of the membership interests held by 16 member health systems or their affiliates.

The Company accounts for its investments in Exela and Prestige using the equity method of accounting and includes each investment as part of the Supply Chain Services segment.

The Company, through PHSI, held an approximate 7% interest in Qventus, Inc. ("Qventus") through its ownership of Qventus Series C preferred stock at December 31, 2023 and June 30, 2023. The Company accounts for its investment in Qventus at cost less impairments, if any, plus or minus any observable changes in fair value. The Company includes Qventus as part of the Performance Services segment.

## (5) FAIR VALUE MEASUREMENTS

### Recurring Fair Value Measurements

The following table represents the Company's financial assets and liabilities, which are measured at fair value on a recurring basis (in thousands):

	Fair Value of Financial Assets and Liabilities	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>December 31, 2023</b>				
Cash equivalents	\$ 147,592	\$ 147,592	\$ —	\$ —
Deferred compensation plan assets	55,189	55,189	—	—
<b>Total assets</b>	<b>202,781</b>	<b>202,781</b>	<b>—</b>	<b>—</b>
Earn-out liabilities	27,876	—	—	27,876
<b>Total liabilities</b>	<b>\$ 27,876</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 27,876</b>
<b>June 30, 2023</b>				
Cash equivalents	\$ 77	\$ 77	\$ —	\$ —
Deferred compensation plan assets	55,566	55,566	—	—
<b>Total assets</b>	<b>55,643</b>	<b>55,643</b>	<b>—</b>	<b>—</b>
Earn-out liabilities	26,603	—	—	26,603
<b>Total liabilities</b>	<b>\$ 26,603</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 26,603</b>

Deferred compensation plan assets consisted of highly liquid mutual fund investments, which were classified as Level 1. The current portion of deferred compensation plan assets (\$6.4 million and \$5.2 million at December 31, 2023 and June 30, 2023, respectively) was included in prepaid expenses and other current assets in the accompanying Condensed Consolidated Balance Sheets.

### Financial Instruments Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3)

#### Earn-out liabilities

Earn-out liabilities have been established in connection with certain acquisitions, including the acquisition of substantially all of the assets and certain liabilities of Acuity, Inc. and Nexera, Inc. (the "Acuity and Nexera asset acquisition") in February 2020. The earn-out liability related to the Acuity and Nexera asset acquisition was based upon the Company's achievement of a range of member renewals on terms agreed to by the Company and Greater New York Hospital Association based on prevailing market conditions in December 2023. Earn-out liabilities are classified as Level 3 of the fair value hierarchy.

#### Acuity and Nexera Earn-out <sup>(a)</sup>

The earn-out liability arising from expected earn-out payments related to the Acuity and Nexera asset acquisition was measured on the acquisition date using a probability-weighted expected payment model and is remeasured periodically due to changes in management's estimates of the number of transferred member renewals and market conditions. In determining the fair value of the contingent liabilities, management reviews the current results of the acquired business, along with projected results for the remaining earn-out period, to calculate the expected earn-out payment to be made based on the contractual terms set out in the acquisition agreement. The Acuity and Nexera earn-out liability utilized a credit spread of 1.1% at December 31, 2023 and 1.6% at June 30, 2023. At December 31, 2023, the most likely outcome was determined to be \$ 30.0 million from an undiscounted range of outcomes between \$0 and \$30.0 million. The fair value of the Acuity and Nexera earn-out liability at December 31, 2023 and June 30, 2023 was \$ 27.9 million and \$23.1 million, respectively.

Input assumptions	As of December 31, 2023	As of June 30, 2023
Probability of transferred member renewal percentage < 50%	— %	5.0 %
Probability of transferred member renewal percentage between 50% and 65%	— %	10.0 %
Probability of transferred member renewal percentage between 65% and 80%	— %	25.0 %
Probability of transferred member renewal percentage > 80%	100.0 %	60.0 %
Credit spread	1.1 %	1.6 %

(a) The Acuity and Nexera earn-out liability was initially valued as of February 28, 2020.

A reconciliation of the Company's earn-out liabilities is as follows (in thousands):

	Beginning Balance	Purchases (Settlements) <sup>(a)</sup>	(Gain)/Loss <sup>(b)</sup>	Ending Balance
<b>Three Months Ended December 31, 2023</b>				
Earn-out liabilities	\$ 29,861	\$ (1,375)	\$ (610)	\$ 27,876
<b>Total Level 3 liabilities</b>	<b>\$ 29,861</b>	<b>\$ (1,375)</b>	<b>\$ (610)</b>	<b>\$ 27,876</b>
<b>Three Months Ended December 31, 2022</b>				
Earn-out liabilities	\$ 22,361	\$ 1,460	\$ 277	\$ 24,098
<b>Total Level 3 liabilities</b>	<b>\$ 22,361</b>	<b>\$ 1,460</b>	<b>\$ 277</b>	<b>\$ 24,098</b>
<b>Six Months Ended December 31, 2023</b>				
Earn-out liabilities	\$ 26,603	\$ (1,375)	\$ 2,648	\$ 27,876
<b>Total Level 3 liabilities</b>	<b>\$ 26,603</b>	<b>\$ (1,375)</b>	<b>\$ 2,648</b>	<b>\$ 27,876</b>
<b>Six Months Ended December 31, 2022</b>				
Earn-out liabilities	\$ 22,789	\$ 1,460	\$ (151)	\$ 24,098
<b>Total Level 3 liabilities</b>	<b>\$ 22,789</b>	<b>\$ 1,460</b>	<b>\$ (151)</b>	<b>\$ 24,098</b>

(a) Settlements for the three and six months ended December 31, 2023 represent payments on earn-out liabilities. Purchases for the three and six months ended December 31, 2022 includes an earn-out which had not been earned or paid as of December 31, 2022.

(b) Gains on level 3 liability balances will decrease the liability ending balance, and losses on level 3 liability balances will increase the liability ending balance.

#### Non-Recurring Fair Value Measurements

As a result of the August 2020 Restructuring, the Company recorded non-interest bearing notes payable to former limited partners during the first quarter of fiscal year 2021. Although these notes are non-interest bearing, they include a Level 2 input associated with an implied fixed annual interest rate of 1.8% (see Note 8 - Debt and Notes Payable). As of December 31, 2023 and June 30, 2023, the notes payable to former limited partners were recorded net of discounts of \$2.4 million and \$4.2 million, respectively.

During the six months ended December 31, 2023, no non-recurring fair value measurements were required relating to the measurement of goodwill and intangible assets for impairment.

#### Financial Instruments For Which Fair Value Only is Disclosed

The fair values of non-interest bearing notes payable, classified as Level 2, were equal to the carrying value at both December 31, 2023 and June 30, 2023 based on an assumed market interest rate of 1.6%.

#### Other Financial Instruments

The fair values of cash, accounts receivable, accounts payable, accrued liabilities and the Credit Facility (as defined in Note 8 - Debt and Notes Payable) approximated carrying value due to the short-term nature of these financial instruments.



## **(6) CONTRACT BALANCES**

### **Deferred Revenue**

Revenue recognized during the six months ended December 31, 2023 that was included in the opening balance of deferred revenue at June 30, 2023 was \$18.9 million, which is a result of satisfying certain performance obligations.

### **Performance Obligations**

A performance obligation is a contractual obligation to transfer a distinct good or service to a customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Contracts may have a single performance obligation as the agreement to transfer individual goods or services is not separately identifiable from other contractual obligations and, therefore, not distinct, while other contracts may have multiple performance obligations, most commonly due to the contract covering multiple phases or deliverable arrangements (licensing fees, SaaS subscription fees, maintenance and support fees, and professional fees for consulting services).

Refer to the Company's significant accounting policies in the 2023 Annual Report for discussion of revenue recognition on contracts with customers.

A reduction to net revenue of \$ 0.8 million was recognized during the three months ended December 31, 2023 from performance obligations that were satisfied or partially satisfied in prior periods. The reduction was driven by a \$1.3 million decrease in net administrative fees revenue related to over-forecasted cash receipts received in the current period partially offset by an increase of \$0.5 million associated with revised forecasts from underlying contracts that include variable consideration components as well as additional fluctuations due to input method contracts which occur in the normal course of business.

Net revenue of \$3.2 million was recognized during the six months ended December 31, 2023 from performance obligations that were satisfied or partially satisfied in prior periods. The net revenue recognized was driven by an increase of \$3.9 million associated with revised forecasts from underlying contracts that include variable consideration components as well as additional fluctuations due to input method contracts which occur in the normal course of business. This increase was partially offset by a reduction of \$0.7 million in net administrative fees revenue related to over-forecasted cash receipts received in the current period.

A reduction to net revenue of \$ 0.4 million was recognized during the three months ended December 31, 2022 from performance obligations that were satisfied or partially satisfied in prior periods. The reduction was driven by a \$0.8 million decrease associated with revised forecasts from underlying contracts that include variable consideration components as well as additional fluctuations due to input method contracts which occur in the normal course of business. This decrease was partially offset by an increase of \$0.4 million in net administrative fees revenue related to under-forecasted cash receipts received in the current period.

Net revenue of \$2.5 million was recognized during the six months ended December 31, 2022 from performance obligations that were satisfied or partially satisfied in prior periods. The net revenue recognized was driven by an increase of \$4.6 million in net administrative fees revenue related to under-forecasted cash receipts received in the current period partially offset by a reduction of \$2.1 million associated with revised forecasts from underlying contracts that include variable consideration components as well as additional fluctuations due to input method contracts which occur in the normal course of business.

Remaining performance obligations represent the portion of the transaction price that has not yet been satisfied or achieved. As of December 31, 2023, the aggregate amount of the transaction price allocated to remaining performance obligations was \$771.6 million. The Company expects to recognize approximately 38% of the remaining performance obligations over the next twelve months and an additional 23% over the following twelve months, with the remainder recognized thereafter.

## **(7) GOODWILL AND INTANGIBLE ASSETS**

### **Goodwill**

At December 31, 2023 and June 30, 2023, the Company had goodwill balances recorded at Supply Chain Services and Performance Services of \$ 386.2 million and \$626.1 million, respectively. At December 31, 2023 and June 30, 2023, the Company had accumulated impairment losses to goodwill at Supply Chain Services and Performance Services of \$2.3 million and \$54.4 million, respectively.

### Fiscal 2023 Goodwill Impairment

During the year ended June 30, 2023, the Company recorded pre-tax goodwill impairment charges of \$ 54.4 million and \$2.3 million related to the Contigo Health and Direct Sourcing reporting units, respectively.

### Intangible Assets, Net

Intangible assets, net consisted of the following (in thousands):

	Useful Life	December 31, 2023			June 30, 2023		
		Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Member relationships	14.7 years	\$ 386,100	\$ (149,831)	\$ 236,269	\$ 386,100	\$ (136,751)	\$ 249,349
Provider network	15.0 years	106,500	(8,579)	97,921	106,500	(5,029)	101,471
Technology	7.1 years	99,317	(70,721)	28,596	99,317	(67,581)	31,736
Customer relationships	9.4 years	57,930	(34,294)	23,636	57,930	(31,846)	26,084
Trade names	6.7 years	18,920	(13,029)	5,891	18,920	(11,983)	6,937
Non-compete agreements	5.2 years	17,715	(11,091)	6,624	17,715	(9,738)	7,977
Other <sup>(a)</sup>	9.3 years	9,232	(3,339)	5,893	9,232	(2,756)	6,476
<b>Total</b>		<b>\$ 695,714</b>	<b>\$ (290,884)</b>	<b>\$ 404,830</b>	<b>\$ 695,714</b>	<b>\$ (265,684)</b>	<b>\$ 430,030</b>

(a) Includes a \$1.0 million indefinite-lived asset.

The net carrying value of intangible assets by segment was as follows (in thousands):

	December 31, 2023	June 30, 2023
Supply Chain Services	\$ 253,920	\$ 269,710
Performance Services <sup>(a)</sup>	150,910	160,320
<b>Total intangible assets, net</b>	<b>\$ 404,830</b>	<b>\$ 430,030</b>

(a) Includes a \$1.0 million indefinite-lived asset.

The estimated amortization expense for each of the next five fiscal years and thereafter is as follows (in thousands):

2024 <sup>(a)</sup>	\$ 24,562
2025	48,136
2026	46,892
2027	44,240
2028	39,197
Thereafter	200,803
<b>Total amortization expense</b>	<b>\$ 403,830</b>

(a) As of December 31, 2023, estimated amortization expense is for the period from January 1, 2024 to June 30, 2024.

### (8) DEBT AND NOTES PAYABLE

Long-term debt and notes payable consisted of the following (in thousands):

	December 31, 2023	June 30, 2023
Credit Facility	\$ —	\$ 215,000
Notes payable to former limited partners, net of discount	151,588	201,188
Other notes payable	1,008	2,280
<b>Total debt and notes payable</b>	<b>152,596</b>	<b>418,468</b>
Less: current portion	(101,602)	(316,211)
<b>Total long-term debt and notes payable</b>	<b>\$ 50,994</b>	<b>\$ 102,257</b>

## **Credit Facility**

PHSI, along with its consolidated subsidiaries, Premier LP and PSCI ("Co-Borrowers"), and certain domestic subsidiaries of the Co-Borrowers, as guarantors, entered into a senior unsecured Amended and Restated Credit Agreement, dated as of December 12, 2022 (the "Credit Facility"). The Credit Facility has a maturity date of December 12, 2027, subject to up to two one-year extensions, and provides for borrowings of up to \$ 1.0 billion with (i) a \$50.0 million sub-facility for standby letters of credit and (ii) a \$ 100.0 million sub-facility for swingline loans. The Credit Facility also provides that Co-Borrowers may from time to time (i) incur incremental term loans and (ii) request an increase in the revolving commitments under the Credit Facility, together up to an aggregate of \$350.0 million, subject to the approval of the lenders providing such term loans or revolving commitment increase. The Credit Facility contains an unconditional and irrevocable guaranty of all obligations of Co-Borrowers under the Credit Facility by the current and future guarantors. Premier is not a guarantor under the Credit Facility.

At December 31, 2023, the Company had no outstanding borrowings under the Credit Facility with \$995.0 million of available borrowing capacity after reductions for outstanding letters of credit. At June 30, 2023, the Company had \$215.0 million in outstanding borrowings under the Credit Facility with \$785.0 million of available borrowing capacity after reductions for outstanding borrowings and outstanding letters of credit. For the six months ended December 31, 2023, the Company had no new borrowings and repaid \$215.0 million of outstanding borrowings under the Credit Facility. At both December 31, 2023 and June 30, 2023, the annual commitment fee, based on the actual daily unused amount of commitments under the Credit Facility, was 0.125%. At June 30, 2023, the weighted average interest rate on outstanding borrowings under the Credit Facility was 6.470%. The Company was in compliance with all covenants at December 31, 2023 and June 30, 2023.

## **Notes Payable**

### ***Notes Payable to Former Limited Partners***

At December 31, 2023, the Company had \$151.6 million of notes payable to former LPs, net of discounts on notes payable of \$ 2.4 million, of which \$100.6 million was recorded to current portion of notes payable to former limited partners in the accompanying Condensed Consolidated Balance Sheets. At June 30, 2023, the Company had \$201.2 million of notes payable to former LPs, net of discounts on notes payable of \$ 4.2 million, of which \$99.7 million was recorded to current portion of notes payable to former limited partners in the accompanying Condensed Consolidated Balance Sheets. The notes payable to former LPs were issued in connection with the early termination of the TRA as part of the August 2020 Restructuring. Although the notes payable to former LPs are non-interest bearing, pursuant to GAAP requirements, they were recorded net of imputed interest at a fixed annual rate of 1.8%.

### ***Other***

At December 31, 2023 and June 30, 2023, the Company had \$ 1.0 million and \$2.3 million in other notes payable, respectively, of which \$ 1.0 million and \$1.5 million, respectively, were included in current portion of long-term debt in the accompanying Condensed Consolidated Balance Sheets. Other notes payable do not bear interest and generally have stated maturities of three to five years from their date of issuance.

