UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended June 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OF 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	**35-2477140**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
13034 Ballantyne Corporate Place	**28277**
Charlotte, North Carolina	**(Zip Code)**
(Address of principal executive offices)	

Registrant's telephone number, including area code: (704) 357-0022

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

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

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

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

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

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

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

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

The aggregate market value of the Class A common stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter was approximately $4,124.8 million. For purposes of the foregoing calculation only, executive officers and directors of the registrant have been deemed to be affiliates.

As of August 17, 2023, there were 119,170,751 shares of the registrant's Class A common stock, par value $0.01 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant's definitive proxy statement for its 2023 Annual Meeting of Stockholders to be held on or about December 1, 2023 is incorporated by reference into Part III hereof to the extent described herein.

PREMIER, INC.

FORM 10-K

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements made in this Annual Report on Form 10-K for the fiscal year ended June 30, 2023 for Premier, Inc. (this "Annual 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 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 revenues 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 or 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 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" in Item 1A herein.

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 Annual Report and our other periodic and current filings made from time to time with the Securities and Exchange Commission ("SEC"), which are available on our website at http://investors.premierinc.com/. 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 or future events or otherwise. Furthermore, we cannot guarantee future results, events, levels of activity, performance or achievements.

Market Data and Industry Forecasts and Projections

We use market data and industry forecasts and projections throughout this Annual Report and in particular, under Item 1. Business. We have obtained the market data from certain publicly available sources of information, including industry publications. We believe the data others have compiled are reliable, but we have not independently verified the accuracy of this information. While we are not aware of any misstatements regarding the industry data presented herein, forecasts and projections involve risks and uncertainties and are subject to change based on various factors, including those discussed under Item 1A. Risk Factors of this Annual Report. You should not place undue reliance on any such market data or industry forecasts and projections. We undertake no obligation to publicly update or revise any such market data or industry forecasts and projections, whether as a result of new information, future events or otherwise.

Trademarks, Trade Names and Service Marks

This Annual Report includes trademarks, trade names and service marks that we either own or license, such as but not limited to "Acurity," "ASCENDrive™," "Conductiv," "ConfigureNet™," "Contigo Health," "Essensa," "Health Design Plus," "Innovatix," "InterSectta™," "KIINDO™," "PINC AI™," "Premier," "PremierPro," "ProvideGx," "QUEST," "Remitra," "SURPASS," "S2S Global" and "TheraDoc" which are protected under applicable intellectual property laws. Solely for convenience, trademarks, trade names and service marks referred to in this Annual Report may appear without the ®, ™ or ℠ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, trade names and service marks. This Annual Report also may contain trademarks, trade names and service marks of other parties, and we do not intend our use or display of other parties' trademarks, trade names or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties.

Certain Definitions

For periods prior to August 11, 2020, references to "member owners" are references to participants in our GPO programs that were also limited partners of Premier Healthcare Alliance L.P. ("Premier LP"), sometimes referred to as "LPs," that held Class B common units of Premier LP and shares of our Class B common stock.

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.

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 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 organization 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 "Prior Premier GP" are references to our former wholly owned subsidiary Premier Services, LLC, which was merged with and into Premier, Inc, with Premier, Inc. being the surviving entity as part of the Subsidiary Reorganization.

References to "adjacent markets" are references to the non-traditional 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

Item 1. Business

The following discussion should be read in conjunction with our consolidated financial statements and accompanying notes thereto included elsewhere in this Annual Report on Form 10-K. The following discussion includes certain forward-looking statements. For a discussion of important factors which could cause actual results to differ materially from the results referred to in the historical information and the forward-looking statements presented herein, see "Item 1A. Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" contained in this Annual Report.

Our Company

Premier, Inc. ("Premier", the "Company", "we", "us" or "our"), a publicly held, for-profit corporation, incorporated in Delaware on May 14, 2013, is a leading technology-driven healthcare improvement company, uniting an alliance of United States ("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 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, and we continue to expand our capabilities to more fully address and coordinate care improvement and standardization in the employer, payer and life sciences markets. With integrated data and analytics, collaboratives, supply chain services, consulting and other services, Premier enables healthcare providers to deliver better care and outcomes at a lower cost. We believe that we play a critical role in the rapidly evolving healthcare industry, collaborating with members and other customers to co-develop long-term innovative solutions that reinvent and improve the way care is delivered to patients and paid for nationwide. 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 payables automation processes which provide financial support services to healthcare suppliers and providers. Additionally, we provide some of the various products and services noted above to non-healthcare businesses, including through our direct sourcing activities as well as continued access to our group purchasing organization ("GPO") programs for non-healthcare members whose contracts were sold to OMNIA Partners, LLC ("OMNIA") (refer below to *Sale of Non-Healthcare GPO Member Contracts)*.

As a healthcare alliance, our mission, products and services, and long-term strategy have been developed in partnership with hospitals, health systems, physicians and other healthcare providers and organizations. We believe that this partnership-driven business model creates a relationship between our members and us that is characterized by aligned incentives and mutually beneficial collaboration. This relationship affords us access to critical de-identified proprietary data and encourages member participation in the development and introduction of new products and services. Our interaction with our members provides us additional insights into the latest challenges confronting the healthcare industry and innovative best practices that we can share broadly across the healthcare industry, including throughout our membership. This model has enabled us to develop size and scale, data and analytics assets, expertise and customer engagement required to accelerate innovation, provide differentiated solutions and facilitate growth.

We seek to address challenges facing healthcare providers through our comprehensive suite of solutions that we believe:

- improve the efficiency and effectiveness of the healthcare supply chain;
- deliver improvement in cost, quality and safety;
- innovate and enable success in emerging healthcare delivery and payment models to manage the health of populations;
- utilize data and analytics to drive increased connectivity as well as clinical, financial and operational improvement; and
- through employers, payers and life sciences, expand the capabilities within these markets to improve healthcare.

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 to 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. The Supply Chain Services segment includes our GPO program, supply chain co-management, purchased services and direct sourcing activities. The Performance Services segment consists of three sub-brands: *PINC AI*^{TM}, 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, life sciences and payer markets; *Contigo Health®,* our direct-to-employer business which provides third-party administrator services and management of health-benefit programs that enable payviders and employers to contract directly with healthcare providers as well as partners 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®,* our digital invoicing and payables automation business which provides financial support services to healthcare suppliers and providers.

Fiscal 2023 Developments

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, LLC ("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 certain 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. 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 consolidated financial statements for further information.

Sale of Non-Healthcare GPO Member Contracts

On June 14, 2023, we announced that we entered into an equity purchase agreement with OMNIA Partners, LLC ("OMNIA") to sell the contracts pursuant to which substantially all of our non-healthcare GPO members participate in our GPO program, for an estimated purchase price of approximately $800.0 million, subject to certain 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. The sale of the non-healthcare GPO contracts closed on July 25, 2023. See Note 20 - Subsequent Events to the accompanying consolidated financial statements for further information.

Impact of Inflation

The U.S. economy is experiencing the highest rates of inflation since the 1980s. 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 begun to see logistics costs normalize to pre-pandemic levels as well as some reductions in the costs of specific raw materials; however, the cost of labor remains high. We are continuously working to manage these price increases as market conditions change. The impact of inflation to our aggregated product portfolio is partially mitigated by contract term price protection for a large portion of our portfolio, as well as negotiated price reductions in certain product categories such as pharmaceuticals. See "Risk Factors — Risks Related to Our Business Operations" below.

Furthermore, as the Federal Reserve seeks to curb rising inflation, market interest rates have steadily risen, and may continue to rise, increasing the cost of borrowing under our Credit Facility (as defined in Note 9 - Debt and Notes Payable to the accompanying consolidated financial statements) as well as impacting our results of operations, financial condition and cash flows.

Geopolitical Tensions

Geopolitical tensions, such as the ongoing military conflict between Russia and Ukraine and tensions between the U.S. and China, 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. See "Risk Factors — Risks Related to Our Business Operations" below.

COVID-19 Pandemic or Other Pandemics, Epidemics or Public Health Emergencies

The outbreak of the novel coronavirus ("COVID-19") and the resulting global pandemic impacted 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 the resurgence of COVID-19 or another 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" for significant risks we have faced and may continue to face as a result of the COVID-19 pandemic or other pandemics, epidemics or public health emergencies.

Industry Overview

According to data from the Centers for Medicare & Medicaid Services ("CMS"), healthcare expenditures are a large component of the U.S. economy and are expected to grow by an average of 5.4% per year for the period 2022-2031, reaching 19.6% of gross domestic product, or GDP, by 2031. According to data from the 2021 American Hospital Association's Annual Survey, published in the 2023 edition of the AHA Hospital Statistics™, there were more than 5,100 U.S. community hospitals with approximately 788,000 staffed beds in the United States. Of these acute care facilities, approximately 3,600 were part of either multi-hospital or diversified single hospital systems, meaning they were owned, leased, sponsored or contract managed by a central organization. Based upon 2022 reporting from the United States Department of Labor and healthcare industry sources, in addition to U.S. hospitals, there were approximately 851,000 facilities and providers across the continuum of care in the United States. These facilities include primary/ambulatory care and post-acute care providers.

Healthcare Supply Chain Services Industry

According to CMS data, total spending on hospital services in the United States is projected to be $1.5 trillion, or approximately 31% of total healthcare expenditures, in calendar year 2023. Expenses associated with the hospital supply chain, such as supplies as well as operational and capital expenditures, typically represent a material portion of a hospital's budget. With continued reimbursement rate pressure across government and managed care payers, a transitioning payment model from fee-for-service to value-based payment, and national health expenditures representing a material portion of the economy, healthcare providers are examining all sources of cost savings, with supply chain spending a key area of focus. We believe opportunities to drive cost out of the healthcare supply chain include improved pricing for medical supplies, pharmaceuticals, purchased services, facilities expenditures, food service supplies, and information technology, as well as appropriate resource utilization, mitigating pharmaceuticals and medical device shortages and increased operational efficiency.

From origination at the supplier to final consumption by the provider or patient, healthcare products pass through an extensive supply chain incorporating manufacturers, wholesalers, distributors, GPOs, pharmacy benefit managers, and retail, long-term care and integrated pharmacies, among others. In response to the national focus on health spending and managing healthcare costs, supply chain participants are seeking more convenient and cost-efficient ways to deliver products to patients and providers. We believe that improvements to the healthcare supply chain to bring it on par with other industries that have more sophisticated supply chain management can drive out material inefficiencies and cost.

Healthcare Performance Services Industry

State and federal budget pressures stemming from increased deficit spending and employer and consumer demands for lower costs, and the need for improved quality and outcomes have generated greater focus among healthcare providers on cost management, quality and safety, and value-based care. As a result, over the past two decades, the Department of Health and Human Services ("HHS") has pushed to move from fee-for-service to alternative payment models ("APMs"). APMs, such as capitated and bundled payment arrangements with accountable care organizations ("ACOs") and other providers, make healthcare providers more accountable for cost and quality goals. This movement was advanced further with the bipartisan enactment of the Medicare Access and CHIP Reauthorization Act, which created incentives for physicians to move to APMs and was recently extended by Congress in December 2022. This movement will continue given the strong bipartisan support for these models. Over the long-term, health systems will need to continually monitor performance and manage costs, while demonstrating high levels of quality and implementing new care delivery models.

We expect information technology to continue to play a key enabling role in workflow efficiency and cost reduction, performance improvement and care delivery transformation across the healthcare industry in both acute and continuum of care settings. In particular, the trends toward value-based payment models and healthcare require more sophisticated business intelligence, expanded data sets and technology solutions. To achieve higher-quality outcomes and control total cost of care, providers exhibit a strong and continuing need for more comprehensive data and analytic capabilities to help them understand their current and future performance, identify opportunities for improvement and manage value-based care risk. Similarly, our

consulting services business is growing in the areas of business model strategy and redesign, process and margin improvement, labor productivity, non-labor cost management, clinical integration and change management.

Our Membership

Our current membership base includes many of the country's most progressive and forward-thinking healthcare organizations. The participation of these organizations in our membership provides us additional insights into the latest challenges confronting the industry we serve and innovative best practices that we can share broadly throughout our membership. We continually seek to add new members that are at the forefront of innovation in the healthcare industry. At June 30, 2023, our members included more than 4,350 U.S. hospitals and health systems and approximately 300,000 other providers and organizations. Over 450 individuals, representing approximately 150 of our U.S. hospital members, sit on 29 of our strategic and sourcing committees, and as part of these committees, use their industry expertise to advise on ways to improve the development, quality and value of our products and services. In addition, at June 30, 2023, four senior executives from our U.S. hospital member systems served on our Board of Directors providing valuable and unique insights into the challenges faced by hospitals and hospital systems and the innovations necessary to address these challenges. No individual member or member systems accounted for more than 10% of our net revenue for the fiscal years ended June 30, 2023 and 2022. Total GPO purchasing volume by all members participating in our GPO was more than $83 billion and $82 billion for the calendar years 2022 and 2021, respectively.

The following table sets forth certain information with respect to retention rates for members participating in our GPO in the Supply Chain Services segment and renewal rates for our SaaS informatics products subscriptions and licenses in the Performance Services segment for the fiscal years shown:

	Year Ended June 30,			
	2023	2022	2021	3 Year Average
GPO retention rate [(a)(b)]	98%	97%	94%	96%
SaaS institutional renewal rate [(c)]	94%	96%	96%	95%

(a) The GPO retention rate is calculated based upon the aggregate purchasing volume among all members participating in our GPO for such fiscal year less the annualized GPO purchasing volume for departed members for such fiscal year, divided by the aggregate purchasing volume among all members participating in our GPO for such fiscal year.

(b) Fiscal 2021 GPO retention rate decreased primarily as a result of amendments to GPO participation agreements, effective July 1, 2020, and the August 2020 Restructuring.

(c) The SaaS institutional renewal rate is calculated based upon the total number of members that have SaaS or license revenue in a given period that also have revenue in the corresponding prior year period divided by the total number of members that have SaaS or license revenue in the same period of the prior year.

Our Business Segments

We deliver our integrated platform of solutions that address the areas of clinical intelligence, margin improvement and value-based care and manage our business through two business segments: Supply Chain Services and Performance Services. Refer to Note 18 - Segments to the accompanying consolidated financial statements for further information. We have no significant foreign operations or revenues.

Supply Chain Services

Our Supply Chain Services segment assists our members and other customers in managing their non-labor expense and capital spend through a combination of products, services and technologies, including one of the largest national healthcare GPO programs in the United States serving acute and continuum of care sites, and providing supply chain co-management, purchased services, direct sourcing and supply chain resiliency activities. Membership in our GPO also provides access to certain supply chain-related SaaS informatics products and the opportunity to participate in our ASCENDrive™ and SURPASS® performance groups. Our Supply Chain Services segment consists of the following products and solutions:

Group Purchasing. Our portfolio of over 3,300 contracts with over 1,400 suppliers provides our members with access to a wide range of products and services, including medical and surgical products, pharmaceuticals, laboratory supplies, capital equipment, information technology, facilities and construction, food and nutritional products and purchased services (such as clinical engineering and workforce solutions). We use our members' aggregate purchasing power to negotiate pricing discounts, improved quality and resiliency of products and improved contract terms with suppliers. Contracted suppliers pay us administrative fees based on the net negotiated price and purchase volume of goods and services sold to our members under the contracts we have negotiated. We also partner with other organizations, including regional GPOs, to extend our network base to their members.

Our contract portfolio is designed to offer our members a flexible solution comprised of multi-sourced supplier contracts, as well as pre-commitment and/or single-sourced contracts that offer higher discounts. Our multi-sourced contracts offer pricing tiers based on purchasing volume and/or commitment and multiple suppliers for many products and services. Our pre-commitment contracts require that a certain amount of our members commit in advance to a specified amount or percentage of purchasing volume before we enter into a contract with a particular supplier. Our single-source contracts are entered into with a specified supplier, and through this exclusive relationship, allow us to contract for products that meet our members' specifications. In the case of pre-commitment contracts, we provide the particular supplier with a list of members that have pre-committed to a specified amount or percentage of purchasing volume and the supplier directly handles the tracking and monitoring of fulfillment of such purchasing volume. In the case of single and multi-sourced contracts, we negotiate and execute the contracts with suppliers on behalf of our members and make such contracts available to our members to access. The utilization of such single and multi-sourced contracts is determined by each particular member with assistance from our field force. Since there are no specific fulfillment requirements needed in our single and multi-source contracts in order to obtain certain pricing levels, each particular member and supplier agree on the appropriate pricing tier based on expected purchasing volume with tracking and ongoing validation of such purchasing volume provided by the supplier. The flexibility provided by our expansive contract portfolio allows us to effectively address the varying needs of our members and the significant number of factors that influence and dictate these needs, including overall size, service mix, and the degree of integration between hospitals in a healthcare system.

We continually innovate our GPO programs and supply chain platforms while targeting multiple markets, including acute and continuum of care site settings. In addition to our core base of more than 4,350 acute care healthcare providers, Premier's continuum of care program, one of the largest in the United States, which covers over 80 classes of trade, had approximately 300,000 active members as of June 30, 2023, which represents an increase of approximately 50,000 members, or 20%, over fiscal year 2022. A number of these members in Premier's continuum of care program are affiliated, owned, leased or managed by our members.

Premier's continuum of care program includes direct members, group affiliates and healthcare provider offices affiliated, owned, leased or managed by health systems. Key classes of trade include long-term care pharmacies, skilled nursing and assisted living facilities, home infusion providers, home health providers and surgery centers. Premier continuum of care members have access to most of our GPO supplier contracts, including, but not limited to, pharmaceuticals, medical and surgical supplies, facilities, food and nutritional products and other purchased services.

Premier's continuum of care program provides business operations and technology to ensure members and other customers, including former non-healthcare members, are connected to agreements and receiving proper contracted pricing.

Supply Chain Co-Management. We manage and co-manage the supply chain operations for contracted members to drive down costs through processes, including value analysis, product standardization and strategic resource allocation and improved operational efficiency.

Purchased Services Contracts. Our purchased services contracts business, which is separate from the purchased services under our national contract portfolio, includes Conductiv, Inc. ("Conductiv") and Conductiv Contracts, LLC ("Conductiv Contracts"). Conductiv is a SaaS provider of technology solutions and expert services that enable hospitals and other organizations to analyze, benchmark and source purchased service contracts independent of any existing GPO affiliation. Combined with our purchased services spend data and our performance improvement technology suite, we are able to be a single source provider for healthcare margin improvement. Conductiv Contracts is a regionally focused group purchasing organization independent of any existing GPO affiliation that exclusively focuses on purchased services contracting.

Direct Sourcing. Our direct sourcing business, SVS, LLC d/b/a S2S Global ("S2S Global"), helps our members and other customers access a diverse product portfolio and helps provide transparency to manufacturing costs and competitive pricing. Through S2S Global, we facilitate the development of product specifications with our members and other customers, source or contract manufacture the products to member specifications and sell products directly to our members, other customers or distributors. By engaging with our members and other customers at the beginning of the sourcing process to define product specifications and then sourcing, or contract manufacturing, products to meet the exact needs of our members, we eliminate the need for unnecessary product features and specifications that may typically be included by suppliers and result in higher prices for our members without providing incremental value. Therefore, our direct sourcing activities benefit our members and other customers by providing them with an expanding portfolio of medical products through more efficient means, and with greater cost transparency, than if such products were purchased from other third-party suppliers. We market our direct sourcing activities to our members primarily under the PREMIERPRO® brand.

Supply Chain Resiliency Program. In partnership with our members, we have created a program designed to promote domestic and geographically diverse manufacturing and ensure a robust and resilient supply chain for essential medical products. The program is intended to provide a means to invest in or partner with businesses that can supply shortage

products, co-fund the development of affordable products that address specific market needs and create strategic sourcing contracts to ensure continuous supply for our members and customers. We believe this program is most successful when we are able to partner with our members through investments or long-term purchasing commitments on these initiatives.

Our Supply Chain Resiliency Program includes, but is not limited to, the following:

PRAM Holdings, LLC. We formed PRAM Holdings, LLC ("PRAM") in 2020 in partnership with member health systems to invest in Prestige Ameritech Ltd. ("Prestige"), a domestic manufacturer of masks, sterile intravenous solutions and other personal protective equipment ("PPE"), whereby our members obtain a direct domestic source to critical PPE.

DePre Holdings, LLC. We formed DePre Holdings, LLC ("DPH") in 2021 in partnership with member health systems to invest in DePre, LLC ("DePre"), a joint venture between DPH and DeRoyal Industries Inc., a global medical manufacturer, whereby our members obtain a direct source dedicated to the domestic production of isolation gowns.

ExPre Holdings, LLC. We formed ExPre Holdings, LLC ("ExPre") in 2022 in partnership with member health systems to invest in Exela Holdings, Inc. ("Exela"), a domestic manufacturer of proprietary and generic sterile injectable products, whereby our members obtain a direct source to certain critical pharmaceutical products.

Premco, LLC. We formed Premco, LLC ("Premco") in 2023 in partnership with member health systems to invest in Princo, LLC ("Princo"), a joint venture between Premco, Vario Labs LLC and Caretrust LLC, whereby our members obtain a direct source dedicated to the domestic production of incontinence pads.

SaaS Informatics Products. Members of our GPO have access to certain SaaS informatics products related to the supply chain and have the ability to purchase additional elements that are discussed in more detail below under "Our Business Segments - Performance Services".

Performance Groups. Our Performance Groups are highly committed purchasing programs, which enable members to benefit from coordinated purchasing decisions and maintain standardization across their facilities. Our Performance Groups include the ASCENDrive and the SURPASS Performance Groups.

ASCENDrive Performance Group. Our ASCENDrive Performance Group ("ASCENDrive") has developed a process to aggregate purchasing data for our members, enabling such members to benefit from committed group purchases within the Performance Group. Through ASCENDrive, members receive group purchasing programs, tiers and prices specifically negotiated for them and knowledge sharing with other member participants. As of June 30, 2023, approximately 1,700 U.S. hospital members, which represent over 131,000 hospital beds, participated in ASCENDrive. These hospital member participants have identified over $910.0 million in additional savings as compared to their U.S. hospital peers not participating in ASCENDrive since its inception in 2009. For calendar year 2022, these member participants had approximately $17.4 billion in annual supply chain purchasing spend.

SURPASS Performance Group. Our SURPASS Performance Group ("SURPASS") builds upon and complements ASCENDrive and drives even greater savings for members at a correspondingly higher level of commitment. SURPASS brings together our most committed members that are able to coordinate purchasing decisions, review utilization and achieve and maintain standardization across their facilities. SURPASS utilizes our PACER (Partnership for the Advancement of Comparative Effectiveness Review) methodology, which brings together clinically led cohorts to make evidence-based decisions about physician and clinician preference items with the goal of materially reducing the total cost of care. As of June 30, 2023, a group of 33 members representing approximately 530 acute care sites and 11,000 continuum of care sites participate in SURPASS. These hospital member participants have identified over $273.0 million in additional savings via their efforts in more than 160 categories since its inception in 2018. SURPASS has another 49 potential categories slated for the coming year as well as select initiatives related to utilization and standardization. For calendar year 2022, these member participants had approximately $13.0 billion in annual supply chain purchasing spend.

Performance Services

Our Performance Services segment consists of three sub-brands: PINC AI, Contigo Health and Remitra. 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. Our PINC AI platform enables us to better reflect our current product offerings and strategy to expand and responsibly incorporate artificial intelligence ("AI") across our portfolio of solutions. This platform further enables connectivity and scale between providers, the pharmaceutical, biotech, and medical device industry and payers, including large employers, to help lower the cost and improve the quality of care. We believe that we house one of the largest clinical, operational and financial datasets in the United States which enables actionable insight and real-world evidence needed to accelerate healthcare

improvements. We currently incorporate AI into several use cases, including prior authorization between payers and providers; clinical intelligence through the decision support process; and automating the invoicing and payables process. Our AI use cases are focused on helping key healthcare stakeholders improve the quality, efficiency and value of healthcare delivery. Using our data and scale, we seek to expand our AI capabilities, grow our overall portfolio of solutions and provide our members and customers with technologically advanced products so they can provide better, smarter healthcare.

PINC AI:

With a broad provider network, advanced analytics, and the incorporation and desired expansion of AI-powered technology backed by our large dataset, we believe PINC AI has the ability to accelerate ingenuity in healthcare.

PINC AI helps optimize performance in three main areas – clinical intelligence, margin improvement and value-based care – using advanced analytics to identify improvement opportunities, consulting services for clinical and operational design and workflow solutions to hardwire sustainable change.

Clinical intelligence solutions help drive greater clinical effectiveness and efficiency across the care continuum by:

- Surfacing analytics and peer benchmarking on hard-to-find, high-value quality improvement areas, helping providers improve care delivery;
- Delivering real-time clinical surveillance to help providers drive faster, more informed decisions regarding patient safety, including ongoing infection prevention (like COVID-19), antimicrobial stewardship, and reduction of hospital acquired conditions;
- Using AI-enabled clinical decision support integrated into the provider workflow to support evidence-based decisions by providers at the point of care, and improve prior authorization automation;
- Operating the QUEST Collaborative, which works to develop quality, safety and cost metrics with a consistency and standardization. We believe participation in the QUEST Collaborative better prepares providers to deal with evolving and uncertain healthcare reform requirements and differentiate on care delivery in their markets; and
- Providing life sciences services through PINC AI Applied Science for the development of research, real-world evidence and clinical trials innovation for medical device, diagnostic and pharmaceutical companies.

Margin improvement solutions help lower total costs and improve provider operating margins by:

- Surfacing analytics and peer benchmarking on hard-to-find, supply savings and workforce management opportunities that lower costs without impacting quality;
- Optimizing workforce management with integrated financial reporting and budgeting across the continuum of care;
- Providing savings through an enterprise resource planning solution built specifically for healthcare;
- Deploying consulting services to deliver clinically integrated, margin improvement transformation throughout a health system; and
- Providing management services to insurance programs to assist U.S. hospital and healthcare system members with liability and benefits insurance services, along with risk management services to improve their quality, patient safety and financial performance while lowering costs.

Value-based care solutions help health systems implement effective models of care to succeed in new, value-based payment arrangements by:

- Surfacing analytics and peer benchmarking to help identify hard-to-find, population-based improvement opportunities necessary to take financial risk and succeed in value-based care;
- Optimizing and managing the physician enterprise to rationalize medical group investment via revenue enhancement, cost reduction strategies and implementation of sustainable evidence-based practices; and
- Participating in the Population Health Management, Bundled Payment and Physician Enterprise Collaboratives, for the opportunity to share value-based care and payment developmental strategies, programs and best practices.

The data yielded through PINC AI is de-identified and aggregated in what we believe to be the nation's leading comprehensive database, representing over 20 years of data from more than 1,000 hospitals spanning multiple therapeutic areas. A research team including clinicians, epidemiologists, health economists, health services researchers, statisticians and other subject matter experts leverage the dataset to deliver real world evidence, in partnership with Life Science

innovators. Studies, test methods, strategies and tools created can promote the adoption and integration of evidence-based practices to help improve outcomes and the quality and effectiveness of care.

Contigo Health:

Contigo Health creates new ways for clinicians, health systems and employers to work together supporting a common goal for all stakeholders to help increase access to high-quality care, enhance employee engagement, control costs and get employees back to work and life faster. Contigo Health delivers comprehensive services for optimizing employee health benefits, including:

- Contigo Health Sync Health Plan TPA empowers self-funded employers with a flexible approach to employee benefits to help improve access to quality care, achieve cost savings and improve health plan member satisfaction;
- Contigo Health Centers of Excellence 360 delivers access to high-quality care by bringing together specialty medical and behavioral health programs for a bundled cost through a network of healthcare facilities, surgeons, physicians and leading-edge virtual providers; and
- Contigo Health ConfigureNet Out-of-Network Wrap delivers an out-of-network wrap product to improve access to healthcare and reduce the cost of medical claims through pre-negotiated discounts with its network of 900,000 providers across the U.S. and Puerto Rico.

Remitra:

Remitra provides health systems and suppliers cost management solutions with our procure-to-pay technology designed to support greater efficiencies in the procurement process through automated purchasing and payment solutions.

- Remitra's Procure-to-Pay platform powers supplier and provider networks and uses optical character recognition to automate invoicing and payables. Remitra seeks to streamline financial processes, reduce errors and fraud, unlock cost and labor efficiencies and become a leading digital invoicing and payables platform for all of healthcare, agnostic of ERP, GPO or treasury partner.
- Remitra's Cash Flow Optimizer platform offers a financial solution for suppliers and providers including a reduction in days sales outstanding, improving on-time payments, improved working capital and a potential reduction over time of allowance of credit losses associated with bad debt.
- Remitra's Managed Account Payable services offers a financial solution for acute and continuum of care members and other customers including an extension in days payable outstanding, improving on-time payments for suppliers and improving working capital for the customer.

Both Remitra's Cash Flow Optimizer platform and Managed Account Payable services offer financial solutions by leveraging Remitra's Procure-to-Pay platform and providing opportunities for financial improvements for suppliers, members and other customers.

The Performance Services sub-brands support Premier's long-term strategy to diversify revenue into adjacent markets, which we define as non-traditional markets penetrated by Premier's businesses and brands. 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 payviders; and Remitra that serves healthcare suppliers and providers.

Pricing and Contracts

Supply Chain Services

GPO Programs:

Our GPO primarily generates revenue through administrative fees received from contracted suppliers for a percentage of the net negotiated purchase price of goods and services, including purchased services activities, sold to members under negotiated supplier contracts. Pursuant to the terms of GPO participation agreements entered into by the members, our members currently receive revenue share based upon purchasing by such member's owned, leased, managed and affiliated facilities through our GPO supplier contracts.

The majority of our current GPO participation agreements with our members have terms that commenced in July 2020 and primarily range from five to seven years. Generally, our GPO participation agreements may not be terminated without penalty except for cause or in the event of a change of control of the GPO member. The GPO member can terminate the GPO participation agreement at the end of the then-current term by notifying Premier of the member's decision not to

renew. Our GPO participation agreements generally provide for liquidated damages in the event of a termination not otherwise permitted under the agreement. Due to competitive market conditions, we have experienced, and expect to continue to experience requests to provide existing and prospective members increases in revenue share on incremental and/or overall purchasing volume.

Our GPO also generates revenue from suppliers through the members that participate in our performance groups.

Supply Co-Management:

In our supply chain co-management activities, we earn revenue in the form of a service fee for services performed under the supply chain management contracts. Service fees are billed as stipulated in the contract, and revenue is recognized on a proportional performance method as services are performed.

Purchased Services:

In our purchased services activities, we generate revenue through administrative fees, as described above, subscription fees and term licenses. Subscription fees, which we generate through our SaaS-based products, are generally billed on a monthly basis and revenue is recognized as a single deliverable on a straight-line basis over the remaining contractual period following implementation. Revenue on licensing is recognized upon delivery of the software code and revenue from hosting and maintenance is recognized ratably over the life of the contract.

Direct Sourcing:

In our direct sourcing activities, we earn revenue from product sales, including sales from aggregated purchases of certain products. Products are sold to our members and other customers through direct shipment and distributor and wholesale channels. Products are also sold to regional medical-surgical distributors and other non-healthcare industries (*i.e.,* foodservice). We have contracts with our members and other customers that buy products through our direct shipment option, which usually do not provide a guaranteed purchase or volume commitment requirement.

Performance Services

Performance Services revenue consists of revenue generated through our three sub-brands: PINC AI, Contigo Health and Remitra. The main sources of revenue under PINC AI are (i) subscription agreements to our SaaS-based clinical intelligence, margin improvement and value-based care products, (ii) licensing revenue, (iii) professional fees for consulting services and (iv) other miscellaneous revenue including PINC AI data licenses, annual subscriptions to our performance improvement collaboratives, insurance services management fees and commissions from endorsed commercial insurance programs. Contigo Health's main sources of revenue are third-party administrator fees, fees from the centers of excellence program and cost containment and wrap network fees. Remitra's main source of revenue is fees from healthcare suppliers and providers.

PINC AI:

SaaS-based clinical analytics products subscriptions include the right to access our proprietary hosted technology on a SaaS basis, training and member support to deliver improvements in cost management, margin improvement, quality and safety, value-based care and provider analytics. Pricing varies by application and size of the healthcare system. Clinical analytics products subscriptions are generally three- to five-year agreements with automatic renewal clauses and annual price escalators that typically do not allow for early termination. These agreements do not allow for physical possession of the software. Subscription fees are typically billed on a monthly basis and revenue is recognized as a single deliverable on a straight-line basis over the remaining contractual period following implementation. Implementation involves the completion of data preparation services that are unique to each member's data set in order to access and transfer member data into our hosted SaaS-based clinical analytics products. Implementation is generally 60 to 240 days following contract execution before the SaaS-based clinical analytics products can be fully utilized by the member.

Enterprise analytics licenses include term licenses that range from three to ten years and offer clinical analytics products, improvements in cost management, quality and safety, value-based care and provider analytics. Pricing varies by application and size of healthcare system. Revenue on licensing is recognized upon delivery of the software code and revenue from hosting and maintenance is recognized ratably over the life of the contract.

Professional fees for consulting services are sold under contracts, the terms of which vary based on the nature of the engagement. These services typically include general consulting, report-based consulting, managed services and cost savings initiatives. Fees are billed as stipulated in the contract, and revenue is recognized on a proportional performance method as services are performed or when deliverables are provided. In situations where the contracts have significant contract performance guarantees or member acceptance provisions, revenue recognition occurs when the fees are fixed and

determinable and all contingencies, including any refund rights, have been satisfied. Fees are based either on the savings that are delivered or a fixed fee.

Other miscellaneous revenue generated through PINC AI includes:

- Revenue from PINC AI data licenses which provide customers data from the PINC AI healthcare database. The revenue from the data deliverables is recognized upon delivery of the data;
- Revenue from performance improvement collaboratives that support our offerings in cost management, quality and safety and value-based care and is recognized over the service period as the services are provided, which is generally one to three years; and
- Revenue through insurance services management fees are recognized in the period in which such services are provided. Commissions from endorsed commercial insurance programs are earned by acting as an intermediary in the placement of effective insurance policies. Under this arrangement, revenue is recognized at a point in time on the effective date of the associated policies when control of the policy transfers to the customer and is constrained for estimated early terminations.

Contigo Health:

Contigo Health's main sources of revenue consists of third-party administrator fees, fees from the centers of excellence program and cost containment and wrap network fees.

- Revenue from third-party administrator fees consist of integrated fees for the processing of self-insured healthcare plan claims and is recognized in the period in which the services have been provided.

- Revenue from the centers of excellence program consist of administrative fees for access to a specialized care network of proven healthcare providers and is recognized in the period in which the services have been provided.

- Revenue from cost containment and wrap network fees consist of fees associated with the repricing of insurance claims and is estimated and recognized in the period in which the services have been provided.

Remitra:

The main source of revenue for Remitra primarily consists of fees from healthcare suppliers and providers. For fixed fee contracts, revenue is recognized in the period in which the services have been provided. For variable rate contracts, revenue is recognized as customers are invoiced. Additional revenue consists of fees from check replacement services which consist of monthly rebates from bank partners.

Revenue Concentration

Our customers consist of members and other healthcare and non-healthcare businesses. Our top five customers generated revenue of approximately 15% and 21% of our consolidated net revenues for the years ended June 30, 2023 and 2022, respectively. No customer accounted for more than 10% of our net revenue during each of the years ended June 30, 2023 and 2022.

Intellectual Property

We offer our members a range of products to which we have appropriate intellectual property rights, including online services, best practices content, databases, electronic tools, web-based applications, performance metrics, business methodologies, proprietary algorithms, software products and consulting services deliverables. We own and control a variety of trade secrets, confidential information, trademarks, trade names, copyrights, domain names and other intellectual property rights that, in the aggregate, are of material importance to our business.

We protect our intellectual property by relying on federal, state and common law rights, as well as contractual arrangements. We are licensed to use certain technology and other intellectual property rights owned and controlled by others, and, similarly, other companies are licensed to use certain technology and other intellectual property rights owned and controlled by us.

Research and Development

Our research and development ("R&D") expenditures primarily consist of our strategic investment in internally-developed software to develop new and enhance existing SaaS- and license-based products offerings and new product development in the areas of cost management, quality and safety and value-based care. From time to time, we may experience fluctuations in our research and development expenditures, including capitalized software development costs, across reportable periods due to the

timing of our software development life cycles, with new product features and functionality, new technologies and upgrades to our service offerings.

Information Technology and Cybersecurity Risk Management

We rely on digital technology to conduct our business operations and engage with our members and business partners. The technology we, our members, and business partners use grows more complex over time as do threats to our business operations from cyber intrusions, denial of service attacks, manipulation and other cyber misconduct. Through a risk management approach that continually assesses and improves our Information Technology (IT) and cybersecurity threat deterrence capabilities, our Information Security and Risk Management groups have formed a functional collaboration to provide leadership and oversight when managing IT and cybersecurity risks.

Through a combination of Security, Governance, Risk and Compliance (GRC) resources, we (i) proactively monitor IT controls to better ensure compliance with legal and regulatory requirements, (ii) assess adherence by third parties we partner with to ensure that the appropriate risk management standards are met, (iii) ensure essential business functions remain available during a business disruption, and (iv) continually develop and update response plans to address potential IT or cyber incidents should they occur. Our GRC resources are designed to prioritize IT and cybersecurity risks areas, identify solutions that minimize such risks, pursue optimal outcomes and maintain compliance with contractual obligations. We also maintain an operational security function that has a real time 24x7x365 response capability that triages potential incidents and triggers impact mitigation protocols. These capabilities allow us to apply best practices and reduce exposure in the case of a security incident. For more information regarding the risks associated with these matters, see "Item 1A. Risk Factors-We could suffer a loss of revenue and increased costs, exposure to material legal liability, reputational harm, and other serious negative consequences if we sustain 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."

Competition

The markets for our products and services in both our Supply Chain Services segment and Performance Services segment are fragmented, highly competitive and characterized by rapidly evolving technology and product standards, user needs and the frequent introduction of new products and services. We have experienced and expect to continue to experience intense competition from a number of companies.

Our Supply Chain Services segment's competitors primarily compete with our group purchasing, direct sourcing and supply chain co-management activities. Our group purchasing business competes with other large GPOs such as HealthTrust Purchasing Group (a subsidiary of HCA Holdings, Inc.), Managed Health Care Associates, Inc. and Vizient, Inc. In addition, we compete against certain healthcare provider-owned GPOs and on-line retailers in this segment. Our direct sourcing business competes primarily with private label offerings and programs, product manufacturers, and distributors, such as Cardinal Health, Inc., McKesson Corporation, Medline Industries, Inc. and Owens & Minor, Inc. Our supply chain co-management business competes with organizations that provide supply chain outsourcing or embedded resources and supply chain transformation services, such as The Resource Group and CPS Solutions, LLC.

Our Performance Services segment's competitors compete with our three sub-brands: PINC AI, Contigo Health and Remitra. The primary competitors of PINC AI range from smaller niche companies to large, well-financed and technologically sophisticated entities. Our primary competitors for PINC AI include (i) information technology providers such as Veradigm, Inc. (f/k/a Allscripts Healthcare Solutions, Inc.), Epic Systems Corporation, Health Catalyst, Inc., IBM Corporation, Infor, Inc. and Oracle Corporation, and (ii) consulting and outsourcing firms such as Deloitte & Touche LLP, Evolent Health, Inc., Healthagen, LLC (a subsidiary of Aetna, Inc.), Huron Consulting, Inc., Guidehouse Consulting, Inc., Optum, Inc. (a subsidiary of UnitedHealth Group, Inc.) and Vizient, Inc. The primary competitors for Contigo Health include AmeriBen, Meritan Health, UMR, WebTPA and Benefit and Risk Management Services for our third-party administrative services product; Carrum Health, Transcarent, Edison Healthcare, AccessHope and MSK Direct for our Centers of Excellence product; and First Health, MultiPlan, Zelis and other wrap network providers and major carriers (such as Aetna, United and Cigna) for our ConfigureNet product. The primary competitors for Remitra include Global Healthcare Exchange, LLC for our digital invoicing product, Coupa Software Inc. and Taulia for our digital payables product, and tier one treasury banks (e.g., JPMorgan Chase and Co., Wells Fargo, Bank of America, etc.) as well as niche factoring companies for our financing solutions product.

