

Phreesia Announces Third Quarter Fiscal 2024 Results

WILMINGTON, Delaware, December 5, 2023 – Phreesia, Inc. (NYSE: PHR) (“Phreesia” or the “Company”) announced financial results today for the fiscal third quarter ended October 31, 2023.

“I am proud of our work during the third quarter to further our mission of helping patients take a more active role in their care.” said CEO and Co-Founder Chaim Indig.

Please visit the Phreesia investor relations website at ir.phreesia.com to view the Company's Q3 Fiscal Year 2024 Stakeholder Letter.

Fiscal Third Quarter Ended October 31, 2023 Highlights

- Total revenue was \$91.6 million in the quarter as compared to \$73.1 million in the same period in the prior year, an increase of 25%.
- Average number of healthcare services clients (“AHSCs”) was 3,688 in the quarter as compared to 2,982 in the same period in the prior year, an increase of 24%.
- Healthcare services revenue per AHSC was \$17,845 in the quarter as compared to \$17,645 in the same period in the prior year. See “Key Metrics” below for additional information.
- Total revenue per AHSC was \$24,842 in the quarter as compared to \$24,515 in the same period in the prior year, an increase of 1%. The increase was driven primarily by subscription and related services and network solutions revenue growth that outpaced AHSC growth. See “Key Metrics” below for additional information.
- Net loss was \$31.9 million in the quarter compared to \$40.2 million in the same period in the prior year.
- Adjusted EBITDA was negative \$6.6 million in the quarter compared to negative \$18.3 million in the same period in the prior year.
- Cash and cash equivalents as of October 31, 2023 was \$103.4 million, down \$73.3 million from January 31, 2023.

Recent Events**Acquisition of ConnectOnCall**

On October 3, 2023, we acquired ConnectOnCall.com, LLC (“ConnectOnCall”) for total consideration of \$13.9 million. ConnectOnCall is a founder-owned company with an innovative medical answering solution that makes it easier for on-call providers to respond to patient calls—especially after hours—and improves the patient experience. We acquired ConnectOnCall to expand our offerings to provider organizations, helping them make the call-triaging process more efficient and less expensive.

Termination of Third SVB Facility

On December 4, 2023, we terminated the Third SVB Facility and replaced it with the Capital One Facility described below. We incurred termination fees of \$0.8 million in connection with the termination of the Third SVB Facility.

Capital One Facility

On December 4, 2023, we entered into a new 5-year \$50 million senior secured asset-based revolving credit facility (“Capital One Credit Facility”) maturing in December 2028. The new Capital One Credit Facility was entered into with Capital One, N.A., acting as administrative agent and replaces our previous senior secured revolving credit facility with Silicon Valley Bank, which we terminated on the same date. We believe the new Capital One Credit Facility will give us additional financial flexibility through the 5-year term. The facility is available to us for working capital and general corporate purposes.

Outlook and Target**Fiscal Year 2024 Outlook**

We are maintaining our revenue outlook for fiscal year 2024 at \$353 million to \$356 million, implying year-over-year growth of 26% to 27%.

We are raising our Adjusted EBITDA outlook for fiscal year 2024 to approximately negative \$39 million from a previous range of negative \$54 million to negative \$49 million.

Fiscal Year 2025 Outlook and Target

We are introducing our revenue outlook for fiscal 2025. We expect revenue to be in the range of \$424 million to \$434 million. The revenue range provided for fiscal 2025 assumes no additional revenue from potential future acquisitions completed between now and January 31, 2025.

In conjunction with our initial revenue outlook for fiscal 2025, we are revising our timeline for reaching annualized revenue of \$500 million. Over the past two months, in order to accelerate our path to profitability¹, we have made decisions to hold back on certain planned investments in our go to market and in the payer space because we do not believe the revenue from those investments will be realized soon enough to justify the returns in the current cost of capital environment. As a result of these decisions, we now expect to achieve \$500 million of annualized revenue in a quarter in fiscal 2026² as compared to our previous target of a quarter in fiscal 2025.