## **(9) LIABILITY RELATED TO THE SALE OF FUTURE REVENUES**

### **Sale of Non-Healthcare GPO Member Contracts**

On July 25, 2023 (the "Closing Date"), the Company sold the equity interest in its wholly-owned subsidiary, Non-Healthcare Holdings, LLC, pursuant to an equity purchase agreement with OMNIA ("Equity Purchase Agreement") for an initial base purchase price of \$689.2 million. The initial base purchase price was subject to certain post-closing purchase price adjustments, and pursuant to the Equity Purchase Agreement at closing, OMNIA paid the company \$523.2 million in cash and deposited \$166.0 million in cash into escrow. The release of the escrow and determination of the final total purchase price is subject to certain members agreeing to certain consents and certain related business performance measurements. As of December 31, 2023, the Company has received cash of \$629.8 million, including the closing payment and payments out of escrow based on post-closing adjustments through that date. The Company is estimating the final total purchase price to be up to \$740.0 million through the continued release of funds from escrow and additional payments from OMNIA based on subsequent post-closing adjustments. The final total estimated purchase price has been reduced from previous estimates taking into account certain post-closing adjustments and remains subject to additional adjustments. See Note 13 - Income Taxes for further income tax considerations on cash proceeds received as of December 31, 2023.

Pursuant to the terms of the Equity Purchase Agreement, OMNIA acquired Premier's non-healthcare GPO member agreements which includes the associated net cash flows generated from administrative fees from purchasing on supplier contracts. In conjunction with the execution of the Equity Purchase Agreement, the Company and OMNIA entered into a 10 year channel partnership agreement (the "Channel Agreement") pursuant to which OMNIA's existing and newly acquired members will

have access to Premier's supplier portfolio in which 100% of the administrative fees generated will be remitted to OMNIA. Under the terms of the Channel Agreement, although the Company sold the rights to retain future net administrative fees from the non-healthcare GPO member agreements, the Company continues to maintain significant involvement in the generation of the gross administrative fees through its supplier portfolio. Additionally, the Company has the right to retain an "Access Fee" over the term of the Channel Agreement based on the continued growth of the non-healthcare GPO member agreements. Due to the Company's continued involvement, the Company will continue to record net administrative fees from the non-healthcare agreements as revenue. The Company recorded the net proceeds from this transaction as a liability related to the sale of future revenues on the accompanying Condensed Consolidated Balance Sheets, which will be amortized using the effective interest method over the remaining contractual life of the Channel Agreement. The Company has no obligation to pay OMNIA any principal or interest balance on the sale of future revenues liability outside of the cash flows generated for administrative fees from the Channel Agreement.

As payments for administrative fees are remitted to OMNIA, the balance of Premier's obligation will effectively be repaid over the term of the Channel Agreement. To determine the amortization of the liability related to the sale of future revenues, the Company estimated the total future revenues expected to be remitted over the life of the Channel Agreement less any Access Fees retained by the Company. Future payments will result in the reduction of the liability related to the sale of future revenues less interest expense. The Company calculated the effective interest rate based on future expected revenue, which resulted in an effective annual interest rate of 2.5%. The Company will maintain a consistent interest rate throughout the life of the Channel Agreement. This estimate contains significant assumptions that impact both the amount of liability and interest expense recorded over the life of the Channel Agreement. The Company will assess the estimated future cash flows related to the sale of future revenues for material changes at each reporting period. There are several factors that could materially affect the amount and timing of payments to OMNIA, and correspondingly, the amount of interest expense recorded, most of which are outside the Company's control. Such factors include, but are not limited to, retention by OMNIA of the non-healthcare GPO members, growing the existing portfolio of non-healthcare members and general competition of GPOs.

Changes to any of these factors could result in an increase or decrease to expected future revenue and interest expense related to the sale of future revenues. To the extent the amount or timing of future payments varies materially from the original estimate, the Company will make a cumulative adjustment to the carrying amount of the liability, which will be recorded as a non-cash gain or loss in other income in the Condensed Consolidated Statements of Income and Comprehensive Income. For the three and six months ended December 31, 2023, the Company did not record cumulative adjustments to the carrying amount of the liability.

At December 31, 2023, the Company had \$615.2 million of debt related to the sale of non-healthcare GPO member contracts and associated future revenues, of which \$35.8 million was recorded to current portion of the liability related to the sale of future revenues in the accompanying Condensed Consolidated Balance Sheets. For the three and six months ended December 31, 2023, the Company recorded \$14.8 million and \$26.5 million in revenue that was sold to OMNIA in net administrative fees and \$3.9 million and \$6.4 million in interest expense related to the sale of future revenues in interest expense, net in the Condensed Consolidated Statements of Income and Comprehensive Income.

The following table shows the activity of the liability related to the sale of future revenues since the transaction inception through December 31, 2023 (in thousands):

	December 31, 2023
Proceeds from the sale of future revenues	\$ 523,198
Proceeds from the release of escrow funds	106,622
Imputed interest expense associated with the sale of future revenues	6,408
Payments against the liability related to the sale of future revenues	(21,019)
<b>Liability related to the sale of future revenues</b>	<b>\$ 615,209</b>

#### (10) STOCKHOLDERS' EQUITY

As of December 31, 2023, there were 119,816,484 shares of the Company's Class A common stock, par value \$ 0.01 per share, outstanding.

During the six months ended December 31, 2023, the Company paid cash dividends of \$ 0.21 per share on outstanding shares of Class A common stock to stockholders on each of September 15, 2023 and December 15, 2023. On January 25, 2024, the Board of Directors declared a quarterly cash dividend of \$0.21 per share, payable on March 15, 2024 to stockholders of record on March 1, 2024.

## (11) EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income attributable to stockholders by the weighted average number of shares of common stock outstanding for the period. Except when the effect would be anti-dilutive, the diluted earnings per share calculation, which is calculated using the treasury stock method, includes the impact of all potentially issuable dilutive shares of Class A common stock.

The following table provides a reconciliation of the numerator and denominator used for basic and diluted earnings per share (in thousands, except per share amounts):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
<b>Numerator for basic and diluted earnings per share:</b>				
Net income attributable to stockholders <sup>(a)</sup>	\$ 54,302	\$ 64,046	\$ 99,063	\$ 106,762
<b>Denominator for earnings per share:</b>				
Basic weighted average shares outstanding	119,702	118,787	119,523	118,569
Effect of dilutive securities: <sup>(b)</sup>				
Stock options	—	86	—	116
Restricted stock units	355	466	444	514
Performance share awards	—	313	128	643
Diluted weighted average shares	120,057	119,652	120,095	119,842
<b>Earnings per share attributable to stockholders:</b>				
Basic	\$ 0.45	\$ 0.54	\$ 0.83	\$ 0.90
Diluted	\$ 0.45	\$ 0.54	\$ 0.82	\$ 0.89

(a) Net income attributable to stockholders was calculated as follows (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
Net income	\$ 52,866	\$ 64,374	\$ 95,276	\$ 107,333
Net loss (income) attributable to non-controlling interest	1,436	(328)	3,787	(571)
<b>Net income attributable to stockholders</b>	<b>\$ 54,302</b>	<b>\$ 64,046</b>	<b>\$ 99,063</b>	<b>\$ 106,762</b>

(b) For both the three and six months ended December 31, 2023, 1.3 million stock options and restricted stock units were excluded from diluted weighted average shares outstanding as their effects were anti-dilutive. Additionally, for both the three and six months ended December 31, 2023, 0.1 million performance share awards were excluded from diluted weighted average shares outstanding as the awards had not satisfied the applicable performance criteria at the end of the period.

For the three and six months ended December 31, 2022, the effect of 0.5 million and 0.7 million stock options and restricted stock units, respectively, was excluded from diluted weighted average shares outstanding as it had an anti-dilutive effect. Additionally, for the three and six months ended December 31, 2022, the effect of 0.2 million and 0.3 million performance share awards, respectively, was excluded from diluted weighted average shares outstanding as the awards had not satisfied the applicable performance criteria at the end of the period.

## (12) STOCK-BASED COMPENSATION

Stock-based compensation expense is recognized over the requisite service period, which generally equals the stated vesting period. The associated deferred tax benefit was calculated at a tax rate of 25% and 26% for the six months ended December 31, 2023 and 2022, respectively, which represents the expected effective income tax rate at the time of the compensation expense deduction and differs from the Company's current effective income tax rate. See Note 13 - Income Taxes for further information related to income taxes.

Stock-based compensation expense and the resulting deferred tax benefits were as follows (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
Pre-tax stock-based compensation expense	\$ 8,378	\$ 2,679	\$ 15,070	\$ 9,815
Less: deferred tax benefit <sup>(a)</sup>	1,382	1,060	2,926	2,007
<b>Total stock-based compensation expense, net of tax</b>	<b>\$ 6,996</b>	<b>\$ 1,619</b>	<b>\$ 12,144</b>	<b>\$ 7,808</b>

(a) For the three months ended December 31, 2023 and 2022, the deferred tax benefit was reduced by \$0.8 million and increased by \$0.4 million, respectively, attributable to stock-based compensation expense that is nondeductible for tax purposes pursuant to Section 162(m) as amended by the Tax Cuts and Jobs Act of 2017.

For the six months ended December 31, 2023 and 2022, the deferred tax benefit was reduced by \$0.9 million and \$0.5 million, respectively, attributable to stock-based compensation expense that is nondeductible for tax purposes pursuant to Section 162(m) as amended by the Tax Cuts and Jobs Act of 2017.

#### Premier 2013 Equity Incentive Plan

The Premier 2013 Equity Incentive Plan, as amended and restated (and including any further amendments thereto, the "2013 Equity Incentive Plan") provided for grants of up to 14.8 million shares of Class A common stock, all of which were eligible to be issued as non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units or performance share awards. On September 24, 2023, the 2013 Equity Incentive Plan expired; no new grants will be issued under the plan.

#### Premier 2023 Equity Incentive Plan

The Premier 2023 Equity Incentive Plan (the "2023 Equity Incentive Plan"), which became effective December 1, 2023 upon approval of Premier's stockholders, provides for grants of up to 6.0 million shares of Class A common stock, all of which are eligible to be issued as non-qualified stock options, incentive stock options, stock appreciation rights, restricted shares, restricted stock units or performance share awards. As of December 31, 2023, there were approximately 5.9 million shares available for grant under the 2023 Equity Incentive Plan.

The following table includes information related to restricted stock, performance share awards and stock options granted under either the 2013 Equity Incentive Plan or the 2023 Equity Incentive Plan for the six months ended December 31, 2023:

	Restricted Stock		Performance Share Awards		Stock Options	
	Number of Awards	Weighted Average Fair Value at Grant Date	Number of Awards	Weighted Average Fair Value at Grant Date	Number of Options	Weighted Average Exercise Price
Outstanding at June 30, 2023	1,847,790	\$ 33.11	1,470,824	\$ 33.08	465,322	\$ 33.15
Granted	1,095,834	21.61	684,026	18.70	—	—
Vested/exercised	(356,070)	32.07	(458,905)	29.18	—	—
Forfeited	(148,959)	29.83	(92,980)	31.32	(6,811)	32.22
<b>Outstanding at December 31, 2023</b>	<b>2,438,595</b>	<b>\$ 28.30</b>	<b>1,602,965</b>	<b>\$ 28.16</b>	<b>458,511</b>	<b>\$ 33.16</b>
<b>Stock options outstanding and exercisable at December 31, 2023</b>					<b>458,511</b>	<b>\$ 33.16</b>

Restricted stock units and restricted stock awards issued prior to June 1, 2023 generally vest over a three-year period for employees and a one-year period for directors. Beginning June 1, 2023, restricted stock units and restricted stock awards issued to employees generally vest annually over the service period. Performance share awards issued and outstanding generally vest at the end of a three-year period subject to whether and to what extent performance targets are met. Stock options generally vest in equal annual installments over three years. Stock options have a term of ten years from the date of grant. Vested stock options will generally expire twelve months after an employee's termination with the Company; however, in certain termination circumstances, vested stock options will expire 90 days after an employee's termination with the Company.

Unrecognized stock-based compensation expense at December 31, 2023 was as follows (in thousands):

	Unrecognized Stock-Based Compensation Expense	Weighted Average Amortization Period
Restricted stock	\$ 42,883	2.2 years
Performance share awards	20,721	2.1 years
<b>Total unrecognized stock-based compensation expense</b>	<b>\$ 63,604</b>	<b>2.2 years</b>

At December 31, 2023, there was no unrecognized stock-based compensation expense for outstanding stock options. There were no options exercised during the six months ended December 31, 2023, and the stock options outstanding and exercisable at December 31, 2023 had zero aggregate intrinsic value.

### (13) INCOME TAXES

Income tax expense for the three months ended December 31, 2023 and 2022 was \$ 19.3 million and \$23.8 million, respectively, which reflects effective tax rates of 27% for both periods.

Income tax expense for the six months ended December 31, 2023 and 2022 was \$ 33.2 million and \$42.5 million, respectively, which reflects effective tax rates of 26% and 28%, respectively. The change in the effective tax rate for the six months ended December 31, 2023 compared to the prior year period is primarily related to changes in stock-based compensation expense, state law repricing and statute of limitation release on uncertain tax positions.

As of December 31, 2023, total tax liabilities included \$ 46.9 million within other current liabilities in the accompanying Condensed Consolidated Balance Sheets. During the three and six months ended December 31, 2023, the Company recorded \$10.1 million and \$154.0 million cash tax obligations, respectively, associated with the sale of non-healthcare GPO member contracts and associated future revenues to OMNIA. As of December 31, 2023, the Company has made payments of \$138.5 million for taxes related to the proceeds received from the sale of future revenues to OMNIA. The remaining \$15.5 million will be paid during the remainder of fiscal year 2024. Additionally, during the three and six months ended December 31, 2023, the Company recorded offsetting deferred tax assets of \$10.4 million and \$154.7 million to be recorded to income tax expense as the Company recognizes revenue associated with non-healthcare GPO member contracts.

### (14) COMMITMENTS AND CONTINGENCIES

#### Operating Leases

Operating lease expense for the three months ended December 31, 2023 and 2022 was \$ 2.4 million and \$2.5 million, respectively. Operating lease expense for the six months ended December 31, 2023 and 2022 was \$4.9 million and \$5.0 million, respectively. As of December 31, 2023, the weighted average remaining lease term was 2.4 years, and the weighted average discount rate was 4%.

Future minimum lease payments under noncancellable operating leases with initial lease terms in excess of one year were as follows (in thousands):

	December 31, 2023	June 30, 2023
2024 <sup>(a)</sup>	\$ 6,256	\$ 12,381
2025	12,389	12,389
2026	9,005	9,005
2027 <sup>(b)</sup>	1,324	1,324
Total future minimum lease payments	28,974	35,099
Less: imputed interest	1,345	1,947
<b>Total operating lease liabilities <sup>(c)</sup></b>	<b>\$ 27,629</b>	<b>\$ 33,152</b>

(a) As of December 31, 2023, future minimum lease payments are for the period from January 1, 2024 to June 30, 2024.

(b) There are no future lease payment obligations after 2027.

(c) As of December 31, 2023, total operating lease liabilities included \$11.6 million within other current liabilities in the Condensed Consolidated Balance Sheets.

## Other Matters

The Company is not currently involved in any litigation it believes to be material. The Company is periodically involved in litigation, arising in the ordinary course of business or otherwise, which from time to time may include stockholder derivative or other similar litigation, claims relating to commercial, product liability, tort and personal injury, employment, antitrust, intellectual property, or other regulatory matters. If current or future government regulations, including but not limited to those with respect to antitrust or healthcare laws, are interpreted or enforced in a manner adverse to the Company or its business, the Company may be subject to regulatory inquiries or investigations, enforcement actions, penalties and other material limitations which could have a material adverse effect on the Company's business, financial condition and results of operations.

## (15) SEGMENTS

The Company delivers its solutions and manages its business through two reportable business segments, the Supply Chain Services segment and the Performance Services segment. The Supply Chain Services segment includes the Company's GPO, supply chain co-management, purchased services and direct sourcing activities. The Performance Services segment consists of three sub-brands: *PINC AI*, the Company's technology and services platform; *Contigo Health*, the Company's direct-to-employer business; and *Remitra*, the Company's digital invoicing and payables automation business.

The following table presents disaggregated revenue by business segment and underlying source (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
<b>Net revenue:</b>				
Supply Chain Services				
Net administrative fees	\$ 149,563	\$ 154,423	\$ 298,590	\$ 304,429
Software licenses, other services and support	12,511	14,104	23,697	24,931
Services and software licenses	162,074	168,527	322,287	329,360
Products	55,781	66,993	106,366	125,854
Total Supply Chain Services <sup>(a)</sup>	217,855	235,520	428,653	455,214
Performance Services				
Software licenses, other services and support				
SaaS-based products subscriptions	43,565	49,664	88,905	97,412
Consulting services	21,921	18,514	45,689	35,876
Software licenses	20,868	30,804	35,809	36,797
Other <sup>(b)</sup>	30,609	25,133	54,566	48,219
Total Performance Services <sup>(a)</sup>	116,963	124,115	224,969	218,304
Total segment net revenue	334,818	359,635	653,622	673,518
Eliminations <sup>(a)</sup>	(73)	(9)	(125)	(19)
<b>Net revenue</b>	<b>\$ 334,745</b>	<b>\$ 359,626</b>	<b>\$ 653,497</b>	<b>\$ 673,499</b>

(a) Includes intersegment revenue that is eliminated in consolidation. Intersegment revenue is not separately identified in Segments as the amounts are not material.

