

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended July 31, 2025

OR

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

For the transition period from __ to __

Commission File Number: 001-38977

PHREESIA, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

1521 Concord Pike
Suite 301 PMB 221
Wilmington, DE¹

(Address of principal executive offices)

20-2275479
(I.R.S. Employer
Identification No.)

19803

(Zip Code)

(888) 654-7473

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	PHR	The New York Stock Exchange

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

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

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

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

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

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

As of August 29, 2025, 59,914,473 shares of the registrant's common stock, par value \$0.01 per share, were outstanding.

¹ Phreesia, Inc. is a fully remote company and no longer maintains its principal executive office. The address listed here is the mailing address that we maintain. For purposes of compliance with applicable requirements of the Securities Act of 1933, as amended, and Securities Exchange Act of 1934, as amended, stockholder communications required to be sent to our principal executive offices should be directed to the email address set forth in our proxy materials and/or identified on our investor relations website.

PHREESIA, INC.

FORM 10-Q

For the Quarter Ended July 31, 2025

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Summary of Material Risks Associated with our Business

Our business is subject to numerous risks and uncertainties that you should be aware of in evaluating our business. These risks and uncertainties include, but are not limited to, the following:

- We operate in a highly competitive industry, and if we are not able to compete effectively, including with the electronic health records ("EHR") and practice management ("PM") systems with which we integrate, our business and results of operations may be harmed.
- If we fail to manage our future growth effectively, our revenue may not increase, and we may be unable to implement our business strategy.
- Our operating results have fluctuated and may continue to fluctuate significantly and if we fail to meet the expectations of analysts or investors, our stock price and the value of your investment could decline substantially.
- Privacy concerns, cyber-attacks, data breaches or cybersecurity incidents relating to our SaaS-based solutions could result in economic loss, damage to our reputation, deterring users from using our products, and our exposure to legal penalties and liability.
- Our operations in India subject us to additional risks which could have an adverse effect on our business, operating results, and financial condition.
- We typically incur significant upfront costs in our client relationships, and if we are unable to develop or grow these relationships over time, we are unlikely to recover these costs and our operating results may suffer.
- As a result of our variable sales and implementation cycles, we may be unable to recognize revenue to offset expenditures, which could result in fluctuations in our quarterly results of operations or otherwise harm our future operating results.
- The estimates and assumptions we use to determine the size of our target market may prove to be inaccurate, and even if the markets in which we compete meet our size estimates and forecasted growth, our business may not grow at similar rates, or at all.
- We depend on our senior management team and certain key employees, and the loss of one or more of our executive officers or key employees or an inability to attract and retain highly skilled employees could adversely affect our business.
- We have made, and may in the future make, acquisitions, including the pending AccessOne Acquisition (as defined herein), and investments which may be difficult to integrate, divert management resources, result in unanticipated costs or dilute our stockholders.
- We are a fully remote company that does not maintain a physical office presence, which subjects us to unique operational risks.
- We are subject to health care laws and data privacy and security laws and regulations governing our collection, use, disclosure, storage and transmission of personally identifiable information, including protected health information and payment card data, which may impose restrictions on us and our operations, require us to change our business practices and put in place additional compliance mechanisms, and subject us to fines, penalties, lawsuits, adverse publicity, reputational harm, loss of customer trust or government enforcement actions if we are unable to fully comply with such laws.
- Artificial intelligence ("AI") presents risks and challenges that can impact our business, including by posing security risks to our confidential information, proprietary information and personal data, increasing our regulatory and compliance burden and increasing competition.
- We rely on our third-party contractors, vendors and partners, including some outside of the United States, to execute our business strategy. Replacing them could be difficult and disruptive to our business. If we are unsuccessful in forming or maintaining such relationships on terms favorable to us, our business may not succeed.

The summary risk factors described above should be read together with the text of the full risk factors below in the section titled "Risk Factors" and in the other information set forth in this Quarterly Report on Form 10-Q, including our consolidated financial statements and the related notes, as well as in other documents that we file with the U.S. Securities and Exchange Commission (the "SEC"). If any such risks and uncertainties actually occur, our business, prospects, financial condition and results of operations could be materially and adversely affected. The risks summarized above or described in full below are not the only risks that we face. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial may also materially adversely affect our business, prospects, financial condition and results of operations.

Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains express or implied statements that are not historical facts and are considered forward-looking statements 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 (the "Exchange Act"). Forward-looking statements involve substantial risks and uncertainties. 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. 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. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- our future financial performance, including our revenue, cash flows, costs of revenue and operating expenses;
- the rapidly evolving industry and the market for technology-enabled services in healthcare in the United States being relatively immature and unproven;
- our reliance on a limited number of clients for a substantial portion of our revenue;
- our anticipated growth and growth strategies and our ability to effectively manage that growth, including in connection with the integration of significant acquisitions, including the AccessOne Acquisition;
- the consummation of the AccessOne Acquisition and timing thereof and the expected results of the AccessOne Acquisition;
- our ability to maintain positive net income and our ability to maintain and grow positive Adjusted EBITDA;
- the sufficiency of our cash, cash equivalents and investments to meet our liquidity needs;
- our potential competition with our customers or partners;
- our existing clients not renewing their existing contracts with us, renewing at lower fee levels or declining to purchase additional applications from us;
- our failure to adequately maintain our direct sales force, impeding our growth;
- our ability to recover the significant upfront costs in our customer relationships;
- liability arising from our collection, use, disclosure, or storage of sensitive data collected from or about patients;
- our reliance on third-party vendors, manufacturers and partners to execute our business strategy;
- the impact of privacy concerns, data breaches or other cybersecurity incidents on our business operations, financial performance and results of operations;
- the uncertainty and ongoing flux of the regulatory and political framework, including potential regulatory, judicial, and legislative changes or developments resulting from the change in U.S. presidential administration;
- our ability to comply with laws and regulations;
- our ability to determine the size of our target market;
- the impact of market volatility, including the inflationary and interest rate environment, economic slowdowns and recessions, and other global financial, economic and political events, on our business and our ability to attract, retain and cross-sell to healthcare services clients;
- our ability to obtain, maintain and enforce intellectual property for our technology and products;

- our ability to incorporate AI into our operations and products faster and more successfully than our competitors, while protecting the privacy of medical records and against cybersecurity threats;
- our inability to implement our solutions for clients resulting in loss of clients and reputation;
- our dependency on our key personnel, and our ability to attract, hire, integrate, and retain key personnel, including as a result of being a fully remote company;
- the possibility that we may become subject to future litigation and the expected outcome of any ongoing litigation matters;
- our future indebtedness and contractual obligations;
- our expectations regarding trends in our key metrics and revenue from subscription fees from our healthcare services clients, payment processing fees and fees charged to life sciences companies and other organizations for delivering direct communications to help activate, engage and educate patients about topics critical to their health;
- our ability to meet our objectives regarding our operations in India; and
- other risks and uncertainties, including those listed under the section titled "Risk Factors."

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Quarterly Report on Form 10-Q. You should not rely upon forward-looking statements as predictions of future events. We have based our forward-looking statements primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors, including, without limitation, those described in the section titled "Risk Factors" in this Quarterly Report on Form 10-Q.

Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. We cannot assure you that the results, events and circumstances reflected in these forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements contained in this Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements.

Where You Can Find More Information

Phreesia investors and others should note that we announce material information to the public about our company, products and services and other issues through a variety of means, including our website at <https://www.phreesia.com>, our investor relations website at <https://ir.phreesia.com>, press releases, SEC filings and public conference calls, in order to achieve broad, non-exclusionary distribution of information to the public. We also use the following social media channels as a means of disclosing information about the company, our solutions, our planned financial and other announcements and attendance at upcoming investor and industry conferences, and other matters and for complying with our disclosure obligations under Regulation FD:

- PHREESIA X Account (<https://x.com/phreesia>)
- PHREESIA Facebook Page (<https://www.facebook.com/phreesia/>)
- PHREESIA LinkedIn Page (<https://www.linkedin.com/company/phreesia>)
- PHREESIA Instagram Account (<https://www.instagram.com/phreesia.co>)
- PHREESIA News Page (<https://www.phreesia.com/news/>)
- PHREESIA Network Solutions X Account (<https://x.com/phreesianetwork>)
- PHREESIA Network Solutions Facebook Page (<https://www.facebook.com/phreesianetworksolutions/>)
- PHREESIA Network Solutions LinkedIn Page (<https://www.linkedin.com/company/phreesia-network-solutions/>)
- PHREESIA Network Solutions Page (<https://networksolutions.phreesia.com>)
- INSIGNIA Health website (<https://www.insigniahealth.com/>)
- MEDIFIND website (<https://www.medifind.com/>)

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We encourage our investors and others to review the information we make public in these locations as such information could be deemed to be material information. Please note that this list may be updated from time to time.

The contents of any website or social media channel referred to in this Quarterly Report on Form 10-Q are not intended to be incorporated into this Quarterly Report on Form 10-Q or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

PART I – FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

Phreesia, Inc.
Consolidated Balance Sheets

(in thousands, except share and per share data)

	July 31, 2025	January 31, 2025
	(Unaudited)	
Assets		
Current:		
Cash and cash equivalents	\$ 98,266	\$ 84,220
Settlement assets	28,875	29,176
Accounts receivable, net of allowance for doubtful accounts of \$2,654 and \$1,468 as of July 31, 2025 and January 31, 2025, respectively	76,842	73,617
Deferred contract acquisition costs	431	401
Prepaid expenses and other current assets	18,227	15,871
Total current assets	222,641	203,285
Property and equipment, net of accumulated depreciation and amortization of \$90,765 and \$84,505 as of July 31, 2025 and January 31, 2025, respectively	22,769	23,651
Capitalized internal-use software, net of accumulated amortization of \$62,272 and \$55,991 as of July 31, 2025 and January 31, 2025, respectively	53,881	52,763
Operating lease right-of-use assets	1,043	1,477
Deferred contract acquisition costs	551	583
Intangible assets, net of accumulated amortization of \$10,147 and \$8,407 as of July 31, 2025 and January 31, 2025, respectively	26,403	28,143
Goodwill	75,845	75,845
Deferred tax asset	1,640	—
Other assets	3,856	2,668
Total Assets	\$ 408,629	\$ 388,415
Liabilities and Stockholders' Equity		
Current:		
Settlement obligations	\$ 28,875	\$ 29,176
Current portion of finance lease liabilities and other debt	7,096	8,043
Current portion of operating lease liabilities	941	964
Accounts payable	6,527	5,622
Accrued expenses	34,783	37,460
Deferred revenue	26,913	32,758
Total current liabilities	105,135	114,023
Long-term finance lease liabilities and other debt	4,576	8,150
Operating lease liabilities, non-current	179	646
Long-term deferred revenue	81	119
Long-term deferred tax liabilities	626	484
Other long-term liabilities	45	185
Total Liabilities	110,642	123,607
Commitments and contingencies (Note 11)		
Stockholders' Equity:		
Preferred stock, undesignated, \$0.01 par value—20,000,000 shares authorized as of both July 31, 2025 and January 31, 2025; no shares issued or outstanding as of both July 31, 2025 and January 31, 2025	—	—
Common stock, \$0.01 par value—500,000,000 shares authorized as of both July 31, 2025 and January 31, 2025; 61,124,918 and 60,083,444 shares issued as of July 31, 2025 and January 31, 2025, respectively	611	601
Additional paid-in capital	1,147,540	1,111,274
Accumulated deficit	(804,756)	(801,496)
Accumulated other comprehensive income (loss)	112	(51)
Treasury stock, at cost, 1,355,169 shares as of both July 31, 2025 and January 31, 2025	(45,520)	(45,520)
Total Stockholders' Equity	297,987	264,808
Total Liabilities and Stockholders' Equity	\$ 408,629	\$ 388,415

See notes to unaudited consolidated financial statements

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

	Three months ended July 31,		Six months ended July 31,	
	2025	2024	2025	2024
Revenue:				
Subscription and related services	\$ 53,702	\$ 48,612	\$ 108,057	\$ 95,354
Payment processing fees	28,392	25,300	58,317	52,360
Network solutions	35,161	28,203	66,817	55,618
Total revenues	117,255	102,115	233,191	203,332
Expenses:				
Cost of revenue (excluding depreciation and amortization)	17,398	16,143	34,035	31,866
Payment processing expense	20,243	16,668	41,671	34,965
Sales and marketing	25,396	30,184	51,439	62,195
Research and development	29,274	29,542	61,103	58,423
General and administrative	19,042	19,497	35,450	38,549
Depreciation	3,279	3,921	6,265	7,445
Amortization	4,130	3,382	8,022	6,531
Total expenses	118,762	119,337	237,985	239,974
Operating loss	(1,507)	(17,222)	(4,794)	(36,642)
Other income (expense), net	336	(86)	674	(117)
Interest income, net	608	46	378	285
Total other income (expense), net	944	(40)	1,052	168
Loss before income tax benefit (expense)	(563)	(17,262)	(3,742)	(36,474)
Income tax benefit (expense)	1,217	(750)	482	(1,260)
Net income (loss)	\$ 654	\$ (18,012)	\$ (3,260)	\$ (37,734)
Net income (loss) per share attributable to common stockholders:				
Basic	\$ 0.01	\$ (0.31)	\$ (0.06)	\$ (0.66)
Diluted	\$ 0.01	\$ (0.31)	\$ (0.06)	\$ (0.66)
Weighted-average common shares outstanding:				
Basic	59,591,545	57,502,959	59,261,722	57,089,232
Diluted	61,685,811	57,502,959	59,261,722	57,089,232

See notes to unaudited consolidated financial statements

Phreesia, Inc.
Unaudited Consolidated Statements of Comprehensive Income (Loss)
(in thousands)

	Three months ended July 31,		Six months ended July 31,	
	2025	2024	2025	2024
Net income (loss)	\$ 654	\$ (18,012)	\$ (3,260)	\$ (37,734)
Other comprehensive (loss) income:				
Net change in unrealized (losses) gains on cash flow hedges	(199)	—	208	—
Change in foreign currency translation adjustments	(73)	(3)	(45)	(2)
Other comprehensive (loss) income	<u>(272)</u>	<u>(3)</u>	<u>163</u>	<u>(2)</u>
Comprehensive income (loss)	<u>\$ 382</u>	<u>\$ (18,015)</u>	<u>\$ (3,097)</u>	<u>\$ (37,736)</u>

See notes to unaudited consolidated financial statements

Phreesia, Inc.
Unaudited Consolidated Statements of Stockholders' Equity
(in thousands, except share data)

Common Stock

	Shares	Amount	APIC	Accumulated Deficit	Accumulated other comprehensive income (loss)	Treasury stock	Total
Balance, February 1, 2024	57,709,762	\$ 577	\$ 1,039,361	\$ (742,969)	\$ —	\$ (45,520)	\$ 251,449
Net loss	—	—	—	(19,722)	—	—	(19,722)
Other comprehensive income	—	—	—	—	1	—	1
Stock-based compensation	—	—	14,491	—	—	—	14,491
Exercise of stock options and vesting of restricted stock units	718,340	7	339	—	—	—	346
Issuance of stock for share-settled bonus awards	283,354	3	6,174	—	—	—	6,177
Balance, April 30, 2024	58,711,456	\$ 587	\$ 1,060,365	\$ (762,691)	\$ 1	\$ (45,520)	\$ 252,742
Net loss	—	—	—	(18,012)	—	—	(18,012)
Other comprehensive loss	—	—	—	—	(3)	—	(3)
Stock-based compensation	—	—	14,739	—	—	—	14,739
Exercise of stock options and vesting of restricted stock units	254,569	3	217	—	—	—	220
Issuance of stock for share-settled bonus awards	1,925	—	41	—	—	—	41
Issuance of stock for employee stock purchase plan	89,220	1	1,607	—	—	—	1,608
Balance, July 31, 2024	59,057,170	\$ 591	\$ 1,076,969	\$ (780,703)	\$ (2)	\$ (45,520)	\$ 251,335

	<u>Common Stock</u>				Accumulated other comprehensive income (loss)	Treasury stock	Total
	Shares	Amount	APIC	Accumulated Deficit			
Balance, February 1, 2025	60,083,444	\$ 601	\$ 1,111,274	\$ (801,496)	\$ (51)	\$ (45,520)	\$ 264,808
Net loss	—	—	—	(3,914)	—	—	(3,914)
Other comprehensive income	—	—	—	—	435	—	435
Stock-based compensation	—	—	14,221	—	—	—	14,221
Exercise of stock options and vesting of restricted stock units	463,799	4	124	—	—	—	128
Issuance of stock for share-settled bonus awards	267,687	3	6,505	—	—	—	6,508
Balance, April 30, 2025	60,814,930	\$ 608	\$ 1,132,124	\$ (805,410)	\$ 384	\$ (45,520)	\$ 282,186
Net income	—	—	—	654	—	—	654
Other comprehensive loss	—	—	—	—	(272)	—	(272)
Stock-based compensation	—	—	13,960	—	—	—	13,960
Exercise of stock options and vesting of restricted stock units	247,444	2	111	—	—	—	113
Issuance of stock for share-settled bonus awards	1,402	—	37	—	—	—	37
Issuance of stock for employee stock purchase plan	61,142	1	1,308	—	—	—	1,309
Balance, July 31, 2025	61,124,918	\$ 611	\$ 1,147,540	\$ (804,756)	\$ 112	\$ (45,520)	\$ 297,987

See notes to unaudited consolidated financial statements

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

	Three months ended July 31,		Six months ended July 31,	
	2025	2024	2025	2024
Operating activities:				
Net income (loss)	\$ 654	\$ (18,012)	\$ (3,260)	\$ (37,734)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	7,409	7,303	14,287	13,976
Stock-based compensation expense	16,230	16,448	33,455	33,288
Amortization of deferred financing costs and debt discount	62	51	124	112
Cost of Phreesia hardware purchased by customers	157	334	593	677
Deferred contract acquisition costs amortization	242	192	352	384
Non-cash operating lease expense	218	188	433	361
Deferred taxes	(1,583)	56	(1,498)	119
Changes in operating assets and liabilities:				
Accounts receivable	(1,820)	4,976	(3,310)	3,583
Prepaid expenses and other assets	(2,660)	2,867	(2,916)	3,281
Deferred contract acquisition costs	(351)	(213)	(351)	(213)
Accounts payable	2,068	1,186	329	(1,750)
Accrued expenses and other liabilities	(1,289)	(1,392)	(2,180)	(2,547)
Lease liabilities	(238)	(201)	(490)	(420)
Deferred revenue	(4,264)	(2,722)	(5,883)	(2,777)
Net cash provided by operating activities	14,835	11,061	29,685	10,340
Investing activities:				
Capitalized internal-use software	(3,435)	(2,976)	(7,323)	(7,546)
Purchases of property and equipment	(1,767)	(4,427)	(5,271)	(5,303)
Net cash used in investing activities	(5,202)	(7,403)	(12,594)	(12,849)
Financing activities:				
Proceeds from issuance of common stock upon exercise of stock options	114	219	242	566
Proceeds from employee stock purchase plan	575	690	1,343	1,603
Finance lease payments	(2,510)	(1,995)	(3,886)	(3,275)
Principal payments on financing agreements	(328)	(295)	(648)	(584)
Debt issuance costs and loan facility fee payments	—	—	(38)	(152)
Financing payments of acquisition-related liabilities	—	—	—	(1,364)
Net cash used in financing activities	(2,149)	(1,381)	(2,987)	(3,206)
Effect of exchange rate changes on cash and cash equivalents	(89)	(6)	(58)	(7)
Net increase (decrease) in cash and cash equivalents	7,395	2,271	14,046	(5,722)
Cash and cash equivalents – beginning of period	90,871	79,527	84,220	87,520
Cash and cash equivalents – end of period	\$ 98,266	\$ 81,798	\$ 98,266	\$ 81,798

Supplemental information of non-cash investing and financing information:

Right of use assets acquired in exchange for operating lease liabilities	\$	—	\$	1,194	\$	—	\$	1,958
Property and equipment acquisitions through finance leases	\$	—	\$	333	\$	—	\$	6,862
Purchase of property and equipment and capitalized software included in current liabilities	\$	2,461	\$	1,517	\$	2,461	\$	1,517
Capitalized stock-based compensation	\$	320	\$	315	\$	652	\$	663
Issuance of stock to settle liabilities for stock-based compensation	\$	1,346	\$	1,649	\$	7,854	\$	7,826
Cash paid for:								
Interest	\$	330	\$	381	\$	654	\$	864
Income taxes	\$	763	\$	417	\$	1,314	\$	2,010

See notes to unaudited consolidated financial statements

Phreesia, Inc.
Notes to Unaudited Consolidated Financial Statements
(in thousands, except share and per share data)

1. Background and liquidity

(a) Background

Phreesia, Inc. (the "Company") is a leading provider of comprehensive software solutions that improve the operational and financial performance of healthcare organizations and improve health outcomes by helping patients take a more active role in their care. The Company has created an integrated and streamlined system that automates data capture and activates patients before, during and after their interaction with their healthcare services provider. The Company's solutions include SaaS-based integrated tools that manage patient access, registration and payments. Additionally, the Company offers tools to communicate with patients about their health that have demonstrated increased rates of preventive care and vaccinations. Additionally, Phreesia's solutions include clinical assessments to screen patients for a variety of physical, behavioral and mental health conditions, helping providers to better understand their patients and connect them to needed services, resulting in improved health outcomes. The Company also provides life sciences companies, government entities, patient advocacy, public interest and not-for-profit and other organizations with a channel for direct education and communication with patients in a privacy-protected environment. Phreesia's solutions also include additional products and services such as the MediFind provider directory, which helps patients find care based on providers' specialty and condition expertise. Phreesia offers its healthcare services clients the ability to lease tablets ("PhreesiaPads") and on-site kiosks ("Arrivals Kiosks") along with their monthly subscription. The Company was formed in May 2005.