With respect to our products and services across both segments, we compete on the basis of several factors, including price, breadth, depth and quality of product and service offerings, ability to deliver clinical, financial and operational performance improvements through the use of products and services, quality and reliability of services, ease of use and convenience, brand recognition and the ability to integrate services with existing technology.

Government Regulation

General

The healthcare industry is highly regulated by federal and state authorities and is subject to changing legal, political, economic and regulatory influences. Factors such as changes in reimbursement policies for healthcare expenses, consolidation in the healthcare industry and general economic conditions affect the purchasing practices, operations and the financial health of healthcare organizations. In particular, changes in laws and regulations affecting the healthcare industry, such as increased regulation of the purchase and sale of medical products, or restrictions on permissible discounts and other financial arrangements, could require us to make unplanned and costly modifications to our products and services, and may result in delays or cancellations of orders or a reduction of funds and demand for our products and services.

We are subject to numerous risks arising from governmental oversight and regulation. You should carefully review the following discussion and the risks discussed under "Item 1A. Risk Factors" for a more detailed discussion.

Affordable Care Act

The passage of the Patient Protection and Affordable Care Act ("ACA") in 2010 aimed to expand access to affordable health insurance, control healthcare spending and improve healthcare quality. The law included provisions to tie Medicare provider reimbursement to healthcare quality and incentives, mandatory compliance programs, enhanced transparency disclosure requirements, increased funding and initiatives to address fraud and abuse and incentives to state Medicaid programs to promote community-based care as an alternative to institutional long-term care services. In addition, the law created an innovation center to test and scale new APMs and ACOs. These programs are creating fundamental changes in the delivery of healthcare.

Since its passage, the ACA has been subject to continued scrutiny and threats to repeal it in parts or in whole. The current Biden administration is supportive of the ACA and there are no imminent threats to it. However, any future changes may ultimately impact the provisions of the ACA or other laws or regulations that either currently affect, or may in the future affect, our business. We believe it is important to note that most of the controversy related to the ACA relates to coverage expansion and not the issues related to quality improvement and cost reduction which are core to our business.

U.S. Food and Drug Administration Regulation

The U.S. Food and Drug Administration ("FDA") extensively regulates, among other things, the research, development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, marketing and export and import of pharmaceuticals and medical devices. To the extent that functionality or intended use in one or more of our current or future software products causes the software to be regulated as a medical device under existing or future FDA laws or regulations, we could be required to register our product(s) with the FDA and undergo the regulatory approval process, which may include being required to conduct clinical trials. There is risk that the product may not be approved by the FDA or that we may not be able to market the product during the approval process. In addition, registering a product with the FDA can be a costly and timely endeavor creating additional regulatory scrutiny and risk for Premier, as well as additional compliance requirements with all associated FDA laws, regulations and guidance.

Civil and Criminal Fraud, Waste and Abuse Laws

We are subject to federal and state laws and regulations designed to protect patients, governmental healthcare programs and private health plans from fraudulent and abusive activities. These laws include anti-kickback restrictions and laws prohibiting the submission of false or fraudulent claims. These laws are complex and broadly worded, and their application to our specific products, services and relationships may not be clear and may be applied to our business in ways that we do not anticipate. Federal and state regulatory and law enforcement authorities have over time increased enforcement activities with respect to Medicare and Medicaid fraud, waste and abuse regulations and other reimbursement laws and rules. These laws and regulations include:

Anti-Kickback Laws. The federal Anti-Kickback Statute prohibits the knowing and willful offer, payment, solicitation or receipt of remuneration, directly or indirectly, in return for the referral of patients or arranging for the referral of patients, or in return for the recommendation, arrangement, purchase, lease or order of items or services that are covered, in whole or in part, by a federal healthcare program such as Medicare or Medicaid. The definition of "remuneration" has been broadly interpreted to include anything of value such as gifts, discounts, rebates, waiver of payments or providing anything at less than its fair market value. Many states have adopted similar prohibitions against kickbacks and other practices that are intended to influence the purchase, lease or ordering of healthcare items and services regardless of whether the item or service is covered under a governmental health program or private health plan. Certain statutory and regulatory safe harbors exist that protect specified business arrangements from prosecution under the Anti-Kickback Statute if all elements of an applicable safe harbor are met,

however these safe harbors are narrow and often difficult to comply with. Congress has appropriated an increasing amount of funds in recent years to support enforcement activities aimed at reducing healthcare fraud and abuse.

The U.S. Department of Health and Human Services, or HHS, created certain safe harbor regulations which, if fully complied with, assure parties to a particular arrangement covered by a safe harbor that they will not be prosecuted under the Anti-Kickback Statute. We structure our group purchasing services, pricing discount arrangements with suppliers, and revenue share arrangements with applicable members to meet the terms of the safe harbor for GPOs set forth at 42 C.F.R. § 1001.952(j) and the discount safe harbor set forth at 42 C.F.R. § 1001.952(h). Although full compliance with the provisions of a safe harbor ensures against prosecution under the Anti-Kickback Statute, failure of a transaction or arrangement to fit within a safe harbor does not necessarily mean that the transaction or arrangement is illegal or that prosecution under the Anti-Kickback Statute will be pursued. From time to time, HHS, through its Office of Inspector General, makes formal and informal inquiries, conducts investigations and audits the business practices of GPOs, including our GPO, the result of which could be new rules, regulations or in some cases, a formal enforcement action.

To help ensure regulatory compliance with HHS rules and regulations, our members that report their costs to Medicare are required under the terms of the Premier Group Purchasing Policy to appropriately reflect all elements of value received in connection with our initial public offering ("IPO"), including under the various agreements entered into in connection therewith, on their cost reports. We are required to furnish applicable reports to such members setting forth the amount of such value, to assist their compliance with such cost reporting requirements. There can be no assurance that the HHS Office of Inspector General or the U.S. Department of Justice, or DOJ, will concur that these actions satisfy their applicable rules and regulations.

False Claims Act. Our business is also subject to numerous federal and state laws that forbid the submission or "causing the submission" of false or fraudulent information or the failure to disclose information in connection with the submission and payment of claims for reimbursement to Medicare, Medicaid or other governmental healthcare programs or private health plans. In particular, the False Claims Act, or FCA, prohibits a person from knowingly presenting or causing to be presented a false or fraudulent claim for payment or approval by an officer, employee or agent of the United States. In addition, the FCA prohibits a person from knowingly making, using, or causing to be made or used a false record or statement material to such a claim. Violations of the FCA may result in treble damages, material monetary penalties, and other collateral consequences including, potentially, exclusion from participation in federally funded healthcare programs. A claim that includes items or services resulting from a violation of the Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the FCA.

Privacy and Security Laws. The Health Insurance Portability and Accountability Act of 1996, or HIPAA, contains substantial restrictions and requirements with respect to the use and disclosure of certain individually identifiable health information, referred to as "protected health information." The HIPAA Privacy Rule prohibits a covered entity or a business associate (essentially, a third party engaged to assist a covered entity with enumerated operational and/or compliance functions) from using or disclosing protected health information unless the use or disclosure is validly authorized by the individual or is specifically required or permitted under the HIPAA Privacy Rule and only if certain complex requirements are met. In addition to following these complex requirements, covered entities and business associates must also meet additional compliance obligations set forth in the HIPAA Privacy Rule. The HIPAA Security Rule establishes administrative, organizational, physical and technical safeguards to protect the confidentiality, integrity and availability of electronic protected health information maintained or transmitted by covered entities and business associates. The HIPAA Security Rule requirements are intended to mandate that covered entities and business associates regularly re-assess the adequacy of their safeguards in light of changing and evolving security risks. Finally, the HIPAA Breach Notification Rule requires that covered entities and business associates, under certain circumstances, notify patients/beneficiaries, media outlets and HHS when there has been an improper use or disclosure of protected health information.

Our self-funded health benefit plan and our healthcare provider members (provided that these members engage in HIPAA-defined standard electronic transactions with health plans, which will be all or the vast majority) are directly regulated by HIPAA as "covered entities." Additionally, because most of our U.S. hospital members disclose protected health information to us so that we may use that information to provide certain data analytics, benchmarking, consulting or other operational and compliance services to these members, we are a "business associate" of those members. In these cases, in order to provide members with services that involve the use or disclosure of protected health information, HIPAA requires us to enter into "business associate agreements" with our covered entity members. Such agreements must, among other things, provide adequate written assurances:

(i) as to how we will use and disclose the protected health information within certain allowable parameters established by HIPAA,

(ii) that we will implement reasonable and appropriate administrative, organizational, physical and technical safeguards to protect such information from impermissible use or disclosure,

(iii) that we will enter into similar agreements with our agents and subcontractors that have access to the information,

(iv) that we will report breaches of unsecured protected health information, security incidents and other inappropriate uses or disclosures of the information, and

(v) that we will assist the covered entity with certain of its duties under HIPAA.

With the enactment of the Health Information Technology for Economic and Clinical Health, or HITECH Act, the privacy and security requirements of HIPAA were modified and expanded. The HITECH Act applies certain of the HIPAA privacy and security requirements directly to business associates of covered entities. Prior to this change, business associates had contractual obligations to covered entities but were not subject to direct enforcement by the federal government. In 2013, HHS released final rules implementing the HITECH Act changes to HIPAA. These amendments expanded the protection of protected health information by, among other things, imposing additional requirements on business associates, further restricting the disclosure of protected health information in certain cases where the covered entity or business associate is remunerated in return for making the transaction, and modifying the HIPAA Breach Notification Rule, which has been in effect since September 2009, to create a rebuttable presumption that an improper use or disclosure of protected health information under certain circumstances requires notice to affected patients/beneficiaries, media outlets and HHS.

Transaction Requirements. HIPAA also mandates format, data content and provider identifier standards that must be used in certain electronic transactions, such as claims, payment advice and eligibility inquiries. Although our systems are fully capable of transmitting transactions that comply with these requirements, some payers and healthcare clearinghouses with which we conduct business may interpret HIPAA transaction requirements differently than we do or may require us to use legacy formats or include legacy identifiers as they make the transition to full compliance. In cases where payers or healthcare clearinghouses require conformity with their interpretations or require us to accommodate legacy transactions or identifiers as a condition of successful transactions, we attempt to comply with their requirements, but may be subject to enforcement actions as a result. In 2009, CMS published a final rule adopting updated standard code sets for diagnoses and procedures known as ICD-10 code sets and changing the formats to be used for electronic transactions subject to the ICD-10 code sets, known as Version 5010. All healthcare providers are required to comply with Version 5010 and use the ICD-10 code sets.

Other Federal and State Laws. In addition to our obligations under HIPAA there are other federal laws that impose specific privacy and security obligations, above and beyond HIPAA, for certain types of health information and impose additional sanctions and penalties. These rules are not preempted by HIPAA. Most states have enacted patient and/or beneficiary confidentiality laws that protect against the disclosure of confidential medical information, and many states have adopted or are considering adopting further legislation in this area, including privacy safeguards, security standards, data security breach notification requirements, and special rules for so-called “sensitive” health information, such as mental health, genetic testing results, or Human Immunodeficiency Virus, or HIV, status. These state laws, if more stringent than HIPAA requirements, are not preempted by the federal requirements, and we are required to comply with them as well.

We are unable to predict what changes to HIPAA or other federal or state laws or regulations might be made in the future or how those changes could affect our business or the associated costs of compliance.

Antitrust Laws

The Sherman Antitrust Act and related federal and state antitrust laws are complex laws that prohibit contracts in restraint of trade or other activities that are designed to or that have the effect of reducing competition in the market. The federal antitrust laws promote fair competition in business and are intended to create a level playing field so that both small and large companies are able to compete in the market. In their 1996 Statements of Antitrust Enforcement Policy in Health Care, or the Healthcare Statements, the DOJ and the Federal Trade Commission, or FTC, set forth guidelines specifically designed to help GPOs gauge whether a particular purchasing arrangement may raise antitrust concerns and established an antitrust safety zone for joint purchasing arrangements among healthcare providers.

Earlier in 2023, the DOJ and FTC withdrew the Healthcare Statements, stating that they were outdated and overly permissive and indicating that the agencies would provide future guidance through case-by-case enforcement. In the absence of current guidance, we have continued to attempt to structure our contracts and pricing arrangements in accordance with the Healthcare Statements and believe that our GPO supplier contracts and pricing discount arrangements should not be found to violate the antitrust laws. No assurance can be given that enforcement authorities will agree with this assessment. In addition, private parties also may bring suit for alleged violations under the U.S. antitrust laws. From time to time, the group purchasing industry comes under review by Congress and other governmental bodies with respect to antitrust laws, the scope of which includes, among other things, the relationships between GPOs and their members, distributors, manufacturers and other suppliers, as well as the services performed and payments received in connection with GPO programs.

Congress, the DOJ, the FTC, the U.S. Senate or another state or federal entity could at any time open a new investigation of the group purchasing industry, or develop new rules, regulations or laws governing the industry, that could adversely impact our ability to negotiate pricing arrangements with suppliers, increase reporting and documentation requirements, or otherwise require us to modify our arrangements in a manner that adversely impacts our business. We may also face private or government lawsuits alleging violations arising from the concerns articulated by these governmental factors or alleging violations based solely on concerns of individual private parties.

Health IT Certification Program

In 2009, Congress included in the American Recovery and Reinvestment Act a program to incentivize the adoption of health information technology by hospitals and ambulatory providers who participate in the Medicare and Medicaid programs. Congress further modified the incentive program for ambulatory providers under the Medicare Access and CHIP Reauthorization Act of 2015 ("MACRA"). Any developer of health information technology seeking to offer a product to assist hospitals or ambulatory healthcare providers to meet the requirements of these programs must obtain certification under the applicable certification criteria established by the Office of the National Coordinator for Health Information Technology ("ONC"). There are two types of certification for health information developers seeking to participate in the certification program: 1) certification to all the certification criteria required to meet the definition of a "2015 Edition Base EHR"; or 2) certification as a Health IT Module, meeting specific certification criteria. Meeting the certification criteria as a "2015 Edition Base EHR" allows a developer of health information technology to offer a product that has all the capabilities needed for a hospital or an ambulatory provider to meet the requirements of the health IT incentive programs. A Health IT Module provides a specific set of capabilities. Hospitals or ambulatory providers seeking to avoid potential payment reductions must either implement a 2015 Base EHR using a single product, or multiple Health IT Modules that together have all of the capabilities of a 2015 Base EHR.

We currently have two products that are certified as Health IT Modules. To retain our certification, we must: 1) meet applicable conditions of certification and maintenance of certification requirements established by ONC; 2) pass testing conducted by an ONC-Authorized Testing Laboratory pursuant to test procedures developed by ONC; and 3) obtain certification from an ONC-Authorized Certification Body. ONC's conditions of certification and maintenance of certification requirements include communication restrictions that largely prevent us from limiting our customer's ability to communicate about the usability, interoperability, security or user experiences relating to our Health IT Modules. These regulations require us to review and modify current contract terms or inform customers that offending contract terms we previously entered into are no longer effective. We are also required to develop and execute a real-world testing plan, which would require us to demonstrate to our ONC-Authorized Certification Body that our Health IT Modules operate as designed when implemented in the field. Failure to properly implement these requirements could result in our two products losing their status as Health IT Modules, which could jeopardize the utility of the products for our customers. We work closely with our selected ONC-Authorized Testing Laboratory and ONC-Authorized Certification Body to meet these and other requirements of Health IT Certification Program. We are unable to predict what changes to the certification program might be made in the future or how those changes could affect our business or the associated costs of compliance.

ERISA and Other Laws Impacting Employer Group Health Plans

Many of the clients we serve sponsor employer group health plans, which are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the Internal Revenue Code, the ACA, Medicare Secondary Payer statute, HIPAA privacy, state insurance laws in some cases, and other laws and regulations governing group health plans. While compliance for these laws and regulations governing group health plans is the responsibility of the employer that sponsors the health plan, in some cases, the employer may delegate certain health plan functions to a vendor, such as us. We protect ourselves from liability for these client health plans by virtue of contractual provisions insulating us from exposure and responsibility for the employer-plan sponsor's legal obligations.

Governmental Audits

Because we act as a GPO for healthcare providers that participate in governmental programs, our group purchasing services have in the past and may again in the future be subject to periodic surveys and audits by governmental entities or contractors for compliance with Medicare and Medicaid standards and requirements. We will continue to respond to these government reviews and audits but cannot predict what the outcome of any future audits may be or whether the results of any audits could materially or negatively impact our business, our financial condition or results of operations.

Corporate Compliance Department

We execute and maintain a compliance and ethics program that is designed to assist us and our employees in conducting operations and activities ethically with the highest level of integrity and in compliance with applicable laws and regulations and,

if violations occur, to promote early detection and prompt resolution. These objectives are achieved through education, monitoring, disciplinary action and other remedial measures we believe to be appropriate. We provide all of our employees with education that has been developed to communicate our standards of conduct, compliance policies and procedures as well as policies for monitoring, reporting and responding to compliance issues. We also provide all of our employees with a third-party toll-free number and Internet website address in order to report any compliance or privacy concerns. In addition, our Chief Ethics & Compliance Officer individually, and along with the Audit and Compliance Committee of the Board of Directors, helps oversee compliance and ethics matters across our business operations.

Human Capital Management

Our employees are our most critical assets. The success and growth of our business depends on our ability to attract, reward, retain, and develop diverse, talented, and high-performing employees at all levels of our organization, while sustaining an environment of anti-discrimination that ensures equal access to opportunities. To succeed in an ever-changing and competitive labor market, we have developed human capital management strategies, objectives and measures that drive recruitment and retention, support business performance, advance innovation, foster employee development and support our Mission — to improve the health of our communities, our Vision — to lead the transformation to high quality, cost effective healthcare, and our Values — integrity, passion for performance, innovation and a focus on people.

Our Mission, Vision and Values, together with our human capital strategies, objectives and measures, form a framework advanced through the following programs and initiatives:

Support Employees' Financial, Health, and Social Well-Being

- Competitive, reasonable, and equitable compensation programs designed to align pay and performance and attract and retain employees who are passionate about our mission and exemplify our values.
- Annual and long-term incentives designed to drive business and individual achievement.
- Comprehensive, competitive, and innovative health and welfare and retirement benefits to support our employees' physical, mental and financial health.
- Employee Stock Purchase Plan and equity compensation to provide financial value, align employees' interests with those of our shareholders and drive talent retention.
- Innovative programs to support all aspects of employee well-being, including physical, emotional, financial and social health.
- Generous and flexible time off programs.
- Social Responsibility Programs including paid Annual Volunteer Afternoon, volunteering hours and matching gifts to encourage and support giving back to the communities in which we serve.
- Flexible work environments - including remote and hybrid work options where possible - and enabled technology to enhance employee experience and connectedness in both virtual and in-person settings.

Recognize Employees' Performance and Contributions

- Premier Individual and Team Values Awards to recognize employees who best exemplify Premier's core values.
- Susan D. DeVore President's Award to recognize the significant career accomplishments of select employees.
- Shirley T. Wang Wellness Warrior Award to recognize employees' commitment to and passion for well-being.
- Values in Action online portal to encourage employees in real time to publicly recognize and reward their peers for performance, innovation, focus on people and integrity.

Promote a Diverse, Equitable and Inclusive Workplace

- Council on Diversity, Equity, Inclusion and Belonging.
- Network of executive-sponsored, employee-led Employee Resource Groups ("ERGs") designed to build community and foster belonging and advancement of business strategy and employee experience through sharing of diverse thought and perspective. Groups include W.O.M.E.N., Military Veterans, Black Professionals, LGBTQ+, Asian American and Pacific Islander, Latin, Disabled Employees and Generations and their Allies groups. We also have a Field Services DEI Council ERG comprised of employees dedicated to supporting our members.
- Regular and ongoing review of compensation equity.
- Mentoring and networking programs.
- Recruiting outreach to drive diverse representation within our communities.
- Continuous listening strategies including semi-annual People First employee engagement survey to seek feedback on a variety of topics to continuously improve our human resources programs, practices and employee experience.

Create Opportunities to Grow and Develop

- Comprehensive technology-enabled learning and development programs to foster connections, leadership competency and team and individual development.
- Leadership and Management development programs.
- Performance Management program including a formal, quarterly employee performance feedback cadence to drive high performance and reward excellence.
- Enterprise talent planning and career pathing.
- Tuition reimbursement program to support continuing education.

Company Recognition

- World's Most Ethical Company by the Ethisphere Institute for the 16th consecutive year.
- 2020 Golden Peacock Award for Global Excellence in Corporate Governance.
- Inducted into Healthiest Employers Hall of Fame in 2023.
- 2023 Healthiest Employers of Charlotte by Charlotte Business Journal (1st place). 8th consecutive year in top 3.
- 2022 Healthiest 100 Workplaces in America (23rd place).
- 2022 Cigna Well-Being Award (Gold Level).
- LinkedIn's 2021 Top Companies in Charlotte.
- 2021 Prism International Diversity Impact Award for Top 25 National ERGs

Employees

As of June 30, 2023, we employed approximately 2,800 people, all in the United States. We also engage contractors and consultants. Additionally, we regularly track and report internally on key talent metrics including workforce demographics, talent pipeline, diversity data and the engagement of our employees. None of our employees are working under a collective bargaining arrangement.

We conduct sales through our embedded field force, our dedicated national sales team, our Premier consultants, and other various sales teams, collectively comprised of approximately 600 employees as of June 30, 2023.

Our field force works closely with our U.S. hospital members and other members to target new opportunities by developing strategic and operational plans to drive cost management and quality and safety improvement initiatives. As of June 30, 2023, our field force was deployed to seven geographic regions and several strategic/affinity members across the United States. This field force works at our member sites to identify and recommend best practices for both supply chain and clinical integration cost savings opportunities. The regionally deployed field force is augmented by a national team of subject matter specialists who focus on key areas such as lab, surgery, cardiology, orthopedics, imaging, pharmacy, information technology and construction. Our field force also assists our members in growing and supporting their continuum of care facilities.

Our national sales team provides national sales coverage for establishing initial member relationships and works with our field force to increase sales to existing members. Our regional sales teams are aligned with the seven regions in our field force model.

Our Premier consulting team identifies and targets consulting engagements and wrap-around services for our major SaaS-based clinical analytics products and our GPO to enhance the member value from these programs.

Available Information

We file or furnish, as applicable, annual, quarterly and current reports, proxy statements and other information with the SEC. You may access these reports and other information without charge at a website maintained by the SEC. The address of this site is *https://www.sec.gov*. In addition, our website address is *www.premierinc.com*. We make available through our website the documents identified above, free of charge, promptly after we electronically file such material with, or furnish it to, the SEC.

We also provide information about our company through: Twitter (https://twitter.com/premierha), Facebook (https://www.facebook.com/premierhealthcarealliance), LinkedIn (https://www.linkedin.com/company/6766), YouTube (https://www.youtube.com/user/premieralliance), and Instagram (https://instagram.com/premierha).

Except as specifically indicated otherwise, the information available on our website, the SEC's website and the social media outlets identified above, is not and shall not be deemed a part of this Annual Report.

Item 1A. Risk Factors

Our business, operations, and financial position are subject to various risks. Before making an investment in our Class A common stock or other securities we may have outstanding from time to time, you should carefully consider the following risks, as well as the other information contained in this Annual Report. Any of the risks described below could materially harm our business, financial condition, results of operations and prospects, and as a result, the value of an investment in our Class A common stock or other securities we may have outstanding from time to time could decline, and you may lose part or all of such investment value. This section does not describe all risks that are or may become applicable to us, our industry or our business, and it is intended only as a summary of certain material risk factors. Some statements in this Annual Report, including certain statements in the following risk factors, constitute forward-looking statements. See the section titled "Cautionary Note Regarding Forward-Looking Statements" for a discussion of such statements and their limitations. More detailed information concerning other risks or uncertainties we face, as well as the risk factors described below, is contained in other sections of this Annual Report.

Risk Factors Summary

The following is a summary of the risk factors that could adversely affect our Company and the value of an investment in our Company's securities.

Risks Related to our Business Operations

- We face risks related to competition and consolidation in the healthcare industry.
- We may experience delays recognizing or increasing revenue if the sales cycle or implementation period takes longer than expected.
- We face risks to our business if members of our group purchasing organization ("GPO") programs reduce activity levels, terminate or elect not to renew their contracts on substantially similar terms or at all.
- We rely on administrative fees that we receive from GPO suppliers.
- We face increased pressure to increase the percentage of administrative fees we share with our GPO members as well as to provide enhanced value through savings guarantees and other arrangements, including as a result of very aggressive competition from other GPOs, which is likely to result in increases in revenue share obligations, some of which may be material, particularly as our current GPO participation agreements approach renewal or if a member undergoes a change of control that triggers a termination right, or as new members join our GPO program.
- We face risks of the markets for our software as a service ("SaaS") or licensed-based analytics products and services may develop more slowly than we expect, or we may convert more SaaS-based products to license-based analytics products, which could adversely affect our revenue, growth rates and our ability to maintain or increase our profitability.
- Our members are highly dependent on payments from third-party payers, such as Medicare and Medicaid, the denial or reduction of which could adversely affect demand for our products and services.
- Our growth may be affected by our ability to offer new and innovative products and services as well as our ability to maintain third-party provider and strategic alliances or enter into new alliances.
- We face risks and expenses related to future acquisition opportunities and integration of acquisitions, as well as risks associated with non-controlling investments in other businesses or joint ventures.
- Our evaluation of potential strategic alternatives to enhance value for stockholders may not be successful and have negative impacts on our business and stock price.
- We rely on Internet infrastructure, bandwidth providers, data center providers and other third parties and face risks related to data loss or corruption and cyber-attacks or other data security breaches.
- We depend on our ability to use, disclose, de-identify or license data and to integrate third-party technologies.
- We face risks related to our use of "open source" software.
- We face risks associated with our reliance on contract manufacturing facilities located in various parts of the world.
- We may face inventory risk for (i) the personal protective equipment or other products we may purchase at elevated prices during a supply shortage, and (ii) items we purchase in bulk or pursuant to fixed price purchase commitments if we cannot sell such inventory at or above our cost.
- We depend on our ability to attract, hire, integrate and retain key personnel.
- We have risks to our business operations due to continuing uncertain economic conditions, including but not limited to inflation and the risk of a global recession, which could impair our ability to forecast and may harm our business, operating results, including our revenue growth and profitability, financial condition and cash flows.

- We may continue to face financial and operational uncertainty due to pandemics, epidemics or public health emergencies, such as the COVID-19 pandemic, and associated supply chain disruptions.
- We may face financial and operational uncertainty due to global economic and political instability and conflicts.
- We may be adversely affected by global climate change or by regulatory responses to such change.

Risks Related to Healthcare and Employee Benefit Regulation

- We are subject to changes and uncertainty in the legal, political, economic and regulatory environment affecting healthcare organizations.
- We must comply with complex international, federal and state laws and regulations governing financial relationships among healthcare providers and the submission of false or fraudulent healthcare claims, antitrust and employee benefit laws and regulations and privacy, security and breach notification laws.
- We may be subject to regulation for certain of our software products regarding health information technology, artificial intelligence and medical devices.

Legal and Tax-Related Risks

- We are subject to litigation from time to time, including the pending stockholder derivative action against certain of our current and former officers and directors.
- We must adequately protect our intellectual property, and we face potential claims against our use of the intellectual property of third parties.
- We face tax risks, including potential sales and use, franchise and income tax liability in certain jurisdictions, future changes in tax laws and potential material tax disputes.

Risks Related to our Corporate Structure

- We are obligated to make payments under our Unit Exchange and Tax Receivable Acceleration Agreements, and we may not realize all of the expected tax benefits corresponding to the termination of our prior Tax Receivable Agreement.
- Provisions in our certificate of incorporation and bylaws and provisions of Delaware law may impede or prevent strategic transactions, including a takeover of the company.

Risks Related to our Capital Structure, Liquidity and Class A Common Stock

- We face risks related to our current and future indebtedness, including our existing long-term credit facility.
- We experience fluctuation in our quarterly cash flows, revenues and results of operations.
- We are required to maintain an effective system of internal controls over financial reporting and remediate any material weaknesses and significant deficiencies identified.
- We face risks related to our Class A common stock, including potentially dilutive issuances and uncertainty regarding future dividend payments and stock repurchases.

For a more complete discussion of the material risks facing our business, see below.

Risks Related to Our Business Operations

We face intense competition, which could limit our ability to maintain or expand market share within our industry and harm our business and operating results.

The market for products and services in each of our operating segments is fragmented, intensely competitive and characterized by rapidly evolving technology and product standards, dynamic user needs and the frequent introduction of new products and services. We face intense competition from a number of companies, including the companies listed under “Item 1 - Business - Competition.”

The primary competitors for our Supply Chain Services segment compete with our group purchasing, direct sourcing and supply chain co-management activities. Our group purchasing business competes with other large GPOs, including in certain cases GPOs owned by healthcare providers and on-line retailers. Our direct sourcing business competes primarily with private label offerings and programs, product manufacturers and distributors. Our supply chain co-management business competes with organizations that provide supply chain outsourcing or embedded resources and supply chain transformations services.

The competitors in our Performance Services segment compete with our three sub-brands: PINC AI, Contigo Health and Remitra. The primary competitors of PINC AI range from smaller niche companies to large, well-financed and technologically sophisticated entities, and include information technology providers and consulting and outsourcing firms. The primary competitors for Contigo Health are smaller niche and larger well-financed healthcare and insurance companies and providers of wrap network services. The primary competitors for Remitra are smaller niche and larger technology companies and financial institutions.

With respect to our products and services in both segments, we compete based on several factors, including breadth, depth and quality of our product and service offerings, ability to deliver clinical, financial and operational performance improvement through the use of our products and services, quality and reliability of services, ease of use and convenience, brand recognition and the ability to integrate services with existing technology. Some of our competitors have larger scale, benefit from greater name recognition, and have substantially greater financial, technical and marketing resources. Other of our competitors have proprietary technology that differentiates their product and service offerings from our offerings. As a result of these competitive advantages, our competitors and potential competitors may be able to respond more quickly to market forces, undertake more extensive marketing campaigns for their brands, products and services and make more attractive offers to our current members and customers and potential new members and customers.

We also compete based on price in our Supply Chain Services and Performance Services businesses. We may be subject to pricing pressures as a result of, among other things, competition within the industry, consolidation of healthcare industry participants, practices of managed care organizations, changes in laws and regulations applicable to our business operations, government action affecting reimbursement, financial stress experienced by our members and customers, and increased revenue share obligations to members. In our Supply Chain Services segment, competitive pressure is likely to result in increases in revenue share obligations, some of which may be material, particularly as our current GPO participation agreements approach renewal or if a member undergoes a change of control that triggers a termination right, or as new GPO members join our GPO programs. Material increases in revenue share obligations to existing or new GPO members could adversely impact our business, financial condition and results of operations. In this competitive environment, we may not be able to retain our current GPO members or expand our member base at historical terms, favorable terms or at all, and the failure to do so may adversely impact our business, financial condition and results of operations. Furthermore, if pricing of our other products and services experiences material downward pressure, our business will be less profitable, and our results of operations will be materially, adversely affected.

Furthermore, our Performance Services business also competes on features and functionality of the solutions we offer through our PINC AI, Contigo Health and Remitra brands.

Moreover, we expect that competition will continue to increase as a result of consolidation in both the healthcare information technology and healthcare services industries. If one or more of our competitors or potential competitors were to merge or partner with another of our competitors, or if new competitors were to enter the healthcare space, the change in the competitive landscape could also adversely affect our ability to compete effectively and could materially harm our business, financial condition, and results of operations.

Consolidation in the healthcare industry could have a material adverse effect on our business, financial condition and results of operations.

Many healthcare industry participants are consolidating to create larger and more integrated healthcare delivery systems with greater market power. We expect legal, regulatory and economic conditions to lead to additional consolidation in the healthcare industry in the future. As consolidation accelerates, the economies of scale of our members' organizations may grow. If a member experiences sizable growth following consolidation, it may determine that it no longer needs to rely on us and may reduce its demand for our products and services. Some of these large and growing healthcare systems and continuum of care providers may choose to contract directly with suppliers for certain supply categories, and some suppliers may seek to contract directly with the healthcare providers rather than with GPOs such as ours. In connection with any consolidation, our members may move their business to another GPO, particularly when the acquiring hospital or health system is a member of a competing GPO or where the post-acquisition management of our member is aligned with a competing GPO. In addition, as healthcare providers consolidate to create larger and more integrated healthcare delivery systems with greater market power, these providers may try to use their market power to negotiate materially increased revenue share obligations and fee reductions for our products and services across both of our business segments. Finally, consolidation may also result in the acquisition or future development by our members of products and services that compete with our products and services. Any of these potential results of consolidation could have a material adverse effect on our business, financial condition, and results of operations.

We may experience material delays in recognizing revenue or increasing revenue, or be required to reverse prior revenue recognition, if the sales cycle or implementation period with potential new members takes longer than anticipated or our related project estimates are not accurate.

A key element of our strategy is to market the various products and services in our Supply Chain Services and Performance Services segments directly to healthcare providers and to increase the number of our products and services utilized by existing members. The evaluation and purchasing process is often lengthy and involves material technical evaluation and commitment of personnel by these organizations. Further, the evaluation process depends on a number of factors, many of which we may not be able to control, including potential new members' internal approval processes, budgetary constraints for technology spending, member concerns about implementing new procurement methods and strategies and other timing effects. In addition, the contract or software implementation process for new products or services can take six months or more and, accordingly, delay our ability to recognize revenue from the sale of such products or services. If we experience an extended or delayed implementation cycle in connection with the sale of additional products and services to existing or new members, it could have a material adverse effect on our business, financial condition and results of operations. In addition, we are required to use estimates to determine revenue recognition for performance-based consulting engagements. These estimates are based on a number of inputs from management regarding project timing, milestone and goal achievement and expected completion dates, each of which may change during the course of the engagement and could result in either delayed revenue recognition or revenue reversals resulting in out of period revenue adjustments, which could have a material adverse effect on our results of operations. In addition, changes in accounting standards that impact revenue recognition as well as conversion of SaaS-based products to licensed-based products, as discussed in the below risk factor "The markets for our SaaS- or licensed-based products and services may develop more slowly than we expect, or we may convert more SaaS-based products to license-based products, which could adversely affect our revenue, growth rates and our ability to maintain or increase our profitability" could adversely impact our ability to recognize revenue consistent with our historical practices and could have a material adverse effect on our business, financial condition and results of operations.

If members of our GPO programs reduce activity levels or terminate or elect not to renew their contracts, our revenue and results of operations may decrease materially.

We have GPO participation agreements with all of our GPO members. Our GPO participation agreements may generally be terminated for cause or in the event of a change of control of the GPO member. In addition, the GPO member can terminate the GPO participation agreement at the end of the then-current term by notifying us of the member's decision not to renew. Although we renewed most of our then existing GPO participation agreements primarily for terms of five to seven years at the beginning of fiscal 2021, there can be no assurance that our GPO members will extend or renew their GPO participation agreements on the same or similar economic terms at the end of the term of the agreement, or at all, or that the GPO members will not terminate their GPO participation agreements for cause or due to a change of control of the GPO member. Failure of our GPO members to maintain, extend or renew their GPO participation agreements on the same or similar economic terms, or at all, may have a material adverse impact on our business, financial condition and results of operations.

Our success in retaining member participation in our GPO programs depends upon our reputation, strong relationships with GPO members and our ability to deliver consistent, reliable and high-quality products and services, and a failure in any of these areas may result in the loss of GPO members. Some of our GPO competitors offer higher revenue share arrangements compared to our average arrangements. Our ability to retain and expand participation in our GPO programs depends upon our ability to provide overall value to GPO members, including competitive revenue share arrangements, in an economically competitive environment. In addition, GPO members may seek to modify or elect not to renew their contracts due to factors that are beyond our control and are unrelated to our performance, including a change of control of the GPO member, changes in their strategies, competitive analysis or business plans, changes in their supply chain personnel or management, or economic conditions in general. When contracts are reduced by modification or not renewed for any reason, we lose the anticipated future revenue associated with such contracts and, consequently, our revenue and results of operations may decrease materially.

Historically, we have enjoyed a strong strategic alignment with our GPO members, in many cases as a result of such GPO members being significant equity owners of both us and Premier LP. As a result of the August 2020 Restructuring, our former member-owners' equity holdings in Premier LP were canceled and converted into shares of our Class A common stock which is publicly traded on the NASDAQ Global Select Market ("NASDAQ") under the ticker symbol "PINC." Furthermore, former member-owners who received shares of our Class A common stock as part of the August 2020 Restructuring are free to sell those shares at any time. Any material reduction in our member-owners' equity holdings in us could result in reduced alignment between us and such member-owners, which may make it more difficult to retain these GPO members or to ensure that they extend or renew their GPO participation agreements on the same or similar economic terms, or at all, the failure of which may have a material adverse impact on our business, financial condition and results of operations.

We rely on the administrative fees we receive from our GPO suppliers, and the failure to maintain contracts with these GPO suppliers could have a generally negative effect on our relationships with our members and could adversely affect our business, financial condition and results of operations.

Historically, we have derived a substantial amount of our revenue from the administrative fees that we receive from our GPO suppliers. We maintain contractual relationships with these suppliers which provide products and services to our members at reduced costs and which pay us administrative fees based on the dollars spent by our members for such products and services. Our contracts with these GPO suppliers generally may be terminated upon 90 days' notice. A termination of any relationship or agreement with a GPO supplier would result in the loss of administrative fees pursuant to our arrangement with that supplier, which could adversely affect our business, financial condition and results of operations. In addition, if we lose a relationship with a GPO supplier we may not be able to negotiate similar arrangements for our members with other suppliers on the same terms and conditions or at all, which could damage our reputation with our members and adversely impact our ability to maintain our member agreements or expand our membership base and could have a material adverse effect on our business, financial condition and results of operations.

In addition, CMS, which administers the Medicare and federal aspects of state Medicaid programs, has issued complex rules requiring pharmaceutical manufacturers to calculate and report drug pricing for multiple purposes, including the limiting of reimbursement for certain drugs. These rules generally exclude from the pricing calculation administrative fees paid by pharmaceutical manufacturers to GPOs to the extent that such fees meet CMS's "bona fide service fee" definition. There can be no assurance that CMS will continue to allow exclusion of GPO administrative fees from the pricing calculation, which could negatively affect the willingness of pharmaceutical manufacturers to pay administrative fees to us, which could have a material adverse effect on our member retention, business, financial condition and results of operations.

We derive a material portion of our revenues from our largest members and certain other customers and the sudden loss of one or more of these members or customers could materially and adversely affect our business, financial condition and results of operations.

Our top five customers generated revenue of approximately 15% and 21% of our consolidated net revenues for the fiscal years ended June 30, 2023 and 2022. The sudden loss of any material customer or a number of smaller customers that are participants in our group purchasing programs, or utilize any of our programs or services, or a material change in revenue share or other economic terms we have with such customers could materially and adversely affect our business, financial condition and results of operations.

The markets for our SaaS- or licensed-based products and services may develop more slowly than we expect, or we may convert more SaaS-based products to license-based products, which could adversely affect our revenue, growth rates and our ability to maintain or increase our profitability.