(b) Includes revenue from Contigo Health, Remitra and other PINC AI revenue.



Additional segment information related to depreciation and amortization expense, capital expenditures and total assets was as follows (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
<b>Depreciation and amortization expense <sup>(a)</sup>:</b>				
Supply Chain Services	\$ 13,795	\$ 13,610	\$ 27,368	\$ 27,860
Performance Services	16,927	18,802	34,269	36,218
Corporate	2,057	2,074	4,158	4,299
<b>Total depreciation and amortization expense</b>	<b>\$ 32,779</b>	<b>\$ 34,486</b>	<b>\$ 65,795</b>	<b>\$ 68,377</b>
<b>Capital expenditures:</b>				
Supply Chain Services	\$ 15,251	\$ 6,280	\$ 26,165	\$ 13,015
Performance Services	12,547	13,079	21,988	25,265
Corporate	—	127	915	136
<b>Total capital expenditures</b>	<b>\$ 27,798</b>	<b>\$ 19,486</b>	<b>\$ 49,068</b>	<b>\$ 38,416</b>
			December 31, 2023	June 30, 2023
<b>Total assets:</b>				
Supply Chain Services			\$ 1,677,505	\$ 1,317,076
Performance Services			1,241,943	1,209,353
Corporate			913,024	845,062
<b>Total assets</b>			<b>3,832,472</b>	<b>3,371,491</b>
Eliminations <sup>(b)</sup>			56	(4)
<b>Total assets, net</b>			<b>\$ 3,832,528</b>	<b>\$ 3,371,487</b>

(a) Includes amortization of purchased intangible assets.

(b) Includes eliminations of intersegment transactions which occur during the ordinary course of business.

The Company uses Segment Adjusted EBITDA (a financial measure not determined in accordance with generally accepted accounting principles ("Non-GAAP")) as its primary measure of profit or loss to assess segment performance and to determine the allocation of resources. The Company also uses Segment Adjusted EBITDA to facilitate the comparison of the segment operating performance on a consistent basis from period to period. The Company defines Segment Adjusted EBITDA as the segment's net revenue less cost of revenue and operating expenses directly attributable to the segment excluding depreciation and amortization, amortization of purchased intangible assets, merger and acquisition-related expense and non-recurring or non-cash items. Operating expenses directly attributable to the segment include expenses associated with sales and marketing, general and administrative and product development activities specific to the operation of each segment. General and administrative corporate expenses that are not specific to a particular segment are not included in the calculation of Segment Adjusted EBITDA. Segment Adjusted EBITDA also excludes any income and expense that has been classified as discontinued operations.

The Company has revised the definition for Segment Adjusted EBITDA from the definition reported in the 2023 Annual Report to exclude the impact of equity earnings in unconsolidated affiliates. For comparability purposes, prior year non-GAAP measures are presented based on the current definition.

For more information on Segment Adjusted EBITDA and the use of Non-GAAP financial measures, see "Our Use of Non-GAAP Financial Measures" within Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations.

A reconciliation of income before income taxes to unaudited Segment Adjusted EBITDA, a Non-GAAP financial measure, is as follows (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
<b>Income before income taxes</b>	<b>\$ 72,144</b>	<b>\$ 88,139</b>	<b>\$ 128,492</b>	<b>\$ 149,867</b>
Equity in net loss (income) of unconsolidated affiliates <sup>(a)</sup>	666	(1,674)	2,392	(9,917)
Interest (income) expense, net	(2,438)	4,631	(2,633)	7,490
Other income, net	(4,679)	(2,930)	(3,587)	(766)
<b>Operating income</b>	<b>65,693</b>	<b>88,166</b>	<b>124,664</b>	<b>146,674</b>
Depreciation and amortization	20,267	21,439	40,595	44,878
Amortization of purchased intangible assets	12,512	13,047	25,200	23,499
Stock-based compensation <sup>(b)</sup>	8,495	2,801	15,388	10,150
Acquisition- and disposition-related expenses	1,198	3,138	7,403	5,298
Strategic initiative and financial restructuring-related expenses	1,284	7,527	3,030	9,046
Deferred compensation plan expense <sup>(c)</sup>	4,605	2,659	3,480	289
Other reconciling items, net	74	85	107	165
<b>Non-GAAP Adjusted EBITDA <sup>(d)</sup></b>	<b>\$ 114,128</b>	<b>\$ 138,862</b>	<b>\$ 219,867</b>	<b>\$ 239,999</b>
<b>Segment Non-GAAP Adjusted EBITDA:</b>				
Supply Chain Services <sup>(e)</sup>	\$ 114,491	\$ 126,315	\$ 229,465	\$ 239,504
Performance Services <sup>(e)</sup>	30,955	43,205	52,729	62,336
Corporate	(31,318)	(30,658)	(62,327)	(61,841)
<b>Non-GAAP Adjusted EBITDA</b>	<b>\$ 114,128</b>	<b>\$ 138,862</b>	<b>\$ 219,867</b>	<b>\$ 239,999</b>

(a) Refer to Note 4 - Investments for more information.

(b) Includes non-cash employee stock-based compensation expense and stock purchase plan expense of \$0.1 million for both the three months ended December 31, 2023 and 2022 and \$0.3 million for both the six months ended December 31, 2023 and 2022.

(c) Represents changes in deferred compensation plan liabilities resulting from realized and unrealized gains and losses and dividend income on deferred compensation plan assets.

(d) The definition for Non-GAAP Adjusted EBITDA was revised from the definition reported in the 2023 Annual Report to exclude the impact of equity earnings in unconsolidated affiliates. For comparability purposes, prior year non-GAAP financial measures are presented based on the current definition.

(e) Includes intersegment revenue which is eliminated in consolidation.

## (16) SUBSEQUENT EVENTS

On February 5, 2024, the Company entered into an accelerated share repurchase agreement (the "ASR Agreement") with Bank of America, N.A. ("Bank of America") to repurchase an aggregate of \$400.0 million of shares of the Company's Class A common stock ("common stock"). Under the terms of the ASR Agreement, the Company will make a payment of \$400.0 million to Bank of America and, by February 9, 2024, will receive initial deliveries of approximately \$320.0 million in common stock based on the closing price on February 7, 2024, with the final settlement expected to be completed in the first quarter of fiscal year 2025.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report. This discussion is designed to provide the reader with information that will assist in understanding our condensed consolidated financial statements, the changes in certain key items in those financial statements from quarter to quarter, and the primary factors that accounted for those changes, as well as how certain accounting principles affect our condensed consolidated financial statements. In addition, the following discussion includes certain forward-looking statements. For a discussion of important factors, including the continuing development of our business and other factors which could cause actual results to differ materially from the results referred to in the forward-looking statements, see the discussions under "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" herein and in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023 (the "2023 Annual Report"), filed with the Securities and Exchange Commission ("SEC").

### Business Overview

#### Our Business

Premier, Inc. ("Premier," the "Company," "we" or "our") is a leading technology-driven healthcare improvement company, uniting an alliance of U.S. hospitals, health systems and other providers and organizations to transform healthcare. We partner with hospitals, health systems, physicians, employers, product suppliers, service providers, payers and other healthcare providers and organizations with the common goal of improving and innovating in the clinical, financial and operational areas of their businesses to meet the demands of a rapidly evolving healthcare industry. We deliver value through a comprehensive technology-enabled platform that offers critical supply chain services, clinical, financial, operational and value-based care software-as-a-service ("SaaS") as well as clinical and enterprise analytics licenses, consulting services, performance improvement collaborative programs, third-party administrator services, access to our centers of excellence program, cost containment and wrap network and digital invoicing and payment automation processes for healthcare suppliers and providers. We also continue to expand our capabilities to more fully address and coordinate care improvement and standardization in the employer, payer and life sciences markets. We also provide some of the various products and services noted above to non-healthcare businesses.

We generated net revenue, net income and Adjusted EBITDA (a financial measure not determined in accordance with generally accepted accounting principles ("Non-GAAP")) for the periods presented as follows (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
Net revenue	\$ 334,745	\$ 359,626	\$ 653,497	\$ 673,499
Net income	52,866	64,374	95,276	107,333
Non-GAAP Adjusted EBITDA	114,128	138,862	219,867	239,999

See "Our Use of Non-GAAP Financial Measures" and "Results of Operations" below for a discussion of our use of Non-GAAP Adjusted EBITDA and a reconciliation of net income to Non-GAAP Adjusted EBITDA.

#### Strategic Review

On February 5, 2024, we announced that our Board of Directors has concluded its exploration of strategic alternatives. As part of the strategic review process, the Board of Directors has authorized us to seek partners for some or all of our holdings in Contigo Health, LLC ("Contigo Health"), our subsidiary focused on providing comprehensive services that optimize employee health benefits; and S2S Global, our direct sourcing subsidiary.

Additionally, on February 2, 2024, our Board of Directors authorized the repurchase of up to \$1.0 billion of our outstanding Class A common stock and on February 5, 2024, under the share repurchase authorization, we entered into an accelerated share repurchase agreement (the "ASR Agreement") with Bank of America, N.A. ("Bank of America") to repurchase an aggregate of \$400.0 million of shares of the Company's Class A common stock ("common stock"). Refer to "Share Repurchase Authorization" within "Contractual Obligations" section of Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations for more information.

#### Our Business Segments

Our business model and solutions are designed to provide our members and other customers access to scale efficiencies, spread the cost of their development, provide actionable intelligence derived from anonymized data in our enterprise data warehouse, mitigate the risk of innovation and disseminate best practices that will help our members and other customers succeed in their

transformation to higher quality and more cost-effective healthcare. We deliver our integrated platform of solutions that address the areas of clinical intelligence, margin improvement and value-based care through two business segments: Supply Chain Services and Performance Services.

Segment net revenue for the three months ended December 31, 2023 and 2022 was as follows (in thousands):

Net revenue:	Three Months Ended December 31,				% of Net Revenue	
	2023	2022	Change		2023	2022
Supply Chain Services	\$ 217,855	\$ 235,520	\$ (17,665)	(8)%	65 %	65 %
Performance Services	116,963	124,115	(7,152)	(6)%	35 %	35 %
<b>Segment net revenue</b>	<b>\$ 334,818</b>	<b>\$ 359,635</b>	<b>\$ (24,817)</b>	<b>(7)%</b>	<b>100 %</b>	<b>100 %</b>

Segment net revenue for the six months ended December 31, 2023 and 2022 was as follows (in thousands):

Net revenue:	Six Months Ended December 31,				% of Net Revenue	
	2023	2022	Change		2023	2022
Supply Chain Services	\$ 428,653	\$ 455,214	\$ (26,561)	(6)%	66 %	68 %
Performance Services	224,969	218,304	6,665	3 %	34 %	32 %
<b>Segment net revenue</b>	<b>\$ 653,622</b>	<b>\$ 673,518</b>	<b>\$ (19,896)</b>	<b>(3)%</b>	<b>100 %</b>	<b>100 %</b>

Our Supply Chain Services segment includes one of the largest national healthcare group purchasing organization (“GPO”) programs in the United States, serving acute and continuum of care sites and providing supply chain co-management, purchased services and direct sourcing activities.

Our Performance Services segment consists of three sub-brands: *PINC AI™*, our technology and services platform with offerings that help optimize performance in three main areas – clinical intelligence, margin improvement and value-based care – using advanced analytics to identify improvement opportunities, consulting and managed services for clinical and operational design, and workflow solutions to hardwire sustainable change in the provider, payer and life sciences markets; *Contigo Health®*, our direct-to-employer business which provides third-party administrator services and management of health benefit programs that enable healthcare providers that are also payers (e.g. payviders) and employers to contract directly with healthcare providers as well as partner with the healthcare providers to provide employers access to a specialized care network through Contigo Health's centers of excellence program and cost containment and wrap network; and *Remitra®*, our digital invoicing and payables automation business which provides financial support services to healthcare suppliers and providers. Each sub-brand serves different markets but are all united in our vision to optimize provider performance and accelerate industry innovation for better, smarter healthcare.

### Sales and Acquisitions

#### Acquisition of TRPN Direct Pay, Inc. and Devon Health, Inc. Assets

On October 13, 2022, we acquired, through our consolidated subsidiary, Contigo Health, certain assets and assumed certain liabilities of TRPN Direct Pay, Inc. and Devon Health, Inc. (collectively, “TRPN”) for an adjusted purchase price of \$177.5 million. The assets acquired and liabilities assumed relate to businesses of TRPN focused on improving access to quality healthcare and reducing the cost of medical claims through pre-negotiated discounts with network providers, including acute care hospitals, surgery centers, physicians and other continuum of care providers in the U.S. Contigo Health also agreed to license proprietary cost containment technology of TRPN. TRPN has been integrated under Contigo Health and is reported as part of the Performance Services segment. See Note 3 - Business Acquisitions to the accompanying condensed consolidated financial statements for further information.

#### Sale of Non-Healthcare GPO Member Contracts

On July 25, 2023, we sold substantially all of our non-healthcare GPO member contracts pursuant to an equity purchase agreement with OMNIA Partners, LLC (“OMNIA”) for a purchase price estimated to be up to \$740.0 million, which has been reduced from previous estimates taking into account certain post-closing adjustments and remains subject to additional adjustments. For a period of at least 10 years following the closing, the non-healthcare GPO members will continue to be able to make purchases through our group purchasing contracts. See Note 9 - Liability Related to the Sale of Future Revenues to the accompanying condensed consolidated financial statements for further information.

## **Market and Industry Trends and Outlook**

We expect that certain trends and economic or industrywide factors will continue to affect our business, in both the short- and long-term. We have based our expectations described below on assumptions made by us and on information currently available to us. To the extent our underlying assumptions about, or interpretation of, available information prove to be incorrect, our actual results may vary materially from our expected results. See “Cautionary Note Regarding Forward-Looking Statements” and “Risk Factors” herein and in the 2023 Annual Report.

Trends in the U.S. healthcare market as well as the broader U.S. and global economy affect our revenues and costs in the Supply Chain Services and Performance Services segments. The trends we see affecting our current business include the impact of inflation on the broader economy, the significant increase to input costs in healthcare, including the rising cost of labor, and the impact of the implementation of current or future healthcare legislation. Implementation of healthcare legislation could be disruptive for Premier and our customers, impacting revenue, reporting requirements, payment reforms, shift in care to the alternate site market and increased data availability and transparency. To meet the demands of this environment, there will be increased focus on scale and cost containment and healthcare providers will need to measure and report on and bear financial risk for outcomes. Over the long-term, we believe these trends will result in increased demand for our Supply Chain Services and Performance Services solutions in the areas of cost management, quality and safety, and value-based care; however, there are uncertainties and risks that may affect the actual impact of these anticipated trends, expected demand for our services or related assumptions on our business. See “Cautionary Note Regarding Forward-Looking Statements” for more information.

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

While the U.S. inflation rate continues to decline from its peak in calendar year 2022, the U.S. economy is still experiencing elevated rates of inflation. We have continued to limit the impact of inflation on our members and believe that we maintain significantly lower inflation impacts across our diverse product portfolio than national levels. However, in certain areas of our business, there is still some level of risk and uncertainty for our members and other customers as labor costs, raw material costs and availability, rising interest rates and inflation continue to pressure supplier pricing as well as apply significant pressure on our margin.

We continue to evaluate the contributing factors, specifically logistics, raw materials and labor, that have led to adjustments to selling prices. We have seen logistics costs normalize as well as some reductions in the costs of specific raw materials compared to pre-pandemic levels; however, the cost of labor remains high. We are continuously working to manage price increases as market conditions change. The impact of inflation on our aggregated product portfolio is partially mitigated by contract term price protection for a large portion of our portfolio, as well as price reductions in certain product categories such as pharmaceuticals. See Item 1A. “Risk Factors” in our 2023 Annual Report.

Furthermore, as the Federal Reserve seeks to further reduce inflation, market interest rates may continue to be elevated, increasing the cost of borrowing under our Credit Facility (as defined in Note 8 - Debt and Notes Payable to the accompanying condensed consolidated financial statements) as well as impacting our results of operations, financial condition and cash flows.