(b) Liquidity

Since the Company commenced operations, it has not generated sufficient revenue to meet its operating expenses and may continue to incur net losses. To date, the Company has primarily relied upon the proceeds from issuances of common stock, debt and preferred stock to fund its operations as well as sales of Company products and services in the normal course of business.

Management believes that the Company's cash and cash equivalents at July 31, 2025, along with cash generated in the normal course of business and available borrowing capacity under its revolving credit facility with Capital One, N.A. ("Capital One") (the "Capital One Credit Facility"), are sufficient to fund its operations for at least the next 12 months.

The Company may seek to obtain additional financing, if needed, to successfully implement its long-term strategy.

2. Basis of presentation

(a) Consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and regulations of the Securities and Exchange Commission ("SEC") regarding quarterly financial reporting and include the accounts of Phreesia, Inc., its branch operation in Canada and its consolidated subsidiaries (or collectively, the "Company").

(b) Fiscal year

The Company's fiscal year ends on January 31. References to fiscal 2026 and 2025 refer to the fiscal years ending on January 31, 2026 and January 31, 2025, respectively.

(c) Unaudited interim financial statements

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with GAAP and applicable rules and regulations of the SEC regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the accompanying unaudited interim consolidated financial statements reflect all adjustments, which include normal recurring adjustments, necessary for the fair statement of the Company's interim financial position as of July 31, 2025 and the results of its operations, changes in its stockholders' equity and its cash flows for the periods ended July 31, 2025 and 2024. The results for the interim periods are not necessarily indicative of results to be expected for the full year, any other interim periods, or any future year or period. The Company's management believes that the disclosures herein are adequate to make the information presented not misleading when read in conjunction with the audited financial statements and accompanying notes for the fiscal year ended January 31, 2025.

3. Summary of significant accounting policies

The Company's significant accounting policies are disclosed in the audited financial statements for the fiscal year ended January 31, 2025. Since the date of those audited financial statements, there have been no material changes to the Company's significant accounting policies, including the status of recent accounting pronouncements, other than those detailed below.

(a) Use of estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates and assumptions on historical experience, known trends and events and various other market-specific factors that management believes to be reasonable under the circumstances, the results of which form the basis for making judgments. Although management believes its estimates and assumptions are reasonable under the circumstances at the time they are made, they are based upon information available at the time they are made. Management evaluates the estimates and assumptions on an ongoing basis and, if necessary, makes adjustments. Actual results could differ from those estimates made under different assumptions or circumstances. These judgments, estimates and assumptions are used for, but not limited to revenue recognition, the allowance for doubtful accounts, contingent liabilities, the determination of the useful lives of long-lived assets, the capitalization, valuation and recoverability of goodwill and other long-lived assets, the fair value of securities underlying stock-based compensation and the fair value of identifiable assets and liabilities and deferred consideration in business acquisitions.

(b) Concentrations of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable and settlement assets. The Company's cash and cash equivalents are held by established financial institutions. The Company does not require collateral from its customers and generally requires payment within 30 to 60 days of billing. Settlement assets are amounts due from well-established payment processing companies and normally take one or two business days to settle, which mitigates the associated risk of concentration. The Company utilizes one third-party payment processor.

The Company's customers are primarily physician's offices and other healthcare services organizations located in the United States as well as pharmaceutical companies. The Company did not have any individual customers that represented more than 10% of total revenues for the three and six months ended July 31, 2025 and 2024. As of both July 31, 2025 and January 31, 2025, the Company had receivables from one entity that accounted for at least 10% of total accounts receivable.

(c) Risks and uncertainties

The Company is subject to a variety of risk factors, including the economy, data privacy and security laws and government regulations. Additionally, the Company is subject to other risks associated with the markets in which it operates including reliance on third-party vendors, partners, and service providers. The Company has a substantial number of employees in Canada and India and the Company supplements its workforce with contractors and consultants in domestic and international locations. Certain of the Company's service providers, including certain third-party software developers, are located in international locations subject to warfare and/or political and economic instability, such as Ukraine and India. As with any business, operation of the Company involves risk, including the risk of service interruption impacting the operations of the Company's business and the Company's customer's facilities below expected levels of operation, shut downs due to the breakdown or failure of information

technology and communications systems, changes in laws or regulations, political and economic instability, or catastrophic events such as fires, earthquakes, floods, explosions, global health concerns such as pandemics or other similar occurrences affecting the delivery of the Company's products and services. The occurrence of any of these events could significantly reduce or eliminate revenues generated, or significantly increase the expenses of the Company's operations, adversely impacting the Company's operating results and the Company's ability to meet the Company's obligations and commitments.

(d) Earnings (loss) per share

The Company calculates basic net income (loss) per share attributable to common stockholders using the weighted-average number of outstanding shares of common stock during the period. Diluted net income (loss) per share attributable to common stockholders is computed using the weighted-average number of outstanding shares of common stock and the effect of potentially dilutive securities outstanding during the period. Potentially dilutive securities include RSUs, PSUs, stock options, liability awards and ESPP shares. If dilutive, such potentially dilutive securities are reflected in net income (loss) per share attributable to common stockholders using the treasury stock method.

Antidilutive securities outstanding at the end of each period are stated on the basis of the number of anti-dilutive securities outstanding as of the end of each applicable reporting period. The calculation of anti-dilutive securities outstanding at the end of each period are not reduced for shares assumed repurchased using the treasury stock method.

See Note 13 for additional information regarding net income (loss) per share.

(e) Derivative financial instruments and hedging activities

The Company conducts business in Canada and India, subjecting the Company to foreign exchange risk. The Company uses derivative financial instruments to manage foreign currency exchange risk. Derivative instruments are measured at fair value and recorded as either an asset or liability on the consolidated balance sheets. Gains and losses resulting from changes in fair value are accounted for depending on the use of the derivative and whether it is designated and qualifies for hedge accounting.

For derivative instruments designated as foreign currency cash flow hedges, which the Company uses to hedge the functional currency equivalent cash flows attributable to Canadian Dollar denominated payroll payments, the Company records the gains or losses resulting from changes in fair value of the derivative within accumulated other comprehensive income (loss) on the consolidated balance sheets and subsequently reclassified to the same line item as the hedged transaction on the consolidated statements of operations in the same period that the hedged transaction affects earnings. The Company includes cash flows related to foreign currency cash flow hedges within operating activities in its consolidated statements of cash flows as cash flows related to the hedged transaction are included in operating activities and as the Company's derivative instruments do not contain a significant financing component.

For derivative instruments not designated as foreign currency cash flow hedges, which the Company uses as economic hedges of Canadian Dollar denominated payroll payments not hedged by derivative instruments designated as hedges, the Company records gains and losses resulting from changes in the fair value of the derivative within other income (expense) in its consolidated statements of operations, and the Company classifies cash flows within operating activities in its consolidated statements of cash flows.

Our foreign currency forward contract is classified within Level 2 of the fair value hierarchy because the valuation inputs are based on quoted prices and market observable data of similar instruments in active markets, such as currency spot and forward rates.

(f) New accounting pronouncements

Impact of recently adopted accounting pronouncements

During the three and six months ended July 31, 2025, the Company did not adopt any accounting pronouncements that materially impacted the Company's financial statements.

Recent accounting pronouncements not yet adopted

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The new standard requires companies to disclose disaggregated information related to income taxes paid and the effective tax rate. The provisions of ASU 2023-09 are effective for annual periods beginning after December 15, 2024; early adoption is permitted for annual statements. The Company plans to adopt ASU 2023-09 for annual periods beginning in the fiscal year ending January 31, 2026. The Company is currently evaluating the

impact that ASU 2023-09 will have on its financial statements and related disclosures. The Company does not expect the disclosure changes that result from the adoption of ASU 2023-09 to materially impact its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. In January 2025, the FASB issued ASU 2025-01, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, Clarifying the Effective Date. The new standards require companies to disclose disaggregated information about certain income statement expense line items. The provisions of ASU 2024-03, as amended by ASU 2025-01, are effective for annual periods beginning after December 15, 2026, and interim reporting periods in fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company plans to adopt ASU 2024-03 and ASU 2025-01 for annual periods beginning in the fiscal year ending January 31, 2028 and for interim periods beginning in the fiscal year ending January 31, 2029. The Company is currently evaluating the impact that ASU 2024-03 and ASU 2025-01 will have on its financial statements and related disclosures. The Company does not expect the disclosure changes that result from the adoption of ASU 2024-03 and ASU 2025-01 to materially impact its consolidated financial statements.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets, which amends ASC 326-20 to introduce a practical expedient available to all entities that permits entities to assume that current economic conditions as of the balance-sheet date do not change over the remaining life of current accounts receivable and current contract assets arising from transactions within the scope of ASC 606. The amendments are effective for annual periods beginning after December 15, 2025, and interim periods within those years, with early adoption permitted. The Company is currently evaluating the impact that ASU 2025-05 will have on its financial statements and related disclosures.

There are no other recently issued accounting pronouncements the Company has not yet adopted that will materially impact the Company's consolidated financial statements.

4. Composition of certain financial statement captions

(a) Accrued expenses

Accrued expenses as of July 31, 2025 and January 31, 2025 were as follows:

	July 31, 2025	January 31, 2025
Payroll-related expenses and taxes	\$ 8,842	\$ 12,016
Stock-based compensation liability	5,516	6,135
Payment processing fees liability	6,746	6,578
Acquisition-related liabilities	844	844
Income and other tax liabilities	2,241	2,503
Information technology	5,805	4,562
Other	4,789	4,822
Total	\$ 34,783	\$ 37,460

(b) Property and equipment

Property and equipment as of July 31, 2025 and January 31, 2025 were as follows:

	July 31, 2025	January 31, 2025
PhreesiaPads and Arrivals Kiosks	\$ 15,608	\$ 15,763
Computer equipment	81,360	77,704
Computer software	15,991	14,114
Hardware development	575	575
Total property and equipment	\$ 113,534	\$ 108,156
Less: accumulated depreciation	(90,765)	(84,505)
Property and equipment — net	\$ 22,769	\$ 23,651

Depreciation expense related to property and equipment amounted to \$3,279 and \$3,921 for the three months ended July 31, 2025 and 2024, respectively, and \$6,265 and \$7,445 for the six months ended July 31, 2025 and 2024, respectively.

Property and equipment - net and related depreciation expense includes assets acquired under finance leases. Assets acquired under finance leases included in computer equipment was \$49,009 as of July 31, 2025 and January 31, 2025. Accumulated amortization of assets under finance leases was \$38,500 and \$34,815 as of July 31, 2025 and January 31, 2025, respectively. See Note 10 - Leases for additional information regarding finance leases.

(c) Capitalized internal-use software

For the three months ended July 31, 2025 and 2024, capitalized costs related to the Company's solutions was \$3,609 and \$4,030, respectively, of costs related to the Company's solutions. For the six months ended July 31, 2025 and 2024, the Company capitalized \$7,399 and \$8,418, respectively, of costs related to the Company's solutions.

During the three months ended July 31, 2025 and 2024, amortization expense related to capitalized internal-use software was \$3,259 and \$2,511, respectively, and during the six months ended July 31, 2025 and 2024, was \$6,281 and \$4,790, respectively.

(d) Intangible assets and goodwill

The following presents the details of intangible assets as of July 31, 2025 and January 31, 2025:

	Useful Life (years)	July 31, 2025	January 31, 2025
Acquired technology	5 to 7	\$ 9,310	\$ 9,310
Customer relationship	7 to 15	17,940	17,940
License	15	6,200	6,200
Trademarks	15	3,100	3,100
Total intangible assets, gross carrying value		\$ 36,550	\$ 36,550
Less: accumulated amortization		(10,147)	(8,407)
Net carrying value		\$ 26,403	\$ 28,143

The weighted average remaining useful life for acquired technology in years was 4.6 and 5.1 as of July 31, 2025 and January 31, 2025, respectively. The remaining useful life for customer relationships in years was 11.2 and 11.6 as of July 31, 2025 and January 31, 2025, respectively. The remaining useful life for the license to the Patient Activation Measure ("PAM"®) in years was 11.4 and 11.8 as of July 31, 2025 and January 31, 2025, respectively. The remaining useful life for the trademarks in years was 13.0 and 13.5 as of July 31, 2025 and January 31, 2025, respectively.

Amortization expense associated with intangible assets for each of the three months ended July 31, 2025 and 2024, was \$871 and for each of the six months ended July 31, 2025 and 2024, was \$1,741.

The estimated amortization expense for intangible assets for the next five years and thereafter was as follows as of July 31, 2025:

	July 31, 2025
2026 (Remaining six months)	\$ 1,711
Fiscal year ending January 31,	
2027	3,157
2028	3,157
2029	3,057
2030 - thereafter	15,321
Total	\$ 26,403

There were no changes to the Company's goodwill balance during the six months ended July 31, 2025. The Company did not record any impairments of goodwill during the three and six months ended July 31, 2025 or 2024.

(e) Accounts receivable

Accounts receivable as of July 31, 2025 and January 31, 2025 were as follows:

	July 31, 2025	January 31, 2025
Billed	\$ 72,448	\$ 70,342
Unbilled	7,048	4,743
Total accounts receivable, gross	\$ 79,496	\$ 75,085
Less: accounts receivable allowances	(2,654)	(1,468)
Total accounts receivable	<u>\$ 76,842</u>	<u>\$ 73,617</u>

Activity in the Company's allowance for doubtful accounts was as follows for the six months ended July 31, 2025:

	July 31, 2025
Balance, January 31, 2025	\$ 1,468
Bad debt expense	1,204
Write-offs and adjustments	(18)
Balance, July 31, 2025	<u>\$ 2,654</u>

The Company's allowance for doubtful accounts represents the current estimate of expected future losses based on prior bad debt experience as well as considerations for specific customers as applicable. The Company's accounts receivable are considered past due when they are outstanding past the due date listed on the invoice to the customer. Activity in the allowance for doubtful accounts and write-offs of accounts receivable were not material for the three months ended July 31, 2025 and 2024.

(f) Prepaid and other current assets

Prepaid and other current assets as of July 31, 2025 and January 31, 2025 were as follows:

	July 31, 2025	January 31, 2025
Prepaid software and business systems	\$ 8,040	\$ 6,849
Prepaid data center expenses	4,084	3,558
Prepaid insurance	157	912
Other prepaid expenses and other current assets	5,946	4,552
Total prepaid and other current assets	<u>\$ 18,227</u>	<u>\$ 15,871</u>

(g) Cloud computing implementation costs

The Company enters into cloud computing service contracts to support its sales and marketing, product development and administrative activities. The Company capitalizes certain implementation costs for cloud computing arrangements that meet the definition of a service contract. The Company includes these capitalized implementation costs within prepaid expenses and other current assets and within other assets on its consolidated balance sheets. Once placed in service, the Company amortizes these costs over the remaining subscription term to the same caption in the consolidated statements of operations as the related cloud subscription. Capitalized implementation costs for cloud computing arrangements accounted for as service contracts were \$1,532 as of January 31, 2025. Accumulated amortization of capitalized implementation costs for these arrangements were \$1,432 as of January 31, 2025. These arrangements were fully amortized during the three months ended April 30, 2025.

5. Revenue and contract costs

The Company generates revenue primarily from providing integrated SaaS-based software and payment solutions for the healthcare industry. The Company derives revenue from subscription fees and related services generated from the Company's healthcare services clients for access to the Company's solutions, payment processing fees based on patient payment volume, and fees from life sciences companies and other organizations for delivering qualified direct communications to patients who consent to receive this type of engagement using the Company's solutions.

The amount of subscription and related services revenue recorded pursuant to ASC 842 for the leasing of the Company's PhreesiaPads and Arrivals Kiosks was \$1,832 and \$2,324 for the three months ended July 31, 2025 and 2024, respectively, and \$4,251 and \$4,712 for the six months ended July 31, 2025 and 2024, respectively.

Contract balances

The following table represents a roll-forward of contract assets:

Balance, January 31, 2025	\$	4,743
Amount transferred to receivables from beginning balance of contract assets		(4,613)
Contract asset additions, net of reclassification to receivables		6,918
Balance, July 31, 2025	\$	<u>7,048</u>

The following table represents a roll-forward of deferred revenue:

Balance, January 31, 2025	\$	32,877
Revenue recognized that was included in deferred revenue at the beginning of the period		(27,103)
Current period activity in deferred revenue		21,220
Balance, July 31, 2025	\$	<u>26,994</u>

Cost to obtain a contract

The Company capitalizes certain incremental costs to obtain customer contracts and amortizes these costs over a period of benefit that the Company has estimated to be three years. The Company determined the period of benefit by taking into consideration its customer contracts, its technology and other factors. Amortization expense is included in sales and marketing expenses in the accompanying consolidated statements of operations and totaled \$242 and \$192 for the three months ended July 31, 2025 and 2024, respectively, and \$352 and \$384 for the six months ended July 31, 2025 and 2024, respectively. The Company periodically reviews these deferred contract acquisition costs to determine whether events or changes in circumstances have occurred that could impact the period of benefit. During fiscal 2025, the Company updated its estimate of the period of benefit from five years to three years for certain deferred contract acquisition costs. There were no impairment losses recorded during the periods presented.

The following table represents a roll-forward of deferred contract acquisition costs:

Balance, January 31, 2025	\$	984
Additions to deferred contract acquisition costs		350
Amortization of deferred contract acquisition costs		(352)
Balance, July 31, 2025	\$	<u>982</u>
Deferred contract acquisition costs, current (to be amortized in next 12 months)	\$	431
Deferred contract acquisition costs, non-current		551
Total deferred contract acquisition costs	\$	<u>982</u>

6. Finance leases and other debt

As of July 31, 2025 and January 31, 2025, the Company had the following outstanding finance lease liabilities and other debt:

	<u>July 31, 2025</u>	<u>January 31, 2025</u>
Finance leases	\$ 10,371	\$ 14,256
Financing arrangements	1,278	1,913
Accrued interest and payments	23	24
Total finance lease liabilities and other debt	\$ 11,672	\$ 16,193
Less: current portion of finance lease liabilities and other debt	(7,096)	(8,043)
Long-term finance lease liabilities and other debt	\$ 4,576	\$ 8,150

(a) Finance leases

See Note 10 - Leases for more information regarding finance leases.

(b) Financing agreements

In June 2023, the Company entered into a software licensing financing agreement (the "financing agreement") in order to finance its software and service licenses. As of July 31, 2025, there was \$1,278 in outstanding principal and interest due under the financing agreement. The financing agreement requires the Company to pay \$123 per month for 36 months beginning August 2023. The effective interest rate on the financing agreement is 10.5% per annum.