As SaaS licensing deals have become a more material aspect of our business, our success will depend on the willingness of existing and potential new customers to increase their use of our SaaS- or licensed-based products and services as well as our ability to sell license-based products to existing and potential new customers at rates sufficient to offset the loss of SaaS-based product sales. Fluctuating member demand and timing for SaaS- or license-based products that materially alter our mix of SaaS- and licensed-based product sales and conversion of SaaS-based products to license-based products can result in volatility of revenue and lower growth rates in any given year which could materially adversely affect our business, financial condition and results of operations. Furthermore, many companies have invested substantial resources to integrate established enterprise software into their businesses and therefore may be reluctant or unwilling to switch to our products and services and some companies may have concerns regarding the risks associated with the security and reliability of the technology delivery model associated with these services. If companies do not perceive the benefits of our products and services, then the market for these products and services may not expand as much or develop as quickly as we expect, which would materially adversely affect our business, financial condition and results of operations.

Our members and other customers are highly dependent on payments from third-party healthcare payers, including Medicare, Medicaid and other government-sponsored programs, and reductions or changes in third-party reimbursement could adversely affect these members and other customers and consequently our business.

Our members and other customers derive a substantial portion of their revenue from third-party private and governmental payers, including Medicare, Medicaid and other government sponsored programs. Our sales and profitability depend, in part, on the extent to which coverage of and reimbursement for our products and services our members and other customers purchase or otherwise obtain through us is available to our members and other customers from governmental health programs, private health insurers, managed care plans and other third-party payers. These third-party payers are increasingly using their enhanced bargaining power to secure discounted reimbursement rates and may impose other requirements that adversely impact our members and other customers' ability to obtain adequate reimbursement for our products and services. If third-party payers do

not approve our products and services for reimbursement or fail to reimburse for them adequately, our members and other customers may suffer adverse financial consequences which, in turn, may reduce the demand for and ability to purchase our products or services.

In addition, government actions or changes in laws or regulations could limit government spending generally for the Medicare and Medicaid programs, limit payments to healthcare providers and increase emphasis on financially accountable payment programs such as accountable care organizations, bundled payments and capitated primary care that could have a material adverse impact on our members and other customers and, in turn, on our business, financial condition and results of operations.

If we are unable to maintain our relationships with third-party providers or maintain or enter into new strategic alliances, we may be unable to grow our current base business.

Our business strategy includes entering into and maintaining strategic alliances and affiliations with leading service providers. These companies may pursue relationships with our competitors, develop or acquire products and services that compete with our products and services, experience financial difficulties, be acquired by one of our competitors or other third party or exit the healthcare industry, any of which may adversely affect our relationship with them. In addition, in many cases, these companies may terminate their relationships with us for any reason with limited or no notice. If existing relationships with third-party providers or strategic alliances are adversely impacted or are terminated or we are unable to enter into relationships with leading healthcare service providers and other GPOs, we may be unable to maintain or increase our industry presence or effectively execute our business strategy.

If we are not able to timely offer new and innovative products and services, we may not remain competitive and our revenue and results of operations may suffer.

Our success depends on providing products and services within our Supply Chain Services and Performance Services segments that healthcare providers use to improve clinical, financial and operational performance. Information technology providers and other competitors are incorporating enhanced analytical tools and functionality and otherwise developing products and services that may become viewed as more efficient or appealing to our members. If we cannot adapt to rapidly evolving industry standards, technology, member and other customers' needs, including changing regulations and provider reimbursement policies, we may be unable to anticipate changes in our current and potential new members' and other customers' requirements that could make our existing technology, products or service offerings obsolete. We must continue to invest material resources in software development or acquisitions in order to enhance our existing products and services, maintain or improve our product category rankings and introduce new high-quality products and services that members and potential new members and customers will want. If our enhanced existing or new products and services are not responsive to the needs of our members or potential new members and customers, are not appropriately timed with market opportunity or are not effectively brought to market, we may lose existing members and be unable to obtain new members and customers, which could have a material adverse effect on our business, financial condition or results of operations.

Our acquisition activities could result in operating difficulties, dilution, unrecoverable costs and other negative consequences, any of which may adversely impact our financial condition and results of operations.

Our business strategy includes growth through acquisitions of additional businesses and assets. Future acquisitions may not be completed on preferred terms and acquired assets or businesses may not be successfully integrated into our operations or provide anticipated financial or operational benefits. Any acquisitions we complete will involve risks commonly encountered in acquisitions of businesses or assets. Such risks include, among other things:

- failing to integrate the operations and personnel of the acquired businesses in an efficient, timely manner;
- failure of a selling party to produce all material information during the pre-acquisition due diligence process, or to meet their obligations under post-acquisition agreements;
- potential liabilities of or claims against an acquired company or its assets, some of which may not become known until after the acquisition;
- an acquired company's lack of compliance with applicable laws and governmental rules and regulations, and the related costs and expenses necessary to bring such company into compliance;
- an acquired company's general information technology controls or their legacy third-party providers may not be sufficient to prevent unauthorized access or transactions, cyber-attacks or other data security breaches;
- managing the potential disruption to our ongoing business;
- distracting management focus from our existing core businesses;
- encountering difficulties in identifying and acquiring products, technologies, or businesses that will help us execute our business strategy;

- entering new markets in which we have little to no experience;
- impairing relationships with employees, members, and strategic partners;
- failing to implement or remediate controls, procedures and policies appropriate for a public company at acquired companies lacking such financial, disclosure or other controls, procedures and policies, potentially resulting in a material weakness in our internal controls over financial reporting;
- unanticipated changes in market or industry practices that adversely impact our strategic and financial expectations of an acquired company, assets or business and require us to write-off or dispose of such acquired company, assets, or business;
- the amortization of purchased intangible assets;
- incurring expenses associated with an impairment of all or a portion of goodwill and other intangible assets due to the failure of certain acquisitions to realize expected benefits; and
- diluting the share value and voting power of existing stockholders.

In addition, anticipated benefits of our previous and future acquisitions may not materialize. Future acquisitions or dispositions of under-performing businesses could result in the incurrence of debt, material exit costs, contingent liabilities or amortization expenses, impairments or write-offs of goodwill and other intangible assets, any of which could harm our business, financial condition and results of operations. In addition, expenses associated with potential acquisitions, including, among others, due diligence costs, legal, accounting, technology and financial advisory fees, travel and internal resources utilization, can be material. These expenses may be incurred regardless of whether any potential acquisition is completed. In instances where acquisitions are not ultimately completed, these expenses typically cannot be recovered or offset by the anticipated financial benefits of a successful acquisition. As we pursue our business strategy and evaluate opportunities, these expenses may adversely impact our results of operations and earnings per share.

Our business and growth strategies also include non-controlling investments in other businesses and joint ventures. In the event the companies or joint ventures we invest in do not perform as well as expected, we could experience the loss of some or all of the value of our investment, which loss could adversely impact our financial condition and results of operations.

Although we conduct accounting, financial, legal and business due diligence prior to making investments, we cannot guarantee that we will discover all material issues that may affect a particular target business, or that factors outside the control of the target business and outside of our control will not later arise. Occasionally, current and future investments are, and will be, made on a non-controlling basis, in which case we have limited ability to influence the financial or business operations of the companies in which we invest. To the extent we invest in a financially underperforming or unstable company or an entity in its development stage that does not successfully mature, we may lose the value of our investment. We have in the past and may in the future be required to write down or write off our investment or recognize impairment or other charges that could adversely impact our financial condition or results of operations and our stock price. Even though these charges may be non-cash items and not have a material impact on our liquidity, the fact that we report charges of this nature could contribute to negative market perceptions about us and our business strategy and our Class A common stock.

We cannot assure you that our evaluation of potential strategic alternatives to enhance value for stockholders will be successful; and there may be negative impacts on our business and stock price as a result of the process of exploring strategic alternatives.

In May 2023, we announced that our Board of Directors is evaluating potential strategic alternatives to enhance value for stockholders. The Board of Directors has established an independent Special Committee composed of independent directors to evaluate any alternatives that may involve actual or potential conflicts of interest and have engaged financial and legal advisors to assist in the process. The strategic process is ongoing. Our Board of Directors has not set a timetable for the strategic process, and as of June 30, 2023, the only decision made relating to any strategic alternatives is the definitive agreement we entered into with OMNIA Partners, LLC, a leading non-healthcare GPO, in June 2023, under which we sold substantially all of our non-healthcare GPO member contracts for an estimated purchase price of approximately $800.0 million subject to certain adjustments. There can be no assurance that the strategic review process by our Board of Directors will result in any further transactions or any other strategic change or outcome, or as to the timing of any of the foregoing. Whether the process will result in any additional transactions, our ability to complete any transaction, and if our Board of Directors decides to pursue one or more transactions, will depend on numerous factors, some of which are beyond our control, including the interest of potential acquirers or strategic partners in a potential transaction, the value potential acquirers or strategic partners attribute to our businesses and their respective prospects, market conditions, interest rates and industry trends. Our stock price may be adversely affected if the evaluation does not result in additional transactions or if one or more transactions are consummated on terms that investors view as unfavorable to us. Even if one or more additional transactions are completed, there can be no assurance that any such transactions will be successful or have a positive effect on stockholder value. Our Board of Directors may also determine that no additional transaction is in the best interest of our stockholders.

In addition, our financial results and operations could be adversely affected by the strategic process and by the uncertainty regarding its outcome. The attention of management and our Board of Directors could be diverted from our core business operations, and we have diverted capital and other resources to the process that otherwise could have been used in our business operations, and we will continue to do so until the process is completed. We could incur substantial expenses associated with identifying and evaluating potential strategic alternatives, including those related to employee retention payments, equity compensation, severance pay and legal, accounting and financial advisor fees. In addition, the process could lead us to lose or fail to attract, retain and motivate key employees, and to lose or fail to attract customers or business partners, and could expose us to litigation. The public announcement of a strategic alternative may also yield a negative impact on operating results if prospective or existing service providers are reluctant to commit to new or renewal contracts or if existing customers decide to move their business to a competitor. We do not intend to disclose developments or provide updates on the progress or status of the strategic process until our Board of Directors deems further disclosure is appropriate or required. Accordingly, speculation regarding any developments related to the review of strategic alternatives and perceived uncertainties related to the future of the Company could cause our stock price to fluctuate significantly.

We rely on Internet infrastructure, bandwidth providers, data center providers and other third parties and our own systems for providing services to our users, and any failure or interruption in the services provided by these third parties or our own systems, including from a cyber or other catastrophic event, could expose us to litigation and negatively impact our relationships with users, adversely affecting our brand, our business and our financial performance.

Our ability to deliver our products is dependent on the development and maintenance of the infrastructure of the Internet and other telecommunications services by third parties. This includes maintenance of a reliable network backbone with the necessary speed, data capacity and security for providing reliable Internet access and services and reliable telephone, Wi-Fi, facsimile and pager systems. We have experienced and expect that we will experience in the future interruptions and delays in these services and availability from time to time. We rely on internal systems as well as third-party suppliers, including bandwidth and telecommunications equipment providers, to provide our services. We have also migrated our data center operations to third-party data-hosting facilities. We do not maintain redundant systems or facilities for some of these services. In the event of a material cyber-attack or catastrophic event with respect to one or more of these providers, systems or facilities, we may experience an extended period of system unavailability, which could negatively impact our relationship with users. To operate without interruption, both we and our service providers must guard against:

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

Any disruption in the network access, telecommunications or co-location services provided by our third-party providers or any failure of or by these third-party providers or our own systems to handle current or higher volume of use could materially harm our business. We exercise limited control over these third-party suppliers, which increases our vulnerability to problems with services they provide. Any errors, failures, interruptions or delays experienced in connection with these third-party technologies and information services or our own systems could negatively impact our relationships with users and adversely affect our business and financial performance and could expose us to third-party liabilities, some of which may not be adequately insured.

Data loss or corruption due to failures or errors in our systems and service disruptions at our data centers may adversely affect our reputation and relationships with existing members, which could have a negative impact on our business, financial condition and results of operations.

Because of the large amount of data that we collect and manage, it is possible that hardware failures or errors in our systems could result in data loss or corruption or cause the information that we collect to be incomplete or contain inaccuracies that our members regard as material. Complex software such as ours may contain errors or failures that are not detected until after the software is introduced or updates and new versions are released. Despite testing by us, from time to time we have discovered defects or errors in our software, and such defects or errors may be discovered in the future. Any defects or errors could expose us to risk of liability to members and the government and could cause delays in the introduction of new products and services, result in increased costs and diversion of development resources, require design modifications, decrease market acceptance or member satisfaction with our products and services or cause harm to our reputation.

Furthermore, our members might use our software together with products from other companies. As a result, when problems occur, it might be difficult to identify the source of the problem. Even when our software does not cause these problems, the

existence of these errors might cause us to incur material costs, divert the attention of our technical personnel from our product development efforts, impact our reputation and lead to material member relations problems.

Moreover, our data centers and service provider locations store and transmit critical member data that is essential to our business. While these locations are chosen for their stability, failover capabilities and system controls, we do not directly control the continued or uninterrupted availability of every location. We have migrated our data center operations to third-party data-hosting facilities. Data center facilities are vulnerable to damage or interruption from natural disasters, fires, power loss, telecommunications failures, acts of terrorism, acts of war, and similar events. They are also subject to break-ins, sabotage, intentional acts of vandalism, cyber-attacks and similar misconduct. Despite precautions taken at these facilities, the occurrence of a natural disaster or an act of terrorism, could result in a decision to close the facilities without adequate notice or other unanticipated problems, which could cause lengthy interruptions in our service. These service interruption events could impair our ability to deliver services or deliverables or cause us to fail to achieve service levels required in agreements with our members, which could negatively affect our ability to retain existing members and attract new members.

If our cyber and other security measures are breached or fail and unauthorized access to a member's data is obtained, or our members fail to obtain proper permission for the use and disclosure of information, our services may be perceived as not being secure, members may curtail or stop using our services and we may incur material liabilities.

Our services involve the web-based storage and transmission of members' proprietary information, personal information of employees and protected health information of patients. From time to time, we may detect vulnerabilities in our systems, which, even if not resulting in a security breach, may reduce member confidence and require substantial resources to address. If our security measures are breached or fail as a result of third-party action, employee error, malfeasance, insufficiency, defective design or otherwise, someone may be able to obtain unauthorized access to member or patient data. As a result, our reputation could be damaged, our business may suffer, and we could face damages for contract breach, penalties and fines for violation of applicable laws or regulations and material costs for notification to affected individuals, remediation and efforts to prevent future occurrences.

In addition to our cyber and other security measures, we rely upon third-party providers and our members as users of our system for key activities to promote security of the system and the data within it. On occasion, our providers security systems have been breached and our members have failed to perform these activities. Failure of third-party providers or members to perform these activities may result in claims against us that could expose us to material expense and harm our reputation. In addition, our members may authorize or enable third parties to access their data or the data of their patients on our systems. Because we do not control such access, we cannot ensure the complete propriety of that access or integrity or security of such data in our systems. In addition, although our development infrastructure is based in the U.S., we outsource development work for a portion of our products and services to persons outside the U.S., particularly India. We cannot guarantee that the cyber and other security measures and regulatory environment of our foreign partners are as robust as in the U.S. Any breach of our security by our members or foreign partners could have a material adverse effect on our business, financial condition and results of operations.

Additionally, we require our members to provide necessary notices and to obtain necessary permissions and waivers for use and disclosure of the information that we receive. If our members do not obtain necessary permissions and waivers, then our use and disclosure of information that we receive from them or on their behalf may be limited or prohibited by state, federal, or international privacy laws or other laws. Any such failure to obtain proper permissions and waivers could impair our functions, processes and databases that reflect, contain or are based upon such data and may prevent use of such data. Moreover, we may be subject to claims or liability for use or disclosure of information by reason of our lack of a valid notice, permission or waiver. These claims or liabilities could subject us to unexpected costs and adversely affect our business, financial condition and results of operations.

We could suffer a loss of revenue and increased costs, exposure to material liability, reputational harm, and other serious negative consequences if we are subject to 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.

We manage and store proprietary information and sensitive or confidential data relating to our operations. We may be subject to cyber-attacks on and breaches of the information technology systems we use for these purposes. Experienced computer programmers and hackers may be able to penetrate our network security and misappropriate or compromise our confidential information or that of third parties, create system disruptions, or cause shutdowns. Computer programmers and hackers also may be able to develop and deploy viruses, worms, malware, ransomware and other malicious software programs that attack our systems or products or otherwise exploit security vulnerabilities of our systems or products. In addition, hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of our systems.

We expend material capital to protect against the threat of security breaches, including cyber-attacks, viruses, worms, malware, ransomware and other malicious software programs. Substantial additional expenditures may be required before or after a cyber-attack or breach to mitigate in advance or to alleviate any problems caused by cyber-attacks and breaches, including unauthorized access to or theft of personal or patient data and protected health information stored in our information systems and the introduction of computer viruses, worms, malware, ransomware and other malicious software programs to our systems. Our remediation efforts may not be successful and could result in interruptions, delays or cessation of service and loss of existing or potential members.

While we provide our domestic and foreign employees and contractors training and regular reminders on important measures they can take to prevent breaches, we often identify attempts to gain unauthorized access to our systems. Given the rapidly evolving nature and proliferation of cyber threats, there can be no guarantee our training and network security measures or other controls will detect, prevent or remediate security or data breaches in a timely manner or otherwise prevent unauthorized access to, damage to, or interruption of our systems and operations. For example, it has been widely reported that many well-organized international interests, in certain cases with the backing of sovereign governments, are targeting the theft of patient information through the use of advanced persistent threats. In recent years, a number of hospitals have reported being the victim of ransomware attacks in which they lost access to their systems, including clinical systems, during the course of the attacks. We are likely to face attempted attacks in the future. Accordingly, we may be vulnerable to losses associated with the improper functioning, security breach or unavailability of our information systems as well as any systems used in acquired operations.

Breaches of our security measures and the unapproved use or disclosure of proprietary information or sensitive or confidential data about us or our members or other third parties could expose us, our members or other affected third parties to a risk of loss or misuse of this information, result in litigation, governmental inquiry and potential liability for us, damage our brand and reputation or otherwise harm our business. Furthermore, we are exposed to additional risks because we rely in certain capacities on third-party data management providers whose possible security problems and security vulnerabilities are beyond our control.

We may experience cyber-security and other breach incidents that remain undetected for an extended period. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched, we may be unable to anticipate these techniques or to implement adequate preventative measures to stop or mitigate any potential damage in a timely manner. Given the increasing cyber security threats in the healthcare industry, there can be no guarantee we will not experience business interruptions; data loss, ransom, misappropriation or corruption; theft or misuse of proprietary or patient information; or litigation and investigation related to any of those, any of which could have a material adverse effect on our financial position and results of operations and harm our business reputation. Although we do maintain commercially reasonable insurance policies for cyber-attacks, there can be no guarantee that insurance would be sufficient to cover our losses, nor can it be guaranteed that insurance coverage would be available for every specific incident in accordance with the terms and conditions of the applicable policy coverage.

Any restrictions on our use of, or ability to license, data, or our failure to license data and integrate third-party technologies, could have a material adverse effect on our business, financial condition and results of operations.

We depend upon licenses from third parties, most of which are non-exclusive, for some of the technology and data used in our applications, and for some of the technology platforms upon which these applications are built and operate. We also obtain a portion of the data that we use from government entities and public records and from our members for specific member engagements. We cannot assure that our licenses for information will allow us to use that information for all potential or contemplated applications and products. In addition, if our members revoke their consent for us to maintain, use, de-identify and share their data, our data assets could be degraded.

In the future, data providers could withdraw their data from us or restrict our usage due to competitive reasons or because of new legislation or judicial interpretations restricting use of the data currently used in our products and services. In addition, data providers could fail to adhere to our quality control standards in the future, causing us to incur additional expense to appropriately utilize the data. If a substantial number of data providers were to withdraw or restrict their data, or if they fail to adhere to our quality control standards, and if we are unable to identify and contract with suitable alternative data suppliers and integrate these data sources into our service offerings, our ability to provide products and services to our members would be materially and adversely impacted, resulting in a material adverse effect on our business, financial condition and results of operations.

We also integrate into our proprietary applications and use third-party software to maintain and enhance, among other things, content generation and delivery, and to support our technology infrastructure. Some of this software is proprietary and some is open source. Our use of third-party technologies exposes us to increased risks, including, but not limited to, risks associated with the integration of new technology into our solutions, the diversion of our resources from development of our own proprietary technology and our inability to generate revenue from licensed technology sufficient to offset associated acquisition and maintenance costs. These technologies may not be available to us in the future on commercially reasonable terms or at all

and could be difficult to replace once integrated into our own proprietary applications. Our inability to obtain, maintain or comply with any of these licenses could delay development until equivalent technology can be identified, licensed and integrated, which would harm our business, financial condition and results of operations.

Most of our third-party licenses are non-exclusive and our competitors may obtain the right to access any of the technology covered by these licenses to compete directly with us. Our use of third-party technologies exposes us to increased risks, including, but not limited to, risks associated with the integration of new technology into our solutions, the diversion of our resources from development of our own proprietary technology and our inability to generate revenue from licensed technology sufficient to offset associated acquisition and maintenance costs. In addition, if our data suppliers choose to discontinue support of the licensed technology in the future, we might not be able to modify or adapt our own solutions.

Our use of "open source" software could adversely affect our ability to sell our products and subject us to possible litigation.

The products or technologies acquired, licensed or developed by us may incorporate so-called "open source" software, and we may incorporate open source software into other products in the future. There is little or no legal precedent governing the interpretation of many of the terms of certain of these licenses, and therefore the potential impact of these terms on our business is unknown and may result in unanticipated obligations or litigation regarding our products and technologies. For example, we may be subjected to certain conditions, including requirements that we offer our products that use particular open source software at no cost to the user, that we make available the source code for modifications or derivative works we create based upon, incorporating or using the open source software, and/or that we license such modifications or derivative works under the terms of the particular open source license. In addition, if we combine our proprietary software with open source software in a certain manner, under some open source licenses we could be required to release the source code of our proprietary software, which could substantially help our competitors develop products that are similar to or better than ours. If an author or other party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur material legal costs defending ourselves against such allegations and could be subject to material damages.

Our direct sourcing activities depend on contract manufacturing facilities located in various parts of the world, and any physical, financial, regulatory, environmental, labor or operational disruption or product quality issues could result in a reduction in sales volumes, the incurrence of substantial expenditures and the loss of product availability.

As part of our direct sourcing activities, we contract with manufacturing facilities in various parts of the world, including facilities in Bangladesh, Cambodia, China, India, Malaysia, Sri Lanka, Taiwan, Thailand and Vietnam as well as domestically within the U.S. Operations at and securing products from these manufacturing facilities could be curtailed or partially or completely shut down as the result of a number of circumstances, most of which are outside of our control, such as but not limited to unscheduled maintenance, power conservation/shortages, an earthquake, hurricane, flood, tsunami or other natural disaster, material labor strikes or work stoppages, government implementation of export limitations or freezes, port or other shipping delays, political unrest or pandemics. We are also subject to some of these risks with manufacturers we contract with in the U.S. Any material curtailment of production at these facilities, or production issue resulting in a substandard product, could result in litigation or governmental inquiry or materially reduced revenues and cash flows in our direct sourcing activities. In addition, our business practices in international markets are subject to the requirements of the U.S. Foreign Corrupt Practices Act of 1977, as amended, any violation of which could subject us to material fines, criminal sanctions and other penalties. We expect all of our contracted manufacturing facilities to comply with all applicable laws, including labor, safety and environmental laws, and to otherwise meet our standards of conduct. Our ability to find manufacturing facilities that uphold these standards is a challenge, especially with respect to facilities located outside the U.S. We also are subject to the risk that one or more of these manufacturing facilities will engage in business practices in violation of our standards or applicable laws, which could damage our reputation and adversely impact our business and results of operations.

While we continue to promote domestic and geographically diverse manufacturing as part of our supply chain resiliency program, a material portion of the manufacturing for our direct sourcing activities is still conducted in China. As a result, our business, financial condition, results of operations and prospects are affected significantly by economic, political and legal developments in China as well as trade disputes between China and the U.S. and the potential imposition of bilateral tariffs. In addition, China has imposed export restrictions and new regulatory requirements on PPE and other medical equipment needed by our member hospitals. The imposition of tariffs or export restrictions on products imported by us from China could require us to (i) increase prices to our members or (ii) locate suitable alternative manufacturing capacity or relocate our operations from China to other countries. In the event we are unable to increase our prices or find alternative manufacturing capacity or relocate to an alternative base of operation outside of China on favorable terms, we would likely experience higher manufacturing costs and lower gross margins, which could have an adverse effect on our business and results of operations. The Chinese economy differs from the economies of most developed countries in many respects, including the degree of government involvement, the level of development, the growth rate, the control of foreign exchange, access to financing and the allocation of resources.

Additionally, the facilities in Malaysia with which we contract are particularly susceptible to labor shortages, labor disputes and interruptions, rising labor costs as a result of minimum wage laws, scheduling and overtime requirements and forced or child labor.

Validation of our direct sourcing suppliers around the world can be challenging and our vetting process may not eliminate all associated risks, particularly since the information shared is largely dependent on the supplier level of transparency. If one or more of the manufacturing facilities we contract with engage in business practices in violation of our standards or applicable laws, we could experience damage to our reputation and suffer an adverse impact on our business, results of operations and reputation.

We may have inventory risk for product inventory we purchase at elevated market prices and items we purchase in bulk or pursuant to fixed price purchase commitments if we are unable to sell such inventory at or above our cost. As a result, we may experience a material adverse effect on our business, financial condition and results of operations.

From time to time, we purchase items as part of bulk purchases to resell to our members. We may have inventory risk for product inventory we purchase at elevated market prices, and items we purchase in bulk or pursuant to fixed price purchase commitments if we are unable to sell such inventory at or above our cost. If we are unable to sell the products for more than our inventory cost, we could experience a material adverse effect on our business, financial condition and results of operations. In addition, as we strive to create a healthier global supply chain with more diversification in the country of origin, including a focus on supporting PPE and medical product manufacturing in the U.S. with our domestic sourcing initiatives, we may source more of our products from U.S.-based or near shore manufacturers, which may come at a higher acquisition cost than sourcing from Asia or other lower cost countries. If our GPO members are unwilling to pay higher prices for products made in the U.S., or if they choose to buy lower cost products manufactured in lower cost countries, now or in the future, this may impact our customer growth and results of operations if we have to lower prices to compete or sell our higher-cost inventory.

If we lose key personnel or if we are unable to attract, hire, integrate and retain key personnel, our business would be harmed.

Our future success depends in part on our ability to attract, hire, integrate and retain key personnel, including our executive officers and other highly skilled technical, managerial, editorial, sales, marketing and customer service professionals. Competition for such personnel is intense and the labor market has tightened considerably in the last several years. We have from time to time in the past experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. Furthermore, in May 2023, we announced that we are evaluating potential strategic alternatives which has the potential to discourage current personnel as well as prospective employees from being a part of our Company. We cannot be certain of our ability to identify, hire and retain adequately qualified personnel, if we lose key personnel unexpectedly. In addition, to the extent we lose an executive officer or senior manager, we may incur increased expenses in connection with the hiring, promotion or replacement of these individuals and the transition of leadership and critical knowledge. Failure to identify, hire and retain necessary key personnel could have a material adverse effect on our business, financial condition and results of operations.

Continued uncertain economic conditions, including inflation and the risk of a global recession could impair our ability to forecast and may harm our business, operating results, including our revenue growth and profitability, financial condition and cash flows.

Continued global economic uncertainty, political conditions and fiscal challenges in the U.S. and abroad, such as inflation and potential economic recession, have, among other things, limited our ability to forecast future demand for our products and services, contributed to increased periodic volatility in customer demand, impacted availability of supplies and could constrain future access to capital for our suppliers, customers and partners. The impacts of these circumstances are global and pervasive, and the timing and nature of any ultimate resolution of these matters remain highly uncertain. Adverse macroeconomic conditions, including inflation, slower growth or recession, new or increased trade sanctions, tariffs or other barriers to global trade, changes to fiscal and monetary policy and higher interest rates, could materially adversely impact the demand for our products and our operating results. Starting in fiscal 2022 and continuing in fiscal 2023, we have experienced inflationary pressure and other constraints in our supply chain. Consequently, these concerns have challenged our business and we expect them to continue to challenge our business for the foreseeable future, which could cause harm to our operating results. Such conditions may result in the failure to meet our forecasted financial expectations and to achieve historical levels of revenue growth.

Our financial condition and results of operations for fiscal year 2023 and beyond may continue to be materially and adversely affected by pandemics, epidemics or public health emergencies, such as the coronavirus ("COVID-19") pandemic.

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 and the health consequences for the U.S. population have been significantly mitigated by the availability of vaccines and therapeutics to treat COVID-19 infections, pandemics or public health emergencies have in the past and may continue in the future to have adverse economic impacts both domestically and internationally, including the potential for new and extended government imposed lock-downs, border restrictions and transportation and other bottlenecks.

As a result of pandemics, epidemics or public health emergencies, our financial condition and results of operations may be adversely affected and we may face material risks due to a number of factors, including, but not limited to:

- Labor shortages in the healthcare workforce and corresponding increases in 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 limit their ability to participate in face-to-face events, 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.
- We may continue to receive requests for contract modifications, payment waivers and deferrals, payment reductions or amended payment terms from our contract counterparties. We may continue to receive requests to delay service or payment on performance service contracts and we may continue to receive requests from our suppliers for increases to their contracted prices.
- A general decline in the overall economic and capital markets which could increase our cost of capital and adversely affect our ability to access the capital markets in the future.

The ultimate impact of pandemics, epidemics and public health emergencies on our business, results of operations, financial condition and cash flows is dependent on future developments, including the duration of any pandemic and the related length of its impact on the U.S. and global economies and their healthcare systems, which are uncertain and cannot be predicted at this time. The impact of pandemics, epidemics or public health emergencies may also exacerbate many of the other risks described in this "Risk Factors" section. 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 outbreaks 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 future.

We are currently operating in a period of economic uncertainty and capital markets disruption, which has been significantly impacted by geopolitical instability, such as the ongoing military conflict between Russia and Ukraine and tensions between the U.S. and China. Our business, financial condition and results of operations may be materially and adversely affected by any negative impact on the global economy and capital markets resulting from geopolitical tensions.

U.S. and global markets have continued to experience volatility and disruption as the result of geopolitical tensions, including the ongoing military conflict between Russia and Ukraine and tensions between the U.S. and China. These geopolitical tensions have, and may continue to, lead to market disruptions, including significant volatility in commodity prices, energy, credit and capital markets, as well as supply chain interruptions. In addition, further escalation could adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets, potentially making it more difficult for us to obtain additional capital and negatively impact our business, financial condition and results of operations.

We may be adversely affected by global climate change or by regulatory responses to such change.

Climate changes, such as severe weather conditions, rising sea temperatures and rising sea levels, among others, and their long-term effects present potential negative effects to our business operations, financial condition and results of operations by decreasing availability of products, increasing compliance and operational costs and creating volatility and disruption to the global supply chain.

In addition, federal, state and local governments could issue new or modify existing legislation and regulations related to greenhouse gas emissions and climate change and these government actions could impact us and our members, other customers and suppliers.

Risks Related to Healthcare and Employee Benefit Regulation

The healthcare industry is highly regulated. Any material changes in the political, economic or regulatory environment that affect the GPO business or the purchasing practices and operations of healthcare organizations, or that lead to consolidation in the healthcare industry, could reduce the funds available to providers to purchase our products and services or otherwise require us to modify our services.

Our business, financial condition and results of operations depend upon conditions affecting the healthcare industry generally and hospitals and health systems particularly, as well as our ability to increase the number of programs and services that we sell to our members and other customers. The life sciences and healthcare industry is highly regulated by federal and state authorities and is subject to changing political, economic and regulatory influences. Factors such as changes in reimbursement policies for healthcare expenses, consolidation in the healthcare industry, regulation, litigation and general economic conditions affect the purchasing practices, operations and the financial health of healthcare organizations. In particular, changes in regulations affecting the healthcare industry, such as increased regulation of the purchase and sale of medical products, tariffs, new quality measurement and payment models, data privacy and security, government price controls, modification or elimination of applicable regulatory safe harbors, regulation of third-party administrators or restrictions on permissible discounts and other financial arrangements, could require us to make unplanned modifications of our products and services, result in delays or cancellations of orders or reduce funds and demand for our products and services.

The Patient Protection and Affordable Care Act ("ACA"), designed to expand access to affordable health insurance, control healthcare spending and improve healthcare quality, set the industry moving in a clear direction on access to health insurance, payment, quality and cost management. In addition, many states have adopted or are considering changes in healthcare laws or policies in part due to state budgetary shortfalls.

Although there appears to be greater certainty and a continuation of the policies and directions set forth in the ACA with the 2021 U.S. Supreme Court decision upholding the ACA, healthcare will continue to be a highly contentious area. This environment is creating risks for healthcare providers and our business that could cause a material adverse effect on our business and financial performance.

If we fail to comply with complex federal and state laws and regulations governing financial relationships among healthcare providers and submission of false or fraudulent claims to government healthcare programs, we may be subject to civil and criminal penalties or loss of eligibility to participate in government healthcare programs.

Anti-Kickback Regulations

We are subject to federal and state laws and regulations designed to protect patients, government healthcare programs and private health plans from fraudulent and abusive activities. These laws include anti-kickback restrictions and laws prohibiting the submission of false or fraudulent claims. These laws are complex, and their application to our specific products, services and relationships may not be clear and may be applied to our business in ways that we do not anticipate. Federal and state regulatory and law enforcement authorities have over time increased enforcement activities with respect to Medicare and Medicaid fraud, waste and abuse regulations and other reimbursement laws and rules. From time to time, we and others in the healthcare industry have received inquiries or requests to produce documents in connection with such activities. We could be required to expend material time and resources to comply with these requests, and the attention of our management team could be diverted to these efforts. Furthermore, if we are found to be in violation of any federal or state fraud, waste and abuse laws, we could be subject to civil and criminal penalties and we could be excluded from participating in federal and state healthcare programs such as Medicare and Medicaid. The occurrence of any of these events could materially harm our business, financial performance and financial condition.

Provisions in Title XI of the Social Security Act, commonly referred to as the federal Anti-Kickback Statute, prohibit the knowing and willful offer, payment, solicitation or receipt of remuneration, directly or indirectly, in return for the referral of patients or arranging for the referral of patients, or in return for the recommendation, arrangement, purchase, lease or order of items or services that are covered, in whole or in part, by a federal healthcare program such as Medicare or Medicaid. The definition of "remuneration" has been broadly interpreted to include anything of value such as gifts, discounts, rebates, waiver of payments or providing anything at less than its fair market value. Many states have adopted similar prohibitions against kickbacks and other practices that are intended to influence the purchase, lease or ordering of healthcare items and services regardless of whether the item or service is covered under a governmental health program or private health plan. Although certain statutory and regulatory safe harbors exist, these safe harbors are narrow and often difficult to comply with. Congress

has appropriated an increasing amount of funds in recent years to support enforcement activities aimed at reducing healthcare fraud, waste and abuse. We cannot assure you that our arrangements will be protected by such safe harbors or that such increased enforcement activities will not directly or indirectly have an adverse effect on our business, financial condition or results of operations. Any determination by a state or federal agency that any of our activities violate any of these laws could subject us to civil or criminal penalties, could require us to change or terminate some portions of our operations or business or could disqualify us from providing services to healthcare providers doing business with government programs and, thus, could have a material adverse effect on our business, financial condition and results of operations.

CMS has provided specific guidance on the proper treatment on Medicare cost reports of revenue distributions received from GPOs, including us. To assist our members that report their costs to Medicare to comply with these guidelines, such members are required under the terms of the Premier Group Purchasing Policy to appropriately reflect all elements of value received in connection with our IPO, including under agreements entered into in connection therewith, on their cost reports. We furnish applicable reports to such members setting forth the amount of such value, to assist their compliance with such cost reporting requirements. Any determination by a state or federal agency that the provision of such elements of value violate any of these laws could subject us to civil or criminal penalties, could require us to change or terminate some portions of our operations or business, or could disqualify us from providing services to healthcare providers doing business with government programs, and, thus could have a material adverse effect on our business, financial condition and results of operations.

There is no safe harbor to the Anti-Kickback Statute that is applicable in its entirety across all of the agreements with our members, and no assurance can be given that the HHS Office of Inspector General or other regulators or enforcement authorities will agree with our assessment. Any determination by a state or federal agency that the terms, agreements and related communications with members, or our relationships with our members violates the Anti-Kickback Statute or any other federal or state laws could subject us to civil or criminal penalties, could require us to change or terminate some portions of our operations or business and could disqualify us from providing services to healthcare providers doing business with government programs and, thus, result in a material adverse effect on our business, financial condition and results of operations.

False Claims Regulations

Our business is also subject to numerous federal and state laws that forbid the submission or "causing the submission" of false or fraudulent information or the failure to disclose information in connection with the submission and payment of claims for reimbursement to Medicare, Medicaid, other federal healthcare programs or private health plans. In particular, the False Claims Act, or FCA, prohibits a person from knowingly presenting or causing to be presented a false or fraudulent claim for payment or approval by an officer, employee or agent of the U.S. In addition, the FCA prohibits a person from knowingly making, using, or causing to be made or used a false record or statement material to such a claim. Violations of the FCA may result in treble damages, material monetary penalties and other collateral consequences, potentially including exclusion from participation in federally funded healthcare programs. The minimum and maximum per claim monetary damages for FCA violations occurring on or after November 2, 2015 and assessed after January 30, 2023 are from $13,508 to $27,018 per claim, respectively, and will be periodically readjusted for inflation. If enforcement authorities find that we have violated the FCA, it could have a material adverse effect on our business, financial condition and results of operations. Pursuant to the ACA, a claim that includes items or services resulting from a violation of the Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the FCA.

These laws and regulations may change rapidly and it is frequently unclear how they apply to our business. Errors created by our products or consulting services that relate to entry, formatting, preparation or transmission of claim or cost report information by our members may be determined or alleged to be in violation of these laws and regulations. Any failure of our businesses or our products or services to comply with these laws and regulations, or the assertion that any of our relationships with suppliers or members violated the Anti-Kickback Statute and therefore caused the submission of false or fraudulent claims, could (i) result in substantial civil or criminal liability, (ii) adversely affect demand for our services, (iii) invalidate all or portions of some of our member contracts, (iv) require us to change or terminate some portions of our business, (v) require us to refund portions of our services fees, (vi) cause us to be disqualified from serving members doing business with government payers, and (vii) have a material adverse effect on our business, financial condition and results of operations.

ERISA Regulatory Compliance

As a threshold matter, the obligation for compliance with the Employee Retirement Income Security Act of 1974, as amended, ("ERISA"), the Internal Revenue Code (the "Code"), the ACA, the Heath Insurance Portability and Accountability Act (together with its amendments related to the Health Information Technology for Economic and Clinical Health Act, "HIPAA"), the Mental Health Parity and Addiction Equity Act, the Newborns' and Mothers' Health Protection Act, the Women's Health and Cancer Rights Act, the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), the Genetic Information Nondiscrimination Act of 2008, and other laws governing self-funded group health plans (collectively "Employee Benefit Laws") generally rests with our clients as plan sponsors to whom we provide third-party administrative ("TPA") services. That is, employers/clients that sponsor group health plans generally bear the obligation of complying with Employee Benefit Laws,

rather than entities, like us, that provide TPA services related to the group health plans. In certain cases, however, TPAs to ERISA plans can become "co-fiduciaries" with their clients and, therefore, can be liable for ERISA compliance in a limited capacity. We could become a co-fiduciary either by (1) entering a contractual obligation to be an ERISA fiduciary or (2) by acting as an ERISA fiduciary based on functions performed. Under ERISA, fiduciary status flows from actions, and TPAs who exercise certain functions, including any discretionary authority or discretionary responsibility over plan administration or exercise any authority or control with respect to management or disposition of plan assets are generally "functional fiduciaries" with respect to (and limited to) the functions performed by the TPA that trigger fiduciary status.