### ***Geopolitical Tensions***

Geopolitical tensions continue to affect the global economy and financial markets, as well as exacerbate ongoing economic challenges, including issues such as rising inflation, energy costs, logistics costs and global supply-chain disruption.

We continue to monitor the impacts of geopolitical tensions on macroeconomic conditions and prepare for any implications they may have on member demand, our suppliers' ability to deliver products, cybersecurity risks and our liquidity and access to capital. See Item 1A. “Risk Factors” in our 2023 Annual Report.

### ***Pandemics, Epidemics or Public Health Emergencies***

In addition to the trends in the U.S. healthcare market discussed above, the outbreak of the novel coronavirus (“COVID-19”) and the resulting global pandemic and the impact on the healthcare industry continues to impact our sales, operations and supply chains, our members and other customers, and workforce and suppliers. As a result of pandemics, epidemics or public health emergencies, we may face material risks including, but not limited to:

- Labor shortages in the healthcare workforce which may result in increased labor costs.
- Changes in the demand for our products and services may create demand uncertainty from both material increases and decreases in demand and pricing for our products and services.

- Limited access to our members' facilities as well as travel restrictions limits our ability to participate in face-to-face events with them, such as committee meetings and conferences, and limits our ability to foster relationships and effectively deliver existing or sell new products and services to our members.
- Disruption to the global supply chain, particularly in China, may impact products purchased by our members through our GPO or products contract manufactured through our direct sourcing business. Failure of our suppliers, contract manufacturers, distributors, contractors and other business partners to meet their obligations to our members, other customers or to us, or material disruptions in their ability to do so due to their own financial or operational difficulties, may adversely impact our operations.
- Requests for contract modifications, payment waivers and deferrals, payment reductions or amended payment terms from our contract counterparties, requests to delay service or payment on performance service contracts and requests from our suppliers for increases to their contracted prices.
- A general decline in the overall economic and capital markets could increase our cost of capital and adversely affect our ability to access the capital markets in the future.

While both the U.S. and the World Health Organization declared an end to the COVID-19 pandemic as a public health emergency in May 2023, the risks associated with a pandemic remains and the resulting impact on our business, results of operations, financial conditions and cash flows as well as the U.S. and global economies is uncertain and cannot be predicted at this time. The impact of another pandemic, epidemic or public health emergency may also exacerbate many of the other risks described in the Item 1A. "Risk Factors" section of the 2023 Annual Report. Despite our efforts to manage these impacts, their ultimate impact depends on factors beyond our knowledge or control, including the duration and severity of any outbreak and actions taken to contain its spread and mitigate its public health effects. The foregoing and other continued disruptions in our business as a result of pandemics, epidemics or public health emergencies could result in a material adverse effect on our business, results of operations, financial condition, cash flows, prospects and the trading prices of our securities in the near-term and through fiscal 2024 and beyond.

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

Refer to Note 1 - Organization and Basis of Presentation and Note 2 - Significant Accounting Policies to the accompanying condensed consolidated financial statements for more information related to our use of estimates in the preparation of financial statements as well as information related to material changes in our significant accounting policies that were included in our 2023 Annual Report.

### ***New Accounting Standards***

There were no new accounting standards adopted by the Company during the six months ended December 31, 2023.

### **Key Components of Our Results of Operations**

#### ***Net Revenue***

Net revenue consists of net administrative fees revenue, software licenses, other services and support revenue and products revenue.

#### ***Supply Chain Services***

Supply Chain Services revenue is comprised of:

- net administrative fees revenue which consists of gross administrative fees received from suppliers, reduced by the amount of revenue share paid to members;
- software licenses, other services and support revenue which consist of supply chain co-management and purchased services revenue; and
- products revenue which consists of inventory sales.

The success of our Supply Chain Services revenue streams is influenced by our ability to negotiate favorable contracts with suppliers and members, the number of members that utilize our GPO supplier contracts and the volume of their purchases, the impact of changes in the defined allowable reimbursement amounts determined by Medicare, Medicaid and other managed care plans, the number of members and other customers that purchase products through our direct sourcing activities, the continued impact of members' and other customers' elevated inventory levels on our direct sourcing business and the impact of competitive pricing. Refer to "*Impact of Inflation*" within "Liquidity and Capital Resources" section of Item 2 - Management's

Discussion and Analysis of Financial Condition and Results of Operations for discussion of inflation and its impact on our Supply Chain Services' businesses.

#### *Performance Services*

Performance Services revenue is comprised of the following software licenses, other services and support revenue:

- healthcare information technology license and SaaS-based clinical intelligence, margin improvement and value-based care products subscriptions, license fees, professional fees for consulting services, PINC AI data licenses, performance improvement collaborative and other service subscriptions and insurance services management fees and commissions from endorsed commercial insurance programs under our PINC AI technology and services platform;
- third-party administrator fees, fees from the centers of excellence program and cost containment and wrap network fees for Contigo Health; and
- fees from healthcare suppliers and providers for Remitra.

Our Performance Services growth will depend upon the expansion to new and existing members and other customers, renewal of existing subscriptions to our SaaS and licensed software products and the shift from recurring subscription-based agreements to enterprise analytics licenses at a sufficient rate to offset reductions in recurring SaaS-based revenue.

#### **Cost of Revenue**

Cost of revenue consists of cost of services and software licenses revenue and cost of products revenue.

Cost of services and software licenses revenue includes expenses related to employees, consisting of compensation and benefits, and outside consultants who directly provide services related to revenue-generating activities, including consulting services to members and other customers, third-party administrator services and implementation services related to our SaaS and licensed software products along with associated amortization of certain capitalized contract costs. Amortization of contract costs represent amounts that have been capitalized and reflect the incremental costs of obtaining and fulfilling a contract including costs related to implementing SaaS informatics tools. Cost of services and software licenses revenue also includes expenses related to hosting services, related data center capacity costs, third-party product license expenses and amortization of the cost of internally developed software applications.

Cost of products revenue consists of purchase and logistics costs for direct sourced medical products and commodity products and is influenced by the manufacturing and transportation costs associated with direct sourced medical and commodity products. Refer to "*Impact of Inflation*" within "Liquidity and Capital Resources" section of Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations for discussion of inflation and its impact on our Supply Chain Services' businesses.

#### **Operating Expenses**

Operating expenses includes selling, general and administrative ("SG&A") expenses, research and development expenses and amortization of purchased intangible assets.

SG&A expenses are directly associated with selling and administrative functions and support of revenue-generating activities including expenses to support and maintain our software-related products and services. SG&A expenses primarily consist of compensation- and benefits-related costs; travel-related expenses; business development expenses, including costs for business acquisition opportunities; non-recurring strategic initiative and financial restructuring-related expenses; indirect costs such as insurance, professional fees and other general overhead expenses; and amortization of certain contract costs. Amortization of contract costs represent amounts, including sales commissions, that have been capitalized and reflect the incremental costs of obtaining and fulfilling a contract.

Research and development expenses consist of employee-related compensation and benefit expenses and third-party consulting fees of technology professionals, net of capitalized labor, incurred to develop our software-related products and services prior to reaching technological feasibility.

Amortization of purchased intangible assets includes the amortization of all identified intangible assets.

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

Other income, net, includes equity in net income of unconsolidated affiliates that is generated from our equity method investments. Our equity method investments primarily consist of our interests in Exela Holdings, Inc. ("Exela") and Prestige Ameritech Ltd. ("Prestige"). As of March 3, 2023, our investment in FFF Enterprises, Inc. ("FFF") was no longer accounted for

under the equity method of accounting (see Note 4 - Investments to the accompanying condensed consolidated financial statements for further information). Other income, net, includes interest income primarily related to interest earned on investments in money market funds and interest expense primarily related to funds borrowed through our Credit Facility and imputed interest expense associated with the liability related to the sale of future revenues (see Note 8 - Debt and Notes Payable and Note 9 - Liability Related to the Sale of Future Revenues to the accompanying condensed consolidated financial statements for further information). Other income, net, also includes, but is not limited to, interest income and expense, realized and unrealized gains or losses on deferred compensation plan assets, gains or losses on the disposal of assets, and any impairment on our assets or held-to-maturity investments.

#### ***Income Tax Expense***

See Note 13 - Income Taxes to the accompanying condensed consolidated financial statements for discussion of income tax expense.

#### ***Net Income/Loss Attributable to Non-Controlling Interest***

We recognize net income/loss attributable to non-controlling interest for non-Premier ownership in our consolidated subsidiaries which hold interest in our equity method investments (see Note 4 - Investments to the accompanying condensed consolidated financial statements for further information). At December 31, 2023, we recognized net loss attributable to non-controlling interests held by member health systems or their affiliates in the consolidated subsidiaries holding our equity method investments, including but not limited to the 74% and 85% interest held in PRAM Holdings, LLC ("PRAM") and ExPre Holdings, LLC ("ExPre"), respectively. In partnership with member health systems or their affiliates, these investments are part of our long-term supply chain resiliency program to promote domestic and geographically diverse manufacturing and to help ensure a robust and resilient supply chain for essential medical products.

As of December 31, 2023, we owned 93% of the equity interest in Contigo Health and recognized net loss attributable to non-controlling interest for the 7% of equity held by certain customers of Contigo Health.

#### ***Our Use of Non-GAAP Financial Measures***

The other key business metrics we consider are EBITDA, Adjusted EBITDA, Segment Adjusted EBITDA, Adjusted Net Income, Adjusted Earnings Per Share and Free Cash Flow, which are all Non-GAAP financial measures. Non-GAAP financial measures are not an alternative to GAAP and may be different from Non-GAAP financial measures used by other companies, but we believe they are useful for understanding our performance for the reasons described below.

We define EBITDA as net income before income or loss from discontinued operations, net of tax, interest and investment income or expense, net, income tax expense, depreciation and amortization and amortization of purchased intangible assets. We define Adjusted EBITDA as EBITDA before merger and acquisition-related expenses and non-recurring, non-cash or non-operating items. For all Non-GAAP financial measures, we consider non-recurring items to be income or expenses and other items that have not been earned or incurred within the prior two years and are not expected to recur within the next two years. Such items include certain strategic initiative and financial restructuring-related expenses. Non-operating items include gains or losses on the disposal of assets and interest and investment income or expense.

We define Segment Adjusted EBITDA as the segment's net revenue less cost of revenue and operating expenses directly attributable to the segment excluding depreciation and amortization, amortization of purchased intangible assets, merger and acquisition-related expenses and non-recurring or non-cash items. Operating expenses directly attributable to the segment include expenses associated with sales and marketing, general and administrative, and product development activities specific to the operation of each segment. General and administrative corporate expenses that are not specific to a particular segment are not included in the calculation of Segment Adjusted EBITDA. Segment Adjusted EBITDA also excludes any income and expense that has been classified as discontinued operations.

We have revised the definitions for Adjusted EBITDA and Segment Adjusted EBITDA from the definitions reported in the 2023 Annual Report to exclude the impact of equity earnings in unconsolidated affiliates. For comparability purposes, prior year non-GAAP financial measures are presented based on the current definitions.

We define Adjusted Net Income as net income attributable to Premier (i) excluding income or loss from discontinued operations, net, (ii) excluding income tax expense, (iii) excluding the effect of non-recurring or non-cash items, including certain strategic initiative and financial restructuring-related expenses, (iv) reflecting an adjustment for income tax expense on Non-GAAP net income before income taxes at our estimated annual effective income tax rate, adjusted for unusual or infrequent items and (v) excluding the equity in net income of unconsolidated affiliates. We define Adjusted Earnings Per Share as Adjusted Net Income divided by diluted weighted average shares (see Note 11 - Earnings Per Share to the accompanying condensed consolidated financial statements for further information). We have revised the definition for Adjusted Net Income



from the definition reported in the 2023 Annual Report to (1) remove the exclusion of the impact of adjustment of redeemable limited partners' capital to redemption amount, (2) remove the impact of the exchange of all Class B common units for shares of Class A common stock for periods prior to our August 2020 Restructuring and the resulting elimination of non-controlling interest in Premier LP, and (3) add the exclusion of equity earnings in unconsolidated affiliates. For comparability purposes, prior year Adjusted Net Income is presented based on the current definition.

We define Free Cash Flow as net cash provided by operating activities from continuing operations less (i) early termination payments to certain former limited partners that elected to execute a Unit Exchange and Tax Receivable Acceleration Agreement ("Unit Exchange Agreement") in connection with our August 2020 Restructuring and (ii) purchases of property and equipment. Free Cash Flow does not represent discretionary cash available for spending as it excludes certain contractual obligations such as debt repayments.

Adjusted EBITDA and Free Cash Flow are supplemental financial measures used by us and by external users of our financial statements and are considered to be indicators of the operational strength and performance of our business. Adjusted EBITDA and Free Cash Flow measures allow us to assess our performance without regard to financing methods and capital structure and without the impact of other matters that we do not consider indicative of the operating performance of our business. More specifically, Segment Adjusted EBITDA is the primary earnings measure we use to evaluate the performance of our business segments.

We use Adjusted EBITDA, Segment Adjusted EBITDA, Adjusted Net Income and Adjusted Earnings Per Share to facilitate a comparison of our operating performance on a consistent basis from period to period that, when viewed in combination with our results prepared in accordance with GAAP, provides a more complete understanding of factors and trends affecting our business. We believe Adjusted EBITDA and Segment Adjusted EBITDA assist our Board of Directors, management and investors in comparing our operating performance on a consistent basis from period to period because they remove the impact of earnings elements attributable to our asset base (primarily depreciation and amortization), certain items outside the control of our management team, e.g. taxes, other non-cash items (such as impairment of intangible assets, purchase accounting adjustments and stock-based compensation), non-recurring items (such as strategic initiative and financial restructuring-related expenses) and income and expense that has been classified as discontinued operations from our operating results. We believe Adjusted Net Income and Adjusted Earnings Per Share assist our Board of Directors, management and investors in comparing our net income and earnings per share on a consistent basis from period to period because these measures remove non-cash (such as impairment of intangible assets, purchase accounting adjustments and stock-based compensation) and non-recurring items (such as strategic initiative and financial restructuring-related expenses), and eliminate the variability of non-controlling interest and equity in net income of unconsolidated affiliates. We believe Free Cash Flow is an important measure because it represents the cash that we generate after payments to certain former limited partners that elected to execute a Unit Exchange Agreement in connection with our August 2020 Restructuring and capital investment to maintain existing products and services and ongoing business operations, as well as development of new and upgraded products and services to support future growth. Our Free Cash Flow enables us to seek enhancement of stockholder value through acquisitions, partnerships, joint ventures, investments in related businesses and debt reduction.

Despite the importance of these Non-GAAP financial measures in analyzing our business, determining compliance with certain financial covenants in our Credit Facility, measuring and determining incentive compensation and evaluating our operating performance relative to our competitors, EBITDA, Adjusted EBITDA, Segment Adjusted EBITDA, Adjusted Net Income, Adjusted Earnings Per Share and Free Cash Flow are not measurements of financial performance under GAAP, may have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income, net cash provided by operating activities, or any other measure of our performance derived in accordance with GAAP.

Some of the limitations of the EBITDA, Adjusted EBITDA and Segment Adjusted EBITDA measures include that they do not reflect: our capital expenditures or our future requirements for capital expenditures or contractual commitments; changes in, or cash requirements for, our working capital needs; the interest expense or the cash requirements to service interest or principal payments under our Credit Facility; income tax payments we are required to make; and any cash requirements for replacements of assets being depreciated or amortized. In addition, EBITDA, Adjusted EBITDA, Segment Adjusted EBITDA and Free Cash Flow are not measures of liquidity under GAAP, or otherwise, and are not alternatives to cash flows from operating activities.

Some of the limitations of the Adjusted Net Income and Adjusted Earnings Per Share measures are that they do not reflect income tax expense or income tax payments we are required to make. In addition, Adjusted Net Income and Adjusted Earnings Per Share are not measures of profitability under GAAP.

We also urge you to review the reconciliation of these Non-GAAP financial measures included elsewhere in this Quarterly Report. To properly and prudently evaluate our business, we encourage you to review the condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report and to not rely on any single financial measure to evaluate our business. In addition, because the EBITDA, Adjusted EBITDA, Segment Adjusted EBITDA, Adjusted Net

Income, Adjusted Earnings Per Share and Free Cash Flow measures are susceptible to varying calculations, such Non-GAAP financial measures may differ from, and may therefore not be comparable to, similarly titled measures used by other companies.