(c) Capital One Credit Agreement

In December 2023, the Company entered into a Credit Agreement (the "Credit Agreement") for a new 5-year \$50,000 senior secured asset-based revolving credit facility ("Capital One Credit Facility") maturing in December 2028, which includes a swingline sub-limit of at least \$5,000 and a letter of credit sub-limit of at least \$5,000. The Capital One Credit Facility was entered into with Capital One, acting as administrative agent and replaced the Company's previous senior secured revolving credit facility with Silicon Valley Bank ("SVB"). The Capital One Credit Facility will give the Company additional financial flexibility, through the facility's five year term. The facility is available to the Company for working capital and general corporate purposes. The Capital One Credit Facility bears interest at a rate per annum based on the Secured Overnight Financing Rate ("SOFR") or a Base Rate as specified in the Credit Agreement. As of July 31, 2025, the interest rate on the Capital One Credit Facility was 7.4%. In addition to principal and interest due under the Capital One Credit Facility, the Company is required to pay an annual fee equal to 0.25% of the unused balance of the facility. Additionally, the Company incurred creditor and third party fees of \$778 upon entering into the Capital One Credit Facility. The Company recorded the fees to deferred financing costs, included within other assets on its consolidated balance sheets, and will amortize the costs over the term of the Capital One Credit Facility.

The obligations under the Capital One Credit Facility are secured by a first priority security interest in substantially all of the tangible and intangible assets at certain of the Company's U.S. subsidiaries, and by pledges of the equity of certain of the Company's U.S. subsidiaries, in each case subject to customary exclusions.

The Capital One Credit Facility includes financial covenants including, but not limited to, requiring the Company to maintain minimum Consolidated EBITDA, minimum Liquidity, a minimum Consolidated Fixed Charge Coverage Ratio, a restriction on the amount of dividends and limiting the amount of cash and cash equivalents the Company holds outside Capital One, each as defined in the Credit Agreement. The Company was in compliance with all covenants related to the Credit Agreement as of July 31, 2025.

Maturities of finance leases and other debt, in each of the next five years and thereafter, are as follows:

	Total	Finance Leases	Other Debt
2026 (Remaining six months)	\$ 3,656	\$ 3,074	\$ 582
Fiscal year ending January 31,			
2027	6,002	5,283	719
2028	2,014	2,014	—
2029	—	—	—
2030	—	—	—
Thereafter	—	—	—
Total maturities of finance leases and other debt	<u>\$ 11,672</u>	<u>\$ 10,371</u>	<u>\$ 1,301</u>

The following table presents the components of interest income, net:

	Three months ended July 31,		Six months ended July 31,	
	2025	2024	2025	2024
Interest expense ⁽¹⁾	\$ (391)	\$ (608)	(826)	(1,161)
Interest income	999	654	1,204	1,446
Interest income, net	<u>\$ 608</u>	<u>\$ 46</u>	<u>378</u>	<u>285</u>

⁽¹⁾ Includes amortization of deferred financing costs and original issue discount.

7. Stockholders' equity

(a) Common stock

The Company closed its initial public offering ("IPO") on July 22, 2019 and filed an Amended and Restated Certificate of Incorporation authorizing the issuance of up to 500,000,000 shares of common stock, par value \$0.01 per share.

(b) Treasury stock

The Company's equity-based compensation plan allows for the grant of non-vested stock options, restricted stock units ("RSUs") and total shareholder return ("TSR") performance-based stock units ("PSUs") to its employees pursuant to the terms of its stock option and incentive plans (See Note 8). Until September 2023, under the provision of the plans, for RSU and PSU awards, unless otherwise elected, employee participants fulfilled their related income tax withholding obligation by having shares withheld at the time of vesting. The shares withheld were then transferred to the Company's treasury stock at cost.

Beginning in September 2023, employee participants fulfilled their related tax withholding obligation by selling vested shares at the time of vesting in non-discretionary transactions pursuant to the Company's mandatory sell-to-cover policy (sell-to-cover). The proceeds from the employee participants' sales of vested shares are remitted to the Company to cover the tax withholding payments to tax authorities. No shares are transferred to the Company's treasury stock in connection with tax withholdings funded by an employee participant's sale of vested shares to cover taxes.

(c) Stock repurchase program

In March 2025, the Company's Board of Directors authorized a stock repurchase program. Under the program, the Company may repurchase up to 2.5 million shares of its common stock from time to time through open market purchases, privately negotiated transactions, block purchases or other methods that comply with applicable securities laws, including repurchase plans that satisfy the conditions of Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. The stock repurchase program does not obligate the Company to repurchase any dollar amount or number of shares of its common stock, and the program may be modified, suspended or discontinued at any time without prior notice. The 1% U.S. federal excise tax on certain repurchases of stock by publicly traded U.S. corporations enacted as part of the Inflation Reduction Act of 2022 applies to repurchases pursuant to the Company's stock repurchase program. There were no repurchases during the six months ended July 31, 2025.

(d) Accumulated other comprehensive income (loss)

Activity in accumulated other comprehensive income (loss) was as follows for the six months ended July 31, 2025 and 2024:

	Unrealized gain on cash flow hedges	Foreign currency translation adjustment	Accumulated other comprehensive (loss) income
Balance, January 31, 2024	\$ —	\$ —	\$ —
Other comprehensive loss	—	(2)	(2)
Balance, July 31, 2024	<u>\$ —</u>	<u>\$ (2)</u>	<u>\$ (2)</u>
Balance, January 31, 2025	\$ —	\$ (51)	\$ (51)
Other comprehensive income (loss) before reclassifications	347	(45)	302
Amounts reclassified from accumulated other comprehensive income (loss)	(139)	—	(139)
Net current period other comprehensive income (loss)	<u>\$ 208</u>	<u>\$ (45)</u>	<u>\$ 163</u>
Balance, July 31, 2025	<u>\$ 208</u>	<u>\$ (96)</u>	<u>\$ 112</u>

There was no balance or activity in accumulated other comprehensive income (loss) prior to January 31, 2024. As the Company records a valuation allowance against its U.S. deferred tax assets and substantially all of the Company's accumulated other comprehensive income originated in the U.S., other comprehensive income did not include income tax expense, and the amounts reclassified from accumulated other comprehensive income (loss) for unrealized gain (loss) on cash flow hedges did not include income tax expense.

8. Equity-based compensation

(a) Equity award plans

In January 2018, the Board of Directors adopted the Company's 2018 Stock Option Plan (as amended, the "2018 Stock Option Plan"), which provided for the issuance of options to purchase up to 3,048,490 shares of the Company's common stock to officers, directors, employees, and consultants. The option exercise price per share is determined by the Board of Directors based on the estimated fair value of the Company's common stock.

In June 2019, the Board of Directors adopted the Company's 2019 Stock Option and Incentive Plan (the "2019 Plan"), which replaced the 2018 Stock Option Plan upon the completion of the IPO. The 2019 Plan allows the Compensation Committee of the Board of Directors (the "Compensation Committee") to make equity-based incentive awards including stock options, RSUs and PSUs to the Company's officers, employees, directors, and consultants. The initial reserve for the issuance of awards under this plan was 2,139,683 shares of common stock. The initial number of shares reserved and available for issuance automatically increased on February 1, 2020 and automatically increases each February 1 thereafter by 5% of the number of shares of common stock outstanding on the immediately preceding January 31 (or such lesser number of shares determined by the Compensation Committee). As the 2018 Stock Option Plan was replaced by the 2019 Plan, all grants of stock options, RSUs and PSUs during the six months ended July 31, 2025 were made pursuant to the 2019 plan, respectively.

In June 2019, the Board of Directors also adopted the Company's 2019 Employee Stock Purchase Plan (the "ESPP"), which became effective immediately prior to the effectiveness of the registration statement for the Company's initial public offering. The total shares of common stock initially reserved under the ESPP was limited to 855,873 shares.

The Company's incentive bonuses allow eligible employees to elect to receive all or a portion of their incentive compensation in the form of immediately vested restricted stock units instead of cash.

In July 2023, the Board of Directors also adopted the Company's 2023 Inducement Award Plan (the "Inducement Plan"). The Inducement Plan allows the Compensation Committee of the Board of Directors (the "Compensation Committee") or its delegates to make equity-based incentive awards including stock options, RSUs and PSUs to employees of acquired companies to induce them to join the Company. The total shares of common stock initially reserved under the Inducement Plan was 500,000 shares.

As of July 31, 2025, there were 7,577,003 shares available for future grant pursuant to the 2019 Plan after factoring in the automatic increase that occurs on February 1 of each fiscal year, as well as an additional 238,517 shares available for future grant pursuant to the ESPP. The ESPP has two six-month offering periods each calendar year beginning in January and July. The ESPP allows eligible employees to purchase shares of the Company's common stock at a 15% discount through payroll deductions. As of July 31, 2025, there were 9,500 outstanding restricted stock units and 483,104 shares available for future grant under the Inducement Plan.

(b) Summary of stock-based compensation

The following table sets forth stock-based compensation by type of award:

	Three months ended July 31,		Six months ended July 31,	
	2025	2024	2025	2024
RSUs	\$ 9,466	\$ 10,960	\$ 19,057	\$ 22,283
PSUs	4,271	3,483	8,626	6,287
Liability awards	2,590	2,024	5,926	4,721
ESPP	223	294	498	658
Stock options	—	2	—	2
Total stock-based compensation	\$ 16,550	\$ 16,763	\$ 34,107	\$ 33,951

The following table sets forth the presentation of stock-based compensation in the Company's financial statements:

	Three months ended July 31,		Six months ended July 31,	
	2025	2024	2025	2024
Stock-based compensation expense recorded to additional paid-in capital	\$ 13,960	\$ 14,739	\$ 28,181	\$ 29,230
Stock-based compensation expense recorded to accrued expenses	2,590	2,024	5,926	4,721
Total stock-based compensation	\$ 16,550	\$ 16,763	\$ 34,107	\$ 33,951
Less: stock-based compensation expense capitalized as internal-use software	(320)	(315)	(652)	(663)
Stock-based compensation expense per consolidated statements of operations	\$ 16,230	\$ 16,448	\$ 33,455	\$ 33,288

The Company has not recognized, and does not expect to recognize in the foreseeable future, any tax benefit related to US employee stock-based compensation expense. During the three and six months ended July 31, 2025, the Company recognized a deferred tax asset related to employee stock-based compensation (RSUs) for Canada branch employees. During the six months ended July 31, 2025 and 2024, the Company reduced stock compensation expense by \$233 and \$1,203, respectively, for improbable-to-probable modifications of stock compensation awards.

(c) Restricted stock units

The Company has issued RSUs to employees and independent directors that vest based on a time-based condition. RSUs granted to employees vest over four years based on a variety of vesting schedules, including quarterly, annually, and 10/20/30/40 (10% after one year, 20% after two years, 30% after three years and 40% after four years). RSUs granted during fiscal 2024 generally vest annually, and RSUs granted during fiscal 2025 and 2026 generally vest following a 10/20/30/40 vesting schedule.

Additionally, at the beginning of each fiscal year, the Company provides certain employees the option to settle their incentive bonus in immediately vested RSUs. RSUs granted to settle bonus awards are included in RSUs granted and vested in the table below. See section (g) Liability awards below for additional information regarding share-settled bonus awards.

	Restricted stock units
Unvested, January 31, 2025	3,597,948
Granted in six months ended July 31, 2025	672,814
Vested	(939,633)
Forfeited	(193,008)
Unvested, July 31, 2025 ⁽¹⁾	3,138,121

⁽¹⁾ Includes 9,500 awards granted pursuant to the 2023 Inducement Award Plan.

As of July 31, 2025, there was \$66,282 remaining of total unrecognized compensation cost related to these awards. The total unrecognized costs are expected to be recognized over a weighted-average term of 2.50 years.

(d) Stock options

Options granted under the equity award plans have a maximum term of ten years and vest over a period determined by the Board of Directors (generally four years from the date of grant or the commencement of the grantee's employment with the Company). Options generally vest 25% at the one-year anniversary of the grant date, after which point they generally vest pro rata on a monthly basis.

Stock option activity for the six months ended July 31, 2025 is as follows:

	Number of options	Weighted-average exercise price	Weighted-average remaining contractual life (in years)	Aggregate Intrinsic value
Outstanding, January 31, 2025	899,381	\$ 7.39		
Granted in six months ended July 31, 2025	—	\$ —		
Exercised	(42,210)	\$ 5.70		
Forfeited and expired	—	\$ —		
Outstanding and expected to vest, July 31, 2025	857,171	\$ 7.47	3.24	\$ 16,705
Exercisable, July 31, 2025	857,171	\$ 7.47	3.24	\$ 16,705

The aggregate intrinsic value represents the total pre-tax intrinsic value (the difference between the Company's estimated stock price at the time of exercise and the exercise price, multiplied by the number of related in-the-money options) that would have been received by the option holders had they exercised their options at the end of the period. This amount changes based on the market value of the Company's common stock. The total intrinsic value of options exercised for the six months ended July 31, 2025 and 2024 (based on the difference between the Company's estimated stock price on the exercise date and the respective exercise price, multiplied by the number of options exercised), was \$881 and \$2,165, respectively.

As of July 31, 2025 and January 31, 2025, all compensation costs related to stock options issued to employees have been recorded, and there is no unrecognized compensation cost remaining.

(e) TSR performance-based stock units ("PSUs")

The Company grants PSUs to certain members of its management team. PSUs vest over approximately three years from the grant date upon satisfaction of both time-based requirements and market targets based on Phreesia's TSR relative to the TSR of each member of the Russell 3000 Index (the "Peer Group"). Depending on the percentage level at which the market-based condition is satisfied, the number of shares vesting could be between 0% and 220% of the number of PSUs originally granted. To earn the target number of PSUs (which represents 100% of the number of PSUs granted), the Company must perform at the 60th percentile for awards granted during fiscal 2023 and fiscal 2024 and at the 55th percentile for awards granted during fiscal 2025, with the maximum number of PSUs earned if the Company performed at least at the 90th percentile for all awards. If Phreesia's TSR for the performance period is negative, the maximum number of PSUs that can be earned will be capped at 100%.

The Company estimated the fair value of the PSUs using a Monte Carlo Simulation model that projected TSR for Phreesia and each member of the Peer Group over the performance period. The Company recognizes the grant date fair value of PSUs as compensation expense over the vesting period.

Market-based PSU activity for the six months ended July 31, 2025 was as follows:

	Performance stock units
Outstanding, January 31, 2025	1,204,971
Granted in six months ended July 31, 2025	—
Vested	—
Forfeited and expired	—
Outstanding, July 31, 2025	1,204,971

As of July 31, 2025, unrecognized compensation cost for the PSUs was \$25,902, to be recognized over a weighted average remaining vesting period of 2.0 years, subject to the participants' continued employment with the Company.

(f) Employee stock purchase plan

The ESPP is a compensatory plan because it provides participants with terms that are more favorable than those offered to other holders of the Company's common stock. Employees purchase shares at the lesser of (1) 85% of the closing stock price on the first day of the offering period or (2) 85% of the closing stock price on the last day of the offering period. The ESPP is structured as a qualified employee stock purchase plan under Section 423 of the U.S. Internal Revenue Code of 1986.

As of July 31, 2025, unrecognized compensation cost related to the ESPP was \$339, to be recognized over the next five months.

(g) Liability awards

At the beginning of each year, the Company provides eligible employees the option to elect to receive all or a portion of their incentive compensation in the form of immediately vested restricted stock units instead of cash. Restricted stock units issued to settle liability awards are covered by the 2019 Plan. Share-settled bonus awards will be settled at a value equal to 115% of the cash bonuses. These share-settled bonus awards vest based on the achievement of the Company's predefined performance targets. As share-settled bonus awards will be settled in a variable number of shares, the Company classifies share-settled bonus awards as liabilities within accrued expenses in the accompanying consolidated balance sheets until they are settled in shares and included in stockholders' equity. The Company's share-settled bonus awards are settled semiannually. During the six months ended July 31, 2025, the Company settled \$6,545 of share-settled bonus awards by issuing 269,089 immediately vested RSUs. See (c) Restricted stock units above for additional discussion regarding RSUs.

9. Fair value measurements

The following table presents information about the Company's assets and liabilities that are measured at fair value as of July 31, 2025 and indicates the classification of each item within the fair value hierarchy:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of July 31, 2025
Money market mutual funds	\$ 82,076	\$ —	\$ —	\$ 82,076
Foreign currency forward contracts	—	288	—	288
Total assets	\$ 82,076	\$ 288	\$ —	\$ 82,364

The following table presents information about the Company's assets and liabilities that are measured at fair value as of January 31, 2025 and indicates the classification of each item within the fair value hierarchy:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of January 31, 2025
Money market mutual funds	\$ 66,588	\$ —	\$ —	\$ 66,588
Total assets	\$ 66,588	\$ —	\$ —	\$ 66,588

The carrying value of the Company's short-term financial instruments, including accounts receivable and accounts payable approximate fair value due to the short-term nature of these instruments. As of July 31, 2025, the carrying value of the Company's debt approximated fair value because the interest rates approximated market rates and the related maturities are relatively short-term.

The Company did not have any transfers of assets and liabilities between levels of the fair value measurement hierarchy during both the six months ended July 31, 2025 and 2024.

10. Leases

(a) Phreesia as Lessee

The Company leases third-party data center space and office space in the U.S. under operating leases that expire on various dates through July 2027. Certain of these arrangements have escalating rent payment provisions or optional renewal clauses. The Company has also entered into various finance lease arrangements for computer equipment. These agreements are typically three years and are secured by the underlying equipment.

For office leases and leased equipment, the Company has elected the practical expedient to not separate lease and non-lease components, and as such, the variable lease cost primarily represents variable payments such as common area maintenance, utilities and equipment maintenance.

As of July 31, 2025, for operating leases, the weighted-average remaining lease term was 1.3 years and the weighted-average discount rate is 6.5%. As of July 31, 2025, for finance leases, the weighted-average remaining lease term was 1.7 years, and the weighted-average discount rate is 7.8%.

The components of lease expense for the six months ended July 31, 2025 were as follows:

	July 31, 2025	
Operating leases:		
Operating lease cost	\$	488
Variable lease cost		—
Total operating lease cost	\$	488
Finance leases:		
Amortization of right-of-use assets	\$	3,685
Interest on lease liabilities		509
Total finance lease cost	\$	4,194

Amortization of right-of-use assets for finance leases is included within depreciation expense on the Company's consolidated statements of operations.

The following represents a schedule of maturing lease commitments for operating and finance leases as of July 31, 2025:

	July 31, 2025	
	Operating	Finance
Maturity of lease liabilities		
2026 (remaining six months)	\$ 509	\$ 3,310
Fiscal year ending January 31,		
2027	583	5,688
2028	85	2,169
2029	—	—
2030	—	—
Thereafter	—	—
Total future minimum lease payments	\$ 1,177	\$ 11,167
Less: interest	(57)	(796)
Present value of lease liabilities	\$ 1,120	\$ 10,371

Other supplemental cash flow information for the six months ended July 31, 2025 was as follows:

	July 31, 2025	
Supplemental cash flow information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash used for operating leases	\$	544
Operating cash used for finance leases	\$	509
Financing cash used for finance leases	\$	3,886

For the three and six months ended July 31, 2025 there were no right-of-use assets obtained in exchange for lease liabilities.

(b) Phreesia as Lessor

In connection with the patient intake and registration process, Phreesia offers its customers the ability to lease PhreesiaPads and Arrivals Kiosks along with their monthly subscription. The Company accounts for these rentals as

leases. The Company elected the practical expedient to not separate lease and non-lease components. More specifically, all contractual hardware maintenance is included with the hardware lease components. The leases contain no variable lease payments, no options to extend the lease that are reasonably certain to be exercised, and do not give the lessee an option to purchase the hardware at the end of the lease term. Additionally, the lease term does not represent a major part of the remaining economic life of the assets, and the present value of the lease payments does not equal or exceed substantially all of the fair value of the assets. As a result, all leased hardware in the SaaS arrangements are classified as operating leases.

During the three and six months ended July 31, 2025, the Company recognized \$1,832 and \$4,251, respectively, in subscription and related services revenue related to the leasing of PhreesiaPads and Arrivals Kiosks.

Future lease payments receivable under operating leases were immaterial as of July 31, 2025, except for those with terms of one year or less.