We undertake no express liability under ERISA for our clients' ERISA-governed plans in our template contracts. However, deviations from this standard language contained in final contracts could subject us to liability for breaches of fiduciary duty under ERISA (and related claims, such as ERISA prohibited transactions).

If current or future antitrust laws and regulations are interpreted or enforced in a manner adverse to us or our business, we may be subject to enforcement actions, penalties and other material limitations on our business.

We are subject to federal and state laws and regulations designed to protect competition which, if enforced in a manner adverse to us or our business, could have a material adverse effect on our business, financial condition and results of operations. Over the last decade or so, the group purchasing industry has been the subject of multiple reviews and inquiries by the U.S. Senate and its members with respect to antitrust laws. Additionally, the U.S. General Accounting Office, or GAO, has published several reports examining GPO pricing, contracting practices, activities and fees. We and several other operators of GPOs have responded to GAO inquiries in connection with the development of such reports. No assurance can be given regarding any further inquiries or actions arising or resulting from these examinations and reports, or any related impact on our business, financial condition or results of operations.

Congress, the DOJ, the Federal Trade Commission, or FTC, the U.S. Senate or another state or federal entity could at any time open a new investigation of the group purchasing industry, or develop new rules, regulations or laws governing the industry, that could adversely impact our ability to negotiate pricing arrangements with suppliers, increase reporting and documentation requirements, or otherwise require us to modify our arrangements in a manner that adversely impacts our business, financial condition and results of operations. We may also face private or government lawsuits alleging violations arising from the concerns articulated by these governmental factors or alleging violations based solely on concerns of individual private parties.

If we are found to be in violation of the antitrust laws, we could be subject to significant civil and criminal penalties or damages. The occurrence of any of these events could materially harm our business, financial condition and results of operations.

Complex international, federal and state privacy laws, as well as security and breach notification laws, may increase the costs of operation and expose us to civil and criminal government sanctions and third-party civil litigation.

We must comply with extensive federal and state requirements regarding the use, retention, security and re-disclosure of patient/beneficiary healthcare information. The Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act and its implementing regulations, which we refer to collectively as "HIPAA", contain substantial restrictions and complex requirements with respect to the use and disclosure of "Protected Health Information" as defined by HIPAA. The HIPAA Privacy Rule prohibits a covered entity or a business associate from using or disclosing Protected Health Information unless the use or disclosure is validly authorized by the individual or is specifically required or permitted under the HIPAA Privacy Rule and only if certain complex requirements are met. The HIPAA Security Rule establishes administrative, organizational, physical and technical safeguards to protect the privacy, integrity and availability of electronic Protected Health Information maintained or transmitted by covered entities and business associates. The HIPAA Breach Notification Rule requires that covered entities and business associates, under certain circumstances, notify patients/beneficiaries and HHS when there has been an improper use or disclosure of Protected Health Information.

Our self-funded health benefit plan, the Premier, Inc. Health & Welfare Plan, our healthcare provider members, Performance Services customers, and health plan clients are directly regulated by HIPAA as "covered entities." Most of our hospital members/customers and health plan clients disclose Protected Health Information to us so that we may provide payment and operations services. Accordingly, we are a "business associate" of those covered entities and are required to protect such Protected Health Information under HIPAA.

Any failure or perceived failure of our products or services to meet HIPAA standards and related regulatory requirements could expose us to certain notification, penalty and/or enforcement risks, damage our reputation, adversely affects demand for our products and services and/or force us to expend material capital, research and development and/or other resources to modify our products or services to ensure compliance with HIPAA.

In addition to our obligations under HIPAA, there are other federal and state laws that include specific privacy and security obligations, above and beyond HIPAA, for certain types of health information and/or personally identifiable information and may expose us to additional sanctions and penalties. All 50 states, the District of Columbia, Guam, Puerto Rico and the Virgin Islands have enacted various types of legislation requiring the protection of personally identifiable information and/or notice to individuals of security breaches of their identifiable information. Organizations must review each state's definitions, mandates and notification requirements and timelines to appropriately prepare and notify affected individuals and government agencies, including the attorney general in many states, in compliance with such state laws. Further, most states have enacted patient and/or beneficiary confidentiality laws that protect against the disclosure of confidential medical information, and many states have adopted or are considering adopting further legislation in this area, including privacy safeguards, security standards and special rules for so-called "sensitive" health information, such as mental health, genetic testing results, HIV status and biometric data. These state laws, if more stringent than HIPAA requirements, are not preempted by the federal requirements, and we are required to comply with them as well. The federal government also regulates the confidentiality of substance use disorder treatment records. These regulations, promulgated under 42 C.F.R. Part 2, apply to federally supported substance use disorder treatment programs and lawful holders of substance use disorder treatment records that originated from such programs. For some aspects of our business, we may be considered a lawful holder of treatment records protected under 42 C.F.R. Part 2 and therefore have responsibilities to protect substance use disorder treatment records in ways that go beyond the HIPAA requirements.

States continue to pass personal information privacy laws protecting its resident consumers' data and affording individual rights, such as access, deletion and prevention of certain types of uses of their personally identifiable information. These laws vary state-by-state and organizations must review each state's definitions and requirements to ensure compliance. Currently, various states, including California, Colorado, Connecticut, Indiana, Iowa, Montana, Tennessee, Texas, Utah and Virginia have passed general data privacy laws, while other states consider similar bills. While most data accessed or used by Premier is governed by HIPAA and is therefore exempt from many of the state general privacy laws, various areas of Premier (such as marketing and human resources) may access or use data that may fall under one or more state general privacy laws.

We are unable to predict what changes to HIPAA or other federal or state laws or regulations might be made in the future or how those changes could affect the demand for our products and services, our business or the associated costs of compliance.

Failure to comply with any of the international, federal and state standards regarding individuals' data rights privacy, identity theft prevention and detection and data security may subject us to penalties, including civil monetary penalties and, in some circumstances, criminal penalties. In addition, such failure may materially injure our reputation and adversely affect our ability to retain and attract new members or customers and, accordingly, adversely affect our financial performance.

New requirements related to the interoperability of health information technology promulgated by the Office of the National Coordinator for Health Information Technology and enforced by the HHS Office of Inspector General could increase the costs of operation and expose us to civil government sanctions.

On May 1, 2020, the Office of the National Coordinator ("ONC") for Health Information Technology promulgated final regulations under the authority of the 21st Century Cures Act ("ONC Rules") to impose new conditions to obtaining and maintaining certification of certified health information technology and prohibit certain actors - developers of certified health information technology, health information networks, health information exchanges and healthcare providers - from engaging in activities that are likely to interfere with the access, exchange or use of electronic health information (information blocking). The final regulations further defined exceptions for activities that are permissible, even though they may have the effect of interfering with the access, exchange or use of electronic health information. The information subject to the information blocking restrictions is limited to electronic individually identifiable health information to the extent that it would be included in a designated record set. Until October 6, 2022, the information subject to the information blocking restrictions is further limited to the data elements represented in the U.S. Core Data for Interoperability standard.

Under the ONC Rules, we are considered a "health IT developer" because of the government certifications we hold in our TheraDoc and eCQM solutions. As such, we have evaluated and assessed the applicability of the ONC Rules to our TheraDoc and eCQM solutions, and we have determined that the ONC Rules currently do not apply to the data we hold on TheraDoc and eCQM solutions because the data is not part of any designated record set. Further, our customers contractually agree that the data that we maintain and process on behalf of our customers does not qualify as a designated record set. We will continue to assess our products and services to discern whether or not they fall under the purview of the ONC Rules. On June 27, 2023, the HHS Office of Inspector General posted a final rule to incorporate its new civil monetary penalty authority for activities that constitute information blocking. Once effective, the HHS Office of Inspector General may impose information blocking penalties against developers of certified health information technology, health information networks or health information exchanges of up to $1 million per violation. The HHS Office of Inspector General's civil monetary penalty authority for information blocking will begin 60 days after the final rule is published in the Federal Register. Any application of ONC Rules

or similar regulations to our business could adversely affect our financial results by increasing our operating costs, slowing our time to market for our solutions, and making it uneconomical to offer some products.

If we become subject to regulation by the Food and Drug Administration because the functionality in one or more of our software applications causes the software to be regulated as a medical device, our financial results may be adversely impacted due to increased operating costs or delayed commercialization of regulated software products.

The Food and Drug Administration ("FDA") has the authority to regulate products that meet the definition of a medical device under the Federal Food, Drug, and Cosmetic Act. To the extent that functionality or intended use in one or more of our current or future software products causes the software to be regulated as a medical device under existing or future FDA laws or regulations, including the 21st Century Cures Act, which addresses, among other issues, the patient safety concerns generated by cybersecurity risks to medical devices and the interoperability between medical devices, we could be required to:

- register our company and list our FDA-regulated products with the FDA;
- obtain pre-market clearance from the FDA based on demonstration of substantial equivalence to a legally marketed device before marketing our regulated products or obtain FDA approval by demonstrating the safety and effectiveness of the regulated products prior to marketing;
- submit to inspections by the FDA; and
- comply with various FDA regulations, including the agency's quality system regulation, compliant handling and medical device reporting regulations, requirements for medical device modifications, increased rigor of the secure development life cycle in the development of medical devices and the interoperability of medical devices and electronic health records, requirements for clinical investigations, corrections and removal reporting regulations, and post-market surveillance regulations.

The FDA can impose extensive requirements governing pre- and post-market activities, such as clinical investigations involving the use of a regulated product, as well as conditions relating to clearance or approval, labeling and manufacturing of a regulated product. In addition, the FDA can impose extensive requirements governing development controls and quality assurance processes. Any application of FDA regulations to our business could adversely affect our financial results by increasing our operating costs, slowing our time to market for regulated software products, subjecting us to additional government oversight and regulatory inspections and making it uneconomical to offer some software products.

Legal and Tax-Related Risks

We are subject to litigation from time to time, which could have a material adverse effect on our business, financial condition and results of operations.

We participate in businesses and activities that are subject to substantial litigation. We are from time to time involved in litigation, which may include claims relating to contractual disputes, product liability, torts or personal injury, employment, antitrust, intellectual property or other commercial or regulatory matters. Additionally, if current or future government regulations are interpreted or enforced in a manner adverse to us or our business, specifically those with respect to antitrust or healthcare laws, we may be subject to enforcement actions, penalties, damages and other material limitations on our business.

Furthermore, as a public company, we may become subject to stockholder inspection demands under Delaware law, and derivative or other similar litigation that can be expensive, divert human and financial capital to less productive uses, and benefit a limited number of stockholders rather than stockholders at large. The August 2020 Restructuring resulted in (i) the announcement of several investigations by private law firms of possible securities law violations; (ii) stockholder inspection demands seeking to investigate possible breaches of fiduciary duties; and (iii) the filing of a stockholder derivative complaint on March 4, 2022, captioned *City of Warren General Employees' Retirement System v. Michael Alkire, et al*., Case No. 2022-0207-JTL. The complaint, purportedly brought on behalf of Premier, was filed in the Delaware Court of Chancery against our current and former Chief Executive Officers and current and certain 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 tax receivable agreement ("TRA") with such LPs. (See "Item 3. Legal Proceedings"). 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. The City of Warren General Employees' Retirement System case, or any other matters referenced above that result in formal litigation, may have an adverse impact on our financial condition, reputation, results of operations or stock price.

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 to limit the plaintiff's choice of products to buy. 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.

We may become subject to additional litigation or governmental investigations in the future. These claims may result in material defense costs or may compel us to pay material fines, judgments or settlements, which, if uninsured, could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, certain litigation matters could adversely impact our commercial reputation, which is critical for attracting and retaining customers, suppliers and member participation in our GPO programs. Further, stockholder and other litigation may result in adverse investor perception of our company, negatively impact our stock price and increase our cost of capital.

Failure to protect our intellectual property and claims against our use of the intellectual property of third parties could cause us to incur unanticipated expense and prevent us from providing our products and services, which could adversely affect our business, financial condition and results of operations.

Our success depends in part upon our ability to protect our core technology and intellectual property. To accomplish this, we rely on a combination of intellectual property rights, including trade secrets, copyrights and trademarks, as well as customary contractual and confidentiality protections and internal policies applicable to employees, contractors, members and business partners. These protections may not be adequate, however, and we cannot assure you that they will prevent misappropriation of our intellectual property. In addition, parties that gain access to our intellectual property might fail to comply with the terms of our agreements and policies and we may not be able to enforce our rights adequately against these parties. The disclosure to, or independent development by, a competitor of any trade secret, know-how or other technology not protected by a patent could materially and adversely affect any competitive advantage we may have over such competitor. The process of enforcing our intellectual property rights through legal proceedings would likely be burdensome and expensive and our ultimate success cannot be assured. Our failure to adequately protect our intellectual property and proprietary rights could adversely affect our business, financial condition and results of operations.

In addition, we could be subject to claims of intellectual property infringement, misappropriation or other intellectual property violations as our applications' functionalities overlap with competitive products, and third parties may claim that we do not own or have rights to use all intellectual property used in the conduct of our business or acquired by us. We could incur substantial costs and diversion of management resources defending any such claims. Furthermore, a party making a claim against us could secure a judgment awarding substantial damages as well as injunctive or other equitable relief that could effectively block our ability to provide products or services. Such claims also might require indemnification of our members at material expense.

A number of our contracts with our members contain indemnity provisions whereby we indemnify them against certain losses that may arise from third-party claims that are brought in connection with the use of our products.

Our exposure to risks associated with the protection and use of intellectual property may be increased as a result of acquisitions, as we have limited visibility into the development process of acquired entities or businesses with respect to their technology or the care taken by acquired entities or businesses to safeguard against infringement risks. In addition, third parties may make infringement and similar or related claims after we have acquired technology that had not been asserted prior to our acquisition thereof.

If we are required to collect sales and use taxes on the products and services we sell in certain jurisdictions or online, we may be subject to tax liability for past sales, future sales may decrease and our financial condition may be materially and adversely affected.

Sales tax is currently not imposed on the administrative fees we collect in connection with our GPO programs. If sales tax were imposed in the future on such fees, the profitability of our GPO programs may be materially and adversely affected.

Rules and regulations applicable to sales and use tax vary materially by tax jurisdiction. In addition, the applicability of these rules given the nature of our products and services is subject to change.

We may lose sales or incur material costs should various tax jurisdictions be successful in imposing sales and use taxes on a broader range of products and services than those currently so taxed, including products and services sold online. A successful assertion by one or more taxing authorities that we should collect sales or other taxes on the sale of our solutions could result in substantial tax liabilities for past and future sales, decrease our ability to compete and otherwise harm our business.

If one or more taxing authorities determines that taxes should have, but have not, been paid with respect to our products and services, including products and services sold online, we may be liable for past taxes in addition to taxes going forward. Liability for past taxes may also include very substantial interest and penalty charges. If we are required to collect and pay back taxes (and the associated interest and penalties) and if our members fail or refuse to reimburse us for all or a portion of these amounts, we will have incurred unplanned costs that may be substantial. Moreover, imposition of such taxes on our services going forward will effectively increase the cost of such services to our members and may adversely affect our ability to retain existing members or to gain new members in the areas in which such taxes are imposed.

Changes in tax laws could materially impact our effective tax rate, income tax expense, anticipated tax benefits, deferred tax assets, cash flows and profitability.

Continued economic and political conditions in the U.S. could result in changes in U.S. tax laws beyond those enacted in connection with the TCJA on December 22, 2017 and the Coronavirus Aid, Relief, and Economic Security Act ("CARES") on March 27, 2020. Further changes to U.S. tax laws could impact how U.S. corporations are taxed. Although we cannot predict whether or in what form such changes will pass, if enacted into law, they could have a material impact on our effective tax rate, income tax expense, ability to fully realize anticipated tax benefits that correspond to our fixed payment obligations associated with the acceleration of our TRA, deferred tax assets, results of operations, cash flows and profitability.

A loss of a major tax dispute could result in a higher tax rate on our earnings, which could result in a material adverse effect on our financial condition and results of operations.

Income tax returns that we file are subject to review and examination. We recognize the benefit of income tax positions we believe are more likely than not to be sustained upon challenge by a tax authority. If any tax authority successfully challenges our positions or if we lose a material tax dispute, our effective tax rate on our earnings could increase substantially and result in a material adverse effect on our financial condition.

Risks Related to Our Corporate Structure

Payments required under the Unit Exchange and Tax Receivable Acceleration Agreements will reduce the amount of overall cash flow that would otherwise be available to us. In addition, we may not be able to realize all or a portion of the expected tax benefits that correspond to our fixed payment obligations associated with the acceleration of our TRA.

We entered into Unit Exchange and Tax Receivable Acceleration Agreements, effective as of July 1, 2020 (the "Unit Exchange Agreements"), with a substantial majority of our member-owners. Pursuant to the terms of the Unit Exchange Agreements, we elected to terminate the TRA upon payment to the member-owners of the discounted present value of the tax benefit payments otherwise owed to them over a 15-year period under the TRA. As a result of the acceleration and termination of the TRA, we are obligated to pay our member-owners approximately $472.6 million in aggregate. Of that amount, an aggregate of $201.2 million remains payable in equal quarterly installments through the quarter ending June 30, 2025. Due to the payments required under the Unit Exchange Agreements, our overall cash flow and discretionary funds will be reduced, which may limit our ability to execute our business strategies or deploy capital for preferred use. In addition, if we do not have available capital on hand or access to adequate funds to make these required payments, our financial condition would be materially adversely impacted.

The payments required upon termination of the TRA are based upon the present value of all forecasted future payments that would have otherwise been made under the TRA. These payments are fixed obligations of ours and could ultimately exceed the actual tax benefits that we realize. Additionally, if our actual taxable income were insufficient or there were adverse changes in applicable law or regulations, we may be unable to realize all or a portion of these expected benefits and our cash flows and stockholders' equity could be negatively affected.

Our certificate of incorporation and bylaws and provisions of Delaware law may discourage or prevent strategic transactions, including a takeover of our company, even if such a transaction would be beneficial to our stockholders.

Provisions contained in our certificate of incorporation and bylaws and provisions of the Delaware General Corporation Law, or DGCL, could delay or prevent a third party from entering into a strategic transaction with us, even if such a transaction would benefit our stockholders. For example, our certificate of incorporation and bylaws:

- divide our Board of Directors into three classes with staggered three-year terms, which may delay or prevent a change of our management or a change in control;
- authorize our Board of Directors to issue "blank check" preferred stock in order to increase the aggregate number of outstanding shares of capital stock and thereby make a takeover more difficult and expensive;

- do not permit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates;
- do not permit stockholders to take action by written consent;
- provide that special meetings of the stockholders may be called only by or at the direction of the Board of Directors, the chair of our Board or the chief executive officer;
- require advance notice to be given by stockholders of any stockholder proposals or director nominees;
- require a super-majority vote of the stockholders to amend our certificate of incorporation; and
- allow our Board of Directors to make, alter or repeal our bylaws but only allow stockholders to amend our bylaws upon the approval of $66^{2}/_{3}$% or more of the voting power of all of the outstanding shares of our capital stock entitled to vote.

In addition, we are subject to the provisions of Section 203 of the DGCL which limits, subject to certain exceptions, the right of a corporation to engage in a business combination with a holder of 15% or more of the corporation's outstanding voting securities or certain affiliated persons.

These restrictions could limit stockholder value by impeding the sale of our company and discouraging potential takeover attempts that might otherwise be financially beneficial to our stockholders.

Risks Related to Our Capital Structure, Liquidity and Class A Common Stock

We may need to obtain additional financing which may not be available or may be on unfavorable terms and result in dilution to, or a diminution of the rights of, our stockholders and cause a decrease in the price of our Class A common stock.

We may need to raise additional funds in order to, among other things:

- finance unanticipated working capital requirements;
- develop or enhance our technological infrastructure and our existing products and services;
- fund strategic relationships;
- comply with new laws, regulations, rules or judicial orders;
- respond to competitive pressures; and/or
- acquire complementary businesses, assets, technologies, products or services.

Additional financing may not be available on terms favorable to us, or at all. If adequate funds are not available or are not available on acceptable terms, our ability to fund our expansion strategy, take advantage of unanticipated opportunities, develop or enhance technology or services or otherwise respond to competitive pressures would be materially limited. If we raise additional funds by issuing equity or convertible debt securities, our then-existing stockholders may be diluted and holders of these newly issued securities may have rights, preferences or privileges senior to those of our then-existing stockholders. The issuance of these securities may cause a material decrease in the trading price of our Class A common stock or the value of your investment in us.

If we cannot refinance or replace our existing credit facility at or before maturity, it could have a material adverse effect on our ability to fund our ongoing cash requirements. Current or future indebtedness could adversely affect our business and our liquidity position.

We have a five-year $1 billion unsecured revolving credit facility (the "Credit Facility"), with a maturity date of December 12, 2027. As of June 30, 2023, we had $215.0 million outstanding under the Credit Facility and any outstanding indebtedness would be payable on or before that date. If we are not able to refinance or replace our Credit Facility at or before maturity or do so on acceptable terms, it would have a material adverse effect on our ability to fund our ongoing working capital requirements, business strategies, acquisitions and related business investments, future cash dividend payments, if any, or repurchases of Class A common stock under any then existing or future stock repurchase programs, if any.

Our indebtedness may increase from time to time in the future for various reasons, including fluctuations in operating results, capital expenditures and potential acquisitions. Any indebtedness we incur and restrictive covenants contained in the agreements related thereto could:

- make it difficult for us to satisfy our obligations, including making interest payments on our other debt obligations;
- limit our ability to obtain additional financing to operate our business;

- require us to dedicate a substantial portion of our cash flow to payments on our debt, reducing our ability to use our cash flow to fund capital expenditures and working capital and other general operational requirements;
- limit our flexibility to execute our business strategy and plan for and react to changes in our business and the healthcare industry;
- place us at a competitive disadvantage relative to some of our competitors that have less debt than us;
- limit our ability to pursue acquisitions; and
- increase our vulnerability to general adverse economic and industry conditions, including changes in interest rates or a downturn in our business or the economy.

The occurrence of any one of these events could cause us to incur increased borrowing costs and thus have a material adverse effect on our cost of capital, business, financial condition and results of operations or cause a material decrease in our liquidity and impair our ability to pay amounts due on our indebtedness.

Our Credit Facility contains, among other things, restrictive covenants that will limit our and our subsidiaries' ability to finance future operations or capital needs or to engage in other business activities. The Credit Facility restricts, among other things, our ability and the ability of our subsidiaries to incur additional indebtedness or issue guarantees, create liens on our assets, make distributions on or redeem equity interests, make investments, transfer or sell properties or other assets, and engage in mergers, consolidations or acquisitions. Furthermore, the Credit Facility includes cross-default provisions and requires us to meet specified financial ratios and tests. In addition, any debt securities we may issue or indebtedness we incur in the future may have similar or more restrictive financial or operational covenants that may limit our ability to execute our business strategies or operate our Company.

Our quarterly revenues and results of operations have fluctuated in the past and may continue to fluctuate in the future which could adversely affect the value of our Class A common stock, our revenues and our liquidity.

Fluctuations in our quarterly results of operations may be due to a number of factors, some of which are not within our control, including:

- our ability to offer new and innovative products and services;
- regulatory changes, including changes in healthcare laws;
- unforeseen legal expenses, including litigation and settlement costs;
- the purchasing and budgeting cycles of our members;
- the lengthy sales cycles for our products and services, which may cause material delays in generating revenues or an inability to generate revenues;
- pricing pressures with respect to our future sales;
- the timing and success of new product and service offerings by us or by our competitors;
- the timing of enterprise analytics license agreements;
- member decisions regarding renewal or termination of their contracts, especially those involving our larger member relationships;
- the amount and timing of costs related to the maintenance and expansion of our business, operations and infrastructure;
- the amount and timing of costs related to the development, adaptation, acquisition, or integration of acquired technologies or businesses;
- the financial condition of our current and potential new members;
- general economic and market conditions and economic conditions specific to the healthcare industry; and
- the impact of potential pandemics, epidemics or public health emergencies, including the COVID-19 pandemic and any variants, on the economy and healthcare industry.

Our quarterly results of operations may vary materially in the future and period-to-period comparisons of our results of operations may not be meaningful. You should not rely on the results of one quarter as an indication of future performance. If our quarterly results of operations fall below the expectations of securities analysts or investors, the price of the Class A common stock could decline substantially. In addition, any adverse impacts on the Class A common stock may harm the overall reputation of our organization, cause us to lose members and impact our ability to raise additional capital in the future.

If we fail to maintain an effective system of integrated internal controls, we may not be able to report our financial results accurately, we may determine that our prior financial statements are not reliable, or we may be required to expend material financial and personnel resources to remediate any weaknesses, any of which could have a material adverse effect on our business, financial condition and results of operations.

Ensuring that we have adequate internal financial and accounting controls and procedures in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be evaluated frequently. Section 404 of the Sarbanes-Oxley Act requires public companies to conduct an annual review and evaluation of their internal controls and attestations of the effectiveness of internal controls by independent auditors. Maintaining effective internal controls has been and will continue to be costly and may divert management's attention.

We have identified material weaknesses in our internal controls over financial reporting in the past. Our future evaluation of our internal controls over financial reporting may identify additional material weaknesses that may cause us to (i) be unable to report our financial information on a timely basis or (ii) determine that our previously issued financial statements should no longer be relied upon because of a material error in such financial statements, and thereby result in adverse regulatory consequences, including sanctions by the SEC, violations of NASDAQ listing rules or stockholder litigation. In the event that we identify a material weakness in our internal control over financial reporting, we may need to amend previously reported financial statements and will be required to implement a remediation plan to address the identified weakness, which will likely result in our expending material financial and personnel resources to remediate the identified weakness. There also could be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Confidence in the reliability of our financial statements also could suffer if we or our independent registered public accounting firm were to report a material weakness in our internal controls over financial reporting. The occurrence of any of these events could materially adversely affect our business, financial condition and results of operations and could also lead to a decline in the price of our Class A common stock.

There can be no assurance we will pay dividends on our Class A common stock at current levels or at all, and failure to pay any such dividends could have a material adverse impact on our stock price and your investment in Premier.

Since September 2020, we have paid quarterly cash dividends on our Class A common stock. The continued payment of dividends and the rate of any such dividends will be at the discretion of our Board of Directors after taking into account various factors, including our business, operating results and financial condition, current and anticipated capital requirements and cash needs, plans for expansion and any legal or contractual limitations on our ability to pay dividends. If we cease paying dividends, we could experience a material adverse impact on our stock price and your investment may materially decline, and as a result, capital appreciation in the price of our Class A common stock, if any, may be your only source of gain on an investment in our Class A common stock.

Our future issuance of common stock, preferred stock, limited partnership units or debt securities could have a dilutive effect on our common stockholders and adversely affect the market value of our Class A common stock.

In the future, we could issue a material number of shares of Class A common stock, which could dilute our existing stockholders materially and have a material adverse effect on the market price for the shares of our Class A common stock. Furthermore, the future issuance of shares of preferred stock with voting rights may adversely affect the voting power of our common stockholders, either by diluting the voting power of our common stock if the preferred stock votes together with the common stock as a single class or by giving the holders of any such preferred stock the right to block an action on which they have a separate class vote even if the action were approved by the holders of our common stock. The future issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our Class A common stock by making an investment in the Class A common stock less attractive. In addition to potential equity issuances described above, we also may issue debt securities that would rank senior to shares of our Class A common stock.

Upon our liquidation, holders of our preferred shares, if any, and debt securities and instruments will receive a distribution of our available assets before holders of shares of our Class A common stock. We are not required to offer any such additional debt or equity securities to existing stockholders on a preemptive basis. Therefore, additional issuances of our Class A common stock, directly or through convertible or exchangeable securities, warrants or options, will dilute the holders of shares of our existing Class A common stock and such issuances, or the anticipation of such issuances, may reduce the market price of shares of our Class A common stock. Any preferred shares, if issued, would likely have a preference on distribution payments, periodically or upon liquidation, which could limit our ability to make distributions to holders of shares of our Class A common stock. Because our decision to issue debt or equity securities or otherwise incur debt in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future capital raising efforts.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of June 30, 2023, we occupy our Charlotte, North Carolina headquarters under a long-term lease which expires in 2026 and includes options for us, at our discretion, to renew the lease for up to 15 years in total beyond that date. We also lease or sublease nine smaller facilities across five states, which includes our New York, New York office which we occupy under a long-term lease which expires in 2026. We believe that our headquarters, as well as our smaller leased facilities, are suitable for our use and are, in all material respects, adequate for our present and expected needs, and will continue to evaluate our real estate needs.

We generally conduct the operations of our Supply Chain Services segment and our Performance Services segment across our property locations. See Note 17 - Commitments and Contingencies to the accompanying consolidated financial statements for more information about our operating leases.

Item 3. 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 current and certain 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 17 - Commitments and Contingencies, to the accompanying consolidated financial statements, which is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Our Class A common stock is publicly traded on the NASDAQ Global Select Market ("NASDAQ") under the ticker symbol "PINC."

Based on the records of our Class A common stock transfer agent, as of August 17, 2023, there were 119,170,751 shares of our Class A common stock issued and outstanding, held by 90 holders of record. Because a substantial portion of our Class A common stock is held by brokers and other institutions on behalf of shareholders, we are unable to estimate the total number of beneficial owners currently holding our Class A common stock.

Dividend Policy

During fiscal year 2023, our Board of Directors declared regular quarterly cash dividends of $0.21 per share on our outstanding shares of Class A common stock, which were paid on September 15, 2022, December 15, 2022, March 15, 2023 and June 15, 2023.

On August 10, 2023, our Board of Directors declared a quarterly cash dividend of $0.21 per share, payable on September 15, 2023 to stockholders of record on September 1, 2023.

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. We currently expect quarterly dividends to continue to be paid on or about December 15, March 15, June 15 and September 15, respectively.

Recent Sales of Unregistered Securities

All sales of unregistered securities during the fiscal year ended June 30, 2023 have been previously reported in filings with the SEC.

Securities Authorized for Issuance Under Equity Compensation Plans

The information required by Item 201(d) of Regulation S-K is provided under "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters—Equity Compensation Plan Information", incorporated herein by reference.

Purchase of Equity Securities

No shares of Class A common stock were repurchased during the fiscal year ended June 30, 2023.

Company Stock Performance

The performance graph below shows a five-year comparison of the total cumulative return, assuming reinvestment of all dividends, had $100 been invested at the close of business on June 30, 2018, in each of:

- our Class A common stock;
- the NASDAQ Composite stock index ("NASDAQ Composite Index"); and
- a customized peer group of eleven companies selected by us that we believe is better aligned with our company (the "Peer Group").

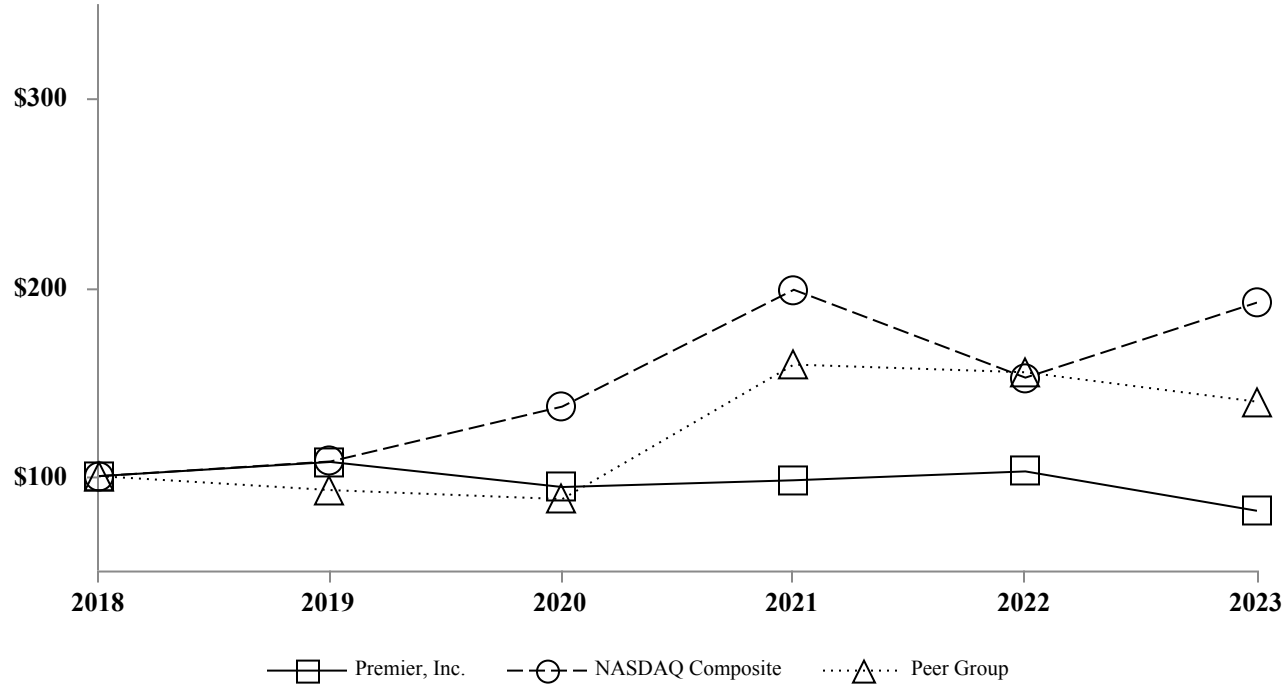
We have used the Peer Group, a group selected in good faith and used by our compensation committee of the Board of Directors ("compensation committee") for peer comparison benchmarking purposes because we believe this group provides an accurate representation of our peers. Our compensation committee reviewed and, in consultation with its independent consultant, selected the companies in our fiscal year 2023 Peer Group in April 2022. Our compensation committee will continue to review and reconfigure our Peer Group as it deems necessary in consultation with its independent consultant.

The Peer Group graph line consists of the following eleven companies: AMN Healthcare Services, Inc., ASGN Inc., Evolent Health, Inc., FTI Consulting Inc., Huron Consulting Group Inc., Omnicell Inc., Owens & Minor Inc., Patterson Companies, Inc., Pediatrix Medical Group Inc., R1 RCM Inc. and Veradigm Inc.

The information contained in the performance graph below shall not be deemed "soliciting material" or to be "filed" with the SEC nor shall such information be deemed incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except to the extent we specifically incorporate it by reference into such filing.

The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common stock. Research Data Group, Inc. provided the data for the indices presented below. We assume no responsibility for the accuracy of the indices' data, but we are not aware of any reason to doubt its accuracy.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN
Among Premier, Inc., the NASDAQ Composite Index and Peer Group



Value of Investment as of June 30[(a)]:

Company/Index Name	2018	2019	2020	2021	2022	2023
Premier, Inc. Class A Common Stock	$ 100.00	$ 107.50	$ 94.23	$ 97.80	$ 102.50	$ 81.64
NASDAQ Composite Index	$ 100.00	$ 107.78	$ 136.82	$ 198.71	$ 152.16	$ 191.93
Peer Group	$ 100.00	$ 92.60	$ 87.83	$ 159.09	$ 155.00	$ 139.42

(a) Assumes $100 invested on June 30, 2018, including reinvestment of dividends for periods from 2018-2023. We began paying cash dividends in September 2020.

We will neither make nor endorse any predictions as to future stock performance or whether the trends depicted in the graph above will continue or change in the future. The stock price performance included in this graph is not necessarily indicative of future stock price performance.

Item 6. Reserved

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

The following discussion should be read in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Annual Report. This discussion is designed to provide the reader with information that will assist in understanding our consolidated financial statements, the changes in certain key items in those financial statements from year to year, and the primary factors that accounted for those changes, as well as how certain accounting principles affect our

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 "Item 1A. Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" contained in this Annual Report.

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):

	Year Ended June 30,	
	2023	2022
Net revenue	$ 1,336,095	$ 1,432,901
Net income	174,887	268,318
Non-GAAP Adjusted EBITDA	499,783	498,682

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.

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 to 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 was as follows (in thousands):

	Year Ended June 30,				% of Net Revenue	
Net revenue:	**2023**	**2022**	**Change**		**2023**	**2022**
Supply Chain Services	$ 899,955	$ 1,031,946	$ (131,991)	(13)%	67 %	72 %
Performance Services	436,177	400,983	35,194	9 %	33 %	28 %
Segment net revenue	**$ 1,336,132**	**$ 1,432,929**	**$ (96,797)**	**(7)%**	**100 %**	**100 %**

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, life sciences and payer 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. For additional information, please see "*Performance Services*" above.

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, LLC ("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 is being integrated under Contigo Health and is reported as part of the Performance Services segment. See Note 3 - Business Acquisitions to the accompanying consolidated financial statements for further information.

Sale of Non-Healthcare GPO Member Contracts

On June 14, 2023, we announced that we entered into an equity purchase agreement with OMNIA Partners, LLC ("OMNIA") to sell the contracts pursuant to which substantially all of our non-healthcare GPO members participate in our GPO program, for an estimated purchase price of approximately $800.0 million, subject to certain 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. The sale of the non-healthcare GPO member contracts closed on July 25, 2023. See Note 20 - Subsequent Events to the accompanying 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."

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

The U.S. economy is experiencing the highest rates of inflation since the 1980s. 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 begun to see logistics costs normalize to pre-pandemic levels as well as some reductions in the costs of specific raw materials; however, the cost of labor remains high. We are continuously working to manage these price increases as market conditions change. The impact of inflation to our aggregated product portfolio is partially mitigated by contract term

price protection for a large portion of our portfolio, as well as negotiated price reductions in certain product categories such as pharmaceuticals. See “Risk Factors”.

Furthermore, as the Federal Reserve seeks to curb rising inflation, market interest rates have steadily risen, and may continue to rise, increasing the cost of borrowing under our Credit Facility (as defined in Note 9 - Debt and Notes Payable to the accompanying consolidated financial statements) as well as impacting our results of operations, financial condition and cash flows.

Geopolitical Tensions

Geopolitical tensions, such as the ongoing military conflict between Russia and Ukraine and tensions between the U.S. and China, 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 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 “Risk Factors”.

COVID-19 Pandemic or Other 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 impacted 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 and corresponding increases in 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 limit their ability to participate in face-to-face events, 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.
- We may continue to receive requests for contract modifications, payment waivers and deferrals, payment reductions or amended payment terms from our contract counterparties. We may continue to receive requests to delay service or payment on performance service contracts and we may continue to receive requests from our suppliers for increases to their contracted prices.
- A general decline in the overall economic and capital markets which 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 the resurgence of COVID-19 or another 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 the COVID-19 pandemic or another pandemic, epidemic or public health emergency may also exacerbate many of the other risks described in the “Item 1A. Risk Factors” section. 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 the COVID-19 pandemic, variants thereof, recurrences or similar pandemics 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 2023 and beyond.

Critical Accounting Policies and Estimates

Below is a discussion of our critical accounting policies and estimates. These and other significant accounting policies are set forth under Note 2 - Significant Accounting Policies to the accompanying consolidated financial statements for more information.

Business Combinations

We account for acquisitions of a business using the acquisition method. All the assets acquired, liabilities assumed, contractual contingencies and contingent consideration are generally recognized at their fair value on the acquisition date. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Acquisition-related costs are recorded as expenses in the Consolidated Statements of Income and Comprehensive Income.