Non-recurring and non-cash items excluded in our calculation of Adjusted EBITDA, Segment Adjusted EBITDA and Adjusted Net Income consist of stock-based compensation, acquisition- and disposition-related expenses, strategic initiative and financial restructuring-related expenses, income and expense that has been classified as discontinued operations and other reconciling items. More information about certain of the more significant items follows below.

***Income tax expense on adjusted income***

Adjusted Net Income, a Non-GAAP financial measure as defined above in “Our Use of Non-GAAP Financial Measures”, is calculated net of taxes based on our estimated annual effective tax rate for federal and state income tax, adjusted for unusual or infrequent items, as we are a consolidated group for tax purposes with all of our subsidiaries’ activities included. The tax rate used to compute the Adjusted Net Income was 27% for the three and six months ended December 31, 2023 and 26% for the three and six months ended December 31, 2022.

***Stock-based compensation***

In addition to non-cash employee stock-based compensation expense, this item includes non-cash stock purchase plan expense of \$0.1 million for both the three months ended December 31, 2023 and 2022 and \$0.3 million for both the six months ended December 31, 2023 and 2022 (see Note 12 - Stock-Based Compensation to the accompanying condensed consolidated financial statements for further information).

***Acquisition- and disposition-related expenses***

Acquisition-related expenses include legal, accounting and other expenses related to acquisition activities and gains and losses on the change in fair value of earn-out liabilities. Disposition-related expenses include severance and retention benefits and financial advisor fees and legal fees related to disposition activities.

***Strategic initiative and financial restructuring-related expenses***

Strategic initiative and financial restructuring-related expenses include legal, accounting and other expenses related to strategic initiative and financial restructuring-related activities.

***Other reconciling items***

Other reconciling items include, but are not limited to, gains and losses on disposal of long-lived assets and imputed interest on notes payable to former limited partners.

## Results of Operations

The following table presents our results of operations for the periods presented (in thousands, except per share data):

	Three Months Ended December 31,				Six Months Ended December 31,			
	2023		2022		2023		2022	
	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue
<b>Net revenue:</b>								
Net administrative fees	\$ 149,563	45%	\$ 154,423	43%	\$ 298,590	46%	\$ 304,429	45%
Software licenses, other services and support	129,401	39%	138,210	38%	248,541	38%	243,216	36%
Services and software licenses	278,964	83%	292,633	81%	547,131	84%	547,645	81%
Products	55,781	17%	66,993	19%	106,366	16%	125,854	19%
<b>Net revenue</b>	<b>334,745</b>	<b>100%</b>	<b>359,626</b>	<b>100%</b>	<b>653,497</b>	<b>100%</b>	<b>673,499</b>	<b>100%</b>
<b>Cost of revenue:</b>								
Services and software licenses	65,990	20%	55,265	15%	130,122	20%	109,279	16%
Products	47,472	14%	61,620	17%	91,510	14%	119,494	18%
<b>Cost of revenue</b>	<b>113,462</b>	<b>34%</b>	<b>116,885</b>	<b>33%</b>	<b>221,632</b>	<b>34%</b>	<b>228,773</b>	<b>34%</b>
Gross profit	221,283	66%	242,741	67%	431,865	66%	444,726	66%
<b>Operating expenses</b>	<b>155,590</b>	<b>46%</b>	<b>154,575</b>	<b>43%</b>	<b>307,201</b>	<b>47%</b>	<b>298,052</b>	<b>44%</b>
<b>Operating income</b>	<b>65,693</b>	<b>20%</b>	<b>88,166</b>	<b>25%</b>	<b>124,664</b>	<b>19%</b>	<b>146,674</b>	<b>22%</b>
Other income (expense), net	6,451	2%	(27)	—%	3,828	1%	3,193	—%
Income before income taxes	72,144	22%	88,139	25%	128,492	20%	149,867	22%
Income tax expense	19,278	6%	23,765	7%	33,216	5%	42,534	6%
<b>Net income</b>	<b>52,866</b>	<b>16%</b>	<b>64,374</b>	<b>18%</b>	<b>95,276</b>	<b>15%</b>	<b>107,333</b>	<b>16%</b>
Net loss (income) attributable to non-controlling interest	1,436	—%	(328)	—%	3,787	1%	(571)	—%
<b>Net income attributable to stockholders</b>	<b>\$ 54,302</b>	<b>16%</b>	<b>\$ 64,046</b>	<b>18%</b>	<b>\$ 99,063</b>	<b>15%</b>	<b>\$ 106,762</b>	<b>16%</b>
<b>Earnings per share attributable to stockholders:</b>								
Basic	\$ 0.45		\$ 0.54		\$ 0.83		\$ 0.90	
Diluted	\$ 0.45		\$ 0.54		\$ 0.82		\$ 0.89	

For the following Non-GAAP financial measures and reconciliations of our performance derived in accordance with GAAP to the Non-GAAP financial measures, refer to “Our Use of Non-GAAP Financial Measures” for further information regarding items excluded in our calculation of Adjusted EBITDA, Segment Adjusted EBITDA, Non-GAAP Adjusted Net Income and Non-GAAP Adjusted Earnings Per Share. The definitions for Adjusted EBITDA and Non-GAAP Adjusted Net Income were revised from those reported in the 2023 Annual Report. For comparability purposes, prior year non-GAAP financial measures are presented based on the current definitions in the above section “Our Use of Non-GAAP Financial Measures”.

The following table provides certain Non-GAAP financial measures for the periods presented (in thousands, except per share data):

	Three Months Ended December 31,				Six Months Ended December 31,			
	2023		2022		2023		2022	
	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue
<b>Certain Non-GAAP Financial Data:</b>								
Adjusted EBITDA	\$ 114,128	34%	\$ 138,862	39%	\$ 219,867	34%	\$ 239,999	36%
Non-GAAP Adjusted Net Income	71,940	21%	84,168	23%	136,827	21%	140,400	21%
Non-GAAP Adjusted Earnings Per Share	0.60	nm	0.70	nm	1.14	nm	1.17	nm

nm = Not meaningful

The following tables provide the reconciliation of net income to Adjusted EBITDA and the reconciliation of income before income taxes to Segment Adjusted EBITDA (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
<b>Net income</b>	<b>\$ 52,866</b>	<b>\$ 64,374</b>	<b>\$ 95,276</b>	<b>\$ 107,333</b>
Interest (income) expense, net	(2,438)	4,631	(2,633)	7,490
Income tax expense	19,278	23,765	33,216	42,534
Depreciation and amortization	20,267	21,439	40,595	44,878
Amortization of purchased intangible assets	12,512	13,047	25,200	23,499
<b>EBITDA</b>	<b>102,485</b>	<b>127,256</b>	<b>191,654</b>	<b>225,734</b>
Stock-based compensation	8,495	2,801	15,388	10,150
Acquisition- and disposition-related expenses	1,198	3,138	7,403	5,298
Strategic initiative and financial restructuring-related expenses	1,284	7,527	3,030	9,046
Equity in net loss (income) of unconsolidated affiliates	666	(1,674)	2,392	(9,917)
Other reconciling items, net <sup>(a)</sup>	—	(186)	—	(312)
<b>Adjusted EBITDA</b>	<b>\$ 114,128</b>	<b>\$ 138,862</b>	<b>\$ 219,867</b>	<b>\$ 239,999</b>
<b>Income before income taxes</b>	<b>\$ 72,144</b>	<b>\$ 88,139</b>	<b>\$ 128,492</b>	<b>\$ 149,867</b>
Equity in net loss (income) of unconsolidated affiliates	666	(1,674)	2,392	(9,917)
Interest (income) expense, net	(2,438)	4,631	(2,633)	7,490
Other income, net	(4,679)	(2,930)	(3,587)	(766)
<b>Operating income</b>	<b>65,693</b>	<b>88,166</b>	<b>124,664</b>	<b>146,674</b>
Depreciation and amortization	20,267	21,439	40,595	44,878
Amortization of purchased intangible assets	12,512	13,047	25,200	23,499
Stock-based compensation	8,495	2,801	15,388	10,150
Acquisition- and disposition-related expenses	1,198	3,138	7,403	5,298
Strategic initiative and financial restructuring-related expenses	1,284	7,527	3,030	9,046
Deferred compensation plan income	4,605	2,659	3,480	289
Other reconciling items, net <sup>(b)</sup>	74	85	107	165
<b>Adjusted EBITDA</b>	<b>\$ 114,128</b>	<b>\$ 138,862</b>	<b>\$ 219,867</b>	<b>\$ 239,999</b>

  

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
<b>Segment Adjusted EBITDA:</b>				
Supply Chain Services	\$ 114,491	\$ 126,315	\$ 229,465	\$ 239,504
Performance Services	30,955	43,205	52,729	62,336
Corporate	(31,318)	(30,658)	(62,327)	(61,841)
<b>Adjusted EBITDA</b>	<b>\$ 114,128</b>	<b>\$ 138,862</b>	<b>\$ 219,867</b>	<b>\$ 239,999</b>

(a) Other reconciling items, net is primarily attributable to loss on disposal of long-lived assets.

(b) Other reconciling items, net is attributable to other miscellaneous expenses.

The following table provides the reconciliation of net income attributable to stockholders to Non-GAAP Adjusted Net Income and the reconciliation of the numerator and denominator for earnings per share attributable to stockholders to Non-GAAP Adjusted Earnings Per Share for the periods presented (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
<b>Net income attributable to stockholders</b>	<b>\$ 54,302</b>	<b>\$ 64,046</b>	<b>\$ 99,063</b>	<b>\$ 106,762</b>
Income tax expense	19,278	23,765	33,216	42,534
Amortization of purchased intangible assets	12,512	13,047	25,200	23,499
Stock-based compensation	8,495	2,801	15,388	10,150
Acquisition- and disposition-related expenses	1,198	3,138	7,403	5,298
Strategic initiative and financial restructuring-related expenses	1,284	7,527	3,030	9,046
Equity in net loss (income) of unconsolidated affiliates	666	(1,674)	2,392	(9,917)
Other reconciling items, net <sup>(a)</sup>	813	1,091	1,742	2,359
<b>Non-GAAP adjusted income before income taxes</b>	<b>98,548</b>	<b>113,741</b>	<b>187,434</b>	<b>189,731</b>
Income tax expense on adjusted income before income taxes <sup>(b)</sup>	26,608	29,573	50,607	49,331
<b>Non-GAAP Adjusted Net Income</b>	<b>\$ 71,940</b>	<b>\$ 84,168</b>	<b>\$ 136,827</b>	<b>\$ 140,400</b>

#### Reconciliation of denominator for earnings per share attributable to stockholders to Non-GAAP Adjusted

##### Earnings Per Share

Weighted Average:

Basic weighted average shares outstanding	119,702	118,787	119,523	118,569
Dilutive securities	355	865	572	1,273
<b>Weighted average shares outstanding - diluted</b>	<b>120,057</b>	<b>119,652</b>	<b>120,095</b>	<b>119,842</b>

(a) Other reconciling items, net is primarily attributable to loss on disposal of long-lived assets and imputed interest on notes payable to former limited partners.

(b) Reflects income tax expense at an estimated effective income tax rate of 27% of non-GAAP adjusted net income before income taxes for the three and six months ended December 31, 2023 and 26% of non-GAAP adjusted net income before incomes taxes for the three and six months ended December 31, 2022.

The following table provides the reconciliation of earnings per share attributable to stockholders to Non-GAAP Adjusted Earnings Per Share for the periods presented:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
<b>Basic earnings per share attributable to stockholders</b>	<b>\$ 0.45</b>	<b>\$ 0.54</b>	<b>\$ 0.83</b>	<b>\$ 0.90</b>
Income tax expense	0.16	0.20	0.28	0.36
Amortization of purchased intangible assets	0.10	0.11	0.21	0.20
Stock-based compensation	0.07	0.02	0.13	0.09
Acquisition- and disposition-related expenses	0.01	0.03	0.06	0.04
Strategic initiative and financial restructuring-related expenses	0.01	0.06	0.03	0.08
Equity in net loss (income) of unconsolidated affiliates	0.01	(0.01)	0.02	(0.08)
Other reconciling items, net <sup>(a)</sup>	0.01	0.01	0.01	0.02
Impact of corporation taxes <sup>(b)</sup>	(0.22)	(0.25)	(0.42)	(0.42)
Impact of dilutive shares	—	(0.01)	(0.01)	(0.02)
<b>Non-GAAP Adjusted Earnings Per Share</b>	<b>\$ 0.60</b>	<b>\$ 0.70</b>	<b>\$ 1.14</b>	<b>\$ 1.17</b>

(a) Other reconciling items, net is primarily attributable to loss on disposal of long-lived assets and imputed interest on notes payable to former limited partners.

(b) Reflects income tax expense at an estimated effective income tax rate of 27% of non-GAAP adjusted net income before income taxes for the three and six months ended December 31, 2023 and 26% of non-GAAP adjusted net income before incomes taxes for the three and six months ended December 31, 2022.

## **Consolidated Results - Comparison of the Three and Six Months Ended December 31, 2023 to 2022**

The variances in the material factors contributing to the changes in the consolidated results are discussed further in "Segment Results" below.

### ***Net Revenue***

Net revenue decreased by \$24.9 million during the three months ended December 31, 2023 compared to the three months ended December 31, 2022, primarily due to decreases of \$11.2 million in products revenue, \$8.8 million in software licenses and other services and support revenue and \$4.8 million in net administrative fees revenue.

Net revenue decreased by \$20.0 million during the six months ended December 31, 2023 compared to the six months ended December 31, 2022, primarily due to decreases of \$19.5 million in products revenue and \$5.8 million in net administrative fees revenue, partially offset by an increase of \$5.3 million in software licenses and other services and support revenue.

### ***Cost of Revenue***

Cost of revenue decreased by \$3.4 million during the three months ended December 31, 2023 compared to the three months ended December 31, 2022, primarily due to a decrease of \$14.1 million in cost of products revenue, partially offset by an increase of \$10.7 million in cost of services and software licenses.

Cost of revenue decreased by \$7.2 million during the six months ended December 31, 2023 compared to the six months ended December 31, 2022, primarily due to a decrease of \$28.0 million in cost of products revenue, partially offset by an increase of \$20.8 million in cost of services and software licenses.

### ***Operating Expenses***

Operating expenses increased by \$1.0 million during the three months ended December 31, 2023 compared to the three months ended December 31, 2022 primarily driven by an increase in SG&A expenses.

Operating expenses increased by \$9.1 million during the six months ended December 31, 2023 compared to the six months ended December 31, 2022 primarily driven by increases of \$7.6 million and \$1.7 million in SG&A expenses and amortization of purchased intangible assets, respectively.

### ***Other Income (Expense), Net***

Other income (expense), net increased by \$6.5 million during the three months ended December 31, 2023 compared to the three months ended December 31, 2022, primarily due to an increase of \$7.1 million in interest income, net and an increase in income of \$1.8 million in other income (expense), net, partially offset by a decrease in income of \$2.3 million in equity in net income of unconsolidated affiliates.

Other income (expense), net was flat for the six months ended December 31, 2023 compared to the six months ended December 31, 2022.

### ***Income Tax Expense***

For the three months ended December 31, 2023 and 2022, we recorded tax expense of \$19.3 million and \$23.8 million, respectively. The tax expense recorded during the three months ended December 31, 2023 and 2022 resulted in an effective tax rate of 27% for both periods.

For the six months ended December 31, 2023 and 2022, we recorded tax expense of \$33.2 million and \$42.5 million, respectively. The tax expense recorded during the six months ended December 31, 2023 and 2022 resulted in effective tax rates of 26% and 28%, respectively. The change in the effective tax rate is primarily attributable to the impact of a decrease in stock-based compensation expense, state law repricing and the statute of limitation release on uncertain tax positions. See Note 13 - Income Taxes to the accompanying condensed consolidated financial statements for further information.

### ***Net Income/Loss Attributable to Non-Controlling Interest***

Net income attributable to non-controlling interest decreased by \$1.7 million to a net loss attributable to non-controlling interest of \$1.4 million during the three months ended December 31, 2023 compared to the three months ended December 31, 2022, primarily due to our consolidated subsidiaries with non-controlling interests incurring a net loss in the current quarter.

Net income attributable to non-controlling interest decreased by \$4.4 million to a net loss attributable to non-controlling interest of \$3.8 million during the six months ended December 31, 2023 compared to the six months ended December 31, 2022,

respectively, primarily due to our consolidated subsidiaries with non-controlling interests incurring a net loss in the current year period.