11. Commitments and contingencies

(a) Indemnifications

The Company's agreements with certain customers include certain provisions for indemnifying customers against liabilities if its services infringe a third party's intellectual property rights. It is not possible to determine the maximum potential amount under these indemnification obligations due to the limited history of prior indemnification claims and the unique facts and circumstances that may be involved in each particular agreement. To date, the Company has not incurred any material costs as a result of such provisions and has not accrued any liabilities related to such obligations in its consolidated financial statements.

In addition, the Company has indemnification agreements with its directors and its executive officers that require it, among other things, to indemnify its directors and executive officers for costs associated with any fees, expenses, judgments, fines and settlement amounts incurred by any of those persons in any action or proceeding to which any of those persons is, or is threatened to be, made a party by reason of the person's service as a director or officer, including any action by us, arising out of that person's services as a director or officer or that person's services provided to any other company or enterprise at the Company's request. The Company maintains director and officer insurance coverage that may enable it to recover a portion of any future indemnification amounts paid. To date, there have been no claims under any of the Company's directors and executive officers indemnification provisions.

(b) Legal proceedings

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

The Company is involved in legal proceedings from time to time that arise in the normal course of business. In the opinion of management, such routine claims and lawsuits are not significant, and the Company does not expect them to have a material adverse effect on its business, financial condition, results of operations, or liquidity, except as noted below.

On May 12, 2024, the Company learned of a cybersecurity incident impacting the ConnectOnCall service, an application created by a subsidiary the Company acquired in October 2023. All systems have been restored, and the Company believes that it maintains a sufficient level of insurance coverage related to such events, and the related incremental costs incurred to date are not material.

Between December 24, 2024 and the date of this report, 14 related putative class action complaints were filed against ConnectOnCall.com, LLC and Phreesia, Inc., in the United States District Court for the Eastern District of New York (the "ConnectOnCall Case"). The cases have been consolidated as In re ConnectOnCall.com Data Breach Litigation. Plaintiffs purport to represent a nationwide class and state-specific subclasses of individuals who allegedly had personally identifiable information and personal health information stolen because of the ConnectOnCall incident. Plaintiffs assert a variety of common law claims seeking monetary damages, disgorgement, restitution, attorneys' fees, interest, declaratory relief, and injunctive relief related to the incident.

The Company expects to incur legal and professional services expenses associated with this litigation in future periods. The Company will recognize these expenses as services are received, net of probable insurance recoveries. While a loss from these matters is reasonably possible, the Company cannot reasonably estimate a range of possible losses at this time, as the proceedings remain in the early stages, alleged damages have not been specified, there is uncertainty as to the likelihood of the cases being certified or the ultimate size of any class if

certified, and there are significant factual and legal issues to be resolved. The Company has not recorded a loss contingency liability for the above litigation as of July 31, 2025.

(c) Other contractual commitments

Other contractual commitments consist primarily of non-cancelable purchase commitments to support the Company's technology infrastructure as well commitments related to its acquisitions.

During the three and six months ended July 31, 2025, the Company entered into a new non-cancelable purchase commitment to support its technology infrastructure. Total undiscounted payments through July 31, 2027 are \$12,242.

During the six months ended July 31, 2025, there were no significant changes in the Company's material cash requirements as compared to the material cash requirements from known contractual and other obligations described in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2025, filed with the SEC on March 13, 2025, other than the new non-cancelable purchase commitment noted above.

12. Income taxes

For the three and six months ended July 31, 2025, the Company recorded a tax benefit of \$1,217 and \$482, respectively, compared to a tax expense of \$750 and \$1,260, respectively, for the corresponding periods in the prior year. For the six months ended July 31, 2025 and 2024, the Company's effective tax rate was 12.9% and negative 3.5%, respectively. The Company's effective tax rate differs from the U.S. statutory tax rate of 21% primarily because the Company records a valuation allowance against its U.S. deferred tax assets, and due to foreign income tax expense related to its Canadian branch and its subsidiary in India.

The \$1,217 year-to-date tax benefit includes a discrete tax benefit of \$2,220 recorded in the three months ended July 31, 2025 primarily related to recognizing stock-based compensation deferred tax assets, return to provision adjustments and excess windfall related to its Canadian branch. The Canadian deferred tax assets were assessed in more detail in connection with the Company's expectation of continued growth in the Canadian jurisdiction.

Deferred tax assets and deferred tax liabilities are recognized based on temporary differences between the financial reporting and tax basis of assets and liabilities using statutory rates. Management of the Company has evaluated the positive and negative evidence pertaining to the realizability of its deferred tax assets, including the Company's history of losses, and concluded that it is more likely than not that the Company will not recognize the benefits for its U.S. deferred tax assets. On the basis of this evaluation, the Company has recorded a valuation allowance against its deferred tax assets that are not more likely than not to be realized at both July 31, 2025 and January 31, 2025.

On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act ("OBBBA"). The Company has reflected the estimated impact of the OBBBA in the year-to-date and quarterly tax provision as of July 31, 2025. Further analysis will be performed through year-end; however, it is not expected to have a material impact on the Company's effective tax rate due to the valuation allowance position recorded against the Company's deferred tax assets that are not more likely than not to be realized.

13. Net income (loss) per share attributable to common stockholders

(a) Net income (loss) per share attributable to common stockholders

Basic and diluted net income (loss) per share attributable to common stockholders was calculated as follows:

	Three months ended July 31,		Six months ended July 31,	
	2025	2024	2025	2024
Basic net income (loss) per share				
Numerator:				
Net income (loss)	\$ 654	\$ (18,012)	\$ (3,260)	\$ (37,734)
Denominator:				
Weighted-average shares of common stock outstanding, basic	59,591,545	57,502,959	59,261,722	57,089,232
Basic net income (loss) per share attributable to common stockholders:	<u>\$ 0.01</u>	<u>\$ (0.31)</u>	<u>\$ (0.06)</u>	<u>\$ (0.66)</u>
Diluted net income (loss) per share				
Numerator:				
Net income (loss)	\$ 654	\$ (18,012)	\$ (3,260)	\$ (37,734)
Denominator:				
Number of shares used for basic net income (loss) per computation	59,591,545	57,502,959	59,261,722	57,089,232
RSUs	763,941	—	—	—
Stock options	625,292	—	—	—
PSUs	575,071	—	—	—
Liability awards	92,500	—	—	—
ESPP	37,462	—	—	—
Weighted-average shares of common stock outstanding, diluted	61,685,811	57,502,959	59,261,722	57,089,232
Diluted net income (loss) per share attributable to common stockholders:	<u>\$ 0.01</u>	<u>\$ (0.31)</u>	<u>\$ (0.06)</u>	<u>\$ (0.66)</u>

(b) Potential dilutive securities

The Company excludes potential dilutive securities, which include stock options, RSUs, PSUs, liability awards and grants under the Company's ESPP from the computation of diluted net income (loss) per share when the effect of including the securities would be anti-dilutive. The following potential shares of common stock, presented based on amounts outstanding at each period end, were excluded from the calculation of diluted net income (loss) per share attributable to common stockholders for the periods indicated because including them would have had an anti-dilutive effect:

	Three months ended July 31,		Six months ended July 31,	
	2025	2024	2025	2024
Stock options to purchase common stock, restricted stock and performance stock awards	876,566	6,795,068	5,930,619	6,795,068
Employee stock purchase plan	54,373	82,784	52,147	82,784
Total	<u>930,939</u>	<u>6,877,852</u>	<u>5,982,766</u>	<u>6,877,852</u>

14. Related party transactions

For the three months ended July 31, 2025 and 2024, the Company recognized revenue totaling \$273 and \$343, respectively, for advertisements placed by a pharmaceutical company. For the six months ended July 31, 2025 and

2024, the Company recognized revenue totaling \$461 and \$671, respectively, for advertisements placed by the same pharmaceutical company. One of the Company's independent members of its board of directors serves on the board of directors for this pharmaceutical company. As of July 31, 2025 and January 31, 2025, accounts receivable from the pharmaceutical company totaled \$116.

15. Segments and geographic information

Operating segments are defined as components of an enterprise about which separate financial information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company defines the term "chief operating decision maker" to be its Chief Executive Officer. The Company's Chief Executive Officer reviews the financial information presented on an entire company basis for purposes of allocating resources and evaluating its financial performance. Accordingly, the Company has determined that it operates in a single reportable operating segment, managed on a consolidated basis, which the Company refers to as the Technology solutions segment.

The Technology solutions segment provides comprehensive software solutions that improve the operational and financial performance of healthcare organizations and improve health outcomes by helping patients take a more active role in their care. The Technology solutions segment's solutions include SaaS-based integrated tools that manage patient access, registration and payments. Additionally, the Technology solutions segment has tools to communicate with patients about their health, which have demonstrated increased rates of preventive care and vaccinations. Additionally, Technology solutions segment's solutions include clinical assessments to screen patients for a variety of physical, behavioral and mental health conditions, helping providers to better understand their patients and connect them to needed services, resulting in improved health outcomes. The Technology solutions segment also provides life sciences companies, government entities, patient advocacy, public interest and not-for-profit and other organizations with a channel for direct communication with patients. The Technology solutions segment also provides additional products and services such as the MediFind provider directory, which helps patients find care based on providers' specialty and condition expertise. The Technology solutions segment offers its healthcare services clients the ability to lease tablets ("PhreesiaPads") and on-site kiosks ("Arrivals Kiosks") along with their monthly subscription.

The chief operating decision maker uses net income (loss) in assessing the performance of and allocate resources to the Technology solutions segment. The chief operating decision maker uses actual versus budgeted net income (loss) in evaluating the performance of the Technology solutions segment.

The accounting policies of the Technology solutions segment are the same as described in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2025 and in Note 3 - Summary of significant accounting policies herein. As the Company operates in a single operating segment managed on a consolidated basis, the revenues of the Technology solutions segment are equal to the Company's total revenues presented on the accompanying consolidated statements of operations. Additionally, revenues for each significant group of products and services is presented on the accompanying consolidated statements of operations. As the Company has only one operating segment, the Company does not have inter-segment sales or transfers. Additionally, the measure of segment profit for the Technology solutions segment is equal to the Company's net income (loss) presented on the accompanying consolidated statements of operations.

The following table presents the Company's segment revenue, segment profit (loss), significant segment expenses, and other segment items, as well as a reconciliation from segment profit (loss) to consolidated net income (loss).

	Three months ended July 31,		Six months ended July 31,	
	2025	2024	2025	2024
Revenue	\$ 117,255	\$ 102,115	\$ 233,191	\$ 203,332
Labor costs ⁽¹⁾	47,198	57,455	97,190	115,480
Payment processing expense	20,243	16,668	41,671	34,965
Third-party non-labor operating expenses	27,682	21,463	51,382	42,265
Stock-based compensation	16,230	16,448	33,455	33,288
Other segment items	5,248	8,093	12,753	15,068
Segment net income (loss)	\$ 654	\$ (18,012)	\$ (3,260)	\$ (37,734)

Reconciliation of profit or loss

Adjustments and reconciling items	\$	—	\$	—	\$	—	\$	—
Consolidated net income (loss)	\$	654	\$	(18,012)	\$	(3,260)	\$	(37,734)

⁽¹⁾Excludes stock-based compensation expense which is presented separately

Other segment items include depreciation and amortization, interest income, net, income tax benefit (expense) and other income (expense), net.

The total segment assets for the Technology solutions segment are equal to the total assets presented on the accompanying consolidated balance sheets. The following table presents other quantitative segment disclosures for the three and six months ended July 31, 2025 and 2024, respectively.

	Three months ended July 31,		Six months ended July 31,	
	2025	2024	2025	2024
Depreciation and amortization	\$ 7,409	\$ 7,303	\$ 14,287	\$ 13,976
Interest income, net	\$ 608	\$ 46	\$ 378	\$ 285
Income tax benefit (expense)	\$ 1,217	\$ (750)	\$ 482	\$ (1,260)
Expenditures for long-lived assets	\$ 6,321	\$ 6,797	\$ 13,376	\$ 13,733

16. Derivative instruments and hedging activities
Cash Flow Hedges

During the six months ended July 31, 2025, the Company entered into a foreign currency forward contract to buy Canadian Dollars in exchange for US Dollars in order to hedge the functional currency equivalent cash flows related to the Company's Canadian Dollar denominated payroll payments. The Company designated 75% of the forward contract as a cash flow hedging instrument. The remaining 25% of the forward contract was not designated as a cash flow hedge and is being used by the Company as an economic hedge of forecasted Canadian Dollar denominated payroll payments not hedged by the designated portion of the forward contract. The Company does not hold any derivatives for trading or speculative purposes.

As of July 31, 2025, the notional value of the foreign currency forward contract that the Company held to buy Canadian Dollars in exchange for US Dollars was a total of 11,500 Canadian Dollars, including a notional value of 8,625 Canadian Dollars designated as foreign currency cash flow hedges and a notional value of 2,875 not designated as hedges.

The fair values of outstanding derivative foreign currency forward contract was as follows:

	Consolidated balance sheet location	July 31, 2025	January 31, 2025
Foreign currency cash flow hedges	Prepaid expenses and other current assets	\$ 216	\$ —
Non-designated hedges	Prepaid expenses and other current assets	72	—

The effect of derivative instruments on the Company's consolidated statements of operations were as follows:

	Consolidated statements of operations location	Three months ended July 31,		Six months ended July 31,	
		2025	2024	2025	2024
Foreign currency cash flow hedges	Expenses	\$ (159)	\$ —	\$ (139)	\$ —
Foreign currency cash flow hedges	Income tax benefit (expense)	—	—	—	—
Non-designated hedges	Other income (expense), net	(14)	—	236	—

Pre-tax gains (losses) associated with cash flow hedges were as follows:

	Consolidated statements of operations and Statements of comprehensive income (loss) locations	Three months ended July 31,		Six months ended July 31,	
		2025	2024	2025	2024
Gains recognized in accumulated other comprehensive income (included in assessment of effectiveness)	Unrealized gain on cash flow hedge	\$ (40)	\$ —	\$ 347	\$ —
Gains reclassified from accumulated other comprehensive income into income (effective portion)	Expenses	(159)	—	(139)	—
Tax effect reclassified from accumulated other comprehensive income into income (effective portion)	Income tax benefit (expense)	—	—	—	—

As of July 31, 2025, the foreign currency forward contract had a maturity of less than 6 months. As of July 31, 2025, the Company estimates that the entire \$208 of the net gain recorded in accumulated other comprehensive income (loss) related to its foreign currency cash flow hedge will be reclassified into income within the next 12 months.

See Note 3 - Summary of significant accounting policies and Note 9 - Fair value measurements for additional disclosures for derivatives and hedging.

17. Subsequent events

On August 29, 2025, the Company entered into a definitive agreement (the "Merger Agreement") to acquire AccessOne Parent Holdings, Inc. (together with its subsidiaries, "AccessOne"), for total cash consideration of \$160 million, subject to customary closing and post-closing adjustments (the "AccessOne Acquisition"). The transaction is expected to close during the third quarter or early fourth quarter of the Company's 2026 fiscal year, subject to customary closing conditions and regulatory approvals. In connection with, and concurrently with entry into, the Merger Agreement, the Company entered into a debt commitment letter which provides for a new senior secured bridge loan facility (the "Bridge Loan"), subject to the satisfaction of certain conditions. The Company intends to finance the acquisition through a combination of cash from its balance sheet and proceeds from the Bridge Loan. The Company expects to account for the transaction as a business combination.

AccessOne is a market leader in providing financing solutions for healthcare receivables, working with some of the largest health systems in the U.S. AccessOne takes minimal credit risk and offers healthcare providers a scalable, compliant and operationally efficient tool that improves collections without undermining patient trust. The Company believes the addition of AccessOne's platform is a natural progression that will integrate well with its existing products.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited consolidated financial statements and related notes and other financial information appearing elsewhere in this Quarterly Report on Form 10-Q and our financial statements and related notes thereto included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2025, filed with the SEC on March 13, 2025. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q, including information with respect to our plans and strategy for our business, includes forward-looking statements based upon current plans, expectations and beliefs that involve risks and uncertainties. As a result of many factors, including those factors set forth under "Risk Factors" and "Special Note Regarding Forward-Looking Statements": in this Quarterly Report on Form 10-Q, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the follow discussion and analysis.

Financial Highlights

- Total revenue increased 15% to \$117.3 million in the three months ended July 31, 2025, as compared to \$102.1 million in the three months ended July 31, 2024.
- Total revenue increased 15% to \$233.2 million in the six months ended July 31, 2025, as compared to \$203.3 million in the six months ended July 31, 2024.
- Net income was \$0.7 million in the three months ended July 31, 2025, as compared to net loss of \$18.0 million in the three months ended July 31, 2024.
- Net loss was \$3.3 million in the six months ended July 31, 2025, as compared to \$37.7 million in the six months ended July 31, 2024.
- Adjusted EBITDA was \$22.1 million in the three months ended July 31, 2025, as compared to \$6.5 million in the three months ended July 31, 2024.
- Adjusted EBITDA was \$42.9 million in the six months ended July 31, 2025, as compared to \$10.6 million in the six months ended July 31, 2024.
- Net cash provided by operating activities was \$14.8 million for the three months ended July 31, 2025, as compared to \$11.1 million for the three months ended July 31, 2024.
- Net cash provided by operating activities was \$29.7 million for the six months ended July 31, 2025, as compared to \$10.3 million for the six months ended July 31, 2024.
- Free cash flow was \$9.6 million for the three months ended July 31, 2025, as compared to \$3.7 million for the three months ended July 31, 2024.
- Free cash flow was \$17.1 million for the six months ended July 31, 2025, as compared to negative \$2.5 million for the six months ended July 31, 2024.
- Cash and cash equivalents as of July 31, 2025 was \$98.3 million, an increase of \$14.1 million as compared to January 31, 2025.

For a reconciliation of Adjusted EBITDA to net income (loss) and a reconciliation of free cash flow to net cash provided by operating activities, and for more information as to how we calculate such measures, see the section below titled "Non-GAAP financial measures."

Overview

We are a leading provider of comprehensive software solutions that improve the operational and financial performance of healthcare organizations and improve health outcomes by helping patients take a more active role in their care. Phreesia's mission is to make care easier every day. We have created an integrated and streamlined system that automates data capture and activates patients before, during and after their interaction with their healthcare services provider. Our solutions include SaaS-based integrated tools that manage patient access, registration and payments. We offer tools to communicate with patients about their health that have demonstrated increased rates of preventive care and vaccinations. Additionally, our solutions include clinical assessments to screen patients for a variety of physical, behavioral and mental health conditions, helping providers better understand their patients and connect them to needed services, resulting in improved health outcomes. We also provide life sciences companies, government entities, patient advocacy, public interest and not-for-profit and other organizations with a channel for direct education and communication with patients in a privacy-protected

environment. Our solutions also include additional products and services such as the MediFind provider directory, which helps patients find care based on providers' specialty and condition expertise.

We serve an array of healthcare services clients of all sizes across over 25 specialties, ranging from single-specialty practices, including internal and family medicine, urology, dermatology, and orthopedics, to large, multi-specialty groups, and health systems as well as other organizations that provide other types of healthcare-related services. Our network solutions clients include life sciences companies in the pharmaceutical, biotechnology and medical device industries, as well as government entities, patient advocacy, public interest and other not-for-profit organizations seeking to activate, engage and educate patients about topics critical to their health. Our goal is to help patients have more informed conversations to help them make decisions about their care.

We derive revenue from (i) subscription fees from healthcare services clients for access to our solutions and related professional services fees, (ii) payment processing fees based on levels of patient payment volume processed through our solutions and (iii) fees from life sciences companies and other organizations for delivering direct communications to help activate, engage and educate patients about topics critical to their health using our solutions. We also generate revenue through our additional products and services such as the MediFind provider directory, which helps patients find care based on providers' specialty and condition expertise. We have strong visibility into our business as the majority of our revenue is derived from recurring subscription fees and re-occurring payment processing fees.