Several valuation methods may be used to determine the fair value of assets acquired and liabilities assumed. For intangible assets, we typically use the income method. This method starts with a forecast of all of the expected future net cash flows for each asset. These cash flows are then adjusted to present value by applying an appropriate discount rate that reflects the risk factors associated with the cash flow streams. Some of the more significant estimates and assumptions inherent in the income method or other methods include the amount and timing of projected future cash flows, the discount rate selected to measure the risks inherent in the future cash flows and the assessment of the asset's life cycle and the competitive trends impacting the asset, including consideration of any technical, legal, regulatory or economic barriers to entry. Determining the useful life of an intangible asset also requires judgment as different types of intangible assets will have different useful lives and certain assets may even be considered to have indefinite useful lives.

Goodwill

Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. We perform our annual goodwill impairment testing on the first day of the last fiscal quarter of our fiscal year unless impairment indicators are present, which could require an interim impairment test.

Under accounting rules, we may elect to perform a qualitative assessment to determine if an impairment is more likely than not to have occurred. This qualitative assessment requires an evaluation of any excess of fair value over the carrying value for a reporting unit and significant judgment regarding potential changes in valuation inputs, including a review of our most recent long-range projections, analysis of operating results versus the prior year, changes in market values, changes in discount rates and changes in terminal growth rate assumptions. If it is determined that an impairment is more likely than not to exist, then we are required to perform a quantitative assessment to determine whether or not goodwill is impaired and to measure the amount of goodwill impairment, if any.

A goodwill impairment charge is recognized for the amount by which the reporting unit’s carrying amount exceeds its fair value. We determine the fair value of a reporting unit using a discounted cash flow analysis as well as market-based approaches. Determining fair value requires the exercise of significant judgment, including judgment about appropriate discount rates, perpetual growth rates and the amount and timing of expected future cash flows. The cash flows employed in the discounted cash flow analyses are based on the most recent budget and long-term forecast. The discount rates used in the discounted cash flow analyses are intended to reflect the risks inherent in the future cash flows of the respective reporting units. The market comparable approach estimates fair value using market multiples of various financial measures compared to a set of comparable public companies and recent comparable transactions.

Our most recent annual impairment testing as of April 1, 2023 consisted of a quantitative assessment and resulted in $56.7 million in impairment losses within our Contigo Health and Direct Sourcing reporting units. Refer to Note 8 - Goodwill and Intangible Assets to the accompanying consolidated financial statements for further information on the impairment losses recognized in fiscal 2023.

Revenue Recognition

We account for a contract with a customer when the contract is committed, the rights of the parties, including payment terms, are identified, the contract has commercial substance and consideration is probable of collection.

Revenue is recognized when, or as, control of a promised product or service transfers to a customer, in an amount that reflects the consideration to which we expect to be entitled in exchange for transferring those products or services. If the consideration promised in a contract includes a variable amount, we estimate the amount to which we expect to be entitled using either the expected value or most likely amount method. Our contracts may include terms that could cause variability in the transaction price, including, for example, revenue share, rebates, discounts, and variable fees based on performance.

We only include estimated amounts of consideration in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. These estimates require management to make complex, difficult or subjective judgments, and to make estimates about the effect of matters inherently uncertain. As such, we may not be able to reliably estimate variable fees based on performance in certain long-term arrangements due to uncertainties that are not expected to be resolved for a long period of time or when our experience with similar types of contracts is limited. Estimates of variable consideration and the determination of whether to include estimated amounts of consideration in the transaction price are based on information (historical, current and forecasted) that is reasonably available to us, taking into consideration the type of customer, the type of transaction and the specific facts and circumstances of each arrangement. Additionally, management performs periodic analyses to verify the accuracy of estimates for variable consideration.

Although we believe that our approach in developing estimates and reliance on certain judgments and underlying inputs is reasonable, actual results could differ which may result in exposure of increases or decreases in revenue that could be material.

Performance Obligations

A performance obligation is a promise 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 promise to transfer individual goods or services is not separately identifiable from other promises, and therefore, not distinct, while other contracts may have multiple performance obligations, most commonly due to the contract covering multiple deliverable arrangements (licensing fees, subscription fees, professional fees for consulting services, etc.).

Net Administrative Fees Revenue

Net administrative fees revenue is a single performance obligation earned through a series of distinct daily services and includes maintaining a network of members to participate in the group purchasing program and providing suppliers efficiency in contracting and access to our members. Revenue is generated through administrative fees received from suppliers and is included in service revenue in the accompanying Consolidated Statements of Income and Comprehensive Income.

Through our GPO programs, we aggregate member purchasing power to negotiate pricing discounts and improve contract terms with suppliers. Contracted suppliers pay us administrative fees which generally represent 1% to 3% of the purchase price of goods and services sold to members under the contracts we have negotiated. Administrative fees are variable consideration and are recognized as earned based upon estimated purchases by our members utilizing analytics based on historical member spend and updates for current trends and expectations. Administrative fees are estimated due to the difference in timing of when a member purchases on a supplier contract and when we receive the purchasing information. Member and supplier contracts substantiate persuasive evidence of an arrangement. We do not take title to the underlying equipment or products purchased by members through our GPO supplier contracts. Administrative fee revenue receivable is included in contract assets in the accompanying Consolidated Balance Sheets.

Generally, we pay a revenue share to members equal to a percentage of gross administrative fees, which is estimated according to the members' contractual agreements with us using a portfolio approach based on historical revenue fee share percentages and adjusted for current or anticipated trends. Revenue share is recognized as a reduction to gross administrative fees revenue to arrive at a net administrative fees revenue, and the corresponding revenue share liability is included in revenue share obligations in the accompanying Consolidated Balance Sheets.

Products Revenue

Direct sourcing generates revenue primarily through products sold to our members, other customers or distributors. Revenue is recognized once control of products has been transferred to the customer and is recorded net of discounts and rebates offered to customers. Discounts and rebates are estimated based on contractual terms and historical trends.

Software Licenses, Other Services and Support Revenue

We generate software licenses, other services and support revenue through Performance Services and Supply Chain Services.

Within Performance Services, which provides technology with wrap-around service offerings, revenue is generated through our three sub-brands: PINC AI, Contigo Health and Remitra. The main sources of revenue under PINC AI consists of subscriptions to our SaaS-based clinical intelligence, margin improvement and value-based care products, licensing revenue, professional fees for consulting services and other miscellaneous revenue including PINC AI data licenses, annual subscriptions to our performance improvement collaboratives, insurance services management fees and commissions from endorsed commercial insurance programs. Contigo Health's main sources of revenue are third-party administrator fees, fees from the centers of

excellence program and cost containment and wrap network fees. Remitra's main source of revenue is fees from healthcare suppliers and providers.

PINC AI

SaaS-based Products Subscriptions. SaaS-based clinical analytics subscriptions include the right to access our proprietary hosted technology on a SaaS basis, training and member support to deliver improvements in cost management, margin improvement, quality and safety, value-based care and provider analytics. SaaS arrangements create a single performance obligation for each subscription within the contract in which the nature of the obligation is a stand-ready obligation, and each day of service meets the criteria for over time recognition. Pricing varies by application and size of healthcare system. Clinical analytics products subscriptions are generally three- to five-year agreements with automatic renewal clauses and annual price escalators that typically do not allow for early termination. These agreements do not allow for physical possession of the software. Subscription fees are typically billed on a monthly basis and revenue is recognized as a single deliverable on a straight-line basis over the remaining contractual period following implementation. Implementation involves the completion of data preparation services that are unique to each member's data set in order to access and transfer member data into our hosted SaaS-based clinical analytics products. Implementation is generally 60 to 240 days following contract execution before the SaaS-based clinical analytics products can be fully utilized by the member.

Software Licenses. Enterprise analytics licenses include term licenses that range from three to ten years and offer clinical analytics products, improvements in cost management, quality and safety, value-based care and provider analytics. Pricing varies by application and size of healthcare system. Revenue on licensing is recognized upon delivery of the software code, and revenue from hosting and maintenance is recognized ratably over the life of the contract.

Consulting Services. Professional fees for consulting services are sold under contracts, the terms of which vary based on the nature of the engagement. These services typically include general consulting, report-based consulting and cost savings initiatives. Promised services under such consulting engagements are typically not considered distinct and are regularly combined and accounted for as one performance obligation. Fees are billed as stipulated in the contract, and revenue is recognized on a proportional performance method as services are performed or when deliverables are provided. In situations where the contracts have significant contract performance guarantees, the performance guarantees are estimated and accounted for as a form of variable consideration when determining the transaction price. In the event that guaranteed savings levels are not achieved, we may have to perform additional services at no additional charge in order to achieve the guaranteed savings or pay the difference between the savings that were guaranteed and the actual achieved savings. Occasionally, our entitlement to consideration is predicated on the occurrence of an event such as the delivery of a report for which client acceptance is required. However, except for event-driven point-in-time transactions, the majority of services provided within this service line are delivered over time due to the continuous benefit provided to our customers.

Consulting arrangements can require significant estimates for the transaction price and estimated number of hours within an engagement. These estimates are based on the expected value which is derived from outcomes from historical contracts that are similar in nature and forecasted amounts based on anticipated savings for the new agreements. The transaction price is generally constrained until the target transaction price becomes more certain.

Other Miscellaneous Revenue.

- Revenue from PINC AI data licenses which provide customers data from the PINC AI healthcare database. The revenue from the data deliverables is recognized upon delivery of the data.
- Revenue from performance improvement collaboratives that support our offerings in cost management, quality and safety, and value-based care and is recognized over the service period as the services are provided, which is generally one to three years. Performance improvement collaboratives revenue is considered one performance obligation and is generated by providing customers access to online communities whereby data is housed and available for analytics and benchmarking.
- Insurance services management fees are recognized in the period in which such services are provided. Commissions from insurance carriers for sponsored insurance programs are earned by acting as an intermediary in the placement of effective insurance policies. Under this arrangement, revenue is recognized at a point in time on the effective date of the associated policies when control of the policy transfers to the customer and is constrained for estimated early terminations.

Contigo Health

Contigo Health revenue consists of third-party administrator fees, fees from the centers of excellence program and cost containment and wrap network fees. Third-party administrator fees consist of integrated fees for the processing of self-insured healthcare plan claims. Revenue is recognized in the period in which the services have been provided. Fees from

the centers of excellence program consist of administrative fees for access to a specialized care network of proven healthcare providers. Revenue is recognized in the period in which the services have been provided. Cost containment and wrap network fees consist of fees associated with the repricing of insurance claims. Revenue is estimated and recognized in the period in which the services have been provided.

Remitra

Revenue for Remitra primarily consists of fees from healthcare suppliers and providers as well as members and other customers. For fixed fee contracts, revenue is recognized in the period in which the services have been provided. For variable rate contracts, revenue is recognized as customers are invoiced. Additional revenue consists of fees from check replacement services which consist of monthly rebates from bank partners.

Within Supply Chain Services, revenue is generated through the GPO, supply chain co-management and SaaS-based purchased services activities.

GPO. The GPO generates revenue from suppliers through the members that participate in our performance groups.

Supply Chain Co-Management. Supply chain co-management activities generate revenue in the form of a service fee for services performed under the supply chain management contracts. Service fees are billed as stipulated in the contract, and revenue is recognized on a proportional performance method as services are performed.

Purchased Services. Purchased services generate revenue through subscription fees for SaaS-based products and term licenses. Subscription fees are generally billed on a monthly basis and revenue is recognized as a single deliverable on a straight-line basis over the remaining contractual period following implementation. Revenue on licensing is recognized upon delivery of the software code and revenue from hosting and maintenance is recognized ratably over the life of the contract.

Multiple Deliverable Arrangements

We enter into agreements where the individual deliverables discussed above, such as SaaS subscriptions and consulting services, are bundled into a single service arrangement. These agreements are generally provided over a time period ranging from approximately three months to five years after the applicable contract execution date. Revenue, including both fixed and variable consideration, is allocated to the individual performance obligations within the arrangement based on the stand-alone selling price when it is sold separately in a stand-alone arrangement.

Software Development Costs

Costs associated with internally-developed computer software that are incurred prior to reaching technological feasibility are considered research and development and expensed as incurred. These costs consist of employee-related compensation and benefit expenses and third-party consulting fees of technology professionals, net of capitalized labor. During the development stage and once the project has reached technological feasibility, direct consulting costs and payroll and payroll-related costs for employees that are directly associated with each project are capitalized. Capitalized software costs are included in property and equipment, net in the accompanying Consolidated Balance Sheets. Capitalized costs are amortized on a straight-line basis over the estimated useful lives of the related software applications of up to five years and amortization is included in cost of revenue or selling, general and administrative expenses in the accompanying Consolidated Statements of Income and Comprehensive Income, based on the software's end use. Replacements and major improvements are capitalized, while maintenance and repairs are expensed as incurred. Some of the more significant estimates and assumptions inherent in this process involve determining the stages of the software development project, the direct costs to capitalize and the estimated useful life of the capitalized software.

Income Taxes

We account for income taxes under the asset and liability approach. Deferred tax assets or liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities as measured by the enacted tax rates as well as net operating losses and credit carryforwards, which will be in effect when these differences reverse. We provide a valuation allowance against net deferred tax assets when, based upon the available evidence, it is more likely than not that the deferred tax assets will not be realized.

We prepare and file tax returns based on interpretations of tax laws and regulations. Our tax returns are subject to examination by various taxing authorities in the normal course of business. Such examinations may result in future tax, interest and penalty assessments by these taxing authorities.

In determining our tax expense for financial reporting purposes, we establish a reserve when there are transactions, calculations, and tax filing positions for which the tax determination is uncertain, and it is more likely than not that such positions would not be sustained upon examinations.

We adjust tax reserve estimates periodically based on the changes in facts and circumstances, such as ongoing examinations by, and settlements with, varying taxing authorities, as well as changes in tax laws, regulations and interpretations. The consolidated tax expense of any given year includes adjustments to prior year income tax reserve and related estimated interest charges that are considered appropriate. Our policy is to recognize, when applicable, interest and penalties on uncertain income tax positions as part of income tax expense.

New Accounting Standards

New accounting standards that we have recently adopted as well as those that have been recently issued but not yet adopted by us, if any, are included in Note 2 - Significant Accounting Policies to the accompanying consolidated financial statements, which is incorporated herein by reference.

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 and the number of members and other customers that purchase products through our direct sourcing activities and the impact of competitive pricing. Refer to "*Impact of Inflation*" within "Liquidity and Capital Resources" section of Item 7 - 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 of PINC AI, Contigo Health and Remitra to new and existing members and other customers, renewal of existing subscriptions to our SaaS and licensed software products, our ability to shift some recurring subscription-based agreements to enterprise analytics licenses at a sufficient rate to offset the loss of 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 logistics costs for direct sourced medical products. Refer to "*Impact of Inflation*" within "Liquidity and Capital Resources" section of Item 7 - 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 as a result of the March 3, 2023 amendment. Prior to the March 3, 2023 amendment, our investment in FFF was accounted for as an equity method investment and a pro rata portion of the equity in net income was included in other income, net (see Note 4 - Investments to the accompanying consolidated financial statements for further information). Other income, net, also includes, but is not limited to, the fiscal year 2022 gain recognized due to the termination of the FFF Put Right and derecognition of the associated liability (see Note 5 - Fair Value Measurements to the accompanying consolidated financial statements for further information), 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 15 - Income Taxes to the accompanying consolidated financial statements for discussion of income tax expense.

Net Income Attributable to Non-Controlling Interest

We recognize net income 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 consolidated financial statements for further information). At June 30, 2023, we recognized net income attributable to non-controlling interests held by member health systems or their affiliates in the consolidated subsidiaries holding the 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 June 30, 2023, we owned 93% of the equity interest in Contigo Health and recognized net income 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.

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 and including equity in net income of unconsolidated affiliates. 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, and including equity in net income of unconsolidated affiliates. 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 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 impact of adjustment of redeemable limited partners' capital to redemption amount, (iv) excluding the effect of non-recurring or non-cash items, including certain strategic initiative and financial restructuring-related expenses, (v) assuming, for periods prior to our August 2020 Restructuring, the exchange of all the Class B common units for shares of Class A common stock, which results in the elimination of non-controlling interest in Premier LP and (vi) 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. We define Adjusted Earnings per Share as Adjusted Net Income divided by diluted weighted average shares (see Note 12 - Earnings Per Share to the accompanying consolidated financial statements for further information).

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 that primarily resulted from member owner exchanges of Class B common units for shares of Class A common stock. We believe Free Cash Flow is an important measure because it represents the cash that we generate after payment of tax distributions to limited partners, payments to certain former limited partners that elected to execute a Unit Exchange Agreement 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 allows us to enhance 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 Annual Report. To properly and prudently evaluate our business, we encourage you to review the consolidated financial statements and related notes included elsewhere in this Annual 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, gain or loss on FFF Put and Call Rights, 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 below 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 26% for both the years ended June 30, 2023 and 2022.

As a result of the Subsidiary Reorganization, one of our consolidated subsidiaries is expected to have sufficient income to utilize its net operating loss and research and development credit carryforwards. During the first quarter of fiscal 2022, we assessed the future realization of our deferred tax assets as a result of our plan to complete the Subsidiary Reorganization by the end of the second quarter of fiscal year 2022. On December 1, 2021, we completed the Subsidiary Reorganization. We reassessed the valuation allowance release as of June 30, 2022. In fiscal year 2022, we released $32.3 million of deferred tax valuation allowance primarily related to finite-lived net operating losses and research and development credit carryforwards. As a result of the Subsidiary Reorganization, we have offset ordinary income of $3.1 million during fiscal year 2022. The remaining $29.2 million of valuation allowance related to finite-lived net operating losses and research and development credit carryforwards is expected to be released and utilized in future periods.

Stock-based compensation

In addition to non-cash employee stock-based compensation expense, this item includes non-cash stock purchase plan expense of $0.6 million for both the years ended June 30, 2023 and 2022 (see Note 13 - Stock-Based Compensation to the accompanying consolidated financial statements for further information).

Acquisition- and disposition-related expenses

Acquisition-related expenses include legal, accounting and other expenses related to acquisition activities, one-time integration expenses 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.

Gain or loss on FFF Put and Call Rights

See Note 5 - Fair Value Measurements to the accompanying consolidated financial statements for further information.

Impairment of assets

Impairment of assets relates to impairment of long-lived assets.

Other reconciling items

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

Results of Operations for the Years Ended June 30, 2023 and 2022

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

	Year Ended June 30,			
	2023		2022	
	Amount	% of Net Revenue	Amount	% of Net Revenue
Net revenue:				
Net administrative fees	$ 611,035	46 %	$ 601,128	42 %
Software licenses, other services and support	480,401	36 %	438,267	31 %
Services and software licenses	1,091,436	82 %	1,039,395	73 %
Products	244,659	18 %	393,506	27 %
Net revenue	**1,336,095**	**100 %**	**1,432,901**	**100 %**
Cost of revenue:				
Services and software licenses	218,087	16 %	183,984	13 %
Products	221,719	17 %	363,878	25 %
Cost of revenue	**439,806**	**33 %**	**547,862**	**38 %**
Gross profit	896,289	67 %	885,039	62 %
Operating expenses	**654,196**	**49 %**	**624,966**	**44 %**
Operating income	**242,093**	**18 %**	**260,073**	**18 %**
Other income, net	7,905	1 %	66,827	5 %
Income before income taxes	249,998	19 %	326,900	23 %
Income tax expense	75,111	6 %	58,582	4 %
Net income	**174,887**	**13 %**	**268,318**	**19 %**
Net loss (income) attributable to non-controlling interest	139	— %	(2,451)	— %
Net income attributable to stockholders	**$ 175,026**	**13 %**	**$ 265,867**	**19 %**
Earnings per share attributable to stockholders:				
Basic	$ 1.47		$ 2.21	
Diluted	$ 1.46		$ 2.19	

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 following table provides certain Non-GAAP financial measures for the fiscal years presented (in thousands, except per share data).

	Year Ended June 30,			
	2023		2022	
Certain Non-GAAP Financial Data:	Amount	% of Net Revenue	Amount	% of Net Revenue
Adjusted EBITDA	$ 499,783	37%	$ 498,682	35%
Non-GAAP Adjusted Net Income	299,330	22%	302,738	21%
Non-GAAP Adjusted Earnings Per Share	2.50	nm	2.49	nm

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

	Year Ended June 30,	
	2023	2022
Net income	**$ 174,887**	**$ 268,318**
Interest expense, net	14,470	11,142
Income tax expense	75,111	58,582
Depreciation and amortization	85,691	85,171
Amortization of purchased intangible assets	48,102	43,936
EBITDA	**398,261**	**467,149**
Stock-based compensation	14,355	46,809
Acquisition- and disposition-related expenses	17,151	11,453
Strategic initiative and financial restructuring-related expenses	13,831	18,005
Impairment of assets	56,718	18,829
Gain on FFF Put and Call Rights	—	(64,110)
Other reconciling items, net [(a)]	(533)	547
Adjusted EBITDA	**$ 499,783**	**$ 498,682**
Income before income taxes	**$ 249,998**	**$ 326,900**
Equity in net income of unconsolidated affiliates	(16,068)	(23,505)
Interest expense, net	14,470	11,142
Gain on FFF Put and Call Rights	—	(64,110)
Other (income) expense, net	(6,307)	9,646
Operating income	**242,093**	**260,073**
Depreciation and amortization	85,691	85,171
Amortization of purchased intangible assets	48,102	43,936
Stock-based compensation	14,355	46,809
Acquisition- and disposition-related expenses	17,151	11,453
Strategic initiative and financial restructuring-related expenses	13,831	18,005
Equity in net income of unconsolidated affiliates	16,068	23,505
Deferred compensation plan expense (income)	5,422	(9,401)
Impairment of assets	56,718	18,829
Other reconciling items, net [(b)]	352	302
Adjusted EBITDA	**$ 499,783**	**$ 498,682**
Segment Adjusted EBITDA:		
Supply Chain Services	$ 499,431	$ 500,854
Performance Services	123,859	126,938
Corporate	(123,507)	(129,110)
Adjusted EBITDA	**$ 499,783**	**$ 498,682**

(a) Other reconciling items, net is primarily attributable to dividend income for the year ended June 30, 2023.
Other reconciling items, net is primarily attributable to loss on disposal of long-lived assets for the year ended June 30, 2022.

(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 years presented (in thousands).

	Year Ended June 30,	
	2023	2022
Net income attributable to stockholders	**$ 175,026**	**$ 265,867**
Net (loss) income attributable to non-controlling interest	(139)	2,451
Income tax expense	75,111	58,582
Amortization of purchased intangible assets	48,102	43,936
Stock-based compensation	14,355	46,809
Acquisition- and disposition-related expenses	17,151	11,453
Strategic initiative and financial restructuring-related expenses	13,831	18,005
Impairment of assets	56,718	18,829
Gain on FFF Put and Call Rights	—	(64,110)
Other reconciling items, net [(a)]	4,345	7,284
Non-GAAP adjusted income before income taxes	**404,500**	**409,106**
Income tax expense on adjusted income before income taxes [(b)]	105,170	106,368
Non-GAAP Adjusted Net Income	**$ 299,330**	**$ 302,738**
Reconciliation of denominator for earnings per share attributable to stockholders to Non-GAAP Adjusted Earnings per Share		
Weighted average:		
Basic weighted average shares outstanding	118,767	120,220
Dilutive securities	1,122	1,448
Weighted average shares outstanding - diluted	**119,889**	**121,668**

(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 26% of non-GAAP adjusted net income before income taxes for both the years ended June 30, 2023 and 2022.

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

	Year Ended June 30,	
	2023	2022
Basic earnings per share attributable to stockholders	**$ 1.47**	**$ 2.21**
Net (loss) income attributable to non-controlling interest	—	0.02
Income tax expense	0.63	0.49
Amortization of purchased intangible assets	0.41	0.37
Stock-based compensation	0.12	0.39
Acquisition- and disposition-related expenses	0.14	0.10
Strategic initiative and financial restructuring-related expenses	0.12	0.15
Impairment of assets	0.48	0.16
Gain on FFF Put and Call Rights	—	(0.53)
Other reconciling items, net [(a)]	0.04	0.06
Impact of corporation taxes [(b)]	(0.89)	(0.88)
Impact of dilutive shares	(0.02)	(0.05)
Non-GAAP Adjusted Earnings Per Share	**$ 2.50**	**$ 2.49**

(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 26% of non-GAAP adjusted net income before income taxes for both the years ended June 30, 2023 and 2022.

Consolidated Results - Comparison of the Years Ended June 30, 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 $96.8 million, or 7%, during the year ended June 30, 2023 compared to the year ended June 30, 2022 primarily due to a decrease of $148.8 million in products revenue. This decrease was partially offset by increases of $42.1 million in software licenses, other services and support revenue and $9.9 million in net administrative fees revenue.

Cost of Revenue

Cost of revenue decreased by $108.1 million, or 20%, during the year ended June 30, 2023 compared to the year ended June 30, 2022 primarily due to a decrease of $142.2 million in cost of products revenue partially offset by an increase of $34.1 million in cost of services and software licenses revenue.

Operating Expenses

Operating expenses increased by $29.2 million, or 5%, during the year ended June 30, 2023 compared to the year ended June 30, 2022 primarily due to increases of $24.7 million in SG&A expenses and $4.2 million in amortization of intangible assets.

Other Income, Net

Other income, net decreased by $58.9 million during the year ended June 30, 2023 compared to the year ended June 30, 2022. The decrease was primarily due to:

- prior year gain of $64.1 million on the FFF Put Right as a result of the termination and corresponding derecognition of the FFF Put Right liability in fiscal year 2022 (see Note 5 - Fair Value Measurements to the accompanying consolidated financial statements for further information)
- decrease of $7.4 million in equity in net income of unconsolidated affiliates primarily due to lower current year performance from our equity method investments. In addition, as of March 3, 2023, FFF is no longer being accounted for under the equity method of accounting (see Note 4 - Investments to the accompanying consolidated financial statements for further information)

- increase of $3.3 million in interest expense in the current year due to higher interest rates and outstanding loan balances.

These decreases were partially offset by a change in deferred compensation plan expense as a result of market changes.

Income Tax Expense

We recorded an income tax expense of $75.1 million for the year ended June 30, 2023 compared to income tax expense of $58.6 million for the year ended June 30, 2022. The income tax expense resulted in effective tax rates of 30% and 18% for the years ended June 30, 2023 and 2022, respectively. The change in the effective tax rate is primarily attributable to the prior year's one-time deferred tax benefit associated with the remeasurement of the deferred tax asset and valuation allowance release as a result of the 2021 Subsidiary Reorganization (see Note 15 - Income Taxes to the accompanying consolidated financial statements for further information).

Net Loss (Income) Attributable to Non-Controlling Interest

Net loss (income) attributable to non-controlling interest decreased by $2.6 million during the year ended June 30, 2023 compared to the year ended June 30, 2022, primarily due to a decrease in the portion of net income attributable to non-controlling interests in our consolidated subsidiaries.

Adjusted EBITDA

Adjusted EBITDA, a Non-GAAP financial measure as defined in "Our Use of Non-GAAP Financial Measures", increased by $1.1 million, or less than 1%, during the year ended June 30, 2023 compared to the year ended June 30, 2022 driven by an increase of $5.6 million in Corporate Adjusted EBITDA partially offset by decreases of $3.0 million and $1.5 million in Performance Services and Supply Chain Services Adjusted EBITDA, respectively.

Segment Results

Supply Chain Services

The following table presents our results of operations and Adjusted EBITDA, a Non-GAAP financial measure, in the Supply Chain Services segment for the fiscal years presented (in thousands):

	Year Ended June 30,			
	2023	2022	Change	
Net revenue:				
Net administrative fees	$ 611,035	$ 601,128	$ 9,907	2 %
Software licenses, other services and support	44,261	37,312	6,949	19 %
Services and software licenses	655,296	638,440	16,856	3 %
Products	244,659	393,506	(148,847)	(38)%
Net revenue	**899,955**	**1,031,946**	**(131,991)**	**(13)%**
Cost of revenue:				
Services and software licenses	17,989	14,869	3,120	21 %
Products	221,719	363,878	(142,159)	(39)%
Cost of revenue	**239,708**	**378,747**	**(139,039)**	**(37)%**
Gross profit	660,247	653,199	7,048	1 %
Operating expenses:				
Selling, general and administrative	208,113	212,436	(4,323)	(2)%
Research and development	390	397	(7)	(2)%
Amortization of intangibles	31,900	32,428	(528)	(2)%
Operating expenses	**240,403**	**245,261**	**(4,858)**	**(2)%**
Operating income	**419,844**	**407,938**	**11,906**	**3 %**
Depreciation and amortization	22,525	22,996		
Amortization of purchased intangible assets	31,900	32,428		
Acquisition- and disposition-related expenses	6,849	1,915		
Equity in net income of unconsolidated affiliates	15,765	22,869		
Impairment of assets	2,296	12,695		
Other reconciling items, net	252	13		
Segment Adjusted EBITDA	**$ 499,431**	**$ 500,854**	**$ (1,423)**	**— %**

Net Revenue

Supply Chain Services segment revenue decreased by $132.0 million, or 13%, during the year ended June 30, 2023 compared to the year ended June 30, 2022 driven by a decrease of $148.8 million in products revenue, which was partially offset by increases of $9.9 million and $6.9 million in net administrative fees and software licenses, other services and support revenue, respectively.

Net Administrative Fees Revenue

Net administrative fees revenue increased $9.9 million, or 2%, during the year ended June 30, 2023 compared to the year ended June 30, 2022, driven by increased utilization of our contracts by existing members, the addition of new members to our contract portfolio and fees paid by certain departed members. These increases in net administrative fees revenue were partially offset by an increase in revenue share paid to members and the departure of members from accessing our supplier GPO contract portfolio.

Products Revenue

Products revenue decreased by $148.8 million, or 38%, during the year ended June 30, 2023 compared to the year ended June 30, 2022 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 purchased during the COVID-19 pandemic.

Software Licenses, Other Services and Support Revenue

Software licenses, other services and support revenue increased by $6.9 million, or 19%, during the year ended June 30, 2023 compared to the year ended June 30, 2022, primarily due to an increase in purchased services revenue driven by growth in service fees associated with our committed purchasing programs as well as licensing revenue generated during the year.

Cost of Revenue

Supply Chain Services segment cost of revenue decreased by $139.0 million, or 37%, during the year ended June 30, 2023 compared to the year ended June 30, 2022, primarily attributable to the decrease in cost of products revenue of $142.2 million in relation to the decrease in products revenue due to the prior year increase in demand, fluctuations in product costs, lower logistics costs and lower inventory reserves in the current year. The decreases in costs of products revenue were partially offset by an increase of $3.1 million in cost of services and software licenses revenue primarily due to an increase in personnel costs and consulting services expenses associated with the aforementioned increase in purchased services revenue.

Operating Expenses

Operating expenses decreased by $4.9 million, or 2%, during the year ended June 30, 2023 compared to the year ended June 30, 2022. The decrease was primarily due to a decrease in SG&A expenses of $4.3 million as a result of the cost-savings plan enacted during the current year as well as a decrease in impairment of long-lived assets (see Note 7 - Supplemental Balance Sheet Information to the accompanying consolidated financial statements for further information) partially offset by an increase in acquisition- and disposition-related expenses related to the sale of our non-healthcare GPO member contracts.

Segment Adjusted EBITDA

Segment Adjusted EBITDA in the Supply Chain Services segment decreased by $1.4 million, during the year ended June 30, 2023 compared to the year ended June 30, 2022, due to lower demand and pricing of our products revenue as a result of members' and other customers' elevated inventory levels and a decrease in equity earnings from our investments in unconsolidated affiliates. These decreases were partially offset by the aforementioned increases in net administrative fees revenue and software licenses, other services and support revenue as well as lower logistics costs and inventory reserves 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 fiscal years presented (in thousands):

	Year Ended June 30,			
	2023	2022	Change	
Net revenue:				
Software licenses, other services and support				
SaaS-based products subscriptions	$ 187,618	$ 193,586	$ (5,968)	(3) %
Consulting services	80,292	64,087	16,205	25 %
Software licenses	72,376	65,621	6,755	10 %
Other	95,891	77,689	18,202	23 %
Net revenue	**436,177**	**400,983**	**35,194**	**9 %**
Cost of revenue:				
Services and software licenses	200,098	169,116	30,982	18 %
Cost of revenue	**200,098**	**169,116**	**30,982**	**18 %**
Gross profit	236,079	231,867	4,212	2 %
Operating expenses:				
Selling, general and administrative	228,001	170,677	57,324	34 %
Research and development	4,150	3,754	396	11 %
Amortization of intangibles	16,202	11,508	4,694	41 %
Operating expenses	**248,353**	**185,939**	**62,414**	**34 %**
Operating (loss) income	**(12,274)**	**45,928**	**(58,202)**	**(127)%**
Depreciation and amortization	54,804	53,166		
Amortization of purchased intangible assets	16,202	11,508		
Acquisition- and disposition-related expenses	10,302	9,538		
Equity in net income of unconsolidated affiliates	303	636		
Impairment of assets	54,422	6,134		
Other reconciling items, net	100	28		
Segment Adjusted EBITDA	**$ 123,859**	**$ 126,938**	**$ (3,079)**	**(2)%**

Net Revenue

Net revenue in our Performance Services segment increased by $35.2 million, or 9%, during the year ended June 30, 2023 compared to the year ended June 30, 2022. The increase was primarily attributable to growth of $18.2 million in other net revenue driven by incremental revenue from the TRPN acquisition and growth in Contigo Health, growth of $16.2 million in consulting services under our PINC AI platform and growth of $6.8 million in software licenses driven by an increased number of enterprise analytics license agreements entered into during the current year. These increases in net revenue were partially offset by a decrease in SaaS-based products subscriptions revenue primarily due to the conversion of SaaS-based products to licensed-based products.

Cost of Revenue

Cost of services and software licenses revenue in our Performance Services segment increased by $31.0 million, or 18%, during the year ended June 30, 2023 compared to the year ended June 30, 2022, primarily due to increased consulting services as well higher personnel costs associated with increased headcount to support revenue growth in our PINC AI platform and Contigo Health business, including incremental expenses associated with the TRPN acquisition.

Operating Expenses

Performance Services segment operating expenses increased by $62.4 million, or 34%, during the year ended June 30, 2023 compared to the year ended June 30, 2022. The increase was primarily due to goodwill impairment of $54.4 million related to Contigo Health (see Note 8 - Goodwill and Intangible Assets to the accompanying consolidated financial statements for further information), higher personnel costs associated with increased headcount and employee travel and meeting expenses as a result of the easing of pandemic-related travel restrictions during the current year. These increases were partially offset by the impact

of the cost-savings plan enacted during the current year. In addition, operating expense increased by $4.7 million as a result of higher amortization of purchased intangible assets primarily attributable to the TRPN acquisition (see Note 8 - Goodwill and Intangible Assets to the accompanying consolidated financial statements).

Segment Adjusted EBITDA

Segment Adjusted EBITDA in the Performance Services segment decreased by $3.1 million, or 2%, during the year ended June 30, 2023 compared to the year ended June 30, 2022, primarily due to the aforementioned increases in cost of revenue and operating expenses partially offset by the aforementioned increase in net revenue.

Corporate

The following table summarizes corporate expenses and Adjusted EBITDA for the fiscal years presented (in thousands):

	Year Ended June 30,			
	2023	2022	Change	
Operating expenses:				
Selling, general and administrative	$ 165,477	$ 193,794	$ (28,317)	(15)%
Operating expenses	**165,477**	**193,794**	**(28,317)**	**(15)%**
Operating loss	**(165,477)**	**(193,794)**	**28,317**	**(15)%**
Depreciation and amortization	8,362	9,009		
Stock-based compensation	14,355	46,809		
Strategic initiative and financial restructuring-related expenses	13,831	18,005		
Deferred compensation plan expense (income)	5,422	(9,401)		
Other reconciling items, net	—	262		
Adjusted EBITDA	**$ (123,507)**	**$ (129,110)**	**$ 5,603**	**(4)%**

Operating Expenses

Corporate operating expenses decreased by $28.3 million, or 15%, during the year ended June 30, 2023 compared to the year ended June 30, 2022 primarily due to a decrease in stock-based compensation expense as a result of lower achievement of performance share awards, lower professional fees related to strategic initiative and financial restructuring-related activities and a decrease in performance-related compensation expense. In addition, there was a net decrease in operating expenses as a result of the cost-savings plan enacted during the current year. These decreases were partially offset by deferred compensation plan income in the current year compared to deferred compensation expense in the prior year due to market changes.

Adjusted EBITDA

Adjusted EBITDA increased by $5.6 million, or 4%, during the year ended June 30, 2023 compared to the year ended June 30, 2022 primarily due to a decrease in performance-related compensation and a net decrease in expenses as a result of the cost-savings plan enacted during the current year.

Results of Operations for the Years Ended June 30, 2022 and 2021

A discussion of changes in our results of operations from fiscal year 2021 to fiscal year 2022 has been omitted from this Annual Report but may be found in “Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations” of our Form 10-K for the fiscal year ended June 30, 2022, filed with the SEC on August 16, 2022, which is available free of charge on the SEC’s website at www.sec.gov and our website at http://investors.premierinc.com.

Off-Balance Sheet Arrangements

As of June 30, 2023, we did not have any off-balance sheet arrangements.

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 9 - Debt and Notes Payable to the accompanying consolidated financial statements for more information) as a source of liquidity to fund acquisitions and related business investments as well as general corporate activities. 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 June 30, 2023 and 2022, we had cash and cash equivalents of $89.8 million and $86.1 million, respectively.

Credit Facility

As of June 30, 2023 and 2022, there was $215.0 million and $150.0 million, respectively, of outstanding borrowings under our Credit Facility. During the year ended June 30, 2023, we borrowed $285.0 million and repaid $135.0 million of borrowings under the Prior Loan Agreement (as defined in Note 9 - Debt and Notes Payable to the accompanying consolidated financial statements) which were used to partially fund the TRPN acquisition (see Note 3 - Business Acquisitions to the accompanying consolidated financial statements for more information). During the year ended June 30, 2023, we borrowed $185.0 million and repaid $270.0 million under the Credit Facility which was used for general corporate purposes. All outstanding borrowings under the Credit Facility as of June 30, 2023 were repaid in July and August 2023.

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

On August 10, 2023, our Board of Directors declared a cash dividend of $0.21 per share, payable on September 15, 2023 to stockholders of record on September 1, 2023.

Sale of Non-Healthcare GPO Member Contracts

On June 14, 2023, we announced that we entered into an equity purchase agreement with OMNIA to sell the contracts pursuant to which substantially all of our non-healthcare GPO members participate in our GPO program for an estimated purchase price of approximately $800.0 million subject to certain adjustments, including a true-up adjustment to the purchase price to be paid within approximately eight months following such closing date. On July 25, 2023, the transaction closed and Premier subsequently received $689.2 million in cash consideration which includes $151.0 million in escrow. See Note 20 - Subsequent Events to the accompanying consolidated financial statements for further information.

Discussion of Cash Flows for the Years Ended June 30, 2023 and 2022

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

	Year Ended June 30,	
	2023	2022
Net cash provided by (used in):		
Operating activities	$ 444,543	$ 444,234
Investing activities	(273,622)	(139,440)
Financing activities	(167,266)	(347,789)
Effect of exchange rate changes on cash flows	(5)	(3)
Net increase (decrease) in cash and cash equivalents	**$ 3,650**	**$ (42,998)**

Net cash provided by operating activities was flat for the year ended June 30, 2023 compared to the year ended June 30, 2022.

Net cash used in investing activities increased by $134.2 million for the year ended June 30, 2023 compared to the year ended June 30, 2022. The increase in cash used in investing activities was primarily due to the TRPN acquisition in the current year offset by the cash outlay in the prior year for investments in Exela and Qventus, Inc. The increase was partially offset by a net decrease in purchases of property and equipment and other investing activities.