#### Adjusted EBITDA

Adjusted EBITDA decreased by \$24.8 million during the three months ended December 31, 2023 compared to the three months ended December 31, 2022, primarily driven by decreases of \$12.3 million and \$11.8 million in Performance Services and Supply Chain Services Adjusted EBITDA, respectively.

Adjusted EBITDA decreased by \$20.1 million during the six months ended December 31, 2023 compared to the six months ended December 31, 2022, primarily driven by decreases of \$10.0 million and \$9.6 million in Supply Chain Services and Performance Services Adjusted EBITDA, respectively.

#### Segment Results

##### Supply Chain Services

The following table presents our results of operations and Adjusted EBITDA in the Supply Chain Services segment for the periods presented (in thousands):

	Three Months Ended December 31,				Six Months Ended December 31,			
	2023	2022	Change		2023	2022	Change	
Net revenue:								
Net administrative fees	\$ 149,563	\$ 154,423	\$ (4,860)	(3)%	\$ 298,590	\$ 304,429	\$ (5,839)	(2)%
Software licenses, other services and support	12,511	14,104	(1,593)	(11)%	23,697	24,931	(1,234)	(5)%
Services and software licenses	162,074	168,527	(6,453)	(4)%	322,287	329,360	(7,073)	(2)%
Products	55,781	66,993	(11,212)	(17)%	106,366	125,854	(19,488)	(15)%
Net revenue	217,855	235,520	(17,665)	(8)%	428,653	455,214	(26,561)	(6)%
Cost of revenue:								
Services and software licenses	10,260	4,389	5,871	134%	20,659	9,597	11,062	115%
Products	47,472	61,620	(14,148)	(23)%	91,510	119,494	(27,984)	(23)%
Cost of revenue	57,732	66,009	(8,277)	(13)%	112,169	129,091	(16,922)	(13)%
Gross profit	160,123	169,511	(9,388)	(6)%	316,484	326,123	(9,639)	(3)%
Operating expenses:								
Selling, general and administrative	56,630	49,792	6,838	14%	105,281	99,815	5,466	5%
Research and development	156	116	40	34%	242	245	(3)	(1)%
Amortization of purchased intangible assets	7,859	7,956	(97)	(1)%	15,790	16,039	(249)	(2)%
Operating expenses	64,645	57,864	6,781	12%	121,313	116,099	5,214	4%
Operating income	95,478	111,647	(16,169)	(14)%	195,171	210,024	(14,853)	(7)%
Depreciation and amortization	5,936	5,654			11,578	11,821		
Amortization of purchased intangible assets	7,859	7,956			15,790	16,039		
Acquisition- and disposition-related expenses	5,144	1,001			6,819	1,510		
Other reconciling items, net	74	57			107	110		
Segment Adjusted EBITDA	\$ 114,491	\$ 126,315	\$ (11,824)	(9)%	\$ 229,465	\$ 239,504	\$ (10,039)	(4)%

#### Comparison of the Three and Six Months Ended December 31, 2023 to 2022

##### Net Revenue

Supply Chain Services segment net revenue decreased by \$17.7 million, or 8%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022 primarily due to decreases of \$11.2 million in products revenue, \$4.9 million in net administrative fees revenue and \$1.6 million in software licenses, other services and support revenue.

Supply Chain Services segment net revenue decreased by \$26.6 million, or 6%, during the six months ended December 31, 2023 compared to the six months ended December 31, 2022 primarily due to decreases of \$19.5 million in products revenue, \$5.8 million in net administrative fees revenue and \$1.2 million in software licenses, other services and support revenue.

#### *Net Administrative Fees*

Net administrative fees decreased by \$4.9 million, or 3%, and \$5.8 million, or 2%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022 and the six months ended December 31, 2023 compared to the six months ended December 31, 2022, respectively. The decreases in both periods were primarily driven by an increase in the aggregate blended member fee share due to market dynamics, partially offset by increased utilization and further penetration of our contracts by existing members.

#### *Products Revenue*

Products revenue decreased by \$11.2 million, or 17%, and \$19.5 million, or 15%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022 and the six months ended December 31, 2023 compared to the six months ended December 31, 2022, respectively. The decrease in products revenue is primarily a result of lower demand and pricing for commodity products and other previously high-demand supplies due to members' and other customers' elevated inventory levels and continued utilization of excess inventory by members purchased during the pandemic as well as pricing constraints on certain commodity products due to an excess market supply.

#### *Software Licenses, Other Services and Support Revenue*

Software licenses, other services and support revenue decreased by \$1.6 million, or 11%, and \$1.2 million, or 5%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022 and the six months ended December 31, 2023 compared to the six months ended December 31, 2022, respectively. The decrease in software licenses, other services and support revenue is primarily due to a decrease in purchased services revenue, partially offset by an increase in supply chain co-management fees.

#### **Cost of Revenue**

Supply Chain Services segment cost of revenue decreased by \$8.3 million, or 13%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022. The decrease was primarily attributable to the decrease in products cost of revenue of \$14.1 million in relation to the aforementioned decrease in products revenue as well as lower logistics and products costs in the current period. This decrease was partially offset by an increase of \$5.9 million in the cost of services and software licenses revenue due to an increase in personnel costs associated with increased headcount in support of our supply chain co-management business.

Supply Chain Services segment cost of revenue decreased by \$16.9 million, or 13%, during the six months ended December 31, 2023 compared to the six months ended December 31, 2022. The decrease was primarily attributable to the decrease in products cost of revenue of \$28.0 million in relation to the aforementioned decrease in products revenue as well as lower logistics and products costs in the current period. This decrease was partially offset by an increase of \$11.1 million in the cost of services and software licenses revenue due to an increase in personnel costs associated with increased headcount in support of our supply chain co-management business.

#### **Operating Expenses**

Supply Chain Services segment operating expenses increased by \$6.8 million, or 12%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022 due to an increase in SG&A expenses primarily due to an increase in acquisition- and disposition-related expenses driven by the change in the fair value of the Acuity and Nexera earn-out liability (see Note 5 - Fair Value Measurements to the accompanying condensed consolidated financial statements) and an increase in employee-related expenses.

Supply Chain Services segment operating expenses increased by \$5.2 million, or 4%, during the six months ended December 31, 2023 compared to the six months ended December 31, 2022 attributable to an increase in SG&A expenses primarily due to an increase in acquisition- and disposition-related expenses driven by the change in the fair value of the Acuity and Nexera earn-out liability (see Note 5 - Fair Value Measurements to the accompanying condensed consolidated financial statements).

#### **Segment Adjusted EBITDA**

Supply Chain Services Segment Adjusted EBITDA decreased by \$11.8 million, or 9%, and \$10.0 million, or 4%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022 and the six months ended



December 31, 2023 compared to the six months ended December 31, 2022, respectively. The decreases were primarily due to the aforementioned decrease in net revenue and higher personnel costs associated with increased headcount to support growth in our supply chain co-management business partially offset by lower logistics and products cost in our direct sourcing business.

#### Performance Services

The following table presents our results of operations and Adjusted EBITDA in the Performance Services segment for the periods presented (in thousands):

	Three Months Ended December 31,				Six Months Ended December 31,			
	2023	2022	Change		2023	2022	Change	
Net revenue:								
Software licenses, other services and support								
SaaS-based products subscriptions	\$ 43,565	\$ 49,664	\$ (6,099)	(12)%	88,905	97,412	\$ (8,507)	(9)%
Consulting services	21,921	18,514	3,407	18%	45,689	35,876	9,813	27%
Software licenses	20,868	30,804	(9,936)	(32)%	35,809	36,797	(988)	(3)%
Other	30,609	25,133	5,476	22%	54,566	48,219	6,347	13%
<b>Net revenue</b>	<b>116,963</b>	<b>124,115</b>	<b>(7,152)</b>	<b>(6)%</b>	<b>224,969</b>	<b>218,304</b>	<b>6,665</b>	<b>3%</b>
Cost of revenue:								
Services and software licenses	55,730	50,876	4,854	10%	109,463	99,682	9,781	10%
<b>Cost of revenue</b>	<b>55,730</b>	<b>50,876</b>	<b>4,854</b>	<b>10%</b>	<b>109,463</b>	<b>99,682</b>	<b>9,781</b>	<b>10%</b>
Gross profit	61,233	73,239	(12,006)	(16)%	115,506	118,622	(3,116)	(3)%
Operating expenses:								
Selling, general and administrative	37,834	45,026	(7,192)	(16)%	86,671	87,157	(486)	(1)%
Research and development	772	884	(112)	(13)%	1,549	1,730	(181)	(10)%
Amortization of purchased intangible assets	4,653	5,091	(438)	(9)%	9,410	7,460	1,950	26%
<b>Operating expenses</b>	<b>43,259</b>	<b>51,001</b>	<b>(7,742)</b>	<b>(15)%</b>	<b>97,630</b>	<b>96,347</b>	<b>1,283</b>	<b>1%</b>
<b>Operating income</b>	<b>17,974</b>	<b>22,238</b>	<b>(4,264)</b>	<b>(19)%</b>	<b>17,876</b>	<b>22,275</b>	<b>(4,399)</b>	<b>(20)%</b>
Depreciation and amortization	12,274	13,711			24,859	28,758		
Amortization of purchased intangible assets	4,653	5,091			9,410	7,460		
Acquisition- and disposition-related expenses	(3,946)	2,137			584	3,788		
Other reconciling items, net	—	28			—	55		
<b>Segment Adjusted EBITDA</b>	<b>\$ 30,955</b>	<b>\$ 43,205</b>	<b>\$ (12,250)</b>	<b>(28)%</b>	<b>\$ 52,729</b>	<b>\$ 62,336</b>	<b>\$ (9,607)</b>	<b>(15)%</b>

#### Comparison of the Three and Six Months Ended December 31, 2023 to 2022

##### Net Revenue

Net revenue in our Performance Services segment decreased by \$7.2 million, or 6%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022. The decrease was primarily attributable to a decrease of \$9.9 million in software licenses driven by a decreased number of enterprise analytics license agreements entered into during the current year period compared to the prior year period and a decrease of \$6.1 million in SaaS-based products subscription revenue due to conversion of SaaS-based products to licensed-based products in recent periods and contract expirations. These decreases were partially offset by increases of \$5.5 million in other revenue related to data contracts in adjacent markets and \$3.4 million in consulting services revenue through our PINC AI platform.

Net revenue in our Performance Services segment increased by \$6.7 million, or 3%, during the six months ended December 31, 2023 compared to the six months ended December 31, 2022. The increase was primarily attributable to growth of \$9.8 million in consulting services driven by new agreements entered into during the current year period under our PINC AI platform, and an increase of \$6.3 million in other revenue driven by increased data contracts in adjacent markets in the current year period and increases in Remitra revenue. These increases were partially offset by a decrease of \$8.5 million in SaaS-based products subscription revenue primarily due to the conversion of SaaS-based products to licensed-based products in recent periods and contract expirations.

### Cost of Revenue

Performance Services segment cost of revenue increased by \$4.9 million, or 10%, and \$9.8 million, or 10%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022 and the six months ended December 31, 2023 compared to the six months ended December 31, 2022, respectively. These increases were primarily due to an increase in consulting services expenses as well as higher costs associated with increased headcount to support our PINC AI platform in adjacent markets and our Contigo Health business, including incremental expenses attributable to the TRPN acquisition.

### Operating Expenses

Performance Services segment operating expenses decreased by \$7.7 million, or 15%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022. The decrease was primarily driven by a decrease of \$7.2 million in SG&A expenses primarily due to a decrease in acquisition- and disposition-related expenses primarily related to lower than anticipated payout of an earn-out liability (see Note 5 - Fair Value Measurements to the accompanying condensed consolidated financial statements) and lower contractor costs associated with decreased net revenue.

Performance Services segment operating expenses increased by \$1.3 million, or 1%, during the six months ended December 31, 2023 compared to the six months ended December 31, 2022. The increase was primarily driven by an increase in amortization of purchased intangible assets primarily attributable to the TRPN acquisition and an increase in employee-related expenses. These increases were partially offset by a decrease in acquisition- and disposition-related expenses primarily related to lower than anticipated payout of an earn-out liability (see Note 5 - Fair Value Measurements to the accompanying condensed consolidated financial statements).

### Segment Adjusted EBITDA

Performance Services Segment Adjusted EBITDA decreased by \$12.3 million, or 28%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022, primarily due to the aforementioned decrease in net revenue and increase in costs of revenue, partially offset by the decrease in contractor costs.

Performance Services Segment Adjusted EBITDA decreased by \$9.6 million, or 15%, during the six months ended December 31, 2023 compared to the six months ended December 31, 2022, primarily due to the aforementioned increases in costs of revenue and employee-related expenses, partially offset by the increase in net revenue.

### Corporate

The following table presents corporate expenses and Adjusted EBITDA for the periods presented (in thousands):

	Three Months Ended December 31,				Six Months Ended December 31,			
	2023	2022	Change		2023	2022	Change	
Operating expenses:								
Selling, general and administrative	\$ 47,759	\$ 45,719	\$ 2,040	4%	\$ 88,383	\$ 85,625	\$ 2,758	3%
Operating expenses	47,759	45,719	2,040	4%	88,383	85,625	2,758	3%
<b>Operating loss</b>	<b>(47,759)</b>	<b>(45,719)</b>	<b>(2,040)</b>	<b>4%</b>	<b>(88,383)</b>	<b>(85,625)</b>	<b>(2,758)</b>	<b>3%</b>
Depreciation and amortization	2,057	2,074			4,158	4,299		
Stock-based compensation	8,495	2,801			15,388	10,150		
Strategic initiative and financial restructuring-related expenses	1,284	7,527			3,030	9,046		
Deferred compensation plan expense	4,605	2,659			3,480	289		
<b>Adjusted EBITDA</b>	<b>\$ (31,318)</b>	<b>\$ (30,658)</b>	<b>\$ (660)</b>	<b>(2)%</b>	<b>\$ (62,327)</b>	<b>\$ (61,841)</b>	<b>\$ (486)</b>	<b>(1)%</b>

### Comparison of the Three Months Ended December 31, 2023 to 2022

#### Operating Expenses

Corporate operating expenses increased by \$2.0 million, or 4%, and \$2.8 million, or 3%, during the three months ended December 31, 2023 compared to the three months ended December 31, 2022 and the six months ended December 31, 2023 compared to the six months ended December 31, 2022, respectively. These increases were primarily due to increases in deferred compensation plan expense as a result of market changes and stock-based compensation expense due to lower forecasted

achievement of performance share awards in the prior year period. These increases were partially offset by a decrease in professional fees related to strategic initiative and financial restructuring-related activities in the current period.

#### ***Adjusted EBITDA***

Corporate adjusted EBITDA was flat for the three months ended December 31, 2023 compared to the three months ended December 31, 2022 and the six months ended December 31, 2023 compared to the six months ended December 31, 2022.

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

As of December 31, 2023, we did not have any off-balance sheet arrangements.

#### **Liquidity and Capital Resources**

##### ***Liquidity and Capital Resources***

Our principal source of cash has been primarily cash provided by operating activities. From time to time we have used, and expect to use in the future, borrowings under our Credit Facility (as defined in Note 8 - Debt and Notes Payable to the accompanying condensed consolidated financial statements) as a source of liquidity to fund acquisitions and related business investments as well as general corporate activities. In addition, at December 31, 2023, we had a higher cash balance due to cash proceeds received from the sale of our non-healthcare GPO member contracts in the first quarter of fiscal year 2024. Our primary cash requirements include operating expenses, working capital fluctuations, revenue share obligations, tax payments, capital expenditures, dividend payments on our Class A common stock, if and when declared, repurchases of Class A common stock pursuant to stock repurchase programs in place from time to time, acquisitions and related business investments and general corporate activities. Our capital expenditures typically consist of internally developed software costs, software purchases and computer hardware purchases.

As of December 31, 2023 and June 30, 2023, we had cash and cash equivalents of \$371.1 million and \$89.8 million, respectively.

##### ***Credit Facility***

At December 31, 2023, we had no outstanding borrowings under our Credit Facility. At June 30, 2023, we had \$215.0 million of outstanding borrowings under our Credit Facility. During the six months ended December 31, 2023, we had no borrowings and repaid \$215.0 million of borrowings under the Credit Facility.