We market and sell our products and services to healthcare services prospects throughout the U.S. using a direct sales organization. Our database team is responsible for the hygiene and health of our data and is tasked with validating information by using various tools to enrich it. This data powers our sales development organization. Our marketing team identifies customer profiles, develops content and deploys one-to-many communications to soften the market. This helps prepare our sales development team to engage with new prospective customers. The sales development team creates opportunities and works with the direct sales team to qualify those opportunities. Our sales force executes on these qualified sales leads, partnering with our sales enablement and client services functions to ensure prospects are educated on the breadth of our capabilities and demonstrable value proposition, with the goal of attracting and retaining clients and expanding their use of our solutions over time. Most of our healthcare services customer contracts are structured as annual, auto-renewing agreements. Our sales typically involve competitive processes, and sales cycles have, on average, varied in duration from three months to six months, depending on the size of the potential client. After we secure new deals, our sales team offers additional add-on solutions and services to healthcare services customers, expanding the breadth of solutions provided to clients, which we believe increases customer satisfaction and retention. In addition, through Phreesia University (Phreesia's in-house training program), live and virtual events, we help our healthcare services clients optimize their businesses and, as a result, support client retention.

We also sell products and services to life sciences companies and other organizations, healthcare advertising agencies, government entities and advocacy groups through our direct sales and marketing teams. Unlike healthcare services programs, most of the life science campaigns need to be measured and resold each year. Like healthcare services, the marketing team supports net new business and client retention for network solutions by educating ideal customer profiles about the value of Phreesia and the positive impact on health outcomes Phreesia campaigns have on patients.

Since our inception, we have focused substantially all of our sales efforts within the United States. Accordingly, substantially all of our revenue from historical periods has come from the United States, and our current strategy is to continue to focus substantially all of our sales efforts within the United States.

Our revenue growth has been primarily organic and reflects our significant addition of new healthcare services clients. New healthcare services clients are defined as clients that go live in the applicable period and existing healthcare services clients are defined as clients that go live in any period before the applicable period.

Recent developments and current economic conditions

AccessOne Acquisition

On August 29, 2025, we entered into a definitive agreement (the "Merger Agreement") to acquire AccessOne Parent Holdings, Inc. (together with its subsidiaries, "AccessOne"), for total cash consideration of \$160 million, subject to customary closing and post-closing adjustments (the "AccessOne Acquisition"). The transaction is expected to close during the third quarter or early fourth quarter of our 2026 fiscal year, subject to customary closing conditions and regulatory approvals. In connection with, and concurrently with entry into, the Merger Agreement, we entered into a debt commitment letter which provides for a new senior secured bridge loan facility (the "Bridge Loan"), subject to

the satisfaction of certain conditions. We intend to finance the acquisition through a combination of cash from our balance sheet and proceeds from the Bridge Loan.

AccessOne is a market leader in providing financing solutions for healthcare receivables, working with some of the largest health systems in the U.S. AccessOne takes minimal credit risk and offers healthcare providers a scalable, compliant and operationally efficient tool that improves collections without undermining patient trust. We believe the addition of AccessOne's platform is a natural progression that will integrate well with our existing products.

See Note 17 - Subsequent events in Part I - Item 8 of this Quarterly Report on Form 10-Q for additional information regarding the AccessOne Acquisition.

Macroeconomic environment and geopolitical conditions

Our business is directly and indirectly affected by macroeconomic conditions, geopolitical conditions and the state of global financial markets. Geopolitical uncertainty resulting, in part, from the military conflict between Russia and Ukraine and the conflict in the Middle East, as well as other macro-economic conditions, such as the impact of pandemics, changes in interest rates, inflation in the cost of goods, services and labor, tariff and trade issues, or a recession or an economic slowdown in the U.S. or internationally, have contributed to significant volatility and declines in global financial markets. The uncertainty over the extent and duration of the ongoing conflicts and these macroeconomic conditions continues to cause disruptions to businesses and markets worldwide. Additionally, the change in U.S. presidential administration has resulted in, and may continue to cause, additional geopolitical and macroeconomic uncertainty. While none of these factors individually has had a material impact on our business to date, it is difficult to predict the potential impact these factors may have on our future business results or in the financial condition or purchasing patterns of our customers, partners and suppliers, and each could adversely impact our business operations, financial performance and results of operations. We continue to closely monitor these macroeconomic and geopolitical developments and their potential impact on our business and financial condition.

Key Metrics

We regularly review the following key metrics to measure our performance, identify trends affecting our business, formulate financial projections, make strategic business decisions and assess working capital needs.

(Unaudited)	Three months ended July 31,		Six months ended July 31,	
	2025	2024	2025	2024
Key Metrics:				
Average number of healthcare services clients ("AHSCs")	4,467	4,169	4,439	4,117
Total revenue per AHSC	\$ 26,249	\$ 24,494	\$ 52,532	\$ 49,388

- **AHSCs.** We define AHSCs as the average number of clients that generate subscription and related services or payment processing fees 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 solutions to healthcare services organizations that are not yet clients. We believe growth in AHSCs provides useful information to investors as an important indicator of expected revenue growth. In addition, growth in AHSCs 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 solutions for our healthcare services clients and their patients.
- **Total revenue per AHSC.** We define total revenue per AHSC as total revenue in a given period divided by the number of AHSCs during that same period. Our healthcare services clients directly generate subscription and related services and payment processing fees revenue. Additionally, our relationships with healthcare services clients who subscribe to our solutions give us the opportunity to engage with life sciences companies, government entities, patient advocacy, public interest and not-for-profit and other organizations who deliver direct communication to patients through our solutions. As a result, we believe that our ability to increase total revenue per AHSC provides useful information to investors as an indicator of the long-term value of our solutions. Total revenue per AHSC was \$26,249 for the three months ended

July 31, 2025 compared to \$24,494 for the same period in the prior year, an increase of 7%. The increase was primarily driven by revenue growth that outpaced AHSC growth.

Additional Information

(Unaudited)	Three months ended July 31,		Six months ended July 31,	
	2025	2024	2025	2024
Patient payment volume (in millions)	\$ 1,250	\$ 1,093	\$ 2,564	\$ 2,259
Payment facilitator volume percentage	82 %	81 %	82 %	81 %

- *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 payments 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 fees revenue.

Components of consolidated statements of operations

Revenue

We generate revenue primarily from providing an integrated SaaS-based software and payment platform for the healthcare industry. We derive revenue from subscription fees and related services generated from our healthcare services clients for access to our solutions, payment processing fees based on the levels of patient payment volume we process, and from fees from life sciences companies and other organizations for delivering direct communications to help activate, engage and educate patients about topics critical to their health.

Our total revenue consists of the following:

- *Subscription and related services.* We primarily generate subscription fees from our healthcare services clients based on the number of healthcare services clients that subscribe to and utilize our solutions. Our healthcare services clients are typically billed monthly in arrears, though in some instances, healthcare services clients may opt to be billed quarterly or annually in advance. Subscription fees are typically auto-debited from healthcare services clients' accounts every month. As we target and add larger enterprise healthcare services clients, these clients may choose to contract differently than our typical per healthcare services client subscription model. To the extent we charge in an alternative manner with larger enterprise healthcare services clients, we expect that such a pricing model will recur and, combined with our per healthcare services client subscription fees, will increase as a percentage of our total revenue. In addition, we receive certain fees from healthcare services clients for professional services associated with our implementation services as well as travel and expense reimbursements, shipping and handling fees, leasing and sales of hardware (PhreesiaPads and Arrivals Kiosks), on-site support and training.
- *Payment processing fees.* We generate revenue from payment processing fees based on the number of transactions and the levels of patient payment volume processed through our solutions. Payment processing fees are generally calculated as a percentage of the total transaction dollar value processed and/or a fee per transaction. The remainder of our patient payment volume is composed of credit and debit transactions for which Phreesia acts as a gateway to another payment processor, and cash and check transactions. Patient payment responsibility typically declines as a share of total spending as the calendar year progresses due to benefit design. Consistent with that trend, payment volume on a per client basis has historically been lower in the second half of our fiscal year as compared to the first half of our fiscal year.
- *Network solutions.* We generate revenue from life sciences companies and other organizations for delivering direct communications to patients. As we expand our healthcare services client base, we increase the number of new patients we can reach to deliver our direct communications to help activate, engage and educate patients about topics critical to their health on behalf of life sciences companies and other organizations.

Cost of revenue (excluding depreciation and amortization)

Our cost of revenue (excluding depreciation and amortization) primarily consists of labor costs, including salaries, stock-based compensation, benefits and bonuses for implementation and technical support, as well as outside services costs. Cost of revenue (excluding depreciation and amortization) also includes infrastructure costs to operate our solutions such as hosting fees and fees paid to various third-party providers for access to their technology, as well as costs to verify insurance eligibility and benefits.

Payment processing expense

Payment processing expense consists primarily of interchange fees set by payment card networks that are ultimately paid to the card-issuing financial institution, assessment fees paid to payment card networks, and fees paid to third-party payment processors and gateways. Payment processing expense may increase as a percentage of payment processing fees revenue if card networks raise pricing for interchange and assessment fees or if we reduce pricing to our clients.

Sales and marketing

Sales and marketing expense consists primarily of labor costs, including salaries, stock-based compensation, benefits, bonuses and commission costs for our sales and marketing personnel, as well as outside services costs. Sales and marketing expense also includes costs for advertising, promotional and other marketing activities, as well as certain fees paid to various third-party partners for sales and lead generation. Advertising is expensed as incurred.

Research and development

Research and development expense consists of costs to develop our products and services that do not meet the criteria for capitalization as internal-use software. These costs consist primarily of labor costs, including salaries, stock-based compensation and benefits for our development personnel, as well as outside services costs. Research and development expense also includes third-party partner fees and third-party consulting fees.

General and administrative

General and administrative expense consists primarily of labor costs, including salaries, stock-based compensation and benefits for our executive, finance, legal, security, human resources, information technology and other administrative personnel, as well as outside services costs. General and administrative expense also includes software costs to support our finance, legal and human resources operations, insurance costs as well as fees to third-party providers for accounting, legal and consulting services, costs for various non income-based taxes and software costs.

Depreciation

Depreciation represents depreciation expense for PhreesiaPads and Arrivals Kiosks, data center and other computer hardware, purchased computer software, furniture and fixtures and leasehold improvements.

Amortization

Amortization primarily represents amortization of our capitalized internal-use software related to our solutions as well as amortization of acquired intangible assets.

Other income (expense), net

Our other income and expense line items consist of the following:

- *Other income (expense), net.* Other expense, net consists of foreign currency-related losses and gains and other miscellaneous income (expense).
- *Interest income.* Interest income consists of interest earned on our cash and cash equivalent balances.
- *Interest expense.* Interest expense consists primarily of the interest incurred on our financing obligations as well as amortization of discounts and deferred financing costs.

Income tax benefit (expense)

Based upon our cumulative pre-tax losses in recent years and available evidence, we have determined that it is more likely than not that substantially all of our U.S. deferred tax assets as of July 31, 2025 will not be realized in the near term. Consequently, we have established a valuation allowance against our deferred tax assets that are not more likely than not to be realized. In future periods, if we conclude we have future taxable income sufficient to realize the deferred tax assets, we may reduce or eliminate the valuation allowance. Benefit (expense) from income

taxes also includes U.S. state and local income taxes and foreign income taxes. We record unrecognized tax benefits as liabilities or as reductions to deferred tax assets and adjust these balances when our judgment changes as a result of the evaluation of new information previously not available.

On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act ("OBBBA"). We reflected the estimated impact of the OBBBA in the year-to-date and quarterly tax provision as of July 31, 2025. Further analysis will be performed through year-end; however, it is not expected to have a material impact on our effective tax rate due to the valuation allowance position recorded against the Company's deferred tax assets that are not more likely than not to be realized.

Comparison of results of operations for the three and six months ended July 31, 2025 and 2024 (unaudited)

Revenue

(\$ in thousands)	Three months ended July 31,		\$ Change	% Change
	2025	2024		
Subscription and related services	\$ 53,702	\$ 48,612	\$ 5,090	10 %
Payment processing fees	28,392	25,300	3,092	12 %
Network solutions	35,161	28,203	6,958	25 %
Total revenue	\$ 117,255	\$ 102,115	\$ 15,140	15 %

- *Subscription and related services.* Our subscription and related services revenue from healthcare services organizations increased \$5.1 million to \$53.7 million for the three months ended July 31, 2025, as compared to \$48.6 million for the three months ended July 31, 2024, primarily due to new healthcare services clients as well as expansion of and cross-selling to existing healthcare services clients.
- *Payment processing fees.* Our revenue from patient payments processed through our solutions increased \$3.1 million to \$28.4 million for the three months ended July 31, 2025, as compared to \$25.3 million for the three months ended July 31, 2024, due to the addition of new healthcare services clients, which drove increases in patient visits and patient payments processed through our platform.
- *Network solutions.* Our revenue from life sciences companies and other organizations increased \$7.0 million to \$35.2 million for the three months ended July 31, 2025, as compared to \$28.2 million for the three months ended July 31, 2024, due to an increase in engagement, education programs and deeper patient outreach among the existing programs.

(\$ in thousands)	Six months ended July 31,		\$ Change	% Change
	2025	2024		
Subscription and related services	\$ 108,057	\$ 95,354	\$ 12,703	13 %
Payment processing fees	58,317	52,360	5,957	11 %
Network solutions	66,817	55,618	11,199	20 %
Total revenue	\$ 233,191	\$ 203,332	\$ 29,859	15 %

- *Subscription and related services.* Our subscription and related services revenue from healthcare services organizations increased \$12.7 million to \$108.1 million for the six months ended July 31, 2025, as compared to \$95.4 million for the six months ended July 31, 2024, primarily due to new healthcare services clients as well as expansion of and cross-selling to existing healthcare services clients.
- *Payment processing fees.* Our revenue from patient payments processed through our solutions increased \$6.0 million to \$58.3 million for the six months ended July 31, 2025, as compared to \$52.4 million for the six months ended July 31, 2024, due to the addition of new healthcare services clients, which drove increases in patient visits and patient payments processed through our platform.
- *Network solutions.* Our revenue from life sciences companies and other organizations increased \$11.2 million to \$66.8 million for the six months ended July 31, 2025, as compared to \$55.6 million for the six months ended July 31, 2024, due to an increase in engagement, education programs and deeper patient outreach among the existing programs.

Cost of revenue (excluding depreciation and amortization)

(\$ in thousands)	Three months ended July 31,		\$ Change	% Change
	2025	2024		
Cost of revenue (excluding depreciation and amortization)	\$ 17,398	\$ 16,143	\$ 1,255	8 %

Cost of revenue (excluding depreciation and amortization) increased \$1.3 million to \$17.4 million for the three months ended July 31, 2025, as compared to \$16.1 million for the three months ended July 31, 2024. The increase resulted primarily from a \$2.8 million increase in other third-party costs, partially offset by a \$1.6 million decrease in labor costs.

Stock compensation incurred related to cost of revenue was \$0.9 million and \$1.2 million for the three months ended July 31, 2025 and 2024, respectively.

(\$ in thousands)	Six months ended July 31,		\$ Change	% Change
	2025	2024		
Cost of revenue (excluding depreciation and amortization)	\$ 34,035	\$ 31,866	\$ 2,169	7 %

Cost of revenue (excluding depreciation and amortization) increased \$2.2 million to \$34.0 million for the six months ended July 31, 2025, as compared to \$31.9 million for the six months ended July 31, 2024. The increase resulted primarily from a \$5.0 million increase in other third-party costs, partially offset by a \$2.8 million decrease in labor costs.

Stock compensation incurred related to cost of revenue was \$2.0 million and \$2.5 million for the six months ended July 31, 2025 and 2024, respectively.

Payment processing expense

(\$ in thousands)	Three months ended July 31,		\$ Change	% Change
	2025	2024		
Payment processing expense	\$ 20,243	\$ 16,668	\$ 3,575	21 %

Payment processing expense increased \$3.6 million to \$20.2 million for the three months ended July 31, 2025, as compared to \$16.7 million for the three months ended July 31, 2024. The increase resulted primarily from the increase in payment processing fees revenue and patient payments processed through our solutions, each driven by an increase in patient visits over the prior year.

(\$ in thousands)	Six months ended July 31,		\$ Change	% Change
	2025	2024		
Payment processing expense	\$ 41,671	\$ 34,965	\$ 6,706	19 %

Payment processing expense increased \$6.7 million to \$41.7 million for the six months ended July 31, 2025, as compared to \$35.0 million for the six months ended July 31, 2024. The increase resulted primarily from the increase in payment processing fees revenue and patient payments processed through our solutions, each driven by an increase in patient visits over the prior year.

Sales and marketing

(\$ in thousands)	Three months ended July 31,		\$ Change	% Change
	2025	2024		
Sales and marketing	\$ 25,396	\$ 30,184	\$ (4,788)	(16)%

Sales and marketing expense decreased \$4.8 million to \$25.4 million for the three months ended July 31, 2025, as compared to \$30.2 million for the three months ended July 31, 2024. The decrease resulted primarily from a \$6.2 million decrease in labor costs, partially offset by a \$1.4 million increase in other third-party sales and marketing costs.

Stock compensation incurred related to sales and marketing expense was \$4.7 million and \$5.3 million for the three months ended July 31, 2025 and 2024, respectively.

(\$ in thousands)	Six months ended July 31,		\$ Change	% Change
	2025	2024		
Sales and marketing	\$ 51,439	\$ 62,195	\$ (10,756)	(17)%

Sales and marketing expense decreased \$10.8 million to \$51.4 million for the six months ended July 31, 2025, as compared to \$62.2 million for the six months ended July 31, 2024. The decrease resulted primarily from a \$12.2 million decrease in labor costs, partially offset by a \$1.5 million increase in other third-party sales and marketing costs.

Stock compensation incurred related to sales and marketing expense was \$9.9 million and \$11.1 million for the six months ended July 31, 2025 and 2024, respectively.

Research and development

(\$ in thousands)	Three months ended July 31,		\$ Change	% Change
	2025	2024		
Research and development	\$ 29,274	\$ 29,542	\$ (268)	(1)%

Research and development expense decreased \$0.3 million to \$29.3 million for the three months ended July 31, 2025, as compared to \$29.5 million for the three months ended July 31, 2024. The decrease resulted primarily from a \$0.6 million decrease in other third-party costs, partially offset by a \$0.4 million increase in software costs.

Stock compensation incurred related to research and development expense was \$4.2 million and \$3.6 million for the three months ended July 31, 2025 and 2024, respectively.

(\$ in thousands)	Six months ended July 31,		\$ Change	% Change
	2025	2024		
Research and development	\$ 61,103	\$ 58,423	\$ 2,680	5%

Research and development expense increased \$2.7 million to \$61.1 million for the six months ended July 31, 2025, as compared to \$58.4 million for the six months ended July 31, 2024. The increase resulted primarily from a \$1.5 million increase in software costs, a \$0.9 million increase in labor costs and a \$0.3 million increase in other third-party costs.

Stock compensation incurred related to research and development expense was \$8.6 million and \$7.3 million for the six months ended July 31, 2025 and 2024, respectively.

General and administrative

(\$ in thousands)	Three months ended July 31,		\$ Change	% Change
	2025	2024		
General and administrative	\$ 19,042	\$ 19,497	\$ (455)	(2)%

General and administrative expense decreased \$0.5 million to \$19.0 million for the three months ended July 31, 2025, as compared to \$19.5 million for the three months ended July 31, 2024. The decrease primarily resulted from a \$1.8 million decrease in labor costs, partially offset by a \$1.3 million increase in other third-party costs.

Stock compensation incurred related to general and administrative expense was \$6.4 million and \$6.3 million for the three months ended July 31, 2025 and 2024, respectively.

(\$ in thousands)	Six months ended July 31,		\$ Change	% Change
	2025	2024		
General and administrative	\$ 35,450	\$ 38,549	\$ (3,099)	(8)%

General and administrative expense decreased \$3.1 million to \$35.5 million for the six months ended July 31, 2025, as compared to \$38.5 million for the six months ended July 31, 2024. The decrease primarily resulted from a \$2.6 million decrease in labor costs and a \$0.5 million decrease in other third-party costs.

Stock compensation incurred related to general and administrative expense was \$12.9 million and \$12.5 million for the six months ended July 31, 2025 and 2024, respectively.

Depreciation

(\$ in thousands)	Three months ended July 31,		\$ Change	% Change
	2025	2024		
Depreciation	\$ 3,279	\$ 3,921	\$ (642)	(16)%

Depreciation expense decreased \$0.6 million to \$3.3 million for the three months ended July 31, 2025, as compared to \$3.9 million for the three months ended July 31, 2024. The decrease was primarily attributable to lower computer equipment depreciation.