Net cash used in financing activities decreased by $180.5 million for the year ended June 30, 2023 compared to the year ended June 30, 2022. The decrease in net cash used in financing activities was primarily driven by the prior year cash outflow of $250.1 million for the repurchase of Class A common stock under the fiscal 2022 stock repurchase program. The prior year cash outflow was partially offset by lower cash inflows in the current year due to a decrease of $31.7 million in proceeds from the issuance of Class A common stock in connection with the exercise of outstanding stock options, a decrease of $23.2 million in other financing activities primarily driven by proceeds from member health systems that acquired membership interests in ExPre in the prior year and a decrease of $10.0 million in net borrowings under our Credit Facility as well as higher cash outflow of $3.8 million in cash dividends paid.

Discussion of Non-GAAP Free Cash Flow for the Years Ended June 30, 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 follows (in thousands):

	Year Ended June 30,	
	2023	2022
Net cash provided by operating activities	$ 444,543	$ 444,234
Purchases of property and equipment	(82,302)	(87,440)
Early termination payments to certain former limited partners that elected to execute a Unit Exchange Agreement [(a)]	(97,806)	(95,948)
Non-GAAP Free Cash Flow	**$ 264,435**	**$ 260,846**

(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 Consolidated Statements of Cash Flows under "Payments made on notes payable". During the year ended June 30, 2023, we paid $102.7 million to members including imputed interest of $4.9 million which is included in net cash provided by operating activities. During the year ended June 30, 2022, we paid $102.7 million to members including imputed interest of $6.7 million which is included in net cash provided by operating activities. See Note 9 - Debt and Notes Payable to the accompanying consolidated financial statements for further information.

Non-GAAP Free Cash Flow increased by $3.6 million for the year ended June 30, 2023 compared to the year ended June 30, 2022 primarily due to the decrease in purchases of property and equipment.

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

Contractual Obligations

The following table presents our contractual obligations as of June 30, 2023 (in thousands):

		Payments Due by Period			
Contractual Obligations	**Total**	**Less Than 1 Year**	**1-3 Years**	**3-5 Years**	**Greater Than 5 Years**
Notes payable to former limited partners [(a)]	$ 205,370	$ 102,685	$ 102,685	$ —	$ —
Other notes payable [(b)]	2,280	1,546	734	—	—
Operating lease obligations [(c)]	35,099	12,381	21,394	1,324	—
Deferred consideration [(d)]	60,000	30,000	30,000	—	—
Total contractual obligations	**$ 302,749**	**$ 146,612**	**$ 154,813**	**$ 1,324**	**$ —**

(a) Notes payable to former limited partners represent the amount of the expected payment to be made to each former limited partner pursuant to the early termination provisions of the TRA (each such amount an "Early Termination Payment"). See Note 9 - Debt and Notes Payable to the accompanying consolidated financial statements for more information.

(b) Other notes payable are non-interest bearing and generally have stated maturities of three to five years from the date of issuance. See Note 9 - Debt and Notes Payable to the accompanying consolidated financial statements for more information.

(c) Future contractual obligations for leases represent future minimum payments under noncancelable operating leases primarily for office space. See Note 17 - Commitments and Contingencies to the accompanying consolidated financial statements for more information.

(d) Deferred consideration to be paid pursuant to the purchase agreement for the acquisition of substantially all of the assets and certain liabilities of Acurity, Inc. and Nexera, Inc. in fiscal year 2020.

Credit Facility

Outstanding borrowings under the Credit Facility (as defined in Note 9 - Debt and Notes Payable to the accompanying consolidated financial statements for more information) bear interest on a variable rate structure with borrowings bearing interest at either the secured overnight financing rate ("SOFR") plus an adjustment of 0.100% plus an applicable margin ranging from 1.250% to 1.750% or the prime lending rate plus an applicable margin ranging from 0.250% to 0.750%. We pay a commitment fee ranging from 0.125% to 0.225% for unused capacity under the Credit Facility. At June 30, 2023, the interest rate on outstanding borrowings under the Credit Facility was 6.470% and the commitment fee was 0.125%.

The Credit Facility contains customary representations and warranties as well as customary affirmative and negative covenants. We were in compliance with all such covenants at June 30, 2023. The Credit Facility also contains customary events of default, including a cross-default of any indebtedness or guarantees in excess of $75.0 million. If any event of default occurs and is continuing, the administrative agent under the Credit Facility may, with the consent, or shall, at the request of a majority of the lenders under the Credit Facility, terminate the commitments and declare all of the amounts owed under the Credit Facility to be immediately due and payable.

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 June 30, 2023, we had outstanding borrowings of $215.0 million under the Credit Facility with $785.0 million of available borrowing capacity after reductions for outstanding borrowings and outstanding letters of credit. All outstanding borrowings under the Credit Facility as of June 30, 2023 were repaid in July and August 2023.

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, as amended and restated, which is filed as Exhibit 10.1 in our quarterly report for the period ended December 31, 2022. See also Note 9 - Debt and Notes Payable to the accompanying consolidated financial statements.

Cash Dividends

In each of September 15, 2022, December 15, 2022, March 15, 2023 and June 15, 2023, we paid a cash dividend of $0.21 per share on outstanding shares of Class A common stock. On August 10, 2023, our Board of Directors declared a cash dividend of $0.21 per share, payable on September 15, 2023 to stockholders of record on September 1, 2023.

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.

Fiscal 2023 Developments

Impact of Inflation

The U.S. economy is experiencing the highest rates of inflation since the 1980s. 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 begun to see logistics costs normalize to pre-pandemic levels as well as some reductions in the costs of specific raw materials; however, the cost of labor remains high. We are continuously working to manage these price increases as market conditions change. The impact of inflation to our aggregated product portfolio is partially mitigated by contract term price protection for a large portion of our portfolio, as well as negotiated price reductions in certain product categories such as pharmaceuticals. See "Risk Factors — Risks Related to Our Business Operations" below.

Furthermore, as the Federal Reserve seeks to curb rising inflation, market interest rates have steadily risen, and may continue to rise, increasing the cost of borrowing under our Credit Facility (as defined in Note 9 - Debt and Notes Payable to the accompanying consolidated financial statements) as well as impacting our results of operations, financial condition and cash flows.

Geopolitical Tensions

Geopolitical tensions, such as the ongoing military conflict between Russia and Ukraine and tensions between the U.S. and China, 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. See "Risk Factors — Risks Related to Our Business Operations".

COVID-19 Pandemic or Other Pandemics, Epidemics or Public Health Emergencies

The outbreak of the novel coronavirus ("COVID-19") and the resulting global pandemic impacted 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 resurgence of COVID-19 or another 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" for significant risks we have faced and may continue to face as a result of the COVID-19 pandemic or other pandemics, epidemics or public health emergencies.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Our exposure to market risk related primarily to the increase or decrease in the amount of any interest expense we must pay with respect to outstanding debt instruments. At June 30, 2023, we had $215.0 million outstanding borrowings under our Credit Facility. At June 30, 2023, a one-percent increase or decrease in the interest rate charged on outstanding borrowings under the Credit Facility would increase or decrease interest expense over the next twelve months by $2.2 million.

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 8. Financial Statements and Supplementary Data

Our consolidated financial statements and related notes are filed together with this Annual Report. See the index to financial statements under Item 15(a) for a list of financial statements filed with this report, and under this item.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Premier, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Premier, Inc. (the Company) as of June 30, 2023 and 2022, the related consolidated statements of income and comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended June 30, 2023, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at June 30, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated August 22, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

Critical Audit Matters

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

Valuation of Goodwill

Description of the Matter

At June 30, 2023, the Company's goodwill was $1,012.4 million. As discussed in Note 2 to the consolidated financial statements, goodwill is tested for impairment annually at the reporting unit level on the first day of the last fiscal quarter of the fiscal year unless impairment indicators are present which could require an interim impairment test. The Company's goodwill is initially assigned to its reporting units as of the acquisition date.

Auditing management's annual goodwill impairment test was especially complex and highly judgmental due to the estimation required to determine the fair value of the reporting units. Fair value is estimated by management based on an income approach using a discounted cash flow model as well as market-based approaches. In particular, the fair value estimates are sensitive to changes in significant assumptions, such as the amount and timing of expected future cash flows, perpetual growth rates, and discount rates, which are affected by expected future market or economic conditions.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's goodwill impairment testing process. For example, we tested controls over management's review of the significant inputs and assumptions discussed above used in determining the reporting unit fair values.

To test the estimated fair values of the Company's reporting units, our audit procedures included, among others, evaluating the Company's selection of the valuation methodologies, evaluating the significant assumptions used, and evaluating the completeness and accuracy of the underlying data supporting the significant assumptions and estimates. For example, we compared the significant assumptions used by management to current industry and economic trends, historical financial results and other relevant factors. We performed sensitivity analyses of significant assumptions to evaluate the change in the fair values of the reporting units resulting from changes in the inputs and assumptions. We assessed the historical accuracy of management's projections and involved our valuation specialists to assist in our evaluation of the methodologies and certain significant assumptions. We also evaluated the reconciliation of the estimated aggregate fair value of the reporting units to the market capitalization of the Company.

Valuation of Intangible Assets

Description of the Matter

As disclosed in Note 3 to the consolidated financial statements, in fiscal 2023 the Company acquired certain assets and liabilities of TRPN Direct Pay, Inc. and Devon Health, Inc. for consideration of $177.5 million, which included the acquisition of intangible assets of $116.6 million. The Company has accounted for the acquisition as a business combination whereby the purchase price was assigned to tangible and intangible assets acquired and liabilities assumed based on fair values.

Auditing the Company's accounting for the acquisition was especially complex due to the estimation uncertainty involved in determining the fair value of the acquired provider network intangible asset. The higher estimation uncertainty was primarily due to the sensitivity of the fair value to the revenue growth rate assumptions impacting the amount and timing of projected future cash flows and to the discount rate. These significant assumptions are forward-looking and could be affected by future market or economic conditions.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's controls over the valuation of the provider network intangible asset. This included testing controls over the estimation process supporting the recognition and measurement of the intangible asset, including management's evaluation of underlying assumptions and estimates used to determine the fair value.

To test the estimated fair value of the provider network intangible asset, we performed audit procedures that included, among others, evaluating the Company's selection of the valuation methodologies, evaluating the significant assumptions used, and evaluating the completeness and accuracy of the underlying data supporting the significant assumptions and estimates. For example, we compared the significant assumptions to current industry and economic trends, historical results of the acquired business and to other relevant factors. We also performed sensitivity analyses of the significant assumptions to evaluate the change in the fair value resulting from changes in the assumptions. We involved our valuation specialists to assist in our evaluation of the methodologies used by the Company and testing certain significant assumptions used to value the intangible asset.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1991.

Raleigh, North Carolina
August 22, 2023

Report of Independent Registered Public Accounting Firm

The Stockholders and Board of Directors of Premier, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Premier, Inc.'s internal control over financial reporting as of June 30, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Premier, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of June 30, 2023, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the business combination related to certain acquired assets of TRPN Direct Pay, Inc. and Devon Health, Inc., which is included in the 2023 consolidated financial statements of the Company and constituted 3.9% of total assets as of June 30, 2023 and less than 1% of net revenues for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of the business combination related to certain acquired assets of TRPN Direct Pay, Inc. and Devon Health, Inc.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the June 30, 2023 consolidated financial statements of the Company and our report dated August 22, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Raleigh, North Carolina
August 22, 2023

PREMIER, INC.
Consolidated Balance Sheets
(In thousands, except per share data)

	June 30,	
	2023	**2022**
Assets		
Cash and cash equivalents	$ 89,793	$ 86,143
Accounts receivable (net of $2,878 and $2,043 allowance for credit losses, respectively)	115,295	114,129
Contract assets (net of $885 and $755 allowance for credit losses, respectively)	299,219	260,061
Inventory	76,932	119,652
Prepaid expenses and other current assets	60,387	65,581
Total current assets	**641,626**	**645,566**
Property and equipment (net of $662,554 and $578,644 accumulated depreciation, respectively)	212,308	213,379
Intangible assets (net of $265,684 and $217,582 accumulated amortization, respectively)	430,030	356,572
Goodwill	1,012,355	999,913
Deferred income tax assets	653,629	725,032
Deferred compensation plan assets	50,346	47,436
Investments in unconsolidated affiliates	231,826	215,545
Operating lease right-of-use assets	29,252	39,530
Other assets	110,115	114,154
Total assets	**$ 3,371,487**	**$ 3,357,127**
Liabilities and stockholders' equity		
Accounts payable	$ 54,375	$ 44,631
Accrued expenses	47,113	40,968
Revenue share obligations	262,288	245,395
Accrued compensation and benefits	60,591	93,638
Deferred revenue	24,311	30,463
Current portion of notes payable to former limited partners	99,665	97,806
Line of credit and current portion of long-term debt	216,546	153,053
Other current liabilities	50,574	47,183
Total current liabilities	**815,463**	**753,137**
Long-term debt, less current portion	734	2,280
Notes payable to former limited partners, less current portion	101,523	201,188
Deferred compensation plan obligations	50,346	47,436
Deferred consideration, less current portion	—	28,702
Operating lease liabilities, less current portion	21,864	32,960
Other liabilities	47,202	42,574
Total liabilities	**1,037,132**	**1,108,277**
Commitments and contingencies (Note 17)		
Stockholders' equity:		
Class A common stock, $0.01 par value, 500,000,000 shares authorized; 125,587,858 shares issued and 119,158,483 outstanding at June 30, 2023 and 124,481,610 shares issued and 118,052,235 outstanding at June 30, 2022	1,256	1,245
Treasury stock, at cost; 6,429,375 shares at both June 30, 2023 and 2022, respectively	(250,129)	(250,129)
Additional paid-in capital	2,178,134	2,166,047
Retained earnings	405,102	331,690
Accumulated other comprehensive loss	(8)	(3)
Total stockholders' equity	**2,334,355**	**2,248,850**
Total liabilities and stockholders' equity	**$ 3,371,487**	**$ 3,357,127**

See accompanying notes to the consolidated financial statements.

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

	Year Ended June 30,		
	2023	**2022**	**2021**
Net revenue:			
Net administrative fees	$ 611,035	$ 601,128	$ 572,700
Software licenses, other services and support	480,401	438,267	404,330
Services and software licenses	1,091,436	1,039,395	977,030
Products	244,659	393,506	744,122
Net revenue	**1,336,095**	**1,432,901**	**1,721,152**
Cost of revenue:			
Services and software licenses	218,087	183,984	170,773
Products	221,719	363,878	713,045
Cost of revenue	**439,806**	**547,862**	**883,818**
Gross profit	896,289	885,039	837,334
Operating expenses:			
Selling, general and administrative	601,554	576,879	532,326
Research and development	4,540	4,151	3,338
Amortization of purchased intangible assets	48,102	43,936	44,753
Operating expenses	**654,196**	**624,966**	**580,417**
Operating income	**242,093**	**260,073**	**256,917**
Equity in net income of unconsolidated affiliates	16,068	23,505	21,073
Interest expense, net	(14,470)	(11,142)	(11,964)
Gain (loss) on FFF Put and Call Rights	—	64,110	(27,352)
Other income (expense), net	6,307	(9,646)	11,967
Other income (expense), net	7,905	66,827	(6,276)
Income before income taxes	249,998	326,900	250,641
Income tax expense (benefit)	75,111	58,582	(53,943)
Net income	**174,887**	**268,318**	**304,584**
Net loss (income) attributable to non-controlling interest	139	(2,451)	(17,062)
Adjustment of redeemable limited partners' capital to redemption amount	—	—	(26,685)
Net income attributable to stockholders	**$ 175,026**	**$ 265,867**	**$ 260,837**
Comprehensive income:			
Net income	$ 174,887	$ 268,318	$ 304,584
Comprehensive loss (income) attributable to non-controlling interest	139	(2,451)	(17,062)
Foreign currency translation loss	(5)	(3)	—
Comprehensive income attributable to stockholders	**$ 175,021**	**$ 265,864**	**$ 287,522**
Weighted average shares outstanding:			
Basic	118,767	120,220	116,527
Diluted	119,889	121,668	117,532
Earnings per share attributable to stockholders:			
Basic	$ 1.47	$ 2.21	$ 2.24
Diluted	1.46	2.19	2.22

See accompanying notes to the consolidated financial statements.

PREMIER, INC.
Consolidated Statements of Stockholders' Equity
(In thousands, except share data)

	Class A Common Stock		Class B Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at June 30, 2020	**71,627**	**$ 716**	**50,213**	**$ —**	**—**	**$ —**	**$ 138,547**	**$ —**	**$ —**	**$ 139,263**
Balance at July 1, 2020	71,627	716	50,213	—	—	—	138,547	—	—	139,263
Impact of change in accounting principle	—	—	—	—	—	—	—	(1,228)	—	(1,228)
Adjusted balance at July 1, 2020	**71,627**	**716**	**50,213**	**—**	**—**	**—**	**138,547**	**(1,228)**	**—**	**138,035**
Exchange of Class B common units for Class A common stock by member owners	70	1	(70)	—	—	—	2,436	—	—	2,437
Increase in additional paid-in capital related to quarterly exchange by member owners, including associated TRA revaluation	—	—	—	—	—	—	37,319	—	—	37,319
Increase in additional paid-in capital related to final exchange by member owners, including TRA termination	—	—	—	—	—	—	517,526	—	—	517,526
Issuance of Class A common stock under equity incentive plan	598	6	—	—	—	—	9,350	—	—	9,356
Issuance of Class A common stock under employee stock purchase plan	94	1	—	—	—	—	3,245	—	—	3,246
Stock-based compensation expense	—	—	—	—	—	—	35,425	—	—	35,425
Repurchase of vested restricted units for employee tax-withholding	—	—	—	—	—	—	(3,114)	—	—	(3,114)
Net income	—	—	—	—	—	—	—	304,584	—	304,584
Net income attributable to non-controlling interest	—	—	—	—	—	—	5,217	(17,062)	—	(11,845)
Adjustment of redeemable limited partners' capital to redemption amount	—	—	—	—	—	—	—	(26,685)	—	(26,685)
Reclassification of redeemable limited partners' capital to permanent equity	—	—	—	—	—	—	1,750,840	3,767	—	1,754,607
Final exchange of Class B common units for Class A common stock by member owners	50,144	501	(50,143)	—	—	—	(501)	—	—	—
Early termination payments to former member owners	—	—	—	—	—	—	(438,967)	—	—	(438,967)
Dividends ($0.19 per share)	—	—	—	—	—	—	—	(93,584)	—	(93,584)
Adjustment in additional paid-in capital related to consolidated investment	—	—	—	—	—	—	318	(318)	—	—
Distribution of investment in unconsolidated affiliate to non-controlling interests	—	—	—	—	—	—	(4,095)	—	—	(4,095)
Capital contributions	—	—	—	—	—	—	1,958	—	—	1,958
Non-controlling interest in consolidated investments	—	—	—	—	—	—	3,690	—	—	3,690
Balance at June 30, 2021	**122,533**	**$ 1,225**	**—**	**$ —**	**—**	**$ —**	**$ 2,059,194**	**$ 169,474**	**$ —**	**$ 2,229,893**
Issuance of Class A common stock under equity incentive plan	1,843	18	—	—	—	—	37,748	—	—	37,766
Issuance of Class A common stock under employee stock purchase plan	105	2	—	—	—	—	3,849	—	—	3,851
Treasury stock	(6,429)	—	—	—	6,429	(250,129)	—	—	—	(250,129)
Stock-based compensation expense	—	—	—	—	—	—	46,229	—	—	46,229
Repurchase of vested restricted units for employee tax-withholding	—	—	—	—	—	—	(10,866)	—	—	(10,866)
Net income	—	—	—	—	—	—	—	268,318	—	268,318
Net income attributable to non-controlling interest	—	—	—	—	—	—	2,451	(2,451)	—	—
Change in ownership of consolidated entity	—	—	—	—	—	—	202	(142)	—	60
Dividends ($0.20 per share)	—	—	—	—	—	—	—	(97,082)	—	(97,082)
Distribution of investment in unconsolidated affiliate to non-controlling interests	—	—	—	—	—	—	4,095	(6,427)	—	(2,332)
Non-controlling interest in consolidated investments	—	—	—	—	—	—	23,145	—	—	23,145
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(3)	(3)
Balance at June 30, 2022	**118,052**	**$ 1,245**	**—**	**$ —**	**6,429**	**$ (250,129)**	**$ 2,166,047**	**$ 331,690**	**$ (3)**	**$ 2,248,850**

PREMIER, INC.
Consolidated Statements of Stockholders' Equity
(In thousands, except share data)

	Class A Common Stock		Class B Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Issuance of Class A common stock under equity incentive plan	967	9	—	—	—	—	6,069	—	—	6,078
Issuance of Class A common stock under employee stock purchase plan	139	2	—	—	—	—	4,135	—	—	4,137
Stock-based compensation expense	—	—	—	—	—	—	13,734	—	—	13,734
Repurchase of vested restricted units for employee tax-withholding	—	—	—	—	—	—	(13,427)	—	—	(13,427)
Net income	—	—	—	—	—	—	—	174,887	—	174,887
Net loss attributable to non-controlling interest	—	—	—	—	—	—	(139)	139	—	—
Change in ownership of consolidated entity	—	—	—	—	—	—	106	—	—	106
Dividends ($0.21 per share)	—	—	—	—	—	—	—	(100,883)	—	(100,883)
Distribution of investment in unconsolidated affiliate to non-controlling interests	—	—	—	—	—	—	—	(731)	—	(731)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(5)	(5)
Non-controlling interest related to acquisition	—	—	—	—	—	—	1,019	—	—	1,019
Other	—	—	—	—	—	—	590	—	—	590
Balance at June 30, 2023	**119,158**	**$ 1,256**	**—**	**$ —**	**6,429**	**$ (250,129)**	**$ 2,178,134**	**$ 405,102**	**$ (8)**	**$ 2,334,355**

See accompanying notes to the consolidated financial statements.

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

	Year Ended June 30,		
	2023	**2022**	**2021**
Operating activities			
Net income	$ 174,887	$ 268,318	$ 304,584
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	133,793	129,107	121,062
Equity in net income of unconsolidated affiliates	(16,068)	(23,505)	(21,073)
Deferred income taxes	71,403	56,792	(83,692)
Stock-based compensation	13,734	46,229	35,425
Impairment of assets	56,718	18,829	—
(Gain) loss on FFF Put and Call Rights	—	(64,110)	27,352
Other, net	6,501	5,803	9,358
Changes in operating assets and liabilities, net of the effects of acquisitions:			
Accounts receivable, inventories, prepaid expenses and other assets	64,253	124,659	(68,008)
Contract assets	(41,088)	(47,219)	(51,685)
Accounts payable, accrued expenses, deferred revenue, revenue share obligations and other liabilities	(19,590)	(70,669)	134,079
Net cash provided by operating activities	**444,543**	**444,234**	**407,402**
Investing activities			
Purchases of property and equipment	(82,302)	(87,440)	(88,876)
Acquisition of businesses and equity method investments, net of cash acquired	(187,750)	(26,000)	(84,463)
Investment in unconsolidated affiliates	(2,060)	(16,000)	—
Other	(1,510)	(10,000)	(1,229)
Net cash used in investing activities	**(273,622)**	**(139,440)**	**(174,568)**
Financing activities			
Payments made on notes payable	(100,859)	(99,243)	(50,713)
Proceeds from credit facility	470,000	325,000	225,000
Payments on credit facility	(405,000)	(250,000)	(225,000)
Cash dividends paid	(100,233)	(96,455)	(92,898)
Payments on deferred consideration related to acquisition of business	(27,927)	(28,586)	(29,217)
Proceeds from exercise of stock options under equity incentive plan	6,078	37,766	9,356
Repurchase of Class A common stock (held as treasury stock)	—	(250,129)	—
Distributions to limited partners of Premier LP	—	—	(9,949)
Payments to limited partners of Premier LP related to tax receivable agreements	—	—	(24,218)
Other, net	(9,325)	13,858	(5,358)
Net cash used in financing activities	**(167,266)**	**(347,789)**	**(202,997)**
Effect of exchange rate changes on cash flows	(5)	(3)	—
Net increase (decrease) in cash and cash equivalents	3,650	(42,998)	29,837
Cash and cash equivalents at beginning of year	86,143	129,141	99,304
Cash and cash equivalents at end of period	**$ 89,793**	**$ 86,143**	**$ 129,141**

See accompanying notes to the consolidated financial statements.

Information presented in the Notes to Consolidated Financial Statements are as of June 30, 2023 unless otherwise specifically noted.

(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 our direct sourcing activities as well as continued access to our group purchasing organization ("GPO") programs for non-healthcare members whose contracts were sold to OMNIA Partners, LLC ("OMNIA") (see Note 20 - Subsequent Events).

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 18 - Segments for further information related to the Company's reportable business segments. We have no significant foreign operations or revenues. The Supply Chain Services segment includes one of the largest national healthcare GPO programs in the United States as well as 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, life sciences and payer 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 partners 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 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") 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. The 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 periods shown, consisting of normal recurring adjustments, unless otherwise disclosed.

Supplementary Cash Flows Information

The following table presents supplementary cash flows information for the years ended June 30, 2023, 2022 and 2021 (in thousands):

	Year Ended June 30,		
	2023	2022	2021
Supplemental schedule of cash flows information:			
Interest paid	$ 18,712	$ 11,256	$ 11,888
Income taxes paid	4,593	3,103	44,011
Supplemental schedule of non-cash investing and financing activities:			
Non-cash investment in unconsolidated affiliates	8,819	—	—
Non-cash additions to property and equipment	2,731	402	755
Accrued dividend equivalents	1,032	963	686
Increase in redeemable limited partners' capital for adjustment to fair value, with offsetting decrease in stockholders' equity	—	—	26,685
Decrease in redeemable limited partners' capital, with offsetting increase in stockholders' equity related to quarterly exchanges by member owners	—	—	(2,437)
Net increase in deferred tax assets related to departures and quarterly exchanges by member owners and other adjustments	—	—	331
Net increase in deferred tax assets related to final exchange by member owners	—	—	284,852
Reclassification of redeemable limited partners' capital to additional paid in capital	—	—	1,754,607
Decrease in additional paid-in capital related to notes payable to members, net of discounts	—	—	438,967
Net increase in additional paid-in capital related to departures and quarterly exchanges by member owners and other adjustments	—	—	37,319
Increase in additional paid-in capital related to final exchange by member owners	—	—	517,526

Use of Estimates in the Preparation of Financial Statements

The preparation of the Company's 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

Business Combinations

The Company accounts for acquisitions of a business using the acquisition method. All of the assets acquired, liabilities assumed, contractual contingencies and contingent consideration are recognized at their fair value on the acquisition date. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Acquisition costs are recorded as expenses in the Consolidated Statements of Income and Comprehensive Income.

Several valuation methods may be used to determine the fair value of assets acquired and liabilities assumed. For intangible assets, the Company typically uses the income method. This method starts with a forecast of all of the expected future net cash flows for each asset. These cash flows are then adjusted to present value by applying an appropriate discount rate that reflects the risk factors associated with the cash flow streams. Some of the more significant estimates and assumptions inherent in the income method or other methods include the amount and timing of projected future cash flows, the discount rate selected to

measure the risks inherent in the future cash flows and the assessment of the asset's life cycle and the competitive trends impacting the asset, including consideration of any technical, legal, regulatory or economic barriers to entry. Determining the useful life of an intangible asset also requires judgment as different types of intangible assets will have different useful lives and certain assets may even be considered to have indefinite useful lives.

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments with remaining maturities of three months or less at the time of acquisition.

Fair Value of Financial Instruments

The fair value of an asset or liability is based on the assumptions that market participants would use in pricing the asset or liability. Valuation techniques consistent with the market approach, income approach and/or cost approach are used to measure fair value. The Company follows a three-tiered fair value hierarchy when determining the inputs to valuation techniques. The fair value hierarchy prioritizes the inputs to valuation techniques into three broad levels in order to maximize the use of observable inputs and minimize the use of unobservable inputs. The levels of the fair value hierarchy are as follows:

Level 1: consists of financial instruments whose values are based on quoted market prices for identical financial instruments in an active market;

Level 2: consists of financial instruments whose values are determined using models or other valuation methodologies that utilize inputs that are observable either directly or indirectly, including (i) quoted prices for similar assets or liabilities in active markets, (ii) quoted prices for identical or similar assets or liabilities in markets that are not active, (iii) pricing models whose inputs are observable for substantially the full term of the financial instrument and (iv) pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the financial instrument; and

Level 3: consists of financial instruments whose values are determined using pricing models that utilize significant inputs that are primarily unobservable, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Accounts Receivable

Financial instruments, other than marketable securities, that subject the Company to potential concentrations of credit risk consist primarily of the Company's receivables and contract assets (see below for discussion of contract assets). Receivables consist largely of amounts due from hospital and healthcare system members for services and products. The Company maintains an allowance for expected credit losses. This allowance is an estimate and is regularly evaluated by the Company for adequacy by taking into consideration factors such as past experience, credit quality of the member and other customer base and age of the receivable balances, both individually and in the aggregate. As receivables are generally due within one year, changes to economic conditions are not expected to have a significant impact on our estimate of expected credit losses. However, economic conditions are monitored on a quarterly basis to determine if any adjustments are deemed necessary. Provisions for the allowance for expected credit losses attributable to bad debt are recorded in selling, general and administrative expenses in the accompanying Consolidated Statements of Income and Comprehensive Income. Accounts deemed uncollectible are written off, net of actual recoveries. If circumstances related to specific customers change, the Company's estimate of the recoverability of receivables could be further adjusted.

Contract Assets

Supply Chain Services contract assets represent estimated member and other customer purchases on supplier contracts for which administrative fees have been earned but not collected. Historically, the Company has not recognized a provision for contract assets associated with administrative fees. Performance Services contract assets represent revenue earned for services provided which the Company is not contractually able to bill as of the end of the respective reporting period. Under ASC Topic 326, the Company includes Performance Services' contract assets in the reserving process and assesses the risk of loss similar to the methodology of the Company's receivables, since the contract assets are reclassified to receivables when the Company becomes entitled to payment. Accordingly, a reserve is applied upon recognition of the contract asset. Certain contract assets are due for periods greater than one year, and changes to economic conditions may have an impact on these receivables. The Company monitors economic conditions on a quarterly basis to determine if changes to the reserve are necessary.

Inventory

Inventory consisting of finished goods, primarily medical products, are stated at the lower of cost or net realizable values on an average cost basis. The Company performs periodic assessments to determine the existence of obsolete, slow-moving and unusable inventory and records necessary provisions to reduce such inventory to net realizable value. As of June 30, 2023 and 2022, these provisions were $10.8 million and $19.2 million, respectively.

Property and Equipment, Net

Property and equipment is recorded at cost, net of accumulated depreciation. Expenditures for major additions and improvements are capitalized, and minor replacements, maintenance and repairs are charged to expense as incurred. When property and equipment is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the Consolidated Statements of Income and Comprehensive Income for the respective period. Depreciation is calculated over the estimated useful lives of the related assets using the straight-line method. Capitalized modifications to leased properties are amortized using the straight-line method over the shorter of the lease term or the assets' estimated useful lives. See Note 7 - Supplemental Balance Sheet Information.

Costs associated with internally-developed computer software that are incurred in the preliminary project stage are expensed as incurred. During the development stage and once the project has reached technological feasibility, direct consulting costs and payroll and payroll-related costs for employees that are directly associated with each project are capitalized. Capitalized software costs are included in property and equipment, net in the accompanying Consolidated Balance Sheets. Capitalized costs are amortized on a straight-line basis over the estimated useful lives of the related software applications of up to five years, and amortization is included in cost of revenue or selling, general and administrative expenses in the accompanying Consolidated Statements of Income and Comprehensive Income based on the software's end use. Replacements and major improvements are capitalized, while maintenance and repairs are expensed as incurred. Some of the more significant estimates and assumptions inherent in this process involve determining the stages of the software development project, the direct costs to capitalize and the estimated useful life of the capitalized software. The Company capitalized costs related to internally-developed software of $77.8 million and $48.7 million during the years ended June 30, 2023 and 2022, respectively.

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset or asset group may not be recoverable from the estimated cash flows expected to result from its use and eventual disposition. In cases where the undiscounted cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the asset or asset group. The factors considered by the Company in performing this assessment include current and projected operating results, trends and prospects, the manner in which the asset or asset group is used and the effects of obsolescence, demand, competition and other economic factors.

Intangible Assets

Definite-lived intangible assets consist primarily of member relationships, provider networks, technology, customer relationships, trade names and non-compete agreements and are amortized on a straight-line basis over their estimated useful lives. See Note 8 - Goodwill and Intangible Assets.

The Company reviews the carrying value of definite-lived intangible assets subject to amortization for impairment whenever events and circumstances indicate that the carrying value of the intangible asset subject to amortization may not be recoverable from the estimated cash flows expected to result from its use and eventual disposition. In cases where the undiscounted cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the intangible asset subject to amortization on the measurement date. The factors considered by the Company in performing this assessment include current and projected operating results, trends and prospects, the manner in which the definite-lived intangible asset is used and the effects of obsolescence, demand and competition, as well as other economic factors.

Goodwill

Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. The Company performs its annual goodwill impairment testing as of the first day of the last fiscal quarter of its fiscal year unless impairment indicators are present which could require an interim impairment test.

Under accounting rules, the Company may elect to perform a qualitative assessment to determine if an impairment is more likely than not to have occurred. This qualitative assessment requires an evaluation of any excess of fair value over the carrying value for a reporting unit and significant judgment regarding potential changes in valuation inputs, including a review of the Company's most recent long-range projections, analysis of operating results versus the prior year, changes in market values,

changes in discount rates and changes in terminal growth rate assumptions. If it is determined that an impairment is more likely than not to exist, then the Company is required to perform a quantitative assessment to determine whether or not goodwill is impaired and to measure the amount of goodwill impairment, if any.

A goodwill impairment charge is recognized for the amount by which the reporting unit's carrying amount exceeds its fair value. The Company determines the fair value of a reporting unit using a discounted cash flow analysis as well as market-based approaches. Determining fair value requires the exercise of significant judgment, including judgment about appropriate discount rates, perpetual growth rates and the amount and timing of expected future cash flows. The cash flows employed in the discounted cash flow analyses are based on the most recent budget and long-term forecast. The discount rates used in the discounted cash flow analyses are intended to reflect the risks inherent in the future cash flows of the respective reporting units. The market comparable approach estimates fair value using market multiples of various financial measures compared to a set of comparable public companies and recent comparable transactions.

The Company’s most recent annual impairment testing as of April 1, 2023 consisted of a quantitative assessment and resulted in $56.7 million in impairment losses (see Note 8 - Goodwill and Intangible Assets).

Contract Costs

Contract costs represent amounts the Company has capitalized and reflect the incremental costs of obtaining and fulfilling a contract, which include sales commissions and costs related to implementing SaaS informatics tools. For commissions on new contracts, these costs are amortized over the life of the expected relationship with the customer for the respective performance obligation. For renewals, commissions are amortized over the contract life with the customer. Implementation costs are amortized on a straight-line basis, once the tool is implemented, over the life of the expected relationship with the customer for the respective performance obligation, which is consistent with the transfer of services to the customer to which the implementation relates. The Company’s contract costs are included in other assets in the Consolidated Balance Sheets. The associated amortization related to sales commissions and implementation costs is included in selling, general and administrative expenses and cost of revenue, respectively, in the Consolidated Statements of Income and Comprehensive Income.

Deferred Revenue

Deferred revenue consists of unrecognized revenue related to advanced customer invoicing or member payments received prior to fulfillment of the Company’s revenue recognition criteria. Substantially all deferred revenue consists of deferred subscription fees and deferred consulting fees. Subscription fees for Company-hosted SaaS applications are deferred until the customer’s unique data records have been incorporated into the underlying software database or until customer site-specific software has been implemented and the customer has access to the software. Deferred consulting fees arise upon invoicing to customers prior to services being performed.

Deferred Compensation Plan Assets and Related Liabilities

The Company maintains a non-qualified deferred compensation plan for the benefit of eligible employees. This plan is designed to permit employee deferrals in excess of certain tax limits and provides for discretionary employer contributions in excess of the tax limits applicable to the Company’s 401(k) plan. The amounts deferred are invested in assets at the direction of the employee. Company assets designated to pay benefits under the plan are held by a rabbi trust and are subject to the general creditors of the Company.

The assets, classified as trading securities, and liabilities of the rabbi trust are recorded at fair value and are accounted for as assets and liabilities of the Company. The assets of the rabbi trust are designated to fund the deferred compensation plan liabilities owed to current and former employees. The deferred compensation plan contains both current and non-current assets. The current portion of the deferred compensation plan assets is comprised of estimated amounts to be paid within one year to departed participants following separation from the Company. The current portion, $5.2 million and $5.3 million at June 30, 2023 and 2022, respectively, is included in prepaid expenses and other current assets in the accompanying Consolidated Balance Sheets. The corresponding current portion of deferred compensation plan liabilities is included in other current liabilities in the accompanying Consolidated Balance Sheets at June 30, 2023 and 2022. The non-current portion of the deferred compensation plan assets, $50.3 million and $47.4 million at June 30, 2023 and 2022, respectively, is included in long-term assets in the accompanying Consolidated Balance Sheets. The corresponding non-current portion of deferred compensation plan liabilities is included in long-term liabilities in the accompanying Consolidated Balance Sheets at June 30, 2023 and 2022. Realized and unrealized gains and (losses) of $5.4 million, $(9.4) million and $12.7 million on plan assets for the years ended June 30, 2023, 2022 and 2021, respectively, are included in other income (expense), net in the accompanying Consolidated Statements of Income and Comprehensive Income. Deferred compensation expense (income) from the change in the corresponding liability of $5.4 million, $(9.4) million and $12.7 million, respectively, is included in selling, general and

administrative expense in the accompanying Consolidated Statements of Income and Comprehensive Income for the years ended June 30, 2023, 2022 and 2021, respectively.

Leases

The Company enters into lease contracts in which the Company is the lessee, substantially all of which are related to office space leased in various buildings used for general corporate purposes. The terms of these non-cancelable operating leases typically require the Company to pay rent and a share of operating expenses and real estate taxes, generally with an inflation-based rent increase included. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of future minimum lease payments over the lease term beginning at the commencement date. Operating lease right-of-use assets are adjusted for lease incentives, deferred rent and initial direct costs, if incurred. The Company's leases generally do not include an implicit rate; therefore, the Company determined the present value of future minimum lease payments using an incremental borrowing rate based on information available as of July 1, 2019, the Company's transition to ASC Topic 842. The related lease expense is recognized on a straight-line basis over the lease term.

Redeemable Limited Partners' Capital

The fair value of redeemable limited partners' capital at July 31, 2020 was reclassified from temporary equity in the mezzanine section of the Consolidated Balance Sheets to additional paid-in capital as a component of permanent equity. Prior to July 31, 2020, the Company recorded redeemable limited partners' capital as temporary equity in the mezzanine section of the Consolidated Balance Sheets at the redemption amount, which represented the greater of the book value or redemption amount of Class B common units per the Amended and Restated Limited Partnership Agreement at the reporting date.

Revenue Recognition

The Company accounts for a contract with a customer when the contract is committed, the rights of the parties, including payment terms, are identified, the contract has commercial substance and consideration is probable of collection.

Revenue is recognized when, or as, control of a promised product or service transfers to a customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring those products or services. If the consideration promised in a contract includes a variable amount, the Company estimates the amount to which it expects to be entitled using either the expected value or most likely amount method. The Company's contracts may include terms that could cause variability in the transaction price, including, for example, revenue share, rebates, discounts, and variable fees based on performance.