In conjunction with our increased prioritization of achieving profitability¹, we are introducing our Adjusted EBITDA Outlook for fiscal 2025. We expect Adjusted EBITDA for fiscal 2025 to be in the range of \$10 million to \$20 million. Our new outlook represents an acceleration to profitability¹ compared to our previous target of achieving profitability¹ at some point during fiscal year 2025. We believe our decisions will enhance long-term shareholder value.

We believe our \$103.4 million in cash and cash equivalents as of October 31, 2023, along with cash generated in our normal operations gives us sufficient flexibility to reach our fiscal 2025 revenue and Adjusted EBITDA outlook. Additionally, our available borrowing capacity under our credit facility with Capital One provides us with an additional source of capital to pursue future growth opportunities not incorporated into our fiscal 2025 revenue and Adjusted EBITDA outlook.

Non-GAAP Financial Measures

We have not reconciled our Adjusted EBITDA outlook to GAAP Net income (loss) because we do not provide an outlook for GAAP Net income (loss) due to the uncertainty and potential variability of Other (income) expense, net and (Benefit from) provision for income taxes, which are reconciling items between Adjusted EBITDA and GAAP Net income (loss). Because we cannot reasonably predict such items, a reconciliation of the non-GAAP financial measure outlook to the corresponding GAAP measure is not available without unreasonable effort. We caution, however, that such items could have a significant impact on the calculation of GAAP Net income (loss). For further information regarding the non-GAAP financial measures included in this press release, including a reconciliation of GAAP to non-GAAP financial measures and an explanation of these measures, please see "Non-GAAP financial measures" below.

Available Information

We intend to use our Company website (including our Investor Relations website) as well as our Facebook, Twitter, LinkedIn and Instagram accounts as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD.

Forward Looking Statements

This press release includes express or implied statements that are not historical facts and are considered forward-looking within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements generally relate to future events or our future financial or operating performance and may contain projections of our future results of operations or of our financial information or state other forward-looking information. These statements include, but are not limited to, statements regarding: our future financial and operating performance, including our revenue, Adjusted EBITDA and our ability to reach profitability¹ in fiscal year 2025; our ability to finance our plans to achieve our fiscal year 2025 outlook with our current cash balance and cash generated in the normal course of business; our outlook for fiscal year 2024 and fiscal year 2025 (including with respect to Adjusted EBITDA) and our fiscal year 2025 and 2026 targets; our belief that our decisions to hold back on certain planned investments will accelerate profitability¹ and that our increased prioritization of achieving profitability¹ will enhance long-term shareholder value; our belief that our new revolving credit facility with Capital One will give us additional financial flexibility; the expected results

¹ For the purposes of this statement, we define "profitability" in terms of Adjusted EBITDA.

² For our target revenue, "annualized" is defined as multiplying the highest-revenue quarter in fiscal year 2026 by four.

and benefits of our acquisitions, including our recent acquisition of ConnectOnCall; and our expectations regarding the expansion of our offerings and our network of clients and partners. In some cases, you can identify forward-looking statements by the following words: “may,” “will,” “could,” “would,” “should,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “project,” “potential,” “continue,” “ongoing,” or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future operational or financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Furthermore, actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control, including, without limitation, risks associated with: our ability to effectively manage our growth and meet our growth objectives; our focus on the long-term and our investments in growth; the competitive environment in which we operate; our ability to comply with the covenants in our credit agreement with Capital One; our ability to develop and release new products and services; our ability to develop and release successful enhancements, features and modifications to our existing products and services; changes in market conditions and receptivity to our products and services; our ability to maintain the security and availability of our platform; changes in laws and regulations applicable to our business model; our ability to make accurate predictions about our industry and addressable market; the impact of pandemics on our business and economic conditions; our ability to attract, retain and cross-sell to healthcare services clients; our ability to continue to operate effectively with a primarily remote workforce and attract and retain key talent; our ability to realize the intended benefits of our acquisitions and partnerships, including our recent acquisitions of MediFind, Access eForms and ConnectOnCall; difficulties in integrating our acquisitions and investments; and the recent high inflationary environment and other general, market, political, economic and business conditions (including as a result of the warfare and/or political and economic instability in Ukraine, the Middle East or elsewhere). The forward-looking statements contained in this press release are also subject to other risks and uncertainties, including those listed or described in our filings with the Securities and Exchange Commission (“SEC”), including in our Annual Report on Form 10-K for the fiscal year ended January 31, 2023 and in our Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2023 that will be filed with the SEC following this press release. The forward-looking statements in this press release speak only as of the date on which the statements are made. We undertake no obligation to update, and expressly disclaim the obligation to update, any forward-looking statements made in this press release to reflect events or circumstances after the date of this press release or to reflect new information or the occurrence of unanticipated events, except as required by law.