(\$ in thousands)	Six months ended July 31,		\$ Change	% Change
	2025	2024		
Depreciation	\$ 6,265	\$ 7,445	\$ (1,180)	(16)%

Depreciation expense decreased \$1.2 million to \$6.3 million for the six months ended July 31, 2025, as compared to \$7.4 million for the six months ended July 31, 2024. The decrease was primarily attributable to lower computer equipment depreciation.

Amortization

(\$ in thousands)	Three months ended July 31,		\$ Change	% Change
	2025	2024		
Amortization	\$ 4,130	\$ 3,382	\$ 748	22%

Amortization expense increased \$0.7 million to \$4.1 million for the three months ended July 31, 2025 as compared to \$3.4 million for the three months ended July 31, 2024. The increase was primarily driven by higher amortization of capitalized internal-use software development costs.

(\$ in thousands)	Six months ended July 31,		\$ Change	% Change
	2025	2024		
Amortization	\$ 8,022	\$ 6,531	\$ 1,491	23%

Amortization expense increased \$1.5 million to \$8.0 million for the six months ended July 31, 2025 as compared to \$6.5 million for the six months ended July 31, 2024. The increase was primarily driven by higher amortization of capitalized internal-use software development costs.

Other income (expense), net

(\$ in thousands)	Three months ended July 31,		\$ Change	% Change
	2025	2024		
Other income (expense), net	\$ 336	\$ (86)	\$ 422	(491)%

Other income (expense), net was income of \$0.3 million for the three months ended July 31, 2025 as compared to expense of \$0.1 million for the three months ended July 31, 2024. Other income (expense), net is comprised primarily of foreign exchange gains and losses due to changes in rates and other miscellaneous income (expense).

(\$ in thousands)	Six months ended July 31,		\$ Change	% Change
	2025	2024		
Other income (expense), net	\$ 674	\$ (117)	\$ 791	(676)%

Other income (expense), net was income of \$0.7 million for the six months ended July 31, 2025 as compared to expense of \$0.1 million for the six months ended July 31, 2024. Other income (expense), net is comprised primarily of foreign exchange gains and losses due to changes in rates and other miscellaneous income (expense).

Interest income, net

(\$ in thousands)	Three months ended July 31,		\$ Change	% Change
	2025	2024		
Interest income, net	\$ 608	\$ 46	\$ 562	1222%

Interest income, net was income of \$0.6 million for the three months ended July 31, 2025, as compared to income of less than \$0.1 million for the three months ended July 31, 2024. The increase is primarily attributable to the timing of interest received during the three months ended July 31, 2025.

(\$ in thousands)	Six months ended July 31,		\$ Change	% Change
	2025	2024		
Interest income, net	\$ 378	\$ 285	\$ 93	33%

Interest income, net was income of \$0.4 million for the six months ended July 31, 2025, as compared to income of \$0.3 million for the six months ended July 31, 2024. The increase is primarily attributable to the timing of interest received during the six months ended July 31, 2025.

Income tax benefit (expense)

(\$ in thousands)	Three months ended July 31,		\$ Change	% Change
	2025	2024		
Income tax benefit (expense)	\$ 1,217	\$ (750)	\$ 1,967	(262)%

Income tax benefit (expense) was a tax benefit of \$1.2 million for the three months ended July 31, 2025, as compared to a tax expense of \$0.8 million for the three months ended July 31, 2024. The increase in benefit from income taxes relates primarily to a deferred tax benefit recognized as a discrete item during the three months ended July 31, 2025.

(\$ in thousands)	Six months ended July 31,		\$ Change	% Change
	2025	2024		
Income tax benefit (expense)	\$ 482	\$ (1,260)	\$ 1,742	(138)%

Income tax benefit (expense) was a tax benefit of \$0.5 million for the six months ended July 31, 2025, as compared to a tax expense of \$1.3 million for the six months ended July 31, 2024. The increase in benefit from income taxes relates primarily to a deferred tax benefit recognized as a discrete item during the six months ended July 31, 2025.

Non-GAAP financial measures

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 calculate Adjusted EBITDA as net income or loss before interest income, net, income tax (benefit) expense, depreciation and amortization, and before stock-based compensation expense and other (income) expense, net.

We have provided below a reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable GAAP financial measure. We have presented Adjusted EBITDA in this Quarterly Report on Form 10-Q 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.

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, 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 income (loss), and our GAAP financial results. The following table presents a reconciliation of Adjusted EBITDA to net income (loss) for each of the periods indicated:

(in thousands, unaudited)	Three months ended July 31,		Six months ended July 31,	
	2025	2024	2025	2024
Net income (loss)	\$ 654	\$ (18,012)	\$ (3,260)	\$ (37,734)
Interest income, net	(608)	(46)	(378)	(285)
Income tax (benefit) expense	(1,217)	750	(482)	1,260
Depreciation and amortization	7,409	7,303	14,287	13,976
Stock-based compensation expense	16,230	16,448	33,455	33,288
Other (income) expense, net	(336)	86	(674)	117
Adjusted EBITDA	\$ 22,132	\$ 6,529	\$ 42,948	\$ 10,622

We calculate free cash flow as net cash provided by operating activities less capitalized internal-use software development costs and purchases of property and equipment.

Additionally, free cash flow is a supplemental measure of our performance that is not required by, or presented in accordance with, GAAP. We consider free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by our business that can be used for strategic opportunities, including investing in our business, making strategic investments, partnerships and acquisitions and strengthening our financial position.

The following table presents a reconciliation of free cash flow from net cash provided by operating activities, the most directly comparable GAAP financial measure, for each of the periods indicated:

(in thousands, unaudited)	Three months ended July 31,		Six months ended July 31,	
	2025	2024	2025	2024
Net cash provided by operating activities	\$ 14,835	\$ 11,061	\$ 29,685	\$ 10,340
Less:				
Capitalized internal-use software	(3,435)	(2,976)	(7,323)	(7,546)
Purchases of property and equipment	(1,767)	(4,427)	(5,271)	(5,303)
Free cash flow	\$ 9,633	\$ 3,658	\$ 17,091	\$ (2,509)

Liquidity and capital resources

As of July 31, 2025 and January 31, 2025, we had cash and cash equivalents of \$98.3 million and \$84.2 million, respectively. Cash and cash equivalents consist of money market mutual funds and cash on deposit.

In addition, we also have potential borrowing capacity under our credit agreement subject to certain restrictive covenants.

Subsequent to quarter end, on August 29, 2025, we entered into the Merger Agreement to acquire AccessOne for total cash consideration of \$160 million, subject to customary closing and post-closing adjustments. In connection with, and concurrently with entry into, the Merger Agreement, we entered into a debt commitment letter which provides for a new senior secured bridge loan facility, subject to the satisfaction of certain conditions. The Company intends to finance the AccessOne Acquisition through a combination of cash from its balance sheet and proceeds from the Bridge Loan.

We believe that our existing cash and cash equivalents, along with cash generated in the normal course of business and the Bridge Loan, will be sufficient to meet our needs for at least the next 12 months.

Our future capital requirements and the adequacy of available funds will depend on many factors, including those set forth under "Risk Factors."

In the event that additional financing is required from outside sources, we may be unable to raise the funds on acceptable terms, if at all. If we are unable to raise additional capital when desired, our business, operating results and financial condition could be adversely affected.

Capital One facility

In December 2023, we entered into a 5-year \$50 million senior secured asset-based revolving credit facility ("Capital One Credit Facility") maturing in December 2028, which includes a swingline sub-limit of at least \$5.0 million and a letter of credit sub-limit of at least \$5.0 million. The Capital One Credit Facility was entered into with Capital One, N.A. ("Capital One") 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 Capital One Credit Facility will give us additional financial flexibility through fiscal 2028. The facility is available to us for working capital and general corporate purposes.

The obligations under the Capital One Credit Facility are secured by a first priority security interest in substantially all of our tangible and intangible assets, and by pledges of the equity of certain of our U.S. subsidiaries, in each case subject to customary exclusions.

The Capital One Credit Facility includes financial covenants including but not limited to requiring us to maintain minimum Consolidated EBITDA, minimum Liquidity, a minimum Consolidated Fixed Charge Coverage Ratio and limiting the amount of cash and cash equivalents we hold outside Capital One, each as defined in the Credit Agreement. We were in compliance with all covenants related to the Capital One Credit Facility as of July 31, 2025.

We believe that our cash and cash equivalents along with cash generated in the normal course of business are sufficient to fund our operations for at least the next twelve months.

Financing agreements

In June 2023, we entered into a financing agreement to obtain financing for internal-use software and related software support. As of July 31, 2025, there was \$1.3 million in outstanding principal and interest due under the agreement. The financing agreement requires us to pay \$0.1 million per month for 36 months beginning August 2023. The effective interest rate on the agreement is 10.5% per annum.

The following table summarizes our sources and uses of cash for each of the periods presented:

(in thousands, unaudited)	Three months ended July 31,		Six months ended July 31,	
	2025	2024	2025	2024
Net cash provided by operating activities	\$ 14,835	\$ 11,061	\$ 29,685	\$ 10,340
Net cash used in investing activities	(5,202)	(7,403)	(12,594)	(12,849)
Net cash used in financing activities	(2,149)	(1,381)	(2,987)	(3,206)
Effect of exchange rate changes on cash and cash equivalents	(89)	(6)	(58)	(7)
Net increase (decrease) in cash and cash equivalents	\$ 7,395	\$ 2,271	\$ 14,046	\$ (5,722)

Operating activities

The primary sources of cash from operating activities are cash received from our customers and interest earned on our money market mutual funds. The primary uses of cash for operating activities are for payroll, payments to suppliers, payments for operating leases, as well as cash paid for interest on our finance leases and other borrowings and cash paid for various sales, property and income taxes.

During the three and six months ended July 31, 2025, net cash provided by operating activities was \$14.8 million and \$29.7 million, respectively, as our cash received from customers in connection with our normal operations exceeded our cash paid to employees and suppliers.

During the three and six months ended July 31, 2024, net cash provided by operating activities was \$11.1 million and \$10.3 million, respectively, as our cash received from customers in connection with our normal operations exceeded our cash paid to employees and suppliers.

The change in net cash provided by operating activities was driven primarily by an increase in cash received from customers driven by higher revenues during the three months ended July 31, 2025.

Investing activities

During the three months ended July 31, 2025, net cash used in investing activities was \$5.2 million, principally resulting from \$3.4 million of capitalized internal-use software costs, as well as \$1.8 million of purchases of property and equipment, principally for software and computer equipment.

During the three months ended July 31, 2024, net cash used in investing activities was \$7.4 million, principally resulting from capital expenditures, the majority of which consisted of \$4.4 million of purchases of property and equipment, principally for software and computer equipment, as well as \$3.0 million of capitalized internal-use software costs.

During the six months ended July 31, 2025, net cash used in investing activities was \$12.6 million, principally resulting from \$7.3 million of capitalized internal-use software costs, as well as \$5.3 million of purchases of property and equipment, principally for software and computer equipment.

During the six months ended July 31, 2024, net cash used in investing activities was \$12.8 million, principally resulting from capital expenditures, the majority of which consisted of \$7.5 million of capitalized internal-use software costs, as well as \$5.3 million of purchases of property and equipment, principally for software and computer equipment.

Financing activities

During the three months ended July 31, 2025, net cash used in financing activities was \$2.1 million, primarily consisting of \$2.8 million used for principal payments on finance leases and financing arrangements, partially offset by \$0.7 million in proceeds from our equity compensation plans.

During the three months ended July 31, 2024, net cash used in financing activities was \$1.4 million, primarily consisting of \$2.3 million used for principal payments on finance leases and financing arrangements, partially offset by \$0.9 million in proceeds from our equity compensation plans.

During the six months ended July 31, 2025, net cash used in financing activities was \$3.0 million, primarily consisting of \$4.5 million used for principal payments on finance leases and financing arrangements, partially offset by \$1.6 million in proceeds from our equity compensation plans.

During the six months ended July 31, 2024, net cash used in financing activities was \$3.2 million, primarily consisting of \$3.9 million used for principal payments on finance leases and financing arrangements and \$1.4

million used for principal payments on acquisition-related liabilities, partially offset by \$2.2 million in proceeds from our equity compensation plans.

Material cash requirements

Our material cash requirements relate to human capital, contractual purchase commitments, leases and financing arrangements, and the AccessOne Acquisition.

During the three and six months ended July 31, 2025, we entered into a new non-cancelable purchase commitment to support our technology infrastructure. Total undiscounted payments through July 31, 2027 are \$12,242.

During the six months ended July 31, 2025, there were no other significant changes in our material cash requirements as compared to the material cash requirements from known contractual and other obligations described in our Annual Report on Form 10-K for the fiscal year ended January 31, 2025, filed with the SEC on March 13, 2025.

See “Liquidity and capital resources” above for information regarding the Capital One Credit Facility, the AccessOne Acquisition and the impact on our cash and cash equivalents, liquidity and sources of funds available for our material cash requirements.

Critical accounting policies and estimates

The preparation of the consolidated financial statements in conformity with GAAP requires us to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the balance sheet date, as well as reported amounts of revenue and expenses during the reporting period. Our most significant estimates and judgments involve revenue recognition, the fair value of assets acquired in business combinations, capitalized internal-use software, income taxes, and valuation of our stock-based compensation. Actual results may differ from these estimates. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

There have been no significant changes in our critical accounting policies and estimates during the six months ended July 31, 2025 as compared to the critical accounting policies and estimates described in our Annual Report on Form 10-K for the fiscal year ended January 31, 2025, filed with the SEC on March 13, 2025.

ITEM 3. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

We have operations in the United States, Canada and India, and we are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate and foreign exchange risks.

Interest rate risk

As of July 31, 2025, our cash and cash equivalents consisted primarily of money market funds and cash on deposit. The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. Because our cash equivalents have a short maturity, our portfolio’s fair value is relatively insensitive to interest rate changes. We do not believe that an increase or decrease in interest rates of 100 basis points would have a material effect on our financial condition. Changes in interest rates impact the amount of interest income we record on our cash equivalents. In future periods, we will continue to evaluate our investment policy in order to ensure that we continue to meet our overall objectives.

Although we had no debt outstanding under the Capital One Credit Facility as of July 31, 2025, changes in interest rates would affect interest expense if we borrowed under the Capital One Credit Facility in the future.

Foreign currency exchange risk

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Canadian Dollar and Indian Rupee, and may be adversely affected in the future due to changes in foreign currency exchange rates. For example, changes in exchange rates negatively affected our expenses as expressed in U.S. dollars for the fiscal year ended January 31, 2025. Additionally, changes in exchange rates largely offset operating income for the fiscal year ended January 31, 2025. For the three months ended July 31, 2025, approximately 88% of our expenses were denominated in US Dollars.

We have also experienced and will continue to experience foreign currency fluctuations due to the periodic re-measurement of monetary account balances that are denominated in currencies other than the functional currency of the entities in which they are recorded, and such fluctuations can impact our net income. Foreign currency gains and losses, primarily resulting from changes in the fair value of non-designated foreign currency forward contracts

and from the re-measurement of monetary account balances, were gains of \$0.2 million and losses of \$0.1 million for the six months ended July 31, 2025 and 2024, respectively.

To mitigate our risks associated with fluctuations in foreign currency exchange rates, during the six months ended July 31, 2025 we entered into a foreign currency forward contract to hedge a portion of our Canadian Dollar denominated payroll payments. We designated 75% of the forward contract as a cash flow hedge for accounting purposes. The remaining 25% of the forward contract was not designated as a cash flow hedge and is being used by us as an economic hedge of forecasted Canadian Dollar denominated payroll payments not hedged by the designated portion of the forward contract. For contracts qualifying as cash flow hedges, the derivative's gain or loss is initially reported as a component of accumulated other comprehensive income (loss) and subsequently reclassified into earnings in the same period the forecasted payroll payments affect earnings. For the non-designated portion of the forward contract, gains or losses resulting from changes in the fair value of the derivative are recorded within other income (expense), net.

We do not believe that a 1% increase or decrease in foreign exchange rates between the Canadian Dollar, Indian Rupee and US Dollar would have a material effect on our results of operations or financial condition.

Other than the considerations related to foreign currency forward contracts discussed above, during the six months ended July 31, 2025, there were no other significant changes in our quantitative and qualitative disclosures about market risk described in our Annual Report on Form 10-K for the fiscal year ended January 31, 2025, filed with the SEC on March 15, 2024.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act, our management, including our Chief Executive Officer and our Chief Financial Officer, conducted an evaluation as of the end of the period covered by this Quarterly Report of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of July 31, 2025, our disclosure controls and procedures were effective at the reasonable assurance level in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the quarter ended July 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of the controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. For further information regarding legal proceedings, refer to Note 11 - Commitments and contingencies in Part I of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

Risk factors

A description of the risks and uncertainties associated with our business and industry is set forth below. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Quarterly Report on Form 10-Q, including our unaudited consolidated financial statements and notes thereto and the "Management's discussion and analysis of financial condition and results of operations" section of this Quarterly Report on Form 10-Q before deciding whether to purchase shares of our common stock. If any of the following risks are realized, our business, financial condition, operating results and prospects could be materially and adversely affected. In that event, the price of our common stock could decline, perhaps significantly. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. Certain statements in this Quarterly Report on Form 10-Q are forward-looking statements. See the section of this Quarterly Report on Form 10-Q titled "Special Note Regarding Forward-Looking Statements."

Risks relating to our business and industry

We operate in a highly competitive industry, and if we are not able to compete effectively, including with the EHR and PM systems with which we integrate, our business and results of operations may be harmed.

The market for our products and services is fragmented, competitive and characterized by rapidly evolving technology standards, evolving regulatory requirements, changes in client needs and the frequent introduction of new products and services, including as a result of AI technologies. Our competitors range from smaller niche companies to large, well-financed and technologically-sophisticated entities, including the EHR and PM systems with which we integrate. As costs fall and technology improves, increased market saturation may change the competitive landscape in favor of competitors with greater scale than we currently possess, including as a result of new or better use of evolving AI technologies.

In order to remain competitive, we are continually involved in a number of projects to compete with new market entrants by developing new services, expanding offerings to our existing client base, growing our client base and penetrating new markets. These projects carry risks, such as cost overruns, delays in delivery, performance problems and lack of acceptance by our clients.

The success of our business and growth strategy depend upon our continued ability to maintain and expand a network of healthcare services clients, which also requires us to provide and develop new high-quality products and services that are helpful to our clients and used and positively received by patients. If we are unable to attract and retain healthcare services clients, including because we are unable to adapt to new industry standards in developing new products and services, it would have a material adverse effect on our business and ability to grow and would adversely affect our results of operations. Additionally, if we do not maintain our current client network, or if we have to renegotiate existing contracts, our business, financial condition and results of operations may be harmed.

We believe demand for our products and services has been driven in large part by increasing patient responsibility, engagement and consumerism. Our ability to streamline the intake process and critical workflows in order to improve healthcare services organization, staff efficiency and patient engagement to allow for optimal allocation of resources will be critical to our business. Our success also depends on the ability of our solutions to increase patient engagement, and our ability to demonstrate the value of our solutions to healthcare services clients, patients and life sciences companies. If our existing clients do not recognize or acknowledge the benefits of our solutions or our solutions do not drive patient engagement, then the market for our products and services might develop more slowly than we expect, which could adversely affect our operating results.

In addition, as we and the EHR and PM solutions with which we integrate, grow and expand product offerings, the EHR and PM solutions with which we integrate could offer more competitive services or make it more cost prohibitive to do business with them. Some of these EHR and PM systems offer, or may begin to offer, services, including patient intake and engagement services, payment processing tools and direct patient communication services, in the same or similar manner as we do. Although there are many potential opportunities for, and applications of, these services, these EHR and PM systems may seek opportunities or target new clients in areas

that may overlap with those that we have chosen to pursue. Such competition from these EHR and PM systems may adversely affect our business, market share and results from operations.