The Company only includes estimated amounts of consideration in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. These estimates require management to make complex, difficult or subjective judgments and to make estimates about the effect of matters inherently uncertain. As such, the Company may not be able to reliably estimate variable fees based on performance in certain long-term arrangements due to uncertainties that are not expected to be resolved for a long period of time or when the Company's experience with similar types of contracts is limited. Estimates of variable consideration and the determination of whether to include estimated amounts of consideration in the transaction price are based on information (historical, current and forecasted) that is reasonably available to the Company, taking into consideration the type of customer, the type of transaction and the specific facts and circumstances of each arrangement. Additionally, management performs periodic analyses to verify the accuracy of estimates for variable consideration.

Although the Company believes that its approach in developing estimates and reliance on certain judgments and underlying inputs is reasonable, actual results could differ which may result in increases or decreases in revenue that could be material.

Performance Obligations

A performance obligation is a promise 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 promise to transfer individual goods or services is not separately identifiable from other promises, and therefore, not distinct, while other contracts may have multiple performance obligations, most commonly due to the contract covering multiple deliverable arrangements such as licensing fees, subscription fees and professional fees for consulting services.

Net Administrative Fees Revenue

Net administrative fees revenue is a single performance obligation earned through a series of distinct daily services and includes maintaining a network of members to participate in the group purchasing program and providing suppliers efficiency in contracting and access to the Company's members. Revenue is generated through administrative fees received from suppliers and is included in service revenue in the accompanying Consolidated Statements of Income and Comprehensive Income.

The Company, through its GPO programs, aggregates member purchasing power to negotiate pricing discounts and improve contract terms with suppliers. Contracted suppliers pay the Company administrative fees which generally represent 1% to 3% of the purchase price of goods and services sold to members under the contracts the Company has negotiated. Administrative fees are variable consideration and are recognized as earned based upon estimated purchases by the Company's members utilizing analytics based on historical member spend and updates for current trends and expectations. Administrative fees are estimated due to the difference in timing of when a member purchases on a supplier contract and when the Company receives the purchasing information. Member and supplier contracts substantiate persuasive evidence of an arrangement. The Company does not take title to the underlying equipment or products purchased by members through its GPO supplier contracts. Administrative fee revenue receivable is included in contract assets in the accompanying Consolidated Balance Sheets.

Generally, the Company pays a revenue share to members equal to a percentage of gross administrative fees, which is estimated according to the members' contractual agreements with the Company using a portfolio approach based on historical revenue share percentages and adjusted for current or anticipated trends. Revenue share is recognized as a reduction to gross administrative fees revenue to arrive at a net administrative fees revenue, and the corresponding revenue share liability is included in revenue share obligations in the accompanying Consolidated Balance Sheets.

Products Revenue

The Company's direct sourcing business generates revenue primarily through products sold to the Company's members, other customers or distributors. Revenue is recognized once control of products has been transferred to the customer and is recorded net of discounts and rebates offered to customers. Discounts and rebates are estimated based on contractual terms and historical trends.

Software Licenses, Other Services and Support Revenue

The Company generates software licenses, other services and support revenue through Supply Chain Services and Performance Services.

Within Supply Chain Services, in addition to net administrative fee revenue and product revenue, revenue is generated through the GPO, supply chain co-management and SaaS-based purchased services activities.

GPO. The GPO generates revenue from members that participate in our performance groups.

Supply Chain Co-Management. Supply chain co-management activities generate revenue in the form of a service fee for services performed under the supply chain management contracts. Service fees are billed as stipulated in the contract, and revenue is recognized on a proportional performance method as services are performed.

Purchased Services. Purchased services generate revenue through subscription fees for SaaS-based products and term licenses. Subscription fees are generally billed on a monthly basis, and revenue is recognized as a single deliverable on a straight-line basis over the remaining contractual period following implementation. Revenue on licensing is recognized upon delivery of the software code and revenue from hosting and maintenance is recognized ratably over the life of the contract.

Within Performance Services, which provides technology with wrap-around service offerings, revenue is generated through the three sub-brands: PINC AI, Contigo Health and Remitra. The main sources of revenue under PINC AI consists of subscriptions to SaaS-based clinical intelligence, margin improvement and value-based care products subscriptions, licensing revenue, professional fees for consulting services and other miscellaneous revenue including PINC AI data licenses, annual subscriptions to performance improvement collaboratives, insurance services management fees and commissions from endorsed commercial insurance programs. Contigo Health's main sources of revenue are third-party administrator fees, fees from the centers of excellence program and cost containment and wrap network fees pursuant to the TRPN acquisition (as defined in Note 3 - Business Acquisitions). Remitra's main source of revenue is fees from healthcare suppliers and providers.

PINC AI:

SaaS-based Products Subscriptions: SaaS-based clinical analytics subscriptions include the right to access the Company's proprietary hosted technology on a SaaS basis, training and member support to deliver improvements in cost management, margin improvement, quality and safety, value-based care and provider analytics. SaaS arrangements create a single performance obligation for each subscription within the contract in which the nature of the obligation is a stand-ready obligation, and each day of service meets the criteria for over time recognition. Pricing varies by application and size of healthcare system. Clinical analytics products subscriptions are generally three- to five-year agreements with automatic renewal clauses and annual price escalators that typically do not allow for early termination. These agreements do not allow for physical possession of the software. Subscription fees are typically billed on a monthly basis and revenue is recognized as a single deliverable on a straight-line basis over the remaining contractual period following implementation. Implementation involves the completion of data preparation services that are unique to each member's data set in order to access and transfer member data into the Company's hosted SaaS-based clinical analytics products. Implementation is generally 60 to 240 days following contract execution before the SaaS-based clinical analytics products can be fully utilized by the member.

Software Licenses: Enterprise analytics licenses include term licenses that range from three to ten years and offer clinical analytics products, improvements in cost management, quality and safety, value-based care and provider analytics. Pricing varies by application and size of healthcare system. Revenue on licensing is recognized upon delivery of the software code, and revenue from hosting and maintenance is recognized ratably over the life of the contract.

Consulting Services: Professional fees for consulting services are sold under contracts, the terms of which vary based on the nature of the engagement. These services typically include general consulting, report-based consulting and cost savings initiatives. Promised services under such consulting engagements are typically not considered distinct and are regularly combined and accounted for as one performance obligation. Fees are billed as stipulated in the contract, and revenue is recognized on a proportional performance method as services are performed or when deliverables are provided. In situations where the contracts have significant contract performance guarantees, the performance guarantees are estimated and accounted for as a form of variable consideration when determining the transaction price. In the event that guaranteed savings levels are not achieved, the Company may have to perform additional services at no additional charge in order to achieve the guaranteed savings or pay the difference between the savings that were guaranteed and the actual achieved savings. Occasionally, the Company's entitlement to consideration is predicated on the occurrence of an event such as the delivery of a report for which client acceptance is required. However, except for event-driven point-in-time transactions, the majority of services provided within this service line are delivered over time due to the continuous benefit provided to the Company's customers.

Consulting arrangements can require significant estimates for the transaction price and estimated number of hours within an engagement. These estimates are based on the expected value which is derived from outcomes from historical contracts that are similar in nature and forecasted amounts based on anticipated savings for the new agreements. The transaction price is generally constrained until the target transaction price becomes more certain.

Other Miscellaneous Revenue:

- Revenue from PINC AI data licenses which provide customers data from the PINC AI healthcare database. The revenue from the data deliverables is recognized upon delivery of the data.
- Revenue from performance improvement collaboratives that support the Company's offerings in cost management, quality and safety, and value-based care and is recognized over the service period as the services are provided, which is generally one to three years. Performance improvement collaboratives revenue is considered one performance obligation and is generated by providing customers access to online communities whereby data is housed and available for analytics and benchmarking.
- Insurance services management fees are recognized in the period in which such services are provided. Commissions from insurance carriers for sponsored insurance programs are earned by acting as an intermediary in the placement of effective insurance policies. Under this arrangement, revenue is recognized at a point in time on the effective date of the associated policies when control of the policy transfers to the customer and is constrained for estimated early terminations.

Contigo Health:

Contigo Health revenue consists of third-party administrator fees, fees from the centers of excellence program, and cost containment and wrap network fees. Third-party administrator fees consist of integrated fees for the processing of self-insured healthcare plan claims. Revenue is recognized in the period in which the services have been provided. Fees from

the centers of excellence program consist of administrative fees for access to a specialized care network of proven healthcare providers. Revenue is recognized in the period in which the services have been provided. Cost containment and wrap network fees consist of fees associated with the repricing of insurance claims. Revenue is estimated and recognized in the period in which the services have been provided.

Remitra:

Revenue for Remitra primarily consists of fees from healthcare suppliers and providers. For fixed fee contracts, revenue is recognized in the period in which the services have been provided. For variable rate contracts, revenue is recognized as customers are invoiced. Additional revenue consists of fees from check replacement services which consist of monthly rebates from bank partners.

Within Supply Chain Services, in addition to net administrative fee revenue and product revenue, revenue is generated through the GPO, supply chain co-management and SaaS-based purchased services activities.

GPO. The GPO generates revenue from members that participate in our performance groups.

Supply Chain Co-Management. Supply chain co-management activities generate revenue in the form of a service fee for services performed under the supply chain management contracts. Service fees are billed as stipulated in the contract, and revenue is recognized on a proportional performance method as services are performed.

Purchased Services. Purchased services generate revenue through subscription fees for SaaS-based products and term licenses. Subscription fees are generally billed on a monthly basis, and revenue is recognized as a single deliverable on a straight-line basis over the remaining contractual period following implementation. Revenue on licensing is recognized upon delivery of the software code and revenue from hosting and maintenance is recognized ratably over the life of the contract.

Multiple Deliverable Arrangements

The Company enters into agreements where the individual deliverables discussed above, such as SaaS subscriptions and consulting services, are bundled into a single service arrangement. These agreements are generally provided over a time period ranging from approximately three months to five years after the applicable contract execution date. Revenue, including both fixed and variable consideration, is allocated to the individual performance obligations within the arrangement based on the stand-alone selling price when it is sold separately in a stand-alone arrangement.

Cost of Revenue and Operating Expenses

Cost of Revenue

Cost of services and software licenses revenue includes expenses related to employees (including compensation and benefits) and outside consultants who directly provide services related to revenue-generating activities, including consulting services to members and capitalized implementation services related to SaaS informatics products. 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.

Cost of products revenue consists of logistics costs for direct sourced medical products.

Operating Expenses

Selling, general and administrative expenses consist of expenses directly associated with selling and administrative employees, indirect expenses associated with employees that primarily support revenue generating activities (including compensation and benefits) and travel-related expenses, as well as occupancy and other indirect expenses, insurance expenses, professional fees, expenses incurred to maintain the Company’s software-related products and services and other general overhead expenses.

Research and development expenses consist of employee-related compensation and benefits expenses and third-party consulting fees of technology professionals for internally-developed computer software that are incurred prior to reaching technological feasibility.

Amortization of purchased intangible assets includes the amortization of all identified definite-lived intangible assets resulting from acquisitions.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs are reflected in selling, general and administrative expenses in the accompanying Consolidated Statements of Income and Comprehensive Income and were $7.0 million, $6.5 million and $4.8 million for the years ended June 30, 2023, 2022 and 2021, respectively.

Income Taxes

The Company accounts for income taxes under the asset and liability approach. Deferred tax assets or liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities as measured by the enacted tax rates as well as net operating losses and credit carryforwards, which will be in effect when these differences reverse. The Company provides a valuation allowance against net deferred tax assets when, based upon the available evidence, it is more likely than not that the deferred tax assets will not be realized.

The Company prepares and files tax returns based on interpretations of tax laws and regulations. The Company's tax returns are subject to examination by various taxing authorities in the normal course of business. Such examinations may result in future tax, interest and penalty assessments by these taxing authorities.

In determining the Company's tax expense for financial reporting purposes, the Company establishes a reserve when there are transactions, calculations and tax filing positions for which the tax determination is uncertain and it is more likely than not that such positions would not be sustained upon examinations.

The Company adjusts its tax reserve estimates periodically based on the changes in facts and circumstances, such as ongoing examinations by, and settlements with, various taxing authorities, as well as changes in tax laws, regulations and interpretations. The consolidated tax expense of any given year includes adjustments to prior year income tax reserves and related estimated interest charges that are considered appropriate. The Company's policy is to recognize, when applicable, interest and penalties on uncertain income tax positions as part of income tax expense.

Comprehensive Income

Comprehensive income includes all changes in stockholders' equity during a period from non-owner sources. Net income and other comprehensive income are reported, net of their related tax effect, to arrive at comprehensive income.

Basic and Diluted Earnings per Share ("EPS")

Basic EPS is calculated by dividing net income attributable to stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted EPS assumes the conversion, exercise or issuance of all potentially issuable dilutive shares of Class A common stock, unless the effect of such inclusion would result in the reduction of a loss or the increase in income per share. Diluted EPS is calculated by dividing net income attributable to stockholders by the weighted average number of shares of common stock increased by the dilutive effects of potentially issuable dilutive shares of Class A common stock during the period. The number of potential common shares outstanding is determined in accordance with the treasury stock method.

Recently Adopted Accounting Standards

In October 2021, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2021-08 Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, ("ASU 2021-08"), which requires that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-08 during the second quarter of fiscal 2023. The standard did not have a material impact on the Company's financial statements nor its related disclosures.

(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 9 - 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. Subsequent to acquisition, the Company recorded an impairment charge, which reduced goodwill attributable to TRPN to $16.5 million. The TRPN acquisition was considered an asset acquisition for income tax purposes. Accordingly, the Company expects tax goodwill to be deductible for tax purposes. 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):

	Carrying Value		Equity in Net Income		
	June 30,		Year Ended June 30,		
	2023	2022	2023	2022	2021
FFF	$ 136,080	$ 137,162	$ 8,571	$ 16,614	$ 11,344
Exela	32,905	27,733	5,172	1,733	—
Qventus	16,000	16,000	—	—	—
Prestige	15,503	15,597	921	4,303	8,856
Other investments	31,338	19,053	1,404	855	873
Total investments	**$ 231,826**	**$ 215,545**	**$ 16,068**	**$ 23,505**	**$ 21,073**

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 June 30, 2023 and 2022. The Company accounts for its investment in FFF as part of the Supply Chain Services segment.

On March 3, 2023, the Company and the majority shareholder of FFF amended the FFF shareholders' agreement and in lieu of a distribution, the Company received an increase of $24.8 million to its liquidation preferences on the Class B common stock in FFF, bringing the Company's total liquidation preference in FFF to $32.3 million. In the event of liquidation or dissolution of FFF, the Company will receive the liquidation preference of $32.3 million prior to any pro rata distribution of FFF's proportional equity value between the Company and the majority shareholder of FFF. As a result of the increase to the liquidation preference and priority of the Company's Class B common stock in FFF in the event of liquidation or dissolution of FFF, the Company will no longer account for its investment in FFF using the equity method of accounting. As of the date of the amendment, the Company will account for its investment in FFF at cost less impairments, if any, plus or minus any observable changes in fair value.

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 June 30, 2023. At 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 June 30, 2023. At 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.

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

On January 31, 2022, the Company, through PHSI, purchased an approximate 7% interest in Qventus, Inc. ("Qventus") through its ownership of Qventus Series C preferred stock. The Company accounts for its investment in Qventus at initial 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.

Unconsolidated Significant Subsidiaries

In accordance with Rules 3-09 and 4-08(g) of Regulation S-X, the Company must determine which of its unconsolidated investments, if any, are considered "significant subsidiaries." In evaluating these investments, there are three tests utilized to determine if any unconsolidated subsidiaries are considered significant subsidiaries: the investment test, the asset test and the income test. Rule 3-09 of Regulation S-X requires the Company to include separate audited financial statements of any unconsolidated majority-owned subsidiary (unconsolidated subsidiaries in which the Company owns greater than 50% of the voting securities) in an annual report if any of the three tests exceed 20%. Rule 4-08(g) of Regulation S-X requires summarized financial information of unconsolidated subsidiaries in an annual report if any of the three tests exceeds 10%, and summarized financial information in a quarterly report if any of the three tests exceeds 20% pursuant to Rule 10-01(b)(1) of Regulation S-X.

As of June 30, 2022 and 2021, the Company held one unconsolidated investment whose assets represented greater than 10% of its total assets.

The following table shows summarized unaudited financial information for FFF, which met the 10% asset test for the year ended June 30, 2022 (in thousands):

	June 30, 2022
Total current assets	$ 841,555
Total non-current assets	103,298
Total current liabilities	463,863
Total non-current liabilities	325,693
Non-controlling equity	76,096

The following table shows summarized unaudited results of operations information for FFF, which met the 10% asset test for the years ended June 30, 2022 and 2021 (in thousands):

	Year Ended June 30,	
	2022	2021
Revenue	$ 2,728,855	$ 2,047,494
Gross profit	150,980	122,890
Income from operations	55,379	41,643
Net income	33,215	23,841
Net income attributable to non-controlling interest	16,275	11,682

(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)
June 30, 2023				
Cash equivalents	$ 77	$ 77	$ —	$ —
Deferred compensation plan assets	55,566	55,566	—	—
Total assets	**$ 55,643**	**$ 55,643**	**$ —**	**$ —**
Earn-out liabilities	$ 26,603	$ —	$ —	$ 26,603
Total liabilities	**$ 26,603**	**$ —**	**$ —**	**$ 26,603**
June 30, 2022				
Cash equivalents	$ 75	$ 75	$ —	$ —
Deferred compensation plan assets	52,718	52,718	—	—
Total assets	**$ 52,793**	**$ 52,793**	**$ —**	**$ —**
Earn-out liabilities	$ 22,789	$ —	$ —	$ 22,789
Total liabilities	**$ 22,789**	**$ —**	**$ —**	**$ 22,789**

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 ($5.2 million and $5.3 million at June 30, 2023 and 2022, respectively) was included in prepaid expenses and other current assets in the accompanying Consolidated Balance Sheets.

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

FFF Put and Call Rights

On July 29, 2021, the FFF shareholders' agreement was amended resulting in the termination of the FFF Put Right and the derecognition of the FFF Put Right liability.

In the event of a Key Man Event (generally defined in the shareholders' agreement as the resignation, termination for cause, death or disability of the majority shareholder), the Company has a call right that requires the majority shareholder to sell its remaining interest in FFF to the Company, and is exercisable at any time within 180 calendar days after the date of a Key Man Event (the "Call Right", together with the FFF Put Right, the "Put and Call Rights"). As of June 30, 2023 and 2022, the Call Right had zero value. In the event that either of these rights are exercised, the purchase price for the additional interest in FFF will be at a per share price equal to the earnings before interest, taxes, depreciation and amortization ("FFF EBITDA") over the twelve calendar months prior to the purchase date multiplied by a market adjusted multiple, adjusted for any outstanding debt and cash and cash equivalents, divided by the number of shares of FFF common stock then outstanding ("Equity Value per Share").

Earn-out liabilities

At June 30, 2023, earn-out liabilities have been established in connection with certain acquisitions, including the acquisition of substantially all of the assets and certain liabilities of Acurity, Inc. and Nexera, Inc. (the "Acurity and Nexera asset acquisition") in February 2020 as well as other immaterial acquisitions. The earn-out liability related to the Acurity and Nexera asset acquisition was based upon the Company's achievement of a range of member renewals on terms to be 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.

Acurity and Nexera Earn-out [(a)]

The earn-out liability arising from expected earn-out payments related to the Acurity and Nexera asset acquisition was measured on the acquisition date using a probability-weighted expected payment model and are 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. As of June 30, 2023 and 2022, the undiscounted range of outcomes is between $0 and $30.0 million. A significant decrease in the probability could result in a significant decrease in the value of the earn-out liability. The fair value of the Acurity and Nexera earn-out liability at June 30, 2023 and 2022 was $23.1 million and $22.8 million, respectively.

	As of June 30,	
Input assumptions	**2023**	**2022**
Probability of transferred member renewal percentage < 50%	5.0 %	5.0 %
Probability of transferred member renewal percentage between 50% and 65%	10.0 %	10.0 %
Probability of transferred member renewal percentage between 65% and 80%	25.0 %	25.0 %
Probability of transferred member renewal percentage > 80%	60.0 %	60.0 %
Credit spread	1.6 %	1.6 %

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

A reconciliation of the FFF Put Right and earn-out liabilities is as follows (in thousands):

	Beginning Balance	Purchases (Settlements)[(a)]	(Gains)/Losses [(b)]	Ending Balance
Year Ended June 30, 2023				
Earn-out liabilities	$ 22,789	$ 1,460	$ 2,354	$ 26,603
Total Level 3 liabilities	**$ 22,789**	**$ 1,460**	**$ 2,354**	**$ 26,603**
Year Ended June 30, 2022				
Earn-out liabilities	$ 24,249	$ —	$ (1,460)	$ 22,789
FFF put right	64,110	(64,110)	—	—
Total Level 3 liabilities	**$ 88,359**	**$ (64,110)**	**$ (1,460)**	**$ 22,789**

(a) Purchases for the year ended June 30, 2023 includes an earn-out which has not been earned or paid as of June 30, 2023. Settlements for the year ended June 30, 2022 includes non-cash gain recognized as a result of the termination of the FFF Put Right and the derecognition of the FFF Put Right liability.

(b) Gains on level 3 liability balances will decrease the liability ending balance and losses on level 3 liability balance will increase the liability ending balance. (Gains) losses on earn-out liabilities are included in selling, general and administrative expenses on the Consolidated Statements of Income and Comprehensive Income.

Non-Recurring Fair Value Measurements

During the year ended June 30, 2021, the Company recorded notes payable to former limited partners as a result of the August 2020 Restructuring. Although these notes are non-interest bearing, they include a Level 2 input associated with the implied interest rate of 1.8% and are calculated as of August 11, 2020 (see Note 9 - Debt and Notes Payable).

During the year ended June 30, 2023, no non-recurring fair value measurements were required relating to the measurement of goodwill and intangible assets for impairment. However, purchase price allocations required significant non-recurring Level 3 inputs. The preliminary fair values of the acquired intangible assets resulting from the TRPN acquisition were determined using the income approach (see Note 3 - Business Acquisitions).

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 their carrying value at June 30, 2023 and $0.1 million less than the carrying value at June 30, 2022, 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 9 - Debt and Notes Payable) approximated carrying value due to the short-term nature of these financial instruments.

(6) CONTRACT BALANCES

Contract Assets, Deferred Revenue and Revenue Share Obligations

The timing of revenue recognition, billings and cash collections results in accounts receivables, contract assets (unbilled receivables) and deferred revenue on the Consolidated Balance Sheets. Contract assets increased by $41.1 million during the year ended June 30, 2023 compared to the year ended June 30, 2022 primarily due to the acceleration of revenue recognition from licensing contracts in Performance Services and increased gross administrative fees driven by higher members' purchases. The acceleration of revenue recognition from licensing contracts represents performance obligations that have been satisfied prior to customer invoicing offset by the timing of invoicing related to certain cost management consulting services and performance-based engagements where revenue is recognized as work is performed. Revenue share obligations increased by $16.9 million during the year ended June 30, 2023 compared to the year ended June 30, 2022 primarily due to the underlying revenue share arrangements which include a higher average revenue fee share percentage.

Revenue recognized during the year ended June 30, 2023 that was included in the opening balance of deferred revenue at June 30, 2022 was $26.6 million, which is a result of satisfying performance obligations primarily within the Performance Services segment.

Performance Obligations

A performance obligation is a promise 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 promise to transfer individual goods or services is not separately identifiable from other promises 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).

Net revenue of $4.1 million was recognized during the year ended June 30, 2023 from performance obligations that were satisfied or partially satisfied on or before June 30, 2022. The net revenue recognized was driven by an increase of $7.8 million in net administrative fees revenue related to under-forecasted cash receipts received in the current period. This increase was partially offset by a reduction of $3.7 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 $5.3 million was recognized during the year ended June 30, 2022 from performance obligations that were satisfied or partially satisfied on or before June 30, 2021. The net revenue recognized was driven by an increase of $4.8 million in net administrative fees revenue related to under-forecasted cash receipts received in the current period and 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.

Remaining performance obligations represent the portion of the transaction price that has not yet been satisfied or achieved. As of June 30, 2023, the aggregate amount of the transaction price allocated to remaining performance obligations was $699.0 million. The Company expects to recognize 40% of the remaining performance obligations over the next twelve months and an additional 24% over the following twelve months, with the remainder recognized thereafter.

Contract Costs

The Company capitalizes the incremental costs of obtaining and fulfilling a contract, which include costs associated with implementing SaaS informatics tools and sales commissions. At June 30, 2023, the Company had $24.4 million in capitalized contract costs, including $9.5 million related to implementation costs and $14.9 million related to sales commissions. The Company recognized $10.6 million of related amortization expense for the year ended June 30, 2023.

At June 30, 2022, the Company had $22.9 million in capitalized contract costs, including $10.7 million related to implementation costs and $12.2 million related to sales commissions. The Company recognized $8.9 million of related amortization expense for the year ended June 30, 2022.

(7) SUPPLEMENTAL BALANCE SHEET INFORMATION

Accounts Receivable, Net

Trade accounts receivable consisted of amounts due for services and products from hospital and healthcare members, distributors and other customers.

Accounts receivable, net consisted of the following (in thousands):

	June 30,	
	2023	2022
Trade accounts receivable	$ 117,655	$ 114,214
Other	518	1,958
Total accounts receivable	**118,173**	**116,172**
Allowance for credit losses	(2,878)	(2,043)
Accounts receivable, net	**$ 115,295**	**$ 114,129**

Property and Equipment, Net

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

		June 30,	
	Useful life	2023	2022
Capitalized software	2-5 years	$ 785,260	$ 705,319
Computer hardware	3-5 years	63,281	60,399
Furniture and other equipment	5 years	7,049	7,097
Leasehold improvements	Lesser of estimated useful life or term of lease	19,272	19,208
Total property and equipment		**874,862**	**792,023**
Accumulated depreciation and amortization		(662,554)	(578,644)
Property and equipment, net		**$ 212,308**	**$ 213,379**

Depreciation and amortization expense related to property and equipment was $85.7 million, $85.2 million and $76.3 million for the years ended June 30, 2023, 2022 and 2021, respectively. Unamortized capitalized software costs were $175.0 million and $177.6 million at June 30, 2023 and 2022, respectively.

During the year ended June 30, 2022, the Company incurred an impairment of long-lived assets of $12.7 million associated with capitalized software assets in the Supply Chain Services segment as the carrying value of the assets was not recoverable. The Company did not incur a material loss on disposal or impairment of long-lived assets during the years ended June 30, 2023 and 2021.

Other Long-Term Assets

Other long-term assets consisted of the following (in thousands):

	June 30,	
	2023	2022
Contract assets, less current portion	$ 56,372	$ 54,441
Capitalized contract costs	24,414	22,894
Acurity prepaid contract administrative fee share, less current portion	9,700	29,099
Notes receivable	4,700	—
Other [(a)]	14,929	7,720
Total other long-term assets	**$ 110,115**	**$ 114,154**

(a) Includes deferred loan costs, net of $3.5 million and $0.9 million as of June 30, 2023 and 2022, respectively.

Pursuant to the Acurity and Nexera asset acquisition, the Company capitalized one-time rebates pursuant to the purchase agreement with Acurity, Inc. as prepaid contract administrative fee share.

Contract costs include capitalized sales commissions and implementation costs. See Note 6 - Contract Balances for further information.

The Company recorded amortization expense on deferred loan costs of $0.7 million, $0.6 million and $0.6 million the years ended June 30, 2023, 2022 and 2021, respectively. Amortization expense on deferred loan costs was recognized based on the straight-line method, which approximates the effective interest method, and was included in interest expense, net in the Consolidated Statements of Income and Comprehensive Income.

Other Long-Term Liabilities

Other long-term liabilities consisted of the following (in thousands):

	June 30,	
	2023	2022
Earn-out liability, less current portion	$ 23,128	$ 22,789
Reserve for uncertain tax positions	22,915	18,799
Other	1,159	986
Total other long-term liabilities	**$ 47,202**	**$ 42,574**

Earn-out liabilities were established in connection with the Acurity and Nexera asset acquisition as well as other immaterial acquisitions. See Note 5 - Fair Value Measurements for further information.

(8) GOODWILL AND INTANGIBLE ASSETS

Goodwill

A reconciliation of goodwill by segment is as follows (in thousands):

	Supply Chain Services	Performance Services	Total
June 30, 2022	$ 388,502	$ 611,411	$ 999,913
Acquisition of businesses and assets	—	69,160	69,160
Impairment	(2,296)	(54,422)	(56,718)
June 30, 2023	**$ 386,206**	**$ 626,149**	**$ 1,012,355**

Goodwill increased primarily due to the TRPN acquisition (see Note 3 - Business Acquisitions). At June 30, 2023, accumulated impairment losses to goodwill were $56.7 million.

Fiscal 2023 Annual Goodwill Impairment

The annual goodwill impairment testing ("annual test") was performed as of April 1, 2023. Based on a quantitative analysis performed, the Company believed there were indicators that the carrying value of certain reporting units more likely than not exceeded their fair value at June 30, 2023. During the annual test, the fair values of the reporting units were computed using a discounted cash flow analysis and market-based approach. The discounted cash flow model uses seven- to thirteen- year forecasted cash flows plus a terminal value based on capitalizing the last period's cash flows using a perpetual growth rate. The Company's significant assumptions in the discounted cash flow model include, but are not limited to, a discount rate utilizing a weighted average cost of capital, revenue growth rates (including perpetual growth rate), EBITDA margin percentages and debt-free working capital of the reporting unit's business. These assumptions were developed in consideration of current market conditions and future expectations, which include, but were not limited to, new product offerings, market demand and impacts from competition. As a result, for 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, for the year ended June 30, 2023, recorded in selling, general and administrative expense in the accompanying Consolidated Statements of Income and Comprehensive Income.

Intangible Assets, Net

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

		June 30, 2023			June 30, 2022		
	Useful Life	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Member relationships	14.7 years	$ 386,100	$ (136,751)	$ 249,349	$ 386,100	$ (110,593)	$ 275,507
Provider Network	15.0 years	106,500	(5,029)	101,471	—	—	—
Technology	7.1 years	99,317	(67,581)	31,736	98,017	(61,287)	36,730
Customer relationships	9.4 years	57,930	(31,846)	26,084	47,830	(27,339)	20,491
Trade names	6.7 years	18,920	(11,983)	6,937	17,210	(9,951)	7,259
Non-compete agreements	5.2 years	17,715	(9,738)	7,977	17,315	(6,781)	10,534
Other [(a)]	9.3 years	9,232	(2,756)	6,476	7,682	(1,631)	6,051
Total		**$ 695,714**	**$ (265,684)**	**$ 430,030**	**$ 574,154**	**$ (217,582)**	**$ 356,572**

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

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

	June 30,	
	2023	2022
Supply Chain Services	$ 269,710	$ 301,611
Performance Services [(a)]	160,320	54,961
Total intangible assets, net	**$ 430,030**	**$ 356,572**

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

Total intangible assets increased primarily due to the TRPN acquisition (see Note 3 - Business Acquisitions). As part of the TRPN acquisition, the total fair value assigned to intangible assets acquired was $116.6 million, consisting primarily of the provider network of $106.5 million. The weighted average useful life of the acquired intangible assets is 14.1 years, with the provider network having a useful life of 15.0 years.

The Company reviews the carrying value of definite-lived intangible assets subject to amortization for impairment whenever events and circumstances indicate that the carrying value of the intangible asset subject to amortization may not be recoverable. During the year ended June 30, 2022, the carrying value of $4.4 million in customer relationships and $1.7 million in trade names in the Performance Services segment were not recoverable and the Company recorded an impairment on assets of $6.1 million in the accompanying Consolidated Statements of Income and Comprehensive Income. During the years ended June 30, 2023 and 2021, no impairment of assets was recorded in the accompanying Consolidated Statements of Income and Comprehensive Income.

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

2024	$ 49,761
2025	48,136
2026	46,892
2027	44,240
2028	39,197
Thereafter	200,804
Total amortization expense	**$ 429,030**

(9) DEBT AND NOTES PAYABLE

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

	June 30,	
	2023	2022
Credit Facility	$ 215,000	$ 150,000
Notes payable to members, net of discount	201,188	298,994
Other notes payable	2,280	5,333
Total debt and notes payable	**418,468**	**454,327**
Less: current portion	(316,211)	(250,859)
Total long-term debt and notes payable	**$ 102,257**	**$ 203,468**

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 at the request of the Co-Borrowers and approval of a majority of the lenders under the Credit Facility. The Credit Facility 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.

The Credit Facility refinanced the Credit Agreement, dated as of November 9, 2018, as amended (the "Prior Loan Agreement"), and the Prior Loan Agreement, which was scheduled to mature on November 9, 2023, was terminated on December 12, 2022. The Prior Loan Agreement included a $1.0 billion unsecured revolving credit facility. At the time of its termination, outstanding borrowings, accrued interest and fees and expenses under the Prior Loan Agreement totaled $331.3 million, which was repaid with cash on hand and borrowings under the Credit Facility.

At the Company's option, committed loans under the Credit Facility may be in the form of secured overnight financing rate loans ("SOFR Loans") or base rate loans. SOFR Loans bear interest at Term SOFR plus an adjustment of 0.100% ("Adjusted Term SOFR") plus the Applicable Rate (defined as a margin based on the Consolidated Total Net Leverage Ratio (as defined in the Credit Facility)). Base rate loans bear interest at the Base Rate (defined as the highest of the prime rate announced by the administrative agent, the federal funds effective rate plus 0.500%, the one-month Adjusted Term SOFR plus 1.000% and 0.000%), plus the Applicable Rate. The Applicable Rate ranges from 1.250% to 1.750% for SOFR Loans and 0.250% to 0.750% for base rate loans. At June 30, 2023, the interest rates for SOFR Loans and base rate loans were 6.491% and 8.500%, respectively. Co-Borrowers are required to pay a commitment fee ranging from 0.125% to 0.225% per annum on the actual daily unused amount of commitments under the Credit Facility. At June 30, 2023, the weighted average interest rate on outstanding borrowings under the Credit Facility was 6.470%. At June 30, 2023, the commitment fee was 0.125%.

The Credit Facility contains customary representations and warranties as well as customary affirmative and negative covenants, including, among others, limitations on liens, indebtedness, fundamental changes, dispositions, restricted payments and investments. The Company was in compliance with all such covenants at June 30, 2023. The Credit Facility also contains customary events of default, including cross-defaults of any indebtedness or guarantees in excess of $75.0 million. If any event of default occurs and is continuing, the administrative agent under the Credit Facility may, with the consent, or shall, at the request of a majority of the lenders under the Credit Facility, terminate the commitments and declare all of the amounts owed under the Credit Facility to be immediately due and payable.

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 any then-existing stock repurchase programs, dividend payments, if and when declared, and other general corporate activities. For the year ended June 30, 2023, the Company borrowed $285.0 million and repaid $135.0 million of borrowings under the Prior Loan Agreement. For the year ended June 30, 2023 the Company borrowed $185.0 million and repaid $270.0 million of outstanding borrowings under the Credit Facility, The Company had $215.0 million in outstanding borrowings under the Credit Facility at June 30, 2023 with $785.0 million of available borrowing capacity after reductions for outstanding borrowings and outstanding letters of credit.

During the years ended June 30, 2023 and 2022, interest expense on borrowings under the Credit Facility was $12.7 million and $2.8 million, respectively. All outstanding borrowings under the Credit Facility as of June 30, 2023 were repaid in July and August 2023.

Notes Payable

Notes Payable to Former Limited Partners

At June 30, 2023, the Company had $201.2 million of notes payable to former limited partners, 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 Consolidated Balance Sheets. At June 30, 2022, the Company had $299.0 million of notes payable to former limited partners, net of discounts on notes payable of $9.1 million, of which $97.8 million was recorded to current portion of notes payable to former limited partners in the accompanying Consolidated Balance Sheets. The notes payable to former limited partners were issued in connection with the early termination of the TRA as part of the August 2020 Restructuring. Although the notes payable to former limited partners are non-interest bearing, pursuant to GAAP requirements, they were recorded net of imputed interest at a fixed annual rate of 1.8%. During the year ended June 30, 2023, the Company paid $102.7 million to members including imputed interest of $4.9 million. During the year ended June 30, 2022, the Company paid $102.7 million to members including imputed interest of $6.7 million.

Other

At June 30, 2023 and 2022, the Company had $2.3 million and $5.3 million in other notes payable, respectively, of which $1.5 million and $3.1 million, respectively, were included in current portion of long-term debt in the accompanying 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.

Future minimum principal payments on the notes as of June 30, 2023 are as follows (in thousands):

2024	$	104,231
2025		103,419
2026		—
2027		—
2028		—
Total principal payments	**$**	**207,650**

(10) REDEEMABLE LIMITED PARTNERS' CAPITAL

The fair value of redeemable limited partners' capital was reclassified from temporary equity in the mezzanine section of the Consolidated Balance Sheets to additional paid in capital as a component of permanent equity at July 31, 2020. As a result, there were no adjustments to the fair value of redeemable limited partners' capital for the years ended June 30, 2023 and 2022.

For the year ended June 30, 2021, the Company recorded adjustments of $(26.7) million to the fair value of redeemable limited partners' capital as an adjustment of redeemable limited partners' capital to redemption amount in the accompanying Consolidated Statements of Income and Comprehensive Income. Subsequent to July 31, 2020, there were no adjustments to the fair value of redeemable limited partners' capital recorded in the accompanying Consolidated Statements of Income and Comprehensive Income.

The table below provides a summary of the changes in the redeemable limited partners' capital for the year ended June 30, 2021 (in thousands). There were no changes in redeemable limited partners' capital for the years ended June 30, 2023 and 2022.

	Receivables From Limited Partners	Redeemable Limited Partners' Capital	Total Redeemable Limited Partners' Capital
June 30, 2020	**(995)**	**1,721,304**	**1,720,309**
Distributions applied to receivables from limited partners	141	—	141
Net income attributable to non-controlling interest in Premier LP	—	11,845	11,845
Distributions to limited partners	—	(1,936)	(1,936)
Exchange of Class B common units for Class A common stock by member owners	—	(2,437)	(2,437)
Adjustment of redeemable limited partners' capital to redemption amount	—	26,685	26,685
Reclassification to permanent equity	854	(1,755,461)	(1,754,607)
June 30, 2021	**$ —**	**$ —**	**$ —**

(11) STOCKHOLDERS' EQUITY

As of June 30, 2023, there were 119,158,483 shares of the Company's Class A common stock, par value $0.01 per share, outstanding.

On August 5, 2021, the Company's Board of Directors authorized the repurchase of up to $250.0 million of our outstanding Class A common stock during fiscal year 2022 through open market purchases or privately negotiated transactions. As of June 30, 2022, the Company completed its stock repurchase program and purchased approximately 6.4 million shares of Class A common stock at an average price of $38.88 per share for a total purchase price of $250.0 million.

Holders of Class A common stock are entitled to (i) one vote for each share held of record on all matters submitted to a vote of stockholders, (ii) receive dividends, when and if declared by the Board of Directors out of funds legally available, subject to any statutory or contractual restrictions on the payment of dividends and subject to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock or any class of series of stock having a preference over or the right to participate with the Class A common stock with respect to the payment of dividends or other distributions and (iii) receive pro rata, based on the number of shares of Class A common stock held, the remaining assets available for distribution upon the dissolution or liquidation of Premier, after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any.

The Company paid quarterly cash dividends of $0.21 per share on outstanding shares of Class A common stock to stockholders on each of September 15, 2022, December 15, 2022, March 15, 2023 and June 15, 2023. On August 10, 2023, the Board of Directors declared a quarterly cash dividend of $0.21 per share, payable on September 15, 2023 to stockholders of record on September 1, 2023.