This press release includes certain non-GAAP financial measures as defined by SEC rules. We have provided a reconciliation of those measures to the most directly comparable GAAP measures, with the exception of our Adjusted EBITDA outlook for the reasons described above.

Conference Call Information

We will hold a conference call on Tuesday December 5, 2023, at 5:00 p.m. Eastern Time to review our fiscal 2024 second quarter financial results. To participate in our live conference call and webcast, please dial (888) 350-3437 (or (646) 960-0153 for international participants) using conference code number 4000153 or visit the “Events & Presentations” section of our Investor Relations website at ir.phreesia.com. A replay of the call will be available via webcast for on-demand listening shortly after the completion of the call, at the same web link, and will remain available for approximately 90 days.

ABOUT PHREESIA

Phreesia is a trusted leader in patient activation, giving providers, health plans, life sciences companies and other organizations tools to help patients take a more active role in their care. Founded in 2005, Phreesia enabled more than 120 million patient visits in 2022 – more than 1 in 10 visits across the U.S. – scale that we believe allows us to make meaningful impact. Offering patient-driven digital solutions for intake, outreach, education and more, Phreesia

enhances the patient experience, drives efficiency and improves healthcare outcomes. To learn more, visit phreesia.com.

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Phreesia, Inc.
Consolidated Balance Sheets
(in thousands, except share and per share data)

	October 31, 2023	January 31, 2023
	(Unaudited)	
Assets		
Current:		
Cash and cash equivalents	\$ 103,366	\$ 176,683
Settlement assets	24,083	22,599
Accounts receivable, net of allowance for doubtful accounts of \$1,556 and \$1,053 as of October 31, 2023 and January 31, 2023, respectively	57,439	51,394
Deferred contract acquisition costs	777	1,056
Prepaid expenses and other current assets	13,575	10,709
Total current assets	199,240	262,441
Property and equipment, net of accumulated depreciation and amortization of \$72,516 and \$59,847 as of October 31, 2023 and January 31, 2023, respectively	19,899	21,670
Capitalized internal-use software, net of accumulated amortization of \$43,744 and \$37,236 as of October 31, 2023 and January 31, 2023, respectively	44,257	35,150
Operating lease right-of-use assets	431	569
Deferred contract acquisition costs	1,178	1,754
Intangible assets, net of accumulated amortization of \$4,044 and \$2,549 as of October 31, 2023 and January 31, 2023, respectively	32,506	11,401
Deferred tax asset	—	81
Goodwill	75,468	33,736
Other assets	1,668	3,255
Total Assets	\$ 374,647	\$ 370,057
Liabilities and Stockholders' Equity		
Current:		
Settlement obligations	\$ 24,083	\$ 22,599
Current portion of finance lease liabilities and other debt	6,753	5,172
Current portion of operating lease liabilities	571	934
Accounts payable	10,904	10,836
Accrued expenses	28,290	21,810
Deferred revenue	22,034	17,688
Other current liabilities	5,790	—
Total current liabilities	98,425	79,039
Long-term finance lease liabilities and other debt	6,845	2,725
Operating lease liabilities, non-current	174	349
Long-term deferred revenue	97	125
Long-term deferred tax liabilities	222	—
Other long-term liabilities	4,286	—
Total Liabilities	110,049	82,238
Commitments and contingencies		
Stockholders' Equity:		
Common stock, \$0.01 par value - 500,000,000 shares authorized as of both October 31, 2023 and January 31, 2023; 56,964,279 and 54,187,172 shares issued as of October 31, 2023 and January 31, 2023, respectively	570	542
Additional paid-in capital	1,021,870	926,957
Accumulated deficit	(712,323)	(606,084)
Treasury stock, at cost, 1,355,169 and 971,236 shares as of October 31, 2023 and January 31, 2023, respectively	(45,519)	(33,596)
Total Stockholders' Equity	264,598	287,819
Total Liabilities and Stockholders' Equity	\$ 374,647	\$ 370,057