We compete on the basis of several factors. Some of our competitors have greater name recognition, longer operating histories and significantly greater resources than we do. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies (including evolving AI technologies), standards or client requirements or provide faster implementations. Additionally, AI technologies may make it easier for competitors to enter our market due to lower up-front costs. As a result, even if our services are more effective than the products and services that our competitors offer, potential customers might select competitive products and services in lieu of purchasing our services. In addition, current and potential competitors have established, and may in the future establish, cooperative relationships with vendors of complementary products, technologies or services to increase the availability of their products to the marketplace. Accordingly, new competitors or providers of EHR and PM solutions may emerge that have greater market share, larger client bases, more widely adopted proprietary technologies, greater marketing expertise, new or better AI technologies, greater financial resources and larger sales forces than we have, which could put us at a competitive disadvantage and could render our existing or future products less competitive or obsolete. We also 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, government action and financial stress experienced by our clients. If our pricing experiences significant downward pressure, our business will be less profitable and our results of operations will be adversely affected. We cannot be certain that we will be able to retain our current client base in this competitive environment. If we do not retain current clients or expand our client base, or if we have to renegotiate existing contracts, our business, financial condition and results of operations will be harmed. Moreover, we expect that competition will continue to increase as a result of consolidation in both the healthcare information technology and healthcare industries. If one or more of our competitors or potential competitors were to merge or partner with another of our competitors, the change in the competitive landscape could also adversely affect our ability to compete effectively and could harm our business, financial condition and results of operations.

If we fail to manage our future growth effectively, our revenue may not increase, and we may be unable to implement our business strategy.

We have experienced significant growth in the past. Rapid expansion has historically placed, and may in the future place, strain on our business, operations and employees. We anticipate that our operations will continue to expand. As we continue to grow, both organically and through acquisitions, we must effectively integrate, develop, and manage an increasingly distributed employee base in a fully remote working environment. We may find it challenging to maintain the same level of employee productivity while executing our growth plan, fostering collaboration, and maintaining the beneficial aspects of our culture, and any such failures could negatively affect our future success, including our ability to attract and retain highly qualified employees and to achieve our business objectives. If we do not manage the demands of our growing operations effectively, our efficiency may decline, our operations could be disrupted, and we may not be able to meet our financial projections, which could adversely affect our business performance and stock price.

In addition, to manage our current and anticipated future growth effectively, we must continue to maintain and enhance our IT infrastructure, financial and accounting systems and controls and continue to build our qualified work force in key areas of our company. A key element of how we manage our growth is our ability to scale our capabilities and satisfactorily implement solutions for our clients' needs. Our healthcare services clients often require specific features or functions unique to their organizational structure, which, at a time of significant growth or during periods of high demand, may strain our implementation capacity and hinder our ability to successfully implement our solutions for our clients in a timely manner. If we are unable to address the needs of our healthcare services clients or our healthcare services clients are unsatisfied with the quality of our solutions or our services due to our inability to manage our rapid growth, they may not renew their contracts, seek to cancel or terminate their relationship with us or renew on less favorable terms, any of which could adversely affect our business.

Failure to effectively manage our growth could also lead us to over-invest or under-invest in development and operations, result in weaknesses in our infrastructure, systems or controls, give rise to operational mistakes, financial losses, loss of productivity or business opportunities and result in loss of employees and reduced productivity of remaining employees. If our management is unable to effectively manage our growth, our revenue may not increase (including sufficiently to offset our expenses) or may grow more slowly than expected, and we may be unable to implement our business strategy.

Our operating results have fluctuated and may continue to fluctuate significantly and if we fail to meet the expectations of analysts or investors, our stock price and the value of your investment could decline substantially.

Our operating results are likely to fluctuate, and if we fail to meet or exceed the expectations of securities analysts or investors, the trading price of our common stock could decline. Moreover, our stock price may be based on expectations of our future performance that may be unrealistic or that may not be met. Some of the important factors that could cause our revenues and operating results to fluctuate from quarter to quarter include:

- the timing, size and integration success of recent and potential future acquisitions, including the AccessOne Acquisition;
- the extent to which our products and services achieve or maintain market acceptance;
- our ability to introduce new products and services and enhancements to our existing products and services on a timely basis;
- new competitors and the introduction of enhanced products and services from new or existing competitors;
- the length of our contracting and implementation cycles;
- the financial condition of our current and potential clients;
- our ability to integrate our solutions with the systems utilized by our healthcare services clients, including but not limited to, EHR and PM systems;
- changes in client budgets and procurement policies;
- patients' desires to receive communications from Phreesia and/or our partners, the extent to which they opt-in to such communications, and our ability to deliver a consistent volume of such communications;
- amount and timing of our investment in research and development activities and other areas of our business;
- technical difficulties or interruptions in our services, like the one we experienced with ConnectOnCall in 2024;
- our ability to hire and retain qualified personnel, including the rate of expansion of our sales force;
- changes in the healthcare regulatory and policy environment;
- changes in healthcare utilization and spending trends, including as a result of changes to healthcare policy and the OBBBA;
- regulatory compliance costs;
- unforeseen legal expenses, including litigation and settlement costs; and
- buying patterns of our clients and the related seasonality impacts on our business.

Many of these factors are not within our control, and the occurrence of one or more of them might cause our operating results to vary widely. As such, we believe that quarter-to-quarter comparisons of our revenues and operating results may not be meaningful and should not be relied upon as an indication of future performance.

A significant portion of our operating expense is relatively fixed in nature, and planned expenditures are based in part on expectations regarding future revenue. Accordingly, unexpected revenue shortfalls may decrease our margins and could cause significant changes in our operating results from quarter to quarter.

Privacy concerns, cyber-attacks, data breaches or cybersecurity incidents relating to our SaaS-based solutions could result in economic loss, damage to our reputation, deterring users from using our products, and exposure to legal penalties and liability.

We collect, process and store significant amounts of sensitive, confidential and proprietary information, including personally identifiable information, such as payment data and protected health information, of patients received in connection with the utilization of our solutions. Attacks on information technology systems are increasing in their frequency, levels of persistence, sophistication and intensity, they are being conducted by increasingly sophisticated and organized groups and individuals with a wide range of motives and expertise, and they may remain undetected for an extended period of time. For instance, as AI technologies, including generative AI models, develop rapidly, threat actors are using these technologies to create sophisticated new attack methods that are increasingly automated, targeted, coordinated and difficult to defend against. Like other companies in our industry, we, and our third party vendors, have experienced threats and cybersecurity incidents relating to our information technology systems and infrastructure. For example, in 2024, we experienced a cybersecurity incident which impacted our ConnectOnCall product. Although we do not believe this, or any other cybersecurity incident, has had a material impact on our business to date, any interruption in our business or disclosure, loss, processing or other compromise of personal information or individually identifiable health information (violating certain privacy laws such as HIPAA) or confidential information, or event that jeopardizes the confidentiality, integrity, or availability of our solutions, could result in a material disruption to our solutions and our business operations, require us to expend significant resources and subject us to litigation, fines and penalties. In addition to extracting sensitive information, such

attacks could include the deployment of harmful malware, ransomware, denial-of-service attacks, social engineering fraud (including phishing attacks), and other means to affect service reliability and threaten the confidentiality, integrity and availability of information. While we aim to maintain a robust security program for all of our products to protect such data, techniques used to gain unauthorized access to data and systems, disable or degrade service, or sabotage systems, are constantly evolving, and may be the result of criminal groups, state sponsored or other malicious actors. We may be unable to anticipate such techniques or implement adequate preventative measures to avoid unauthorized access or other adverse impacts to such data or our systems.

In addition, some of our third-party service providers and partners, such as Change Healthcare and other clearinghouses, also collect and/or store our sensitive information and our clients' data on our behalf, and these service providers and partners have in the past, and may in the future be subject to similar threats of cyber-attacks and other malicious internet-based activities, which could also expose us to risk of loss, litigation, and potential liability. Even though we may have contractual protections with such vendors, contractors, or other organizations, notifications and follow-up actions related to a cybersecurity incident or data breach could impact our reputation, cause us to incur significant costs, including legal expenses, harm customer confidence, expose us to government enforcement action, hurt our expansion into new markets, cause us to incur remediation costs, or cause us to lose existing customers. The risk of state-supported and geopolitical-related cyber-attacks may increase in connection with political unrest or wars and any related political or economic responses and counter-responses. We may not discover all such cybersecurity incidents, data breaches, or other activity or be able to respond or otherwise address them promptly, in sufficient respects or at all.

We are subject to state laws requiring notification of affected individuals and state regulators in the event of a breach of personal information. Furthermore, certain health privacy laws, data breach notification laws, consumer protection laws and genetic testing laws may apply directly to our business and/or those of our collaborators and may impose restrictions on our collection, use and dissemination of individuals' health information. Patients about whom we obtain health information, as well as the healthcare services clients who share this information with us, may have statutory or contractual rights that limit our ability to use and disclose the information. We may be required to expend significant capital and other resources to ensure ongoing compliance with applicable privacy and data security laws. Claims that we have violated individuals' privacy rights, violated applicable privacy laws and regulations or breached our contractual obligations, even if we are not found liable, could be expensive and time-consuming to defend and could result in adverse publicity that could harm our business. Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our privacy and data security obligations. Further, although we maintain cyber liability insurance, this insurance may not provide adequate coverage against potential liabilities related to any experienced cybersecurity incident or breach.

Like all internet services, our service is vulnerable to software bugs, computer viruses, internet worms, break-ins, phishing attacks, attempts to overload servers with denial-of-service, wrongful or inadvertent conduct by insider employees or vendors, or other attacks or similar disruptions from unauthorized use of our and third-party computer systems, any of which could lead to system interruptions, delays, or shutdowns, causing loss of critical data or the unauthorized access of data. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, any failure to maintain performance, reliability, security and availability of our products, or failure to prevent software bugs, to the satisfaction of our clients or the health and safety of their patients, such events may harm our reputation and our ability to retain existing clients, and negatively affect our clients and their patients. We have in place systems and processes that are designed to protect our data, prevent data loss, disable undesirable accounts and activities on our platform and prevent or detect cybersecurity incidents or data breaches, however, we cannot assure you that such measures will provide absolute security.

Further, the security systems in place at our employees' and service providers' offices and homes may be less secure than those used in a corporate office, and while we have implemented technical and administrative safeguards to help protect our systems as our employees and service providers work from their offices, homes and other remote locations, we may be subject to increased cybersecurity risk, which could expose us to risks of data or financial loss, and could disrupt our business operations. There is no guarantee that the data security and privacy safeguards we have put in place will be completely effective or that we will not encounter risks associated with employees and service providers accessing company data and systems remotely. If an actual or perceived cybersecurity incident or data breach occurs to our systems or a third-party's systems, we also could be required to expend significant resources to mitigate the breach of security, pay any applicable fines and address matters related to any such breach, including notifying users or regulators, defend against claims related to the breach and address reputational harm.

Our operations in India subject us to additional risks which could have an adverse effect on our business, operating results, and financial condition.

We have a subsidiary in India that performs a number of functions that were previously performed by outside contractors. While we believe our Indian operations are advantageous to our business, they also create risks that we must effectively manage. Conducting business abroad subjects us to increased legal and regulatory compliance and oversight. A failure to comply with applicable laws and regulations could result in regulatory enforcement actions, as well as substantial civil and criminal penalties assessed against us and our employees. The management of our Indian operations has, and will continue to, require significant management attention and financial resources that could adversely affect our operating performance. Wages in India are increasing at a faster rate than those in many countries, including the United States. In addition, with the significant increase in the numbers of foreign businesses that have established operations in India, the competition to attract and retain employees there has increased significantly. As a result, we may be unable to cost-effectively retain our current employee base in India or hire additional new talent. In addition, India has experienced significant inflation, low growth in gross domestic product and shortages of foreign exchange. India also has experienced civil unrest and terrorism and, in the past, has been involved in conflicts with neighboring countries. The occurrence of any of these circumstances could result in disruptions to our India operations, which, if continued for an extended period of time, could have a material adverse effect on our business.

Our operating expenses incurred outside the United States and denominated in foreign currencies will increase as we expand our operations in India. Transactions denominated in foreign currencies are subject to fluctuations due to changes in foreign currency exchange rates. If we are not able to successfully hedge against the risks associated with foreign currency fluctuations, our financial condition and operating results could be adversely affected.

We typically incur significant upfront costs in our client relationships, and if we are unable to develop or grow these relationships over time, we are unlikely to recover these costs and our operating results may suffer.

We devote significant resources to establish relationships with new clients and deepen relationships with existing clients. Our efforts involve educating our clients and patients about the use, technical capabilities and benefits of our products and services. We do not provide access to our solutions and do not charge fees during this initial sales period. For clients that decide to enter into a contract with us, most of these contracts may provide for a preliminary trial period where a subset of the client's healthcare services locations is granted access to our solutions. Following any such trial period, we aim to increase the number of the client's healthcare services locations that utilize our solutions. Accordingly, our operating results depend in substantial part on our ability to deliver a successful client and patient experience and persuade our clients and patients to grow their relationship with us over time. If we are unable to do so, we are unlikely to recover these costs and our operating results may suffer.

As a result of our variable sales and implementation cycles, we may be unable to recognize revenue to offset expenditures, which could result in fluctuations in our quarterly results of operations or otherwise harm our future operating results.

The sales cycle for our services can be variable, typically ranging from three to six months from initial contact to contract execution. During the sales cycle, we expend time and resources, and we do not recognize any revenue to offset such expenditures. Our implementation cycle is also variable, typically ranging from one to 24 months from contract execution to completion of implementation. The variability of our sales and implementation cycle is dependent on numerous factors, including the discretionary nature of potential clients' purchasing and budget decisions and the size and complexity of the applicable client. Some of our new client set-up projects are complex and require a considerable time commitment and significant implementation work, including educating prospective clients about the uses and benefits of our solutions. Each customer's situation is different, and unanticipated difficulties and delays may arise as a result of failure by us or by the client to meet our respective implementation responsibilities. During the implementation cycle, we expend substantial time, effort and financial resources implementing our service, but accounting principles do not allow us to recognize the resulting revenue until the service has been implemented, at which time we begin recognition of subscription and related implementation revenue over the life of the contract. This could harm our future operating results. If implementation periods are extended, our revenue cycle will be delayed and our financial condition may be adversely affected. In addition, cancellation of any implementation after it has begun may involve loss to us of time, effort and expenses invested in the cancelled implementation process and lost opportunity for implementing paying clients in that same period of time.

These factors may contribute to substantial fluctuations in our quarterly operating results, particularly in the near term and during any period in which our sales volume is relatively low. As a result, in future quarters our operating

results could fall below the expectations of securities analysts or investors, in which event our stock price would likely decrease.

The growth of our business relies, in part, on the growth and success of our clients and certain revenues from our engagements, which is difficult to predict and is subject to factors outside of our control.

We enter into agreements with our healthcare services clients, under which a significant portion of our fees are variable, including fees which are dependent upon the number of add-on features subscribed for by our clients and the number of patients utilizing our payment processing tools. If there is a general reduction in spending by healthcare services organizations on healthcare technology solutions, it may result in a reduction in fees generated from our healthcare services clients or a reduction in the number of add-on features subscribed for by our healthcare services clients. This could lead to a decrease in our revenue, which could harm our business, financial condition and results of operations.

In addition, the number of patients utilizing our payment processing tools, and the amounts those patients pay directly to our healthcare services clients for services, is often impacted by factors outside of our control. For example, macroeconomic conditions and changes in healthcare policy may decrease the number of insured patients and result in reduced healthcare utilization and spending. Accordingly, revenue under these agreements can be uncertain and unpredictable. If the number of patients utilizing our payment systems, or the aggregate amounts paid by such patients directly to our healthcare services clients through our solutions, were to be reduced by a material amount, such decrease would lead to a decrease in our revenue, which could harm our business, financial condition and results of operations.

We also generate network solutions revenue through fees charged to life sciences companies and other clients by delivering direct communications to help activate, engage and educate patients who provide consent for the delivery of such communications about topics critical to their health. The growth of our revenue stream from life sciences companies and other clients is driven, in part, by our ability to grow our network of healthcare services clients and available population of patients to engage, the desirability of optional communications to patients, the number of newly approved drugs, the success of newly launched drugs, and the continued success of certain types of drugs, each of which is impacted by factors outside of our control. For example, governmental actions taken by the U.S. presidential administration, such as changes in the leadership of the FDA, mass layoffs within the federal government and executive orders related to drug pricing, could affect the ability of life sciences companies to successfully develop and market drugs. If there is a reduction in newly approved drugs, newly launched drugs are not successful, or certain drugs' popularity decreases, this could negatively affect the ability of our life sciences clients to deliver relevant messages to patients who would have otherwise been candidates to receive such drugs. A reduction in the available population of patients to engage or a lack of relevant content could lead to a decrease in our network solutions revenue, which could harm our business, financial condition and results of operations.

If our existing clients are not satisfied with our services, it could have a material adverse effect on our business, financial condition, results of operations and reputation.

We depend on our existing clients' satisfaction with our products and services. We expect to derive a significant portion of our revenue from renewal of existing clients' contracts and sales of additional applications and services to existing clients. As part of our growth strategy, we have focused on expanding our services amongst current clients. As a result, achieving a high client retention rate and selling additional applications and services to existing clients are critical to our future business, revenue growth and results of operations. We also believe that maintaining and enhancing our reputation and brand recognition is critical to our relationships with existing clients and the patients that they serve and to our ability to attract new clients. The promotion of our brand may require us to make substantial investments, and we anticipate that, as our market becomes increasingly competitive, these marketing initiatives may become increasingly difficult and expensive. In addition, the loss or dissatisfaction of any client could substantially harm our brand and reputation, inhibit widespread adoption of our solutions and impair our ability to attract new clients.

Factors that may affect our client satisfaction and our ability to sell additional applications and services include, but are not limited to, the following:

- the price, performance and functionality of our solutions;
- patient acceptance and adoption of services and utilization of our payment processing tools;
- the availability, price, performance and functionality of competing solutions;
- our ability to develop and sell complimentary applications and services;
- the stability, performance and security of our hosting infrastructure and hosting services;
- changes in healthcare laws, regulations or trends;

- the business environment of our clients including healthcare staffing shortages and headcount reductions by our clients; and
- our ability to maintain and enhance our reputation and brand recognition.

We typically enter into annual contracts with our clients, which have a stated initial term of one year and automatically renew for one-year subsequent terms. Our clients have no obligation to renew their subscriptions for our solutions after the initial term expires. In addition, our clients may negotiate terms less advantageous to us upon renewal, which may reduce our revenue from these clients and may decrease our annual revenue. If our clients fail to renew their contracts, renew their contracts upon less favorable terms or at lower fee levels or fail to purchase new products and services from us, our revenue may decline or our future revenue growth may be constrained. Should any of our clients terminate their relationship with us after implementation has begun, we would not only lose our time, effort and resources invested in that implementation, but we would also have lost the opportunity to leverage those resources to build a relationship with other clients over that same period of time.

The estimates and assumptions we use to determine the size of our target market may prove to be inaccurate, and even if the markets in which we compete meet our size estimates and forecasted growth, our business may not grow at similar rates, or at all.

Market estimates and growth forecasts that we disclose are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The estimates and forecasts relating to the size and expected growth of the markets for our services may prove to be inaccurate. These estimates and forecasts may be impacted by economic uncertainty that is outside our control, including international conflicts that may impact international trade and global economic performance and other macroeconomic trends, such as tariffs and other trade restrictions and trade protection measures, capital market disruptions, changes in governmental agencies, economic sanctions, economic slowdowns or recessions, international and domestic supply chain risks, inflationary pressure, interest rate increases and declines in consumer confidence that impact our customers.

The principal assumptions relating to our market opportunity include the number of healthcare services organizations currently taking appointments, the amount of annual out of pocket consumer spend for healthcare-related services, and the amount of annual spend by life sciences companies and other organizations on direct communications with patients at the point of care. Our market opportunity is also based on the assumption that the strategic approach that Phreesia enables for our potential clients will be more attractive in creating efficiencies in patient care than competing solutions. If these assumptions prove inaccurate, our business, financial condition and results of operations could be adversely affected.

If we cannot implement our solutions for clients or resolve any technical issues in a timely manner, we may incur costs in the form of service credits or other remedial steps and/or lose clients, and our reputation may be harmed.