(12) 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):

	Year Ended June 30,		
	2023	2022	2021
Numerator for basic and diluted earnings per share:			
Net income attributable to stockholders [(a)]	$ 175,026	$ 265,867	$ 260,837
Denominator for earnings per share:			
Basic weighted average shares outstanding [(b)]	118,767	120,220	116,527
Effect of dilutive securities: [(c)]			
Stock options	81	206	301
Restricted stock	524	510	376
Performance share awards	517	732	328
Diluted weighted average shares and assumed conversions	119,889	121,668	117,532
Earnings per share attributable to stockholders:			
Basic	$ 1.47	$ 2.21	$ 2.24
Diluted	$ 1.46	$ 2.19	$ 2.22

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

	Year Ended June 30,		
	2023	2022	2021
Net income from continuing operations	$ 174,887	$ 268,318	$ 304,584
Net income from continuing operations attributable to non-controlling interest	139	(2,451)	(17,062)
Adjustment of redeemable limited partners' capital to redemption amount	—	—	(26,685)
Net income from continuing operations attributable to stockholders	**$ 175,026**	**$ 265,867**	**$ 260,837**

(b) Weighted average number of common shares used for basic earnings per share excludes the impact of all potentially issuable dilutive shares of Class A common stock for the years ended June 30, 2023, 2022 and 2021.

(c) For the year ended June 30, 2023, the effect of 0.4 million stock options and restricted stock units was excluded from diluted weighted average shares outstanding as it had an anti-dilutive effect and the effect of 0.3 million performance share awards was 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 year ended June 30, 2022, the effect of 0.6 million stock options and restricted stock units were excluded from diluted weighted average shares outstanding as they had an anti-dilutive effect.

For the year ended June 30, 2021, the effect of 1.8 million stock options and restricted stock units and 5.6 million Class B common units were excluded from diluted weighted average shares outstanding as they had an anti-dilutive effect and the effect of less than 0.1 million performance share awards was excluded from diluted weighted average shares outstanding as the awards had not satisfied the applicable performance criteria at the end of the period.

(13) STOCK-BASED COMPENSATION

Stock-based compensation expense is recognized over the requisite service period, which generally equals the stated vesting period. For the years ended June 30, 2023, 2022 and 2021, the associated deferred tax benefit was calculated at rates of 25%, 25% and 26%, 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 15 - Income Taxes for further information.

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

	Year Ended June 30,		
	2023	2022	2021
Pre-tax stock-based compensation expense	$ 13,734	$ 46,229	$ 35,425
Deferred tax benefit [(a)]	3,174	8,787	6,167
Total stock-based compensation expense, net of tax	**$ 10,560**	**$ 37,442**	**$ 29,258**

(a) For the years ended June 30, 2023, 2022 and 2021, the deferred tax benefit was reduced by $0.3 million, $3.0 million and $3.0 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") provides for grants of up to 14.8 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 stock, restricted stock units or performance share awards. As of June 30, 2023, there were approximately 3.6 million shares available for grant under the 2013 Equity Incentive Plan.

The following table includes information related to restricted stock, performance share awards and stock options for the year ended June 30, 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, 2022	**1,201,130**	**$ 35.59**	**1,578,795**	**$ 33.66**	**896,354**	**$ 30.38**
Granted	991,758	31.20	823,009	35.34	—	—
Vested/exercised	(257,571)	36.37	(826,743)	36.35	(428,126)	27.34
Forfeited	(87,527)	35.79	(104,237)	33.44	(2,906)	35.65
Outstanding at June 30, 2023	**1,847,790**	**$ 33.11**	**1,470,824**	**$ 33.08**	**465,322**	**$ 33.15**
Stock options outstanding and exercisable at June 30, 2023					**465,322**	**$ 33.15**

Prior to June 1, 2023, restricted stock units and restricted stock awards issued and outstanding 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 and outstanding for employees generally vest ratably over the service period. Performance share awards issued and outstanding generally vest over a three-year period if performance targets are met. Stock options have a term of ten years from the date of grant. Vested stock options will generally expire either twelve months after an employee's termination with the Company or 90 days after an employee's termination with the Company, depending on the termination circumstances. Stock options generally vest in equal annual installments over three years.

Unrecognized stock-based compensation expense at June 30, 2023 was as follows (in thousands):

	Unrecognized Stock-Based Compensation Expense	Weighted Average Amortization Period
Restricted stock	$ 34,517	2.3 years
Performance share awards	15,446	1.8 years
Total unrecognized stock-based compensation expense	**$ 49,963**	**2.1 years**

At June 30, 2023, there was no unrecognized stock-based compensation expense for outstanding stock options. The stock options exercised during the year ended June 30, 2023 had an aggregate intrinsic value of $1.3 million, and the stock options outstanding and exercisable at June 30, 2023 had zero aggregate intrinsic value.

(14) POST-RETIREMENT BENEFITS

The Company maintains a defined contribution 401(k) retirement savings plan which covers employees who meet certain age and service requirements. This plan allows for employee contributions of up to 30% and matching employer contributions of up to 4% of the total contributions, not to exceed certain limits. The Company's 401(k) expense related to such matching of employee contributions was $12.8 million, $12.1 million and $11.2 million for the years ended June 30, 2023, 2022 and 2021, respectively.

The Company also maintains a non-qualified deferred compensation plan for the benefit of eligible employees. This plan is designed to permit employee deferrals in excess of certain tax limits and provides for discretionary employer contributions in excess of certain tax limits.

(15) INCOME TAXES

At the consummation of the Subsidiary Reorganization on December 1, 2021, the Company recorded a one-time deferred tax benefit of $33.5 million, primarily driven by deferred tax remeasurement due to tax rate changes and a valuation allowance release.

Significant components of consolidated income tax expense (benefit) are as follows (in thousands):

	Year Ended June 30,		
	2023	2022	2021
Current:			
Federal	$ 692	$ 864	$ 22,356
State	3,016	926	7,393
Total current tax expense	3,708	1,790	29,749
Deferred:			
Federal	54,146	49,335	22,165
State	17,257	7,457	(105,857)
Total deferred tax expense (benefit)	71,403	56,792	(83,692)
Total income tax expense (benefit)	**$ 75,111**	**$ 58,582**	**$ (53,943)**

The reconciliation between the Company's income tax expense (benefit) and taxes computed at the federal statutory tax rate of 21.0% for fiscal years ended June 30, 2023, 2022 and 2021, is as follows (in thousands):

	Year Ended June 30,		
	2023	2022	2021
Tax at federal statutory rate	$ 51,658	$ 68,649	$ 52,635
Partnership income not subject to tax	47	(701)	(4,375)
State taxes (net of federal benefit)	11,212	14,138	9,880
Remeasurement adjustments and other permanent items	4,628	8,118	7,124
Change in valuation allowance	52	(31,361)	(25,328)
Deferred tax remeasurement	7,720	(242)	(113,213)
Uncertain tax position	1,092	842	1,293
Change in tax status	—	—	19,514
Other	(1,298)	(861)	(1,473)
Total income tax expense (benefit)	**$ 75,111**	**$ 58,582**	**$ (53,943)**
Effective tax rate	**30.0 %**	**17.9 %**	**(21.5)%**

The fiscal year 2023 effective tax rate of 30.0% differs from the statutory income tax rate of 21.0% largely driven by deferred tax remeasurement due to state tax rate changes.

The fiscal year 2022 effective tax rate of 17.9% differs from the statutory income tax rate of 21.0% primarily driven by the aforementioned one-time deferred tax remeasurement and valuation allowance release as a result of the Subsidiary Reorganization.

The fiscal year 2021 effective tax rate of (21.5)% differs from the statutory income tax rate of 21.0% primarily driven by the consummation of the merger on August 11, 2020. The Company simplified its tax structure, resulting in the Company and its subsidiaries forming one consolidated filing group for federal income tax purposes. As a result, the Company recorded a one-time deferred tax benefit of $108.8 million, primarily driven by deferred tax remeasurement due to tax rate changes and a valuation allowance release.

Deferred Income Taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of June 30, 2023 and 2022 are presented below (in thousands):

	June 30,	
	2023	2022
Deferred tax asset		
Purchased intangible assets and depreciation	$ 558,622	$ 631,415
Stock compensation	9,818	15,125
Accrued expenses	51,158	49,161
Net operating losses and credits	38,271	50,742
Other	12,681	5,787
Total deferred tax assets	670,550	752,230
Valuation allowance for deferred tax assets	(4,604)	(4,552)
Net deferred tax assets	665,946	747,678
Deferred tax liability		
Other liabilities	(12,317)	(22,646)
Net deferred tax asset	**$ 653,629**	**$ 725,032**

As of June 30, 2023 and 2022, the Company had net deferred tax assets of $653.6 million and $725.0 million, respectively. The decrease is largely attributable to the tax deductible goodwill intangible.

At June 30, 2023, the Company had federal and state net operating loss carryforwards of $100.2 million and $125.5 million, respectively, primarily attributable to PHSI and PSCI. The resulting federal and state deferred tax assets are $21.1 million and $6.3 million, respectively. The federal and state net operating loss carryforwards generated prior to fiscal year 2019 expire between the years ended June 30, 2024 through June 30, 2038 while the net operating losses generated in fiscal year 2019 and beyond can be carried forward indefinitely, until utilized. A valuation allowance was established for federal and state losses as the Company believes it is more likely than not that a portion of these losses will not be realized in the near future.

At June 30, 2023, the Company had federal research and development credit carryforwards of $12.4 million. The federal credit carryforwards expire at various times between the years ended June 30, 2024 through June 30, 2040, until utilized. As a result of the Subsidiary Reorganization, the Company believes it is more likely than not that the federal and state credit carryforwards will be realized in the near future, so the previously recorded valuation allowance was released during the year ended June 30, 2022.

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. The Company assessed the future realization of the tax benefit of its existing deferred tax assets and concluded that it is more likely than not that a portion of the deferred tax assets will not be realized in the future. As a result, the Company recorded a valuation allowance of $4.6 million against its deferred tax assets at June 30, 2023. The valuation allowance remained flat compared to the $4.6 million valuation allowance recorded as of June 30, 2022.

Unrecognized Tax Benefits

The Company recognizes income tax benefits for those income tax positions determined more likely than not to be sustained upon examination, based on the technical merits of the positions. The reserve for uncertain income tax positions is included in

other liabilities in the Consolidated Balance Sheets. A reconciliation of the beginning and ending gross amounts of the Company's uncertain tax position reserves for the years ended June 30, 2023, 2022 and 2021 are as follows (in thousands):

	Year Ended June 30,		
	2023	2022	2021
Beginning of year balance	$ 17,124	$ 16,704	$ 15,596
Increases in prior period tax positions	189	120	111
Decreases in prior period tax positions	(752)	(63)	—
Reductions on settlements and lapse in statute of limitations	(16)	(21)	(27)
Increases in current period tax positions	367	384	1,024
End of year balance	**$ 16,912**	**$ 17,124**	**$ 16,704**

If the Company were to recognize the benefits of these uncertain tax positions, the income tax provision would be impacted by $16.3 million, $15.6 million and $14.8 million, including interest and penalties and net of the federal and state benefit for income taxes, for the years ended June 30, 2023, 2022 and 2021, respectively. The Company recognizes interest and penalties accrued on uncertain income tax positions as part of the income tax provision. The amount of accrued interest and penalties was $5.5 million and $4.4 million at June 30, 2023 and 2022, respectively.

Federal tax returns for tax years June 30, 2019 through 2022 remain open as of June 30, 2023. The Company is subject to ongoing state and local examinations for various periods. Activity related to these examinations did not have a material impact on the Company's financial position or results of operations.

(16) RELATED PARTY TRANSACTIONS

The Company's 49% ownership share of net income of FFF, which was acquired on July 26, 2016, included in equity in net income of unconsolidated affiliates in the accompanying Consolidated Statements of Income and Comprehensive Income was $8.6 million, $16.6 million and $11.3 million for the years ended June 30, 2023, 2022 and 2021, respectively. As of March 3, 2023, the Company no longer recognizes equity earnings from FFF (see Note 4 - Investments). The Company maintains group purchasing agreements with FFF and receives administrative fees for purchases made by the Company's members and other customers pursuant to those agreements. Net administrative fees revenue recorded from purchases under those agreements was $5.7 million, $6.3 million and $6.0 million during the years ended June 30, 2023, 2022 and 2021, respectively.

(17) COMMITMENTS AND CONTINGENCIES

Operating Leases

Operating lease expense was $10.0 million, $10.1 million and $10.8 million for the years ended June 30, 2023, 2022 and 2021, respectively. As of June 30, 2023, the weighted average remaining lease term was 2.9 years and the weighted average discount rate was 4%.

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

2024	$ 12,381
2025	12,389
2026	9,005
2027	1,324
2028	—
Total future minimum lease payments	35,099
Less: imputed interest	1,947
Total operating lease liabilities [(a)]	**$ 33,152**

(a) As of June 30, 2023, total operating lease liabilities included $11.3 million within other current liabilities in the 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.

(18) 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 reportable business segment and underlying source (in thousands):

	Year Ended June 30,		
	2023	2022	2021
Net revenue:			
Supply Chain Services			
Net administrative fees	$ 611,035	$ 601,128	$ 572,700
Software licenses, other services and support	44,261	37,312	26,812
Services and software licenses	655,296	638,440	599,512
Products	244,659	393,506	744,122
Total Supply Chain Services [(a)(b)]	899,955	1,031,946	1,343,634
Performance Services			
Software licenses, other services and support			
SaaS-based products subscriptions	187,618	193,586	198,512
Consulting services	80,292	64,087	58,851
Software licenses	72,376	65,621	56,157
Other	95,891	77,689	63,998
Total Performance Services [(a)]	436,177	400,983	377,518
Total segment net revenue	1,336,132	1,432,929	1,721,152
Eliminations [(a)]	(37)	(28)	—
Net revenue	**$ 1,336,095**	**$ 1,432,901**	**$ 1,721,152**

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

(b) Consolidated net revenue for the fiscal year ended June 30, 2021 included revenue generated from our largest customer, a non-healthcare customer, which accounted for approximately 15% of our consolidated net revenue. The significant increase in revenue generated from our largest customer in the fiscal year ended June 30, 2021 was due to the increase in products revenue primarily as of result of the COVID-19 pandemic.

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

	Year Ended June 30,		
Depreciation and amortization expense [a]:	**2023**	**2022**	**2021**
Supply Chain Services	$ 54,425	$ 55,424	$ 37,073
Performance Services	71,006	64,674	75,391
Corporate	8,362	9,009	8,598
Total depreciation and amortization expense	**$ 133,793**	**$ 129,107**	**$ 121,062**
Capital expenditures:			
Supply Chain Services	$ 26,545	$ 29,677	$ 10,408
Performance Services	51,532	51,298	72,068
Corporate	4,225	6,465	6,400
Total capital expenditures	**$ 82,302**	**$ 87,440**	**$ 88,876**

	Year Ended June 30,	
Total assets:	**2023**	**2022**
Supply Chain Services	$ 1,317,076	$ 1,406,108
Performance Services	1,209,353	1,054,687
Corporate	845,062	896,336
Total assets	3,371,491	3,357,131
Eliminations [b]	(4)	(4)
Total assets, net	**$ 3,371,487**	**$ 3,357,127**

(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 expenses, and non-recurring or non-cash items, and including equity in net income of unconsolidated affiliates. 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.

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

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

	Year Ended June 30,		
	2023	2022	2021
Income before income taxes	**$ 249,998**	**$ 326,900**	**$ 250,641**
Equity in net income of unconsolidated affiliates [(a)]	(16,068)	(23,505)	(21,073)
Interest expense, net	14,470	11,142	11,964
(Gain) loss on FFF put and call rights [(b)]	—	(64,110)	27,352
Other (income) expense, net	(6,307)	9,646	(11,967)
Operating income	**242,093**	**260,073**	**256,917**
Depreciation and amortization	85,691	85,171	76,309
Amortization of purchased intangible assets	48,102	43,936	44,753
Stock-based compensation [(c)]	14,355	46,809	35,915
Acquisition- and disposition-related expenses	17,151	11,453	18,095
Strategic initiative and financial restructuring-related expenses	13,831	18,005	6,990
Equity in net income of unconsolidated affiliates [(a)]	16,068	23,505	21,073
Deferred compensation plan expense (income) [(d)]	5,422	(9,401)	12,745
Impairment of assets	56,718	18,829	—
Other reconciling items, net	352	302	433
Adjusted EBITDA	**$ 499,783**	**$ 498,682**	**$ 473,230**
Segment Adjusted EBITDA:			
Supply Chain Services [(e)]	$ 499,431	$ 500,854	$ 467,868
Performance Services [(e)]	123,859	126,938	132,225
Corporate	(123,507)	(129,110)	(126,863)
Adjusted EBITDA	**$ 499,783**	**$ 498,682**	**$ 473,230**

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

(b) Refer to Note 5 - Fair Value Measurements for more information.

(c) Represents non-cash employee stock-based compensation expense and stock purchase plan expense of $0.6 million, $0.6 million and $0.5 million for the years ended June 30, 2023, 2022 and 2021, respectively.

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

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

(19) QUARTERLY FINANCIAL DATA (UNAUDITED)

The following tables present unaudited summarized financial data by quarter for the years ended June 30, 2023 and 2022 (in thousands, except per share data):

Fiscal Year 2023	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net revenue	$ 313,873	$ 359,626	$ 322,232	$ 340,364
Gross profit	201,985	242,741	219,070	232,493
Net income	42,959	64,374	48,649	18,905
Net (income) loss attributable to non-controlling interest	(243)	(328)	(1,848)	2,558
Net income attributable to stockholders	42,716	64,046	46,801	21,463
Weighted average shares outstanding:				
Basic	118,351	118,787	118,872	119,064
Diluted	120,033	119,652	119,816	120,061
Earnings per share attributable to stockholders:				
Basic	$ 0.36	$ 0.54	$ 0.39	$ 0.18
Diluted	$ 0.36	$ 0.54	$ 0.39	$ 0.18

Fiscal Year 2022	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net revenue	$ 365,147	$ 379,215	$ 347,833	$ 340,706
Gross profit	211,976	236,500	212,477	224,086
Net income	121,306	77,232	39,069	30,711
Net loss (income) attributable to non-controlling interest	698	(1,687)	(654)	(808)
Net income attributable to stockholders	122,004	75,545	38,415	29,903
Weighted average shares outstanding:				
Basic	122,945	121,181	118,697	118,001
Diluted	124,573	122,473	119,813	119,760
Earnings per share attributable to stockholders:				
Basic	$ 0.99	$ 0.62	$ 0.32	$ 0.25
Diluted	$ 0.97	$ 0.62	$ 0.32	$ 0.25

(20) SUBSEQUENT EVENTS

On July 25, 2023, the Company sold the equity interest in its wholly-owned subsidiary, Non-Healthcare Holdings LLC, to OMNIA for a purchase price estimated to be approximately $800.0 million, subject to certain adjustments, including a true-up adjustment to the purchase price to be paid within approximately eight months following such closing date. The Company subsequently received $689.2 million in cash consideration which includes $151.0 million in escrow subject to release upon certain members agreeing to consents.

Non-Healthcare Holdings LLC held contracts pursuant to which the Company's non-healthcare members participate in its group purchasing organizations. Pursuant to the terms of the equity purchase agreement, OMNIA purchased non-healthcare member agreements and the associated revenues from these agreements. For a period of at least 10 years following the closing of the transaction, the non-healthcare GPO members will continue to be able to make purchases through Premier's group purchasing contracts. Both the Company and OMNIA will have aligned growth incentives and have the opportunity to economically benefit from non-healthcare GPO members' continued purchasing through Premier's contract portfolio. While the accounting for the transaction will be finalized in the first quarter of fiscal 2024, the Company anticipates recording the transaction as a sale of future revenues and the proceeds as debt on the Consolidated Balance Sheets. As the non-healthcare GPO members will continue to be able to make purchases and generate cash flows through the Company's group purchasing contracts, the Company will continue to record revenue from these purchases with net proceeds provided to OMNIA being accounted for as a reduction to the debt.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) of 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 the end of the period covered by this Annual Report, our chief executive officer and chief financial officer carried out an evaluation of the effectiveness of our disclosure controls and procedures. Based upon this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2023.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on its financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Our chief executive officer and chief financial officer conducted an assessment of the effectiveness of our internal control over financial reporting as of June 30, 2023. In making this assessment, the chief executive officer and chief financial officer used the criteria set forth in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, the COSO framework. Based upon this evaluation, our chief executive officer and chief financial officer concluded that, as of June 30, 2023, our internal control over financial reporting was effective.

Management's annual evaluation of internal controls over financial reporting did not include an assessment of and conclusion on the effectiveness of disclosure controls and procedures of the business combination related to certain acquired assets of TRPN, which were acquired during the year ended June 30, 2023 and is included in our consolidated financial statements as of June 30, 2023 and for the period from the acquisition date through June 30, 2023. This acquisition accounted for 3.9% of total assets and less than 1% of total net revenue of our consolidated financial statements as of and for the year ended June 30, 2023, respectively.

The effectiveness of our internal control over financial reporting as of June 30, 2023 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

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) under the Exchange Act) during the quarter ended June 30, 2023, that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

We expect to file a definitive proxy statement relating to our 2023 Annual Meeting of Stockholders with the SEC pursuant to Regulation 14A, not later than 120 days after the end of our most recent fiscal year. Accordingly, certain information required by Part III of this Annual Report has been omitted under General Instruction G(3) to Form 10-K. Only the information from the definitive proxy statement that specifically addresses disclosure requirements of Items 10-14 below is incorporated by reference.

Item 10. Directors, Executive Officers and Corporate Governance

We will provide information that is responsive to this Item 10 in our definitive proxy statement for our 2023 Annual Meeting of Stockholders or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the captions "Item 1 - Election of Directors," "Corporate Governance and Board Structure," "Delinquent Section 16(a) Reports" and "Executive Officers," and possibly elsewhere therein. That information is incorporated in this Item 10 by reference.

Code of Ethics

We maintain a Corporate Code of Conduct for all of our employees and officers, including the principal executive officer, principal financial officer, and principal accounting officer or controller, or persons performing similar functions, and, where applicable, to directors. In addition, the Board of Directors is subject to a separate Board Code of Ethics and Board Conflict of Interest Policy (collectively, the "Board Codes"). The Corporate Code of Conduct, along with the Board Codes, can be found on our Investor Relations website at investors.premierinc.com under "Corporate Governance-Governance Documents." A copy of the Corporate Code of Conduct is available to any stockholder who requests it by writing to Investor Relations, Premier, Inc., 13034 Ballantyne Corporate Place, Charlotte, North Carolina 28277. We will disclose any substantive amendments to, or waivers (for directors or executive officers) from, certain provisions (relating to one or more elements of Item 4.06(b) of Regulation S-K) of the Corporate Code of Conduct and Board Codes on our website promptly following the date of such amendment or waiver.

Our website and information contained on it or incorporated in it are not intended to be incorporated in this Annual Report or other filings with the SEC.

Item 11. Executive Compensation

We will provide information that is responsive to this Item 11 in our definitive proxy statement for our 2023 Annual Meeting of Stockholders or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the captions "Executive Compensation" and "Corporate Governance and Board Structure," and possibly elsewhere therein. That information is incorporated in this Item 11 by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

We will provide information that is responsive to this Item 12 in our definitive proxy statement for our 2023 Annual Meeting of Stockholders or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the caption "Security Ownership of Certain Beneficial Owners and Management" and possibly elsewhere therein. That information is incorporated in this Item 12 by reference.

Equity Compensation Plan Information

We have granted equity awards to employees and directors under the Amended and Restated Premier, Inc. 2013 Equity Incentive Plan, which initially was approved by our stockholders prior to our IPO and was subsequently amended and restated and approved by our stockholders in December 2018. The following table sets forth certain information as of June 30, 2023 concerning the shares of Class A common stock authorized for issuance under this equity incentive plan. No shares of Class B common stock are authorized for issuance under this plan, and we have no equity compensation plans under which shares may be issued that have not been approved by our stockholders.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column) (c)
Equity compensation plans approved by security holders:			
Amended and Restated Premier, Inc. 2013 Equity Incentive Plan	3,783,936	$33.15	3,595,245
Equity compensation plans not approved by security holders	n/a	n/a	n/a
Total	**3,783,936**	**$33.15**	**3,595,245**

(a) Assumes restricted stock unit (RSU), performance share (PSA) and stock option awards are paid at target. Actual shares awarded may be higher or lower based upon actual performance over the measurement period. For more detailed information, see Note 13 - Stock-Based Compensation to our Consolidated Financial Statements.

(b) This calculation only reflects outstanding stock option awards.

(c) As of June 30, 2023, reflects shares reserved for future grants of stock options, RSUs, RSAs, PSAs and/or other equity awards. Any shares withheld to satisfy tax withholding obligations or tendered to pay the exercise price of an option shall again be available for grant under the terms of the plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence

We will provide information that is responsive to this Item 13 in our definitive proxy statement for our 2023 Annual Meeting of Stockholders or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the captions “Related Person Transactions,” and “Corporate Governance and Board Structure,” and possibly elsewhere therein. That information is incorporated in this Item 13 by reference.

Item 14. Principal Accounting Fees and Services

We will provide information that is responsive to this Item 14 in our definitive proxy statement for our 2023 Annual Meeting of Stockholders or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the caption “Item 2 - Ratification of Appointment of Independent Registered Public Accounting Firm,” and possibly elsewhere therein. That information is incorporated in this Item 14 by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

Documents as part of this Report:

(a) (1) The following consolidated financial statements are filed herewith in Item 8 of Part II above.

(i) Report of Independent Registered Public Accounting Firm
(ii) Consolidated Balance Sheets
(iii) Consolidated Statements of Income and Comprehensive Income
(iv) Consolidated Statements of Stockholders' Equity
(v) Consolidated Statements of Cash Flows
(vi) Notes to Consolidated Financial Statements

(2) Financial Statement Schedule

Schedule II Valuation and Qualifying Accounts

(in thousands)	Beginning Balance	Additions/ (Reductions) to Expense or Other Accounts	Deductions	Ending Balance
Year ended June 30, 2023				
Allowance for credit losses	$ 2,798	1,775	810	$ 3,763
Deferred tax assets valuation allowance	4,552	52	—	4,604
Year ended June 30, 2022				
Allowance for credit losses	$ 2,284	2,153	1,639	$ 2,798
Deferred tax assets valuation allowance	35,913	(31,361)	—	4,552
Year ended June 30, 2021				
Allowance for credit losses	$ 731	1,883	330	$ 2,284
Deferred tax assets valuation allowance	61,241	(25,328)	—	35,913

All other supplemental schedules are omitted because of the absence of conditions under which they are required.

(3) Exhibits

The exhibits listed in the accompanying Exhibit Index at the end of this Item 15 are filed as a part of this report.

(b) Exhibits

See Exhibit Index at the end of this Item 15.

(c) Separate Financial Statements and Schedule

None.

Exhibit Index

Exhibit No.	Description
2.1	Asset Purchase Agreement, dated as of September 6, 2022, among Contigo Health, LLC, TRPN Direct Pay, Inc. and Devon Health, Inc. (Incorporated by reference to Exhibit 2.1 of our Current Report on Form 8-K filed September 7, 2022)
3.1	Certificate of Incorporation of Premier, Inc. (Incorporated by reference to Exhibit 3.1 of our Registration Statement on Form S-1 filed on August 26, 2013)
3.2	Amended and Restated Bylaws of Premier, Inc., effective as of August 10, 2023*
4.1	Form of Class A common stock certificate (Incorporated by reference to Exhibit 4.1 of our Registration Statement on Form S-1, Amendment No. 1, filed on September 16, 2013)
4.1.1	Description of Securities (Incorporated by reference to Exhibit 4.1.1 of our Annual Report on Form 10-K filed on August 25, 2020)
10.1	Amended and Restated Premier, Inc. 2013 Equity Incentive Plan, effective December 7, 2018 (Incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on December 7, 2018)+
10.2	Form of Performance Share Award Agreement under the Amended and Restated Premier, Inc. 2013 Equity Incentive Plan (Incorporated by reference to Exhibit 10.7 of our Annual Report on Form 10-K filed on August 23, 2019)+
10.3	Form of Restricted Stock Unit Agreement under the Amended and Restated Premier, Inc. 2013 Equity Incentive Plan*
10.4	Form of Special Retention Restricted Stock Unit Agreement under the Amended and Restated Premier, Inc. 2013 Equity Incentive Plan*
10.5	Form of Restricted Stock Unit Agreement under the Amended and Restated Premier, Inc. 2013 Equity Incentive Plan (Incorporated by reference to Exhibit 10.8 of our Annual Report on Form 10-K filed on August 23, 2019)+
10.5.1	Form of Special Restricted Stock Unit Agreement under the Amended and Restated Premier, Inc. 2013 Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on April 26, 2022)+
10.6	Form of Restricted Stock Unit Agreement for Non-Employee Directors under the Amended and Restated Premier, Inc. 2013 Equity Incentive Plan (Incorporated by reference to Exhibit 10.9 of our Annual Report on Form 10-K filed on August 23, 2018)+
10.7	Form of Stock Option Agreement under the Amended and Restated Premier, Inc. 2013 Equity Incentive Plan (Incorporated by reference to Exhibit 10.8 of our Annual Report on Form 10-K filed on August 23, 2017)+
10.8	Premier, Inc. Annual Incentive Compensation Plan, amended and restated effective August 5, 2020 (Incorporated by reference to Exhibit 10.8 of our Annual Report on Form 10-K filed on August 25, 2020)+
10.9	Senior Executive Employment Agreement dated as of September 13, 2013, by and between Craig S. McKasson and Premier Healthcare Solutions, Inc. (Incorporated by reference to Exhibit 10.23 of our Registration Statement on Form S-1, Amendment No. 1, filed on September 16, 2013)+
10.10	Senior Executive Employment Agreement dated as of February 1, 2021 (effective May 1, 2021) by and between Michael J. Alkire and Premier Healthcare Solutions, Inc. (Incorporated by reference to Exhibit 10.2 of our Current Report on Form 8-K, filed on February 2, 2021)+
10.11	Executive Employment Agreement dated as of July 1, 2016, by and between Leigh Anderson and Premier Healthcare Solutions, Inc. (Incorporated by reference to Exhibit 10.21 of our Annual Report on Form 10-K filed on August 25, 2016)+
10.12	Executive Employment Agreement effective as of July 1, 2016, by and between David Klatsky and Premier Healthcare Solutions, Inc. (Incorporated by reference to Exhibit 10.22 of our Annual Report on Form 10-K filed on August 25, 2016)+
10.13	Executive Employment Agreement effective as of July 1, 2017, by and between David A. Hargraves and Premier Healthcare Solutions, Inc. (Incorporated by reference to Exhibit 10.21 of our Annual Report on Form 10-K filed on August 23, 2017)+
10.14	Premier, Inc. Directors' Compensation Policy, as amended on January 23, 2020 (Incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on January 23, 2020)+
10.15	Premier, Inc. Form of Director Cash Award Agreement under the Premier, Inc. Directors' Compensation Policy (Incorporated by reference to Exhibit 10.2 of our Current Report on Form 8-K filed on August 11, 2016)+

Exhibit No.	Description
10.16	Form of Indemnification Agreement by and between each director and executive officer and Premier, Inc. (Incorporated by reference to Exhibit 10.29 of our Registration Statement on Form S-1, Amendment No. 1, filed on September 16, 2013)+
10.17	Premier, Inc. 2015 Employee Stock Purchase Plan (as amended and restated effective August 4, 2020) (Incorporated by reference to Exhibit 10.19 of our Annual Report on Form 10-K filed on August 25, 2020)+
10.18	Premier Healthcare Solutions, Inc. Amended and Restated Deferred Compensation Plan, dated September 26, 2014 (effective January 1, 2015), as amended on September 25, 2015 and October 24, 2018 (Incorporated by reference to Exhibit 10.20 of our Annual Report on Form 10-K filed on August 25, 2020)+
10.19	Amended and Restated Credit Agreement, dated as of December 12, 2022, by and among Premier Healthcare Alliance, L.P., Premier Supply Chain Improvement, Inc. and Premier Healthcare Solutions, Inc., as Co-Borrowers, certain domestic subsidiaries of Premier Services, LLC, as Guarantors, Wells Fargo Bank, National Association, as Administrative Agent, Swing Line Lender and an L/C Issuer, other lenders from time to time party thereto, and Wells Fargo Securities, LLC, BofA Securities, Inc. JPMorgan Chase Bank, N.A., PNC Capital Markets LLC, and Truist Securities, Inc. as Joint Lead Arrangers and Joint Book Managers. (Incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed December 16, 2022)
10.20	Form of Restricted Stock Unit Agreement for Consultants (Incorporated by reference to Exhibit 10.4 of our Current Report on Form 8-K filed on September 7, 2021)
10.21	Equity Purchase Agreement, dated June 14, 2023, by and among OMNIA Partners, LLC, Non-Healthcare Holdings LLC, Premier Supply Chain Improvement, Inc. Premier Healthcare Alliance, L.P., Acurity, LLC, Innovatix, LLC, Essensa Ventures, LLC, Premier Healthcare Solutions, Inc., and Premier, Inc. (Incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on June 15, 2023)
21	Subsidiaries of the Company*
23	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm*
24	Power of Attorney (included on the signature page hereof)*
31.1	Certification as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certification required by 18 United States Code Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002‡
32.2	Certification required by 18 United States Code Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002‡
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. Annual Report on Form 10-K for the year ended June 30, 2023, formatted in Inline XBRL (included in the Exhibit 101).*

* Filed herewith

\+ Indicates a management contract or compensatory plan or arrangement

‡ Furnished herewith

Our SEC file number for documents filed with the SEC pursuant to the Securities Exchange Act of 1934, as amended, is 001-36092. The SEC file number for our Registration Statement on Form S-1 is 333-190828.

Item 16. Form 10-K Summary

We have elected not to provide a summary.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PREMIER, INC.

By: /s/ MICHAEL J. ALKIRE

Name: Michael J. Alkire

Title: President and Chief Executive Officer

Date: August 22, 2023

POWER OF ATTORNEY

Each person whose signature appears below hereby severally constitutes and appoints each of Craig S. McKasson and David L. Klatsky his/her true and lawful attorney-in-fact and agent with full power of substitution and re-substitution, for him/her in his/her name, place and stead, in any and all capacities, to sign any and all amendments to this report and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to each such attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ MICHAEL J. ALKIRE Michael J. Alkire	President and Chief Executive Officer and Director (principal executive officer)	August 22, 2023
/s/ CRAIG S. MCKASSON Craig S. McKasson	Chief Administrative and Financial Officer and Senior Vice President (principal financial and accounting officer)	August 22, 2023
/s/ JOHN T. BIGALKE John T. Bigalke	Director	August 22, 2023
/s/ HELEN M. BOUDREAU Helen M. Boudreau	Director	August 22, 2023
/s/ JODY R. DAVIDS Jody R. Davids	Director	August 22, 2023
/s/ PETER S. FINE Peter S. Fine	Director	August 22, 2023
/s/ MARC D. MILLER Marc D. Miller	Director	August 22, 2023
/s/ MARVIN R. O'QUINN Marvin R. O'Quinn	Director	August 22, 2023
/s/ TERRY D. SHAW Terry D. Shaw	Director	August 22, 2023
/s/ RICHARD J. STATUTO Richard J. Statuto	Director	August 22, 2023
/s/ ELLEN C. WOLF Ellen C. Wolf	Director	August 22, 2023

Exhibit 21

SUBSIDIARIES OF PREMIER, INC.
As of August 22, 2023

Name of Subsidiary	State/Province of Incorporation
Premier Healthcare Solutions, Inc. (1)	Delaware
Premier Services II, LLC (2)	Delaware
Premier Healthcare Alliance, L.P. (3)	California
Premier Marketplace, LLC (4)	Delaware
Premier Supply Chain Holdings, LLC (4)	Delaware
Premier Supply Chain Improvement, Inc. (4)	Delaware
Care to Care IPA, LLC (2)	New York
CECity.com, Inc. (2)	Pennsylvania
Contigo Health Holdings LLC (2)	Delaware
Healthcare Insights, LLC (2)	Illinois
Premier IDS, LLC (2)	Delaware
Premier Insurance Management Services, Inc. (2)	Illinois
Premier Pharmacy Benefit Management, LLC (2)	Delaware
Stanson Health, Inc. (2)	Delaware
SUM Total, LLC	Delaware
TheraDoc, Inc. (2)	Delaware
Catavert, LLC (5)	North Carolina
Contigo Health, LLC (6)	Ohio
Acurity, LLC (7)	Delaware
Conductiv, Inc. (7)	North Carolina
Conductiv Contracts, LLC (7)	Delaware
Elements Canada, LLC (7)	Delaware
Essensa Ventures, LLC (7)	New York
Innovatix, LLC (7)	Delaware
InnovatixCares, LLC (7)	Delaware
Innovatix Network, LLC (7)	Delaware
Intersectta, LLC (7)	Delaware
Nexera, LLC (7)	Delaware
Non-Healthcare Holdings LLC (7)	Delaware
NS3Health, LLC (7)	Florida
ProvideGx, LLC (7)	Delaware
SVS LLC (7)	North Carolina
Acro Pharmaceutical Services LLC (8)	Pennsylvania
Commcare Pharmacy - FTL, LLC (8)	Florida
Premier Specialty Pharmacy Solutions, LLC (8)	Florida

(1) Wholly owned by Premier, Inc.

(2) Wholly owned by Premier Healthcare Solutions, Inc.

(3) Premier Healthcare Solutions, Inc. is the sole general partner, and Premier Services II, LLC is the sole limited partner of Premier Healthcare Alliance, L.P.

(4) Wholly owned by Premier Healthcare Alliance, L.P.

(5) Wholly owned by Contigo Health Holdings, LLC.

(6) Contigo Health Holdings, LLC holds a 93% interest.

(7) Wholly owned by Premier Supply Chain Improvement, Inc.

(8) Wholly owned by NS3Health, LLC.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-191484) pertaining to the 2013 Equity Incentive Plan of Premier, Inc.,

(2) Registration Statement (Form S-8 No. 333-229531) pertaining to the 2013 Equity Incentive Plan of Premier, Inc. (as amended and restated effective December 7, 2018),

(3) Registration Statement (Form S-8 No. 333-267009) pertaining to the 2013 Equity Incentive Plan of Premier, Inc. (as amended and restated effective December 7, 2018),

(4) Registration Statement (Form S-3 No. 333-199158) of Premier, Inc.,

(5) Registration Statement (Form S-8 No. 333-204628) pertaining to the 2015 Employee Stock Purchase Plan of Premier, Inc.,

(6) Registration Statement (Form S-3/ASR No. 333-244415) of Premier, Inc., and

(7) Registration Statement (Form S-3/ASR No. 333-249826) of Premier, Inc.

of our reports dated August 22, 2023, with respect to the consolidated financial statements of Premier, Inc. and the effectiveness of internal control over financial reporting of Premier, Inc. included in this Annual Report on Form 10-K of Premier, Inc. for the year ended June 30, 2023.

/s/ Ernst & Young LLP

Raleigh, North Carolina
August 22, 2023

Exhibit 31.1

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 annual report on Form 10-K 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: August 22, 2023

/s/ Michael J. Alkire

Michael J. Alkire

President and Chief Executive Officer

Exhibit 31.2

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 annual report on Form 10-K 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: August 22, 2023

/s/ Craig S. McKasson

Craig S. McKasson

Chief Administrative and Financial Officer and Senior Vice President

Exhibit 32.1

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 Annual Report of Premier, Inc. ("Premier") on Form 10-K for the period ended June 30, 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

August 22, 2023

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.

Exhibit 32.2

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 Annual Report of Premier, Inc. ("Premier") on Form 10-K for the period ended June 30, 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

August 22, 2023

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.