Phreesia, Inc.
Consolidated Statements of Operations
(Unaudited)
(in thousands, except share and per share data)

	Three months ended October 31,		Nine months ended October 31,	
	2023	2022	2023	2022
Revenue:				
Subscription and related services	\$ 42,595	\$ 32,992	\$ 119,783	\$ 93,162
Payment processing fees	23,218	19,626	71,102	58,588
Network solutions	25,806	20,485	70,409	52,574
Total revenues	91,619	73,103	261,294	204,324
Expenses:				
Cost of revenue (excluding depreciation and amortization)	15,529	14,562	44,885	43,821
Payment processing expense	15,410	12,770	47,352	37,482
Sales and marketing	36,478	36,631	111,135	115,003
Research and development	28,544	22,669	82,484	65,846
General and administrative	20,240	19,600	61,105	60,528
Depreciation	4,483	4,865	13,231	13,363
Amortization	2,980	1,817	8,003	5,020
Total expenses	123,664	112,914	368,195	341,063
Operating loss	(32,045)	(39,811)	(106,901)	(136,739)
Other expense, net	(47)	(211)	(39)	(204)
Interest income (expense), net	523	61	2,027	(528)
Total other income (expense), net	476	(150)	1,988	(732)
Loss before provision for income taxes	(31,569)	(39,961)	(104,913)	(137,471)
Provision for income taxes	(372)	(206)	(1,326)	(654)
Net loss	\$ (31,941)	\$ (40,167)	\$ (106,239)	\$ (138,125)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.58)	\$ (0.76)	\$ (1.96)	\$ (2.64)
Weighted-average common shares outstanding, basic and diluted	55,251,074	52,606,400	54,139,555	52,294,026

(1) Our potential dilutive securities have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted-average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common stockholders is the same.

Phreesia, Inc.
Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Nine months ended October 31,	
	2023	2022
Operating activities:		
Net loss	\$ (106,239)	\$ (138,125)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	21,234	18,383
Stock-based compensation expense	53,749	43,491
Amortization of deferred financing costs and debt discount	253	227
Cost of Phreesia hardware purchased by customers	1,232	939
Deferred contract acquisition costs amortization	855	1,318
Non-cash operating lease expense	484	1,543
Deferred taxes	181	515
Changes in operating assets and liabilities:		
Accounts receivable	(3,361)	(4,094)
Prepaid expenses and other assets	(761)	(802)
Deferred contract acquisition costs	—	(356)
Accounts payable	(1,226)	4,411
Accrued expenses and other liabilities	6,530	1,931
Lease liabilities	(884)	(981)
Deferred revenue	(1,347)	(2,624)
Net cash used in operating activities	(29,300)	(74,224)
Investing activities:		
Acquisitions, net of cash acquired	(14,279)	—
Capitalized internal-use software	(13,889)	(15,576)
Purchases of property and equipment	(3,344)	(4,028)
Net cash used in investing activities	(31,512)	(19,604)
Financing activities:		
Proceeds from issuance of common stock upon exercise of stock options	925	1,225
Treasury stock to satisfy tax withholdings on stock compensation awards	(12,176)	(9,523)
Proceeds from employee stock purchase plan	2,782	2,832
Finance lease payments	(5,156)	(4,316)
Constructive financing	1,688	—
Principal payments on financing agreements	(318)	(216)
Debt issuance costs and loan facility fee payments	(250)	(397)
Net cash used in financing activities	(12,505)	(10,395)
Net decrease in cash and cash equivalents	(73,317)	(104,223)
Cash and cash equivalents – beginning of period	176,683	313,812
Cash and cash equivalents – end of period	\$ 103,366	\$ 209,589

Supplemental information of non-cash investing and financing information:			
Operating lease assets acquired in exchange for operating lease liabilities	\$	346	\$ —
Property and equipment acquisitions through finance leases	\$	7,438	\$ 526
Purchase of property and equipment and capitalized software included in current liabilities	\$	2,911	\$ 3,354
Capitalized stock-based compensation	\$	1,023	\$ 1,036
Issuance of stock to settle liabilities for stock-based compensation	\$	10,641	\$ 10,852
Issuance of stock as consideration in business combinations	\$	35,321	\$ —
Deferred consideration liabilities payable in business combinations	\$	10,294	\$ —
Capitalized software acquired through vendor financing	\$	2,047	\$ —
Cash paid for:			
Interest	\$	649	\$ 647

Non-GAAP financial measures

This press release and statements made during the above-referenced webcast may include certain non-GAAP financial measures as defined by SEC rules.