We expect cash generated from operations and borrowings under our Credit Facility to provide us with adequate liquidity to fund our anticipated working capital requirements, revenue share obligations, tax payments, capital expenditures, notes payable, including notes payable to former LPs, dividend payments on our Class A common stock, if and when declared, repurchases of Class A common stock pursuant to stock repurchase programs in place from time to time and to fund business acquisitions. Our capital requirements depend on numerous factors, including funding requirements for our product and service development and commercialization efforts, our information technology requirements, and the amount of cash generated by our operations. We believe that we have adequate capital resources at our disposal to fund currently anticipated capital expenditures, business growth and expansion, and current and projected debt service requirements. However, strategic growth initiatives will likely require the use of one or a combination of various forms of capital resources including available cash on hand, cash generated from operations, borrowings under our Credit Facility and other long-term debt and, potentially, proceeds from the issuance of additional equity or debt securities.

##### ***Cash Dividends***

In each of September 2023 and December 2023, we paid a cash dividend of \$0.21 per share on outstanding shares of Class A common stock. On January 25, 2024, our Board of Directors declared a quarterly cash dividend of \$0.21 per share, payable on March 15, 2024 to stockholders of record on March 1, 2024.

##### ***Sale of Non-Healthcare GPO Member Contracts***

On July 25, 2023, we sold substantially all of our non-healthcare GPO member contracts pursuant to an equity purchase agreement with OMNIA for a purchase price estimated to be up to \$740.0 million, which has been reduced from previous estimates taking into account certain post-closing adjustments and remains subject to additional adjustments. As of December 31, 2023, we have received cash of \$629.8 million, including the closing payment and payments out of escrow based on post-closing adjustments through that date. See Note 9 - Liability Related to the Sale of Future Revenues to the accompanying condensed consolidated financial statements for further information.

### Discussion of Cash Flows for the Six Months Ended December 31, 2023 and 2022

A summary of net cash flows is as follows (in thousands):

	Six Months Ended December 31,	
	2023	2022
<b>Net cash provided by (used in):</b>		
Operating activities	\$ 35,380	\$ 196,725
Investing activities	(49,068)	(227,466)
Financing activities	294,982	39,230
Effect of exchange rate changes on cash flows	23	(9)
<b>Net increase in cash and cash equivalents</b>	<b>\$ 281,317</b>	<b>\$ 8,480</b>

Net cash provided by operating activities decreased by \$161.3 million for the six months ended December 31, 2023 compared to the six months ended December 31, 2022. The decrease in net cash provided by operating activities was due to an increase of cash paid for taxes of \$152.0 million primarily related to proceeds received from the sale of non-healthcare GPO member contracts and associated future revenues to OMNIA in the current year period, a decrease of \$21.0 million in cash receipts driven by lower net revenue and collections in the current period and an increase of \$7.0 million in cash paid primarily due to an increase in payable payments partially offset by a decrease in inventory purchases. These were partially offset by a decrease of cash paid for operating expenses of \$19.8 million primarily due to a decrease in performance-related compensation.

Net cash used in investing activities decreased by \$178.4 million for the six months ended December 31, 2023 compared to the six months ended December 31, 2022. The decrease in net cash used in investing activities was primarily due to the cash outlay for the TRPN acquisition in the six months ended December 31, 2022, partially offset by an increase in purchases of property and equipment.

Net cash provided by financing activities increased by \$255.8 million for the six months ended December 31, 2023 compared to the six months ended December 31, 2022. The increase in net cash provided by financing activities was primarily driven by the proceeds from the sale of future revenues of \$629.8 million in the current period (see Note 9 - Liability Related to the Sale of Future Revenues to the accompanying condensed consolidated financial statements for further information). This increase was partially offset by a decrease of \$365.0 million in net borrowings under our Credit Facility.

### Discussion of Non-GAAP Free Cash Flow for the Six Months Ended December 31, 2023 and 2022

We define Non-GAAP Free Cash Flow as net cash provided by operating activities from continuing operations less (i) early termination payments to certain former limited partners that elected to execute a Unit Exchange Agreement in connection with our August 2020 Restructuring and (ii) purchases of property and equipment. Non-GAAP Free Cash Flow does not represent discretionary cash available for spending as it excludes certain contractual obligations such as debt repayments under our Credit Facility.

A summary of Non-GAAP Free Cash Flow and reconciliation to net cash provided by operating activities for the periods presented is as follows (in thousands):

	Six Months Ended December 31,	
	2023	2022
Net cash provided by operating activities	\$ 35,380	\$ 196,725
Early termination payments to certain former limited partners that elected to execute a Unit Exchange Agreement <sup>(a)</sup>	(49,600)	(48,670)
Purchases of property and equipment	(49,068)	(38,416)
<b>Non-GAAP Free Cash Flow</b>	<b>\$ (63,288)</b>	<b>\$ 109,639</b>

(a) Early termination payments to certain former limited partners that elected to execute a Unit Exchange Agreement in connection with our August 2020 Restructuring are presented in our Condensed Consolidated Statements of Cash Flows under "Payments made on notes payable." During the six months ended December 31, 2023, we paid \$51.3 million to members including imputed interest of \$1.7 million which is included in net cash provided by operating activities. During the six months ended December 31, 2022, we paid \$51.3 million to members including imputed interest of \$2.7 million which is included in net cash provided by operating activities. See Note 8 - Debt and Notes Payable to the accompanying condensed consolidated financial statements for further information.

Non-GAAP Free Cash Flow decreased by \$172.9 million for the six months ended December 31, 2023 compared to the six months ended December 31, 2022. The decrease in Non-GAAP Free Cash Flow was primarily due to the aforementioned

\$161.3 million decrease in net cash provided by operating activities and an increase in purchases of property and equipment of \$10.7 million.

See "Our Use of Non-GAAP Financial Measures" above for additional information regarding our use of Non-GAAP Free Cash Flow.

## **Contractual Obligations**

### ***Credit Facility***

Outstanding borrowings under the Credit Facility (as defined in Note 8 - Debt and Notes Payable to the accompanying condensed consolidated financial statements) bear interest on a variable rate structure. At December 31, 2023, we had no outstanding borrowings under our Credit Facility and the commitment fee for unused capacity was 0.125%. We were in compliance with all covenants at December 31, 2023.

Proceeds from borrowings under the Credit Facility may generally be used to finance ongoing working capital requirements, including permitted acquisitions, repurchases of Class A common stock pursuant to stock repurchase programs, in place from time to time, dividend payments, if and when declared, and other general corporate activities. At December 31, 2023, we had no outstanding borrowings under the Credit Facility with \$995.0 million of available borrowing capacity after reductions for outstanding borrowings and outstanding letters of credit.

The above summary does not purport to be complete, and is subject to, and qualified in its entirety by reference to, the complete text of the Credit Facility, which is filed as Exhibit 10.19 to the 2023 Annual Report. See also Note 8 - Debt and Notes Payable to the accompanying condensed consolidated financial statements.

### ***Notes Payable to Former Limited Partners***

At December 31, 2023, \$154.0 million remains to be paid without interest in six equal quarterly installments to former limited partners that elected to execute Unit Exchange Agreements ending with the quarter ended June 30, 2025. See Note 8 - Debt and Notes Payable to the accompanying condensed consolidated financial statements for further information.

### ***Other Notes Payable***

At December 31, 2023, we had commitments of \$1.0 million for other obligations under notes payable. Other notes payable have stated maturities between three to five years from the date of issuance and are non-interest bearing. See Note 8 - Debt and Notes Payable to the accompanying condensed consolidated financial statements for further information.

### ***Sale of Non-Healthcare GPO Member Contracts***

At December 31, 2023, we had commitments of \$615.2 million, net of imputed interest of \$87.5 million, for the sale of future revenues due to OMNIA in connection to the sale of non-healthcare GPO member contracts. The liability will be paid, without interest, in monthly payments from net administrative fees received in connection with the sold contracts commencing during the first quarter of fiscal year 2024 and continuing for at least 10 years. See Note 9 - Liability Related to the Sale of Future Revenues to the accompanying condensed consolidated financial statements for further information.

### ***Cash Dividends***

In each of September 2023 and December 2023, we paid a cash dividend of \$0.21 per share on outstanding shares of Class A common stock. On January 25, 2024, our Board of Directors declared a quarterly cash dividend of \$0.21 per share, payable on March 15, 2024 to stockholders of record on March 1, 2024.

We currently expect quarterly dividends to continue to be paid on or about December 15, March 15, June 15 and September 15, respectively. However, the actual declaration of any future cash dividends, and the setting of record and payment dates as well as the per share amounts, will be at the discretion of our Board of Directors each quarter after consideration of various factors, including our results of operations, financial condition and capital requirements, earnings, general business conditions, restrictions imposed by our current Credit Facility and any future financing arrangements, legal restrictions on the payment of dividends and other factors our Board of Directors deems relevant.

### ***Share Repurchase Authorization***

On February 2, 2024, our Board of Directors authorized the repurchase of up to \$1.0 billion of our outstanding common stock. On February 5, 2024, under the share repurchase authorization, we entered into an ASR Agreement with Bank of America to repurchase an aggregate of \$400.0 million of shares of our common stock. Under the terms of the ASR Agreement, we will

make a payment of \$400.0 million to Bank of America and, by February 9, 2024, will receive initial deliveries of approximately \$320.0 million in common stock based on the closing price on February 7, 2024. The final number of shares of common stock to be repurchased and retired under the share repurchase transaction under the ASR Agreement (the "ASR Transaction") will be determined on completion of the ASR Transaction and will generally be based on the volume-weighted average share price of the common stock during the term of the ASR Transaction, less a discount and subject to adjustments pursuant to the terms and conditions of the ASR Agreement. The final settlement of the ASR Transaction is expected to be completed in the first quarter of fiscal year 2025. At settlement, under certain circumstances, Bank of America may be required to deliver additional shares of common stock to us, or, under certain circumstances, we may be required to make a cash payment or to deliver shares of our common stock to Bank of America.

## **Fiscal 2024 Developments**

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

While the U.S. inflation rate continues to decline from its peak in calendar year 2022, the U.S. economy is still experiencing elevated rates of inflation. We have continued to limit the impact of inflation on our members and believe that we maintain significantly lower inflation impacts across our diverse product portfolio than national levels. However, in certain areas of our business, there is still some level of risk and uncertainty for our members and other customers as labor costs, raw material costs and availability, rising interest rates and inflation continue to pressure supplier pricing as well as apply significant pressure on our margin.

We continue to evaluate the contributing factors, specifically logistics, raw materials and labor, that have led to adjustments to selling prices. We have seen logistics costs normalize as well as some reductions in the costs of specific raw materials compared to pre-pandemic levels; however, the cost of labor remains high. We are continuously working to manage price increases as market conditions change. The impact of inflation on our aggregated product portfolio is partially mitigated by contract term price protection for a large portion of our portfolio, as well as price reductions in certain product categories such as pharmaceuticals. See Item 1A. "Risk Factors" in our 2023 Annual Report.

Furthermore, as the Federal Reserve seeks to further reduce inflation, market interest rates may continue to be elevated, increasing the cost of borrowing under our Credit Facility (as defined in Note 8 - Debt and Notes Payable to the accompanying condensed consolidated financial statements) as well as impacting our results of operations, financial condition and cash flows.

### ***Geopolitical Tensions***

Geopolitical tensions continue to affect the global economy and financial markets, as well as exacerbate ongoing economic challenges, including issues such as rising inflation, energy costs and global supply-chain disruption.

We continue to monitor the impacts of the geopolitical tensions on macroeconomic conditions and prepare for any implications they may have on member demand, our suppliers' ability to deliver products, cybersecurity risks and our liquidity and access to capital. Refer to Item 1A. "Risk Factors" in our 2023 Annual Report as well as "Market and Industry Trends and Outlook" within Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations of this Quarterly Report for further discussion.

### ***Pandemics, Epidemics or Public Health Emergencies***

The outbreak of the novel coronavirus ("COVID-19") and the resulting global pandemic and the impact on the healthcare industry continues to impact our sales, operations and supply chains, our members and other customers and workforce and suppliers. While both the U.S. and the World Health Organization declared an end to the COVID-19 pandemic as a public health emergency in May 2023, the risks associated with a pandemic remains and the resulting impact on our business, results of operations, financial conditions and cash flows as well as the U.S. and global economies is uncertain and cannot be predicted at this time.

Refer to Item 1A. "Risk Factors" in our 2023 Annual Report as well as "Market and Industry Trends and Outlook" within Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations of this Quarterly Report for further discussion of the material risks we face.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

#### **Interest Rate Risk**

Our exposure to market risk relates primarily to the increase or decrease in the amount of any interest expense we must pay with respect to outstanding variable-rate debt instruments. At December 31, 2023, we had no outstanding borrowings under our Credit Facility.

We invest our excess cash in a portfolio of individual cash equivalents. We do not hold any material derivative financial instruments. We do not expect changes in interest rates to have a material impact on our results of operations or financial position. We plan to mitigate default, market, and investment risks of our invested funds by investing in low-risk securities.

#### **Foreign Currency Risk**

Substantially all of our financial transactions are conducted in U.S. dollars. We do not have significant foreign operations and, accordingly, do not believe we have market risk associated with foreign currencies.

### **Item 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

As of December 31, 2023, the end of the period covered by this Quarterly Report, we carried out an evaluation under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures. Based upon our evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2023.

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

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

We operate businesses that are subject to substantial litigation from time to time. We are periodically involved in litigation, arising in the ordinary course of business or otherwise, which from time to time may include claims relating to contractual disputes, product liability, tort or personal injury, employment, antitrust, intellectual property or other commercial or regulatory matters. If current or future government regulations are interpreted or enforced in a manner adverse to us or our business, including without limitation those with respect to antitrust or healthcare laws, we may be subject to enforcement actions, penalties, damages and material limitations on our business.

From time to time we have been named as a defendant in class action antitrust lawsuits brought by suppliers or purchasers of medical products. Typically, these lawsuits have alleged the existence of a conspiracy among manufacturers of competing products, distributors and/or operators of GPOs, including us, to deny the plaintiff access to a market for certain products, to raise the prices for products and/or limit the plaintiff's choice of products to buy. We believe that we have at all times conducted our business affairs in an ethical and legally compliant manner and have successfully resolved all such actions. No assurance can be given that we will not be subjected to similar actions in the future or that any such existing or future matters will be resolved in a manner satisfactory to us or which will not harm our business, financial condition or results of operations.

On March 4, 2022, a shareholder derivative complaint captioned *City of Warren General Employees' Retirement System v. Michael Alkire*, et al., Case No. 2022-0207-JTL, purportedly brought on behalf of Premier, was filed in the Delaware Court of Chancery against our current and former Chief Executive Officers and certain current and former directors. We are named as a nominal defendant in the complaint. The lawsuit alleges that the named officers and directors breached their fiduciary duties and committed corporate waste by approving agreements between Premier and certain of the former LPs that provided for accelerated payments as consideration for the early termination of the TRA with such LPs. The complaint asserts that the aggregate early termination payment amounts of \$473.5 million exceeded the alleged value of the tax assets underlying the TRA by approximately \$225.0 million. The complaint seeks unspecified damages, costs and expenses, including attorney fees, and declaratory and other equitable relief. Since the lawsuit is purportedly brought on behalf of Premier, and we are only a nominal defendant, the alleged damages were allegedly suffered by us. We and the individual defendants deny the allegations in the complaint and intend to vigorously defend the litigation. In light of the fact that the lawsuit is in an early stage and the claims do not specify an amount of damages, we cannot predict the ultimate outcome of the suit.

Additional information relating to certain legal proceedings in which we are involved is included in Note 14 - Commitments and Contingencies to the accompanying condensed consolidated financial statements, which information is incorporated herein by reference.

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

During the quarter ended December 31, 2023, there were no material changes to the risk factors disclosed in Item 1A. "Risk Factors" in the 2023 Annual Report.

### **Item 5. Other Information**

During the three months ended December 31, 2023, none of our directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).



## Item 6. Exhibits

Exhibit No.	Description
3.1	Amended and Restated Bylaws of Premier, Inc. , effective as of January 25, 2024 ( Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on January 26, 2024).
10.1	Premier, Inc. 2023 Equity Incentive Plan (Incorporated by reference to Exhibit 99.1 to our Current Repo rt on Form 8-K filed on December 1, 2023).+
10.2	Form of Restricted Stock Unit Agreement for Non-Employee Directors under the Premier, Inc. 2023 Equity Incentive Plan*+
31.1	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of principal executive officer pursuant to 18 United States Code Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.‡
32.2	Certification of principal financial officer pursuant to 18 United States Code Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.‡
101	Sections of the Premier, Inc. Quarterly Report on Form 10-Q for the quarter ended December 31, 2023, formatted in iXBRL (Inline eXtensible Business Reporting Language), submitted in the following files:
101.INS	Inline XBRL Instance Document*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.*
104	The cover page from the Premier, Inc. Quarterly Report on Form 10-Q for the quarter ended December 31, 2023, formatted in Inline XBRL (included in Exhibit 101).*

\* Filed herewith.