Adjusted EBITDA is a supplemental measure of our performance that is not required by, or presented in accordance with, GAAP. Adjusted EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to net income or loss or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of our liquidity. We define Adjusted EBITDA as net income or loss before interest (income) expense, net, provision for income taxes, depreciation and amortization, and before stock-based compensation expense and other income, net.

We have provided below a reconciliation of Adjusted EBITDA to net loss, the most directly comparable GAAP financial measure. We have presented Adjusted EBITDA in this press release and our Quarterly Report on Form 10-Q to be filed after this press release because it is a key measure used by our management and board of directors to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget, and to develop short and long-term operational plans. In particular, we believe that the exclusion of the amounts eliminated in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core business. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors. We have not reconciled our Adjusted EBITDA outlook to GAAP Net income (loss) because we do not provide an outlook for GAAP Net income (loss) due to the uncertainty and potential variability of Other (income) expense, net and (Benefit from) provision for income taxes, which are reconciling items between Adjusted EBITDA and GAAP Net income (loss). Because we cannot reasonably predict such items, a reconciliation of the non-GAAP financial measure outlook to the corresponding GAAP measure is not available without unreasonable effort. We caution, however, that such items could have a significant impact on the calculation of GAAP Net income (loss).

Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. Some of these limitations are as follows:

- Although depreciation and amortization expense are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA does not reflect: (1) changes in, or cash requirements for, our working capital needs; (2) the potentially dilutive impact of non-cash stock-based compensation; (3) tax payments that may represent a reduction in cash available to us; or (4) interest (income) expense, net; and
- Other companies, including companies in our industry, may calculate Adjusted EBITDA or similarly titled measures differently, which reduces its usefulness as a comparative measure.

Because of these and other limitations, you should consider Adjusted EBITDA along with other GAAP-based financial performance measures, including various cash flow metrics, net loss, and our GAAP financial results. The following table presents a reconciliation of Adjusted EBITDA to net loss for each of the periods indicated:

Phreesia, Inc.
Adjusted EBITDA
(Unaudited)

(in thousands, unaudited)	Three months ended October 31,		Nine months ended October 31,	
	2023	2022	2023	2022
Net loss	\$ (31,941)	\$ (40,167)	\$ (106,239)	\$ (138,125)
Interest (income) expense, net	(523)	(61)	(2,027)	528
Provision for income taxes	372	206	1,326	654
Depreciation and amortization	7,463	6,682	21,234	18,383
Stock-based compensation expense	17,963	14,782	53,749	43,491
Other expense, net	47	211	39	204
Adjusted EBITDA	<u>\$ (6,619)</u>	<u>\$ (18,347)</u>	<u>\$ (31,918)</u>	<u>\$ (74,865)</u>

Phreesia, Inc.
Reconciliation of GAAP and Adjusted Operating Expenses
(Unaudited)

(in thousands)	Three months ended October 31,		Nine months ended October 31,	
	2023	2022	2023	2022
GAAP operating expenses				
General and administrative	\$ 20,240	\$ 19,600	\$ 61,105	\$ 60,528
Sales and marketing	36,478	36,631	111,135	115,003
Research and development	28,544	22,669	82,484	65,846
Cost of revenue (excluding depreciation and amortization)	15,529	14,562	44,885	43,821
	<u>\$ 100,791</u>	<u>\$ 93,462</u>	<u>\$ 299,609</u>	<u>\$ 285,198</u>
Stock compensation included in GAAP operating expenses				
General and administrative	\$ 5,798	\$ 5,318	\$ 17,423	\$ 15,652
Sales and marketing	6,322	5,543	19,850	16,620
Research and development	4,561	2,979	13,002	8,507
Cost of revenue (excluding depreciation and amortization)	1,282	942	3,474	2,712
	<u>\$ 17,963</u>	<u>\$ 14,782</u>	<u>\$ 53,749</u>	<u>\$ 43,491</u>
Adjusted operating expenses				
General and administrative	\$ 14,442	\$ 14,282	\$ 43,682	\$ 44,876
Sales and marketing	30,156	31,088	91,285	98,383
Research and development	23,983	19,690	69,482	57,339
Cost of revenue (excluding depreciation and amortization)	14,247	13,620	41,411	41,109
	<u>\$ 82,828</u>	<u>\$ 78,680</u>	<u>\$ 245,860</u>	<u>\$ 241,707</u>