+ Indicates a management contract or compensatory plan or arrangement.

‡ Furnished herewith.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report to be signed on its behalf by the undersigned, thereunto duly authorized.

PREMIER, INC.

Date: February 6, 2024

By: /s/ Craig S. McKasson

Name: Craig S. McKasson

Title: *Chief Administrative and Financial Officer and Senior Vice President*

On behalf of the registrant and as principal financial and accounting officer

**RESTRICTED STOCK UNIT AGREEMENT  
FOR NON-EMPLOYEE DIRECTORS**

**Participant:** #Participant Name#  
**Grant Date:** #Grant Date# (the "Grant Date")  
**Number of Award Shares:** #Quantity Granted#  
**Vesting Date:** Shall vest in full on the first anniversary of the Grant Date (the Vesting Date).

1. Grant of Restricted Stock Units This restricted stock unit award ("Award") is granted pursuant to the Premier Inc. 2023 Equity Incentive Plan (the "Plan"), by Premier Inc. (the "Company") to the Participant as a Non-Employee Director of the Company. The Company hereby grants to the Participant as of the Grant Date (set forth above) the Award consisting of a right to receive the number of shares set forth above ("Award Shares") of the Company's Class A common stock, \$0.01 par value ("Shares"), upon the Vesting Date, pursuant to the Plan, as it may be amended from time to time, and subject to the terms, conditions, and restrictions set forth herein. Capitalized terms in this restricted stock unit agreement (the "Award Agreement") shall have the meaning specified in the Plan, unless a different meaning is specified herein.

2. Terms and Conditions. The terms, conditions, and restrictions applicable to this Award are specified in the Plan and this Award Agreement, including Exhibit A – Section 280G Rules, and summarized in the Plan prospectus and any applicable prospectus supplement (together, the "Prospectus"). The terms, conditions and restrictions in the Plan include, but are not limited to, provisions relating to amendment, vesting, cancellation, and settlement, all of which are hereby incorporated by reference into this Award Agreement to the extent not otherwise set forth herein.

**By accepting the Award, the Participant acknowledges receipt of the Prospectus and that he or she has read and understands the Prospectus.** The Prospectus summarizes the material provisions of the Plan. The summary in the Prospectus is not complete and is qualified in its entirety by reference to the provisions of the Plan. You should consult the Plan and the terms of this Award Agreement for more complete information about this Award. The Plan and Award Agreement, in that order, shall govern any inconsistency between the Prospectus on the one hand, and the Plan and the Award Agreement on the other.

The Participant understands that this Award and all other incentive awards are entirely discretionary and that no right to receive an award exists absent a prior written agreement with the Company to the contrary. The Participant also understands that the value that may be realized, if any, from this Award is contingent, and depends on, the future market price of the Shares, among other factors. The Participant further confirms the Participant's understanding that this Award is intended to promote Non-Employee Director retention and stock ownership and to align Non-Employee Directors' interests with those of shareholders, is subject to vesting conditions and will be cancelled if the vesting conditions are not satisfied. Thus, the Participant understands that (a) any monetary value assigned to this Award in any communication regarding this Award is contingent, hypothetical, or for illustrative purposes only, and does not express or imply any promise or intent by the Company to deliver, directly or indirectly, any certain or

determinable cash value to the Participant; (b) receipt of this Award or any incentive award in the past is neither an indication nor a guarantee that an incentive award of any type or amount will be made in the future, and that absent a written agreement to the contrary, the Company is free to change its practices and policies regarding incentive awards at any time; (c) vesting may be subject to confirmation and final determination by the Committee that the vesting conditions have been satisfied; and (d) Award Shares shall be subject to lock-up restrictions as described in Section 16 of this Award Agreement. The Participant shall have no rights as a stockholder of the Company with respect to any shares covered by this Award unless and until this Award is vested and settled in Shares.

3. Vesting. This Award shall vest in full on the Vesting Date set forth above provided the Participant is providing services as a director through the Vesting Date. Notwithstanding the foregoing:

(a) In the event that a Participant terminates service due to death, Disability, termination from the Board as a result of term limitations imposed by the Corporate Governance Guidelines of the Company, the Participant shall immediately vest in a portion of the Award equal to the number of Award Shares granted times a fraction, the numerator of which is the number of days of active service elapsed since the Grant Date and the denominator of which is 365; and

(b) In the event that the Participant is serving as a director on the Board at the time of a Change in Control, the Award shall vest in full.

The Participant shall be credited with an amount in cash (without interest) equal to the dividends the Participant would have received if the Participant had been the owner of a number of Shares equal to the number of Award Shares; provided, however, that no amount shall be credited with respect to Shares that have been delivered to the Participant as of the applicable record date. Dividend equivalents shall be subject to the same terms and conditions as the Award Shares, and shall vest (or, if applicable, be forfeited) at the same time as the Award Shares. Notwithstanding the foregoing, vesting of the Award (and any dividend equivalents) shall be prohibited to the extent that it would violate applicable law. Further notwithstanding the foregoing, nothing in this Award Agreement shall be interpreted to require the Company to grant dividends or dividend equivalents on any Shares or Award Shares.

4. Forfeiture; Break in Service. The unvested portion of this Award, as determined under Section 3 above, shall expire and be permanently forfeited upon termination of service as a Non-Employee Director.

5. Settlement of Award. Subject to Section 7 below, the Company shall deliver or cause to be delivered to or on the behalf of the Participant the number of vested Shares determined under Section 3 above as soon as administratively practicable after they first become vested, but in no event later than sixty (60) days after vesting (for the avoidance of doubt, this deadline is intended to comply with the "short-term deferral" exemption from Section 409A of the Internal Revenue Code of 1986, as amended (the "Code")). The dividend equivalents described in Section 3 above shall be paid in cash at the same time as the delivery of the Shares

under this Section 5 which correspond to such dividend equivalents. Vested Shares to be delivered due to death shall be paid to the Participant's legal beneficiaries.

6. Compensation Recovery. The Award Shares shall be subject to being recovered under any compensation recovery policy that may be adopted from time to time by the Company or any of its Affiliates. For avoidance of doubt, compensation recovery rights to Award Shares shall extend to the proceeds realized by the Participant due to the sale or other transfer of the Award Shares.

7. Taxes: Limitation on Excess Parachute Payments. The Participant shall bear all expense of, and be solely responsible for, all federal, state, local, or foreign taxes due with respect to any payment received under this Award Agreement. Notwithstanding any other provision in this Award Agreement to the contrary, any payment or benefit received or to be received by the Participant in connection with a Change in Control or the termination of service (whether payable under the terms of this Award Agreement or any other plan, arrangement or agreement with a member of the Premier Group (collectively, the "Payments") that would constitute a "parachute payment" within the meaning of Section 280G of the Code, shall be reduced to the extent necessary so that no portion thereof shall be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), but only if, by reason of such reduction, the net after-tax benefit received by the Participant shall exceed the net after-tax benefit that would be received by the Participant if no such reduction was made. Whether and how the limitation under this Section 7 is applicable shall be determined under the Section 280G Rules set forth in Exhibit A, which shall be enforceable as if set forth in this Award Agreement.

8. Consent to Electronic Delivery. In lieu of receiving documents in paper format, the Participant agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other agreements, forms and communications) in connection with this and any other prior or future incentive award or program made or offered by the Company or its predecessors or successors. Electronic delivery of a document to the Participant may be via a Company e-mail system or by reference to a location on a Company intranet site to which the Participant has access.

9. Administration. In administering the Plan, or to comply with applicable legal, regulatory, tax, or accounting requirements, it may be necessary for a member of the Premier Group to transfer certain Participant data to another member of the Premier Group, or to its outside service providers or governmental agencies. By accepting the Award, the Participant consents, to the fullest extent permitted by law, to the use and transfer, electronically or otherwise, of the Participant's personal data to such entities for such purposes.

10. Entire Agreement/Amendment/Survival/Assignment. The terms, conditions and restrictions set forth in the Plan, this Award Agreement and the Prospectus constitute the entire understanding between the parties hereto regarding this Award and supersede all previous written, oral, or implied understandings between the parties hereto about the subject matter hereof. This Award Agreement may be amended by a subsequent writing (including e-mail or other electronic form) agreed to between the Company and the Participant. Section headings

herein are for convenience only and have no effect on the interpretation of this Award Agreement. The provisions of this Award Agreement that are intended to survive a Participant's termination of service shall survive such date. The Company may assign this Award Agreement and its rights and obligations hereunder to any current or future member of the Premier Group.

11. No Right to Continued Service The Participant agrees that nothing in this Award Agreement constitutes a contract of service with the Company for a definite period of time. The Company retains the right to decrease the Participant's compensation and/or benefits, terminate the service relationship at any time for any reason or no reason not otherwise prohibited by law, or otherwise change the terms or conditions of the Participant's service.

12. Transfer Restrictions. The Participant may not sell, assign, transfer, pledge, encumber or otherwise alienate, hypothecate or dispose of this Award or the Participant's right hereunder to receive Award Shares, except as otherwise provided in the Committee's sole discretion consistent with the Plan and applicable securities laws.

13. Conflict. This Award Agreement is subject to the terms and provisions of the Plan, including but not limited to the adjustment provisions under Section 12 of the Plan. In the event of a conflict between the Plan and this Award Agreement, the Plan shall control.

14. Definitions. The following terms shall be as defined below:

(a) "Disability" means any of the following: (i) the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of at least twelve months, or the Participant's entitlement to and receipt of disability benefits under a disability insurance program that pays benefits on the basis of the foregoing definition; (ii) the Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of at least twelve months, receiving disability benefits under a disability insurance program that pays benefits on the basis of the foregoing definition; or (iii) the Participant is determined to be totally disabled by the Social Security Administration or Railroad Retirement Board.

(b) "Premier Group" shall mean the Company, its Subsidiaries and Affiliates.

15. Section 409A. This Award shall be construed consistent with the intention that it be exempt from Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, "Section 409A"). However, notwithstanding any other provision of the Plan or this Award Agreement, if at any time the Committee determines that this Award (or any portion thereof) may be subject to Section 409A, the Committee shall have the right in its sole discretion (without any obligation to do so or to indemnify the Participant or any other person for failure to do so) to adopt such amendments to the Plan or this Award Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Committee determines are necessary or appropriate either for this Award to be

exempt from the application of Section 409A or to comply with the requirements of Section 409A.

16. Lock-up Restriction. The Participant agrees that, if the Company proposes to offer for sale any Shares pursuant to a public offering under the Securities Act of 1933 and if requested by the Company and any underwriter engaged by the Company for a reasonable period of time specified by the Company or such underwriter following the effective date of the registration statement filed with respect to such offering, the Participant will not, directly or indirectly, offer, sell, pledge, contract to sell (including any short sale), grant any option to purchase, or otherwise dispose of any securities of the Company held by the Participant.

17. No Hedging Transactions. The Participant shall not enter into any Hedging Transaction (as defined below) relating to any securities of the Company held by the Participant. For purposes of this Section, a "Hedging Transaction" means any short sale (whether or not against the box) or any purchase, sale or grant of any right (including, without limitation, any put or call option) with respect to any security (other than a broad-based market basket or index) that includes, relates to or derives any significant part of its value from the Shares.

18. Nature of Award. This Award represents the Company's unfunded and unsecured promise to issue Shares at a future date, subject to the terms of this Award Agreement and the Plan. The Participant has no rights under this Agreement other than the rights of a general unsecured creditor of the Company. The Participant shall have the rights of a shareholder with respect to the Award Shares only to the extent that Shares are issued to the Participant in accordance with the terms and conditions of this Award Agreement and the Plan.

19. Governing Law. This Award Agreement shall be legally binding and shall be executed and construed and its provisions enforced and administered in accordance with the laws of the State of North Carolina without regard to the principles of conflicts of law thereunder.

**Exhibit A—Section 280G Rules  
To Restricted Stock Unit Agreement  
When you receive benefits in connection with a Change in Control**

The following rules shall apply for purposes of determining whether and how the limitations provided under Section 7 are applicable to the Participant.

1. The “net after-tax benefit” shall mean (i) the Payments (as defined in Section 7) which the Participant receives or is then entitled to receive from the Company or an Affiliate that would constitute “parachute payments” within the meaning of Section 280G of the Code, less (ii) the amount of all federal, state and local income and employment taxes (FICA or SECA) payable by the Participant with respect to the foregoing calculated at the highest marginal income tax rate for each year in which the foregoing shall be paid to the Participant (based on the rate in effect for such year as set forth in the Code as in effect at the time of the first payment of the foregoing), less (iii) the amount of Excise Tax imposed with respect to the payments and benefits described in (i) above.

2. All determinations under Section 7 of this Award Agreement and this Exhibit A will be made by an accounting firm or law firm that is selected for this purpose by the Company’s Chief Executive Officer prior to a Change in Control (the “280G Firm”). All fees and expenses of the 280G Firm shall be borne by the Company. The Company will direct the 280G Firm to submit any determination it makes under Section 7 of this Award Agreement and this Exhibit A and detailed supporting calculations to both the Participant and the Company as soon as reasonably practicable.

3. If the 280G Firm determines that one or more reductions are required under Section 7 of this Award Agreement, the 280G Firm shall also determine which Payments shall be reduced (first from cash payments and then from non-cash benefits) to the extent necessary so that no portion thereof shall be subject to the excise tax imposed by Section 4999 of the Code, and the Company shall pay such reduced amount to the Participant. The 280G Firm shall make reductions required under Section 7 of this Award Agreement in a manner that maximizes the net after-tax amount payable to the Participant.

4. As a result of the uncertainty in the application of Section 280G at the time that the 280G Firm makes its determinations under this Section, it is possible that amounts will have been paid or distributed to the Participant that should not have been paid or distributed (collectively, the “Overpayments”), or that additional amounts should be paid or distributed to the Participant (collectively, the “Underpayments”). If the 280G Firm determines, based on either the assertion of a deficiency by the Internal Revenue Service against the Company or the Participant, which assertion the 280G Firm believes has a high probability of success or controlling precedent or substantial authority, that an Overpayment has been made, the Participant must repay to the Company, without interest; provided, however, that no loan will be deemed to have been made and no amount will be payable by the Participant to the Company unless, and then only to the extent that, the deemed loan and payment would either reduce the amount on which the Participant is subject to tax under Section 4999 of the Code or generate a refund of tax imposed under Section 4999 of the Code. If the 280G Firm determines, based upon controlling precedent or substantial authority, that an Underpayment has occurred, the 280G



Firm will notify the Participant and the Company of that determination and the amount of that Underpayment will be paid to the Participant promptly by the Company.

5. The Participant will provide the 280G Firm access to, and copies of, any books, records, and documents in the Participant's possession as reasonably requested by the 280G Firm, and otherwise cooperate with the 280G Firm in connection with the preparation and issuance of the determinations and calculations contemplated by Section 7 of this Award Agreement and this Exhibit A.

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT  
TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael J. Alkire, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Premier, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 6, 2024

/s/ Michael J. Alkire

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Michael J. Alkire

*President and Chief Executive Officer*

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT  
TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Craig S. McKasson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Premier, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 6, 2024

/s/ Craig S. McKasson

Craig S. McKasson

*Chief Administrative and Financial Officer and Senior Vice President*

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Premier, Inc. ("Premier") on Form 10-Q for the period ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael J. Alkire, President and Chief Executive Officer of Premier, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Premier.

/s/ Michael J. Alkire

Michael J. Alkire

*President and Chief Executive Officer*

February 6, 2024

A signed original of this written statement required by Section 906 has been provided to Premier, Inc. and will be retained by Premier, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. This written statement shall not be deemed filed by Premier, Inc. for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to liability under that section, and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that Premier, Inc. specifically incorporates it by reference.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Premier, Inc. ("Premier") on Form 10-Q for the period ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Craig S. McKasson, Chief Administrative and Financial Officer and Senior Vice President of Premier, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Premier.

/s/ Craig S. McKasson

Craig S. McKasson

*Chief Administrative and Financial Officer and Senior Vice President*

February 6, 2024

A signed original of this written statement required by Section 906 has been provided to Premier, Inc. and will be retained by Premier, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. This written statement shall not be deemed filed by Premier, Inc. for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to liability under that section, and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that Premier, Inc. specifically incorporates it by reference.