Phreesia, Inc.

Key Metrics

(Unaudited)

	Three months ended October 31,		Nine months ended October 31,	
	2023	2022	2023	2022
Key Metrics:				
Average number of healthcare services clients ("AHSCs")	3,688	2,982	3,481	2,761
Healthcare services revenue per AHSC	\$ 17,845	\$ 17,645	\$ 54,836	\$ 54,957
Total revenue per AHSC	\$ 24,842	\$ 24,515	\$ 75,063	\$ 94,637

We remain focused on building secure and reliable products that derive a strong return on investment for our clients and implementing them with speed and ease. This strategy continues to enable us to grow our network of healthcare services clients. The investments we make to grow, strengthen and sustain our network of healthcare services clients lead to growth in all of our revenue categories.

The definitions of our key metrics are presented below.

- *AHSCs.* We define AHSCs as the average number of clients that generate subscription and related services or payment processing revenue each month during the applicable period. In cases where we act as a subcontractor providing white-label services to our partner's clients, we treat the contractual relationship as a single healthcare services client. We believe growth in AHSCs is a key indicator of the performance of our business and depends, in part, on our ability to successfully develop and market our Platform to healthcare services organizations that are not yet clients. While growth in AHSCs is an important indicator of expected revenue growth, it also informs our management of the areas of our business that will require further investment to support expected future AHSC growth. For example, as AHSCs increase, we may need to add to our customer support team and invest to maintain effectiveness and performance of our Platform and software for our healthcare services clients and their patients.
- *Healthcare services revenue per AHSC.* We define Healthcare services revenue as the sum of subscription and related services revenue and payment processing revenue. We define Healthcare services revenue per AHSC as Healthcare services revenue in a given period divided by AHSCs during that same period. We are focused on continually delivering value to our healthcare services clients and believe that our ability to increase Healthcare services revenue per AHSC is an indicator of the long-term value of the Phreesia platform.
- *Total revenue per AHSC.* We define Total revenue per AHSC as Total revenue in a given period divided by AHSCs during that same period. Our healthcare services clients directly generate subscription and related services and payment processing revenue. Additionally, our relationships with healthcare services clients who subscribe to the Phreesia Platform give us the opportunity to engage with life sciences companies, health plans and other payer organizations, patient advocacy, public interest and other not-for-profit organizations who deliver direct communication to patients through our Platform. As a result, we believe that our ability to increase Total revenue per AHSC is an indicator of the long-term value of the Phreesia Platform.

Additional Information

(Unaudited)

	Three months ended October 31,		Nine months ended October 31,	
	2023	2022	2023	2022
Patient payment volume (in millions)	\$ 965	\$ 815	\$ 2,970	\$ 2,463
Payment facilitator volume percentage	82 %	81 %	82 %	80 %

- *Patient payment volume.* We believe that patient payment volume is an indicator of both the underlying health of our healthcare services clients' businesses and the continuing shift of healthcare costs to patients. We measure patient payment volume as the total dollar volume of transactions between our healthcare services clients and their patients utilizing our payment platform, including via credit and debit cards that we

process as a payment facilitator as well as cash and check payments and credit and debit transactions for which we act as a gateway to other payment processors.

- *Payment facilitator volume percentage.* We define payment facilitator volume percentage as the volume of credit and debit card patient payment volume that we process as a payment facilitator as a percentage of total patient payment volume. Payment facilitator volume is a major driver of our payment processing revenue. Our payment facilitator volume percentage could decline slightly over time should we increase our penetration of enterprise customers that are less likely to use Phreesia as a payment facilitator.