Our clients utilize a variety of data formats, applications and infrastructure and we must support our clients' data formats. Furthermore, the healthcare industry has shifted towards digitalized record keeping, and accordingly, many of our healthcare services clients have developed their own software, or utilize third-party software, for practice management and secure storage of electronic medical records. Our ability to develop and maintain logic-based and scalable technology for patient intake management and engagement and payment processing that successfully integrates with our clients' software systems for practice management and storage of electronic medical records is critical. If we do not currently support a client's required data format or appropriately integrate with clients' systems, then we must configure our solutions to do so, which could increase our expenses. Additionally, we do not control our clients' implementation schedules. As a result, if our clients do not allocate the internal resources necessary to meet their implementation responsibilities or if we face unanticipated implementation difficulties, the implementation may be delayed. If the client implementation process is not executed successfully or if execution is delayed, we could incur significant costs, clients could become dissatisfied and decide not to increase utilization of our services or not to implement our solutions beyond an initial period prior to their term commitment or, in some cases, revenue recognition could be delayed. In addition, competitors with more efficient operating models with lower implementation costs could jeopardize our client relationships.

Our clients and patients depend on our support services to resolve any technical issues relating to our solutions and our services, and we may be unable to respond quickly enough to accommodate short-term increases in demand for support services, particularly as we increase the size of our client bases (including healthcare services clients and the number of patients that they serve). In addition, we may experience unexpected service interruptions due to cyber-attacks or other cybersecurity incidents or data breaches, such as one that affected our ConnectOnCall product in 2024. In such cases, we may be unable to restore service in a timely manner, if at all. We also may be unable to modify the format of our support services to compete with changes in support services provided by

competitors. It is difficult to predict client and patient demand for technical support services, and if client or patient demand increases significantly, we may be unable to provide satisfactory support services to our clients. Further, if we are unable to address the needs of our clients and their patients in a timely fashion or further develop and enhance our solutions, or if a client or patient is not satisfied with the quality of work performed by us or with the technical support services rendered, then we could incur additional costs to address the situation or be required to issue credits or refunds for amounts related to unused services, and our profitability may be impaired and clients' or patients' dissatisfaction with our solutions could damage our ability to expand the number of applications and services purchased by such clients. These clients may not renew their contracts, seek to terminate their relationships with us or renew on less favorable terms. Moreover, negative publicity related to our client and patient relationships, or regarding patient confidentiality and privacy in the context of technology-enabled healthcare, regardless of its accuracy, may further damage our business by affecting our reputation or ability to compete for new business with current and prospective clients. If any of these were to occur, our revenue may decline and our business, financial condition and results of operations could be adversely affected.

We historically derive a significant portion of our revenues from our largest clients.

Historically, we have relied on a limited number of clients for a substantial portion of our total revenue and accounts receivable. The sudden loss of any of our larger clients, or the renegotiation of any of their contracts on less favorable terms, could adversely affect our operating results. Because we rely on a limited number of clients for a significant portion of our revenues, we depend on the creditworthiness of these clients. If the financial condition of our larger clients declines, our credit risk could increase. Should one or more of our significant clients declare bankruptcy, it could adversely affect the collectability of our accounts receivable and affect our bad debt reserves and net income.

We have experienced net losses in the past and we may not maintain positive net income in the future.

We have incurred significant operating losses since our inception. For the three and six months ended July 31, 2025 and the years ended January 31, 2025 and January 31, 2024, we had net income of \$0.7 million and net loss of \$3.3 million, \$58.5 million and \$136.9 million, respectively, and losses from operations of \$1.5 million, \$4.8 million, \$58.1 million and \$136.5 million respectively. Our operating expenses may increase in the foreseeable future as we continue to invest to grow our business and build relationships with our clients and partners, develop new solutions and operate as a public company. In addition, to the extent we are successful in increasing our client base, we could incur increased losses because significant costs associated with entering into client agreements are generally incurred up front, while revenue is generally recognized ratably over the term of the agreement. As a result, we may need to raise additional capital through equity and debt financings in order to fund our operations, which may not be available to us on favorable terms or at all. If we are unable to effectively manage these risks and difficulties as we encounter them or effectively access the capital markets, our business, financial condition and results of operations may suffer.

We depend on our senior management team and certain key employees, and the loss of one or more of our executive officers or key employees or an inability to attract and retain highly skilled employees could adversely affect our business.

Our success depends, in part, on the skills, working relationships and continued services of our founders, Chaim Indig (Chief Executive Officer) and Evan Roberts (President, Provider Solutions), and our senior management team and other key personnel. From time to time, there may be changes in our senior management team resulting from the hiring or departure of executives, which could disrupt our business.

In addition, we must attract, train and retain a significant number of highly skilled employees in the U.S., India and Canada, including sales and marketing personnel, client support personnel, professional services personnel, software engineers, technical personnel and management personnel, and the availability of such personnel, in particular software engineers, may be constrained. We also believe that our future growth will depend on the continued development of our direct sales force and its ability to obtain new clients and to manage our existing client base. If we are unable to hire and develop sufficient numbers of productive direct sales personnel or if new direct sales personnel are unable to achieve desired productivity levels in a reasonable period of time, sales of our services will suffer and our growth will be impeded.

Competition for qualified management and employees in our industry is intense, and identifying and recruiting qualified personnel and training them requires significant time, expense and attention. Many of the companies with which we compete for personnel have greater financial and other resources than we do. Our North American employees are employed on a contract-employment basis or are "at-will" employees, and, in most cases, their employment can be terminated by us or them at any time, for any reason and without notice, subject, in certain cases, to severance payment rights. The departure and replacement of one or more of our executive officers or

other key employees would likely involve significant time and costs, may significantly delay or prevent the achievement of our business objectives and could materially harm our business. In addition, volatility or lack of performance in our stock price may affect our ability to attract replacements should key personnel depart.

We have made, and may in the future make, acquisitions and investments which may be difficult to integrate, divert management resources, result in unanticipated costs or dilute our stockholders.

We have in the past acquired, and we may continue to acquire or invest in, businesses, products or technologies that we believe could complement or expand our products and services, enhance our market coverage or technical capabilities or otherwise offer growth opportunities, such as the pending acquisition of AccessOne. This may include acquiring or investing in companies, businesses, products or technologies that are tangential to our current business and/or in which we have limited or no prior operating experience.

There are inherent risks in integrating and managing acquisitions, and the pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses related to identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated. We cannot assure you that we will consummate the AccessOne Acquisition or realize the anticipated benefits of the AccessOne Acquisition or any future acquisitions. We also may not achieve the anticipated benefits from an acquired business due to a number of factors, including, without limitation:

- difficulty integrating the purchased operations, products or technologies and maintaining the quality and security standards consistent with our brand;
- the need to integrate or implement additional controls, procedures and policies;
- privacy concerns, cyber-attacks, data breaches or cybersecurity incidents relating to the acquired businesses, such as the security incident we experienced with ConnectOnCall in 2024;
- our inability to comply with the regulatory requirements applicable to the acquired business;
- assimilation of the acquired businesses, which may divert significant management attention and financial resources from our other operations and could disrupt our ongoing business;
- the use of substantial portions of our available cash, issuance of our equity securities or incurrence of debt to consummate the acquisition;
- the loss of key employees, particularly those of the acquired operations; difficulty retaining or developing the acquired business' customers;
- adverse effects on our existing business relationships;
- failure to realize the potential cost savings or other financial benefits or the strategic benefits of the acquisitions, including failure to consummate any proposed or contemplated transaction; and
- liabilities from the acquired businesses for infringement of intellectual property rights or other claims and failure to obtain indemnification for such liabilities or claims.

Acquisitions also increase the risk of unforeseen legal liability, including for potential violations of applicable law or industry rules and regulations, arising from prior or ongoing acts or omissions by the acquired businesses which are not discovered by due diligence during the acquisition process. Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our business, results of operations or financial condition. Even if we are successful in completing and integrating an acquired business, it may not perform as we expect or enhance the value of our business as a whole.

We may not consummate the AccessOne Acquisition within the expected time frame or at all.

The consummation of the AccessOne Acquisition is subject to a number of conditions, including expiration or termination of the waiting period pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") and receipt of other approvals and consents. The transaction is expected to close during the third quarter or early fourth quarter of the fiscal year ending January 31, 2026, subject to the satisfaction or waiver of the closing conditions specified in the Merger Agreement. We can provide no assurance that the required approvals and consents will be obtained or that the required conditions to closing will be satisfied, and, if all required approvals are obtained and the required conditions are satisfied, we can give no assurance as to the terms, conditions and timing of such approvals.

The failure to satisfy all of the required conditions could delay the consummation of the AccessOne Acquisition for a significant period of time or prevent it from occurring at all. For example, under certain limited conditions, we and AccessOne may elect to terminate the Merger Agreement, including as a result of the financing contemplated by the Merger Agreement not being consummated, which could materially and adversely affect our business and reputation. A delay in consummating the AccessOne Acquisition could cause us to realize some or all of the benefits later than we otherwise expect to realize them if the AccessOne Acquisition is successfully consummated within the

anticipated time frame, which could result in additional transaction costs or in other negative effects associated with uncertainty about the consummation of the AccessOne Acquisition.

We may be unable to successfully integrate the business acquired in the AccessOne Acquisition, and we may fail to realize all of the anticipated benefits of the AccessOne Acquisition on the anticipated time frame or at all.

We believe that there are significant benefits that may be realized through the AccessOne Acquisition. However, the efforts to realize these benefits will be a complex process and may disrupt both companies' existing operations if not implemented in a timely and efficient manner. The integration may be more difficult, costly or time consuming than expected. The anticipated benefits of the AccessOne Acquisition, including anticipated sales or growth opportunities, may not be realized as expected or may not be achieved within the anticipated time frame or at all. In addition, should the AccessOne Acquisition be consummated, we will be required to devote significant attention and resources to successfully integrate the operations of the acquired business. This process may disrupt the businesses and, if ineffective, would limit the anticipated benefits of the AccessOne Acquisition. Failure to successfully integrate or achieve the anticipated benefits of the AccessOne Acquisition could adversely affect our business, results of operations and financial condition, decrease or delay any accretive effects of the AccessOne Acquisition and negatively impact the price of our common stock.

Certain of our operating results and financial metrics, including the key metrics included in this report, may be difficult to predict as a result of seasonality.

We believe there are significant seasonal factors that may cause us to record higher revenue in some quarters compared with others. We believe this variability is largely due to our focus on the healthcare industry. For example, with respect to our healthcare services clients, we receive a disproportionate increase in payment processing fees revenue from such clients during the first two to three months of the calendar year relative to the other months of the year, which is driven, in part, by the resetting of patient deductibles at the beginning of each calendar year. Sales for our network solutions are also seasonal, primarily due to the annual spending patterns of our clients. This portion of our sales is usually the highest in the fourth quarter of each calendar year. While we believe we have visibility into the seasonality of our business, our rapid growth rate over the last several years may have made seasonal fluctuations more difficult to detect. If our rate of growth slows over time, seasonal or cyclical variations in our operations may become more pronounced, and our business, results of operations and financial position may be adversely affected.

Business or economic disruptions or global health concerns could harm our business and increase our costs and expenses.

Broad-based business or economic disruptions or global health concerns could materially and adversely impact our business and results of operations due to, among other factors:

- a general decline in business activity;
- a potentially disproportionate impact on the healthcare services clients with whom we contract;
- disruptions to our supply chains and our third-party vendors, partners, and suppliers;
- difficulty accessing the capital and credit markets on favorable terms, or at all, and a severe disruption and instability in the global financial markets, or deteriorations in credit and financing conditions that could affect our access to capital necessary to fund business operations or address maturing liabilities on a timely basis; and
- social, economic, and labor instability in the countries in which we or the third parties with whom we engage operate.

In addition, macroeconomic challenges (including tariffs and other trade restrictions, changes in inflation and interest rates) and a tight labor market have adversely affected, and may continue to adversely affect, workforces, organizations, governments, clients, economies, and financial markets globally and have disrupted the normal operations of many businesses, including our business, making it potentially very difficult for our clients and us to accurately forecast and plan future business activities. These factors have and could further decrease healthcare industry spending, adversely affect demand for our products and services, impair the ability of our clients to pay for the products and services they have already purchased from us, cause one or more of our clients to file for bankruptcy protection or go out of business, cause one or more of our clients to fail to renew, terminate, or renegotiate their contracts, impact expected spending from new clients, negatively impact collections of accounts receivable, and harm our business, results of operations, and financial condition.

If our internal controls over financial reporting or our disclosure controls and procedures are not effective, we may not be able to accurately report our financial results, prevent fraud or file our periodic reports in a

timely manner, which may cause investors to lose confidence in our reported financial information and may lead to a decline in our stock price.

As a public company, we are required to maintain internal control over financial reporting and disclosure controls and procedures. Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") requires that we evaluate and determine the effectiveness of our internal control over financial reporting and provide a management report on the internal control over financial reporting. Our testing, or the subsequent testing by our independent public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. If we are not able to comply with the requirements of Section 404 in a timely manner, or if we or our accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock would likely decline and we could be subject to lawsuits, sanctions or investigations by regulatory authorities, including SEC enforcement actions, and we could be required to restate our financial results, any of which would require additional financial and management resources.

If material weaknesses in our internal control over financial reporting are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to restate our financial results, which could materially and adversely affect our business, results of operations and financial condition, restrict our ability to access the capital markets, require us to expend significant resources to correct the material weakness, subject us to fines, penalties or judgments, harm our reputation or otherwise cause a decline in investor confidence.

We continue to invest in more robust technology and resources to manage our reporting requirements. Implementing the appropriate changes to our internal controls may distract our officers and employees, result in substantial costs and require significant time to complete. Any difficulties or delays in implementing these controls could impact our ability to timely report our financial results. For these reasons, we may encounter difficulties in the timely and accurate reporting of our financial results, which would impact our ability to provide our investors with information in a timely manner. As a result, our investors could lose confidence in our reported financial information, and our stock price could decline. In addition, any such changes do not guarantee that we will be effective in maintaining the adequacy of our internal controls, and any failure to maintain that adequacy could prevent us from accurately reporting our financial results.

From time to time, we are subject to various legal proceedings that could adversely affect our business, financial condition and results of operations.

From time to time, we are or may become involved in claims, lawsuits (whether class actions or individual lawsuits), arbitration proceedings, governmental investigations, and other legal or regulatory proceedings involving commercial, corporate and securities matters; privacy, marketing and communications practices; labor and employment matters; alleged infringement of third-party patents and other intellectual property rights; and other matters. The results of any such claims, lawsuits, arbitration proceedings, government investigations, or other legal or regulatory proceedings cannot be predicted with any degree of certainty. Any claims against us, whether meritorious or not, could be time-consuming, result in costly litigation, require significant management attention, and divert significant resources. Determining reserves for our pending litigation is a complex and fact-intensive process that requires significant subjective judgment and speculation. It is possible that a resolution of one or more such proceedings could result in substantial damages, settlement costs, fines, and penalties. These proceedings could also result in harm to our reputation and brand, sanctions, consent decrees, injunctions, or other orders requiring a change in our business practices. Any of these consequences could adversely affect our business, financial condition, and results of operations. Further, under certain circumstances, we have contractual and other legal obligations to indemnify and to incur legal expenses on behalf of our business, customers, and commercial partners and current and former directors and officers. In addition, certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage, which could adversely impact our results of operations and cash flows, expose us to increased risks that would be uninsured, and adversely impact our ability to attract directors and officers. Notwithstanding the terms of our agreements with our customers, it is possible that one or more of our customers could breach their obligations, which in the aggregate, could adversely affect our business, financial condition, or results of operations. For example, if a customer defaults on its obligations under a customer agreement or terminates a customer agreement prior to the contractual termination date, we may be required to assert a claim to acquire the amount in full due under the customer agreement, which we may choose not to pursue. However, if we choose to pursue any such claim, we may incur substantial costs to resolve claims or enter into litigation or arbitration, and even if we were to prevail in the event of claims, litigation or arbitration, such claims, litigation, or arbitration could be costly and time-consuming and divert the attention of our management and other employees from our business operations.

We are a fully remote company that does not maintain a physical office presence, which subjects us to unique operational risks.

Being a fully remote company subjects us to unique operational risks. For example, technologies in our employees' homes may not be as robust as in a corporate office and could cause the networks, information systems, applications, and other tools available to employees and service providers to be more limited or less reliable than in a corporate office. Further, the security systems in place at our employees' homes may be less secure than those used in a corporate office, and while we have implemented technical and administrative safeguards to help protect our systems as our employees and service providers work from home, we may be subject to increased cybersecurity risk, which could expose us to risks of data or financial loss and could disrupt our business operations. There is no guarantee that the data security and privacy safeguards we have put in place will be completely effective or that we will not encounter risks associated with employees accessing company data and systems remotely. In addition, operating remotely may negatively impact our corporate culture, including employee engagement and productivity.

Risks relating to our payments business

If our payments platform is limited, restricted, curtailed or degraded in any way, or if we fail to continue to grow and develop our payments platform, our business may be materially and adversely affected.

Our payments platform is a core element of our business. For the three and six months ended July 31, 2025 and the fiscal year ended January 31, 2025, our payments platform generated 25% and 24% of our total revenue, respectively. Our future success depends in part on the continued growth and development of our payments platform. If such activities are limited, restricted, curtailed or degraded in any way, or if we fail to continue to grow and develop our payments platform, our business may be materially and adversely affected. The utilization of our payment processing tools may be impacted by factors outside of our control, such as changes in laws governing medical bill payments or disruptions in the payment processing industry generally. If the number of patients utilizing our payments platform, the aggregate amounts paid by such patients directly to our healthcare services clients through our payments platform, or the credit card interchange fees we receive from such payments were to be reduced as a result of disruptions in the payment processing industry, laws discouraging the use of credit card payments for medical services or other factors, it could result in a decrease to our revenue. In addition, some potential or existing clients may not desire to use our payment processing services or to switch from their existing payment processing vendors for a variety of reasons, such as transition costs, business disruption, and loss of accustomed functionality. There can be no assurance that our efforts to overcome these factors will be successful, and this resistance may adversely affect our growth.

The attractiveness of our payment processing services may also depend on our ability to integrate emerging payment technologies, including crypto-currencies, other emerging or alternative payment methods, and credit card systems that we or our processing partners may not adequately support or for which we or they do not provide adequate processing rates. In the event such methods become popular among consumers, any failure to timely integrate emerging payment methods into our software, anticipate client behavior changes, or contract with payment processing partners that support such emerging payment technologies could reduce the attractiveness of our payment processing services, potentially resulting in a corresponding loss of revenue.

Increases in card network fees and other changes to fee arrangements may result in the loss of clients who use our payment processing services or a reduction in our earnings.

From time to time, card networks, including Visa, MasterCard, American Express and Discover, increase the fees that they charge acquirers, which would be passed down to processors, payment facilitators and merchants. We could attempt to pass these increases along to our clients, but this strategy might result in the loss of clients to competitors who do not pass along the increases. If competitive practices prevent us from passing along the higher fees to our clients in the future, we may have to absorb all or a portion of such increases, which may increase our operating costs and reduce our earnings.

If we fail to comply with the applicable requirements of card networks, they could seek to fine us, suspend us or terminate our payment facilitator status. If our clients or sales partners incur fines or penalties that we cannot collect from them, we may have to bear the cost of such fines or penalties.

We provide a payments solution for the secure processing of patient payments. Our payment processing tools can connect to multiple clearinghouses and can also connect directly with patients. We have developed partnerships with primary credit card processors in the United States to facilitate payment processing, and we are registered with Visa, MasterCard, American Express, Discover and other card networks as a service provider (payment facilitator or the equivalent) for acquiring member institutions. These card networks set the operating rules and standards with

which we must comply. The termination of our status as a certified service provider, a decision by the card networks to disallow payment facilitators or bar us from serving as such, or any changes in network rules or standards, including interpretation and implementation of the operating rules or standards, that increase the cost of doing business or limit our ability to provide transaction processing services to our clients or partners, could adversely affect our business, financial condition or results of operations.

We and our clients are subject to card network rules that could subject us or our clients to a variety of fines or penalties that may be levied by card networks for certain acts or omissions by us or our clients. If a client or sales partner fails to comply with the applicable requirements of card networks, we could be subject to a variety of fines or penalties that may be levied by card networks. We may have to bear the cost of such fines or penalties if we cannot collect them from the applicable client or sales partner, resulting in lower earnings or losses for us. Our violation of the network rules may result in the termination or suspension of our registration with the affected network. The termination of our registration, including a card network barring us from acting as a payment facilitator, or any changes in card network rules that would impair our registration, could require us to stop providing payment processing services relating to the affected card network, which would adversely affect our ability to conduct our business.

In addition, the rules of card networks are set by their boards, which may be influenced by card issuers. Many banks directly or indirectly sell processing services to clients in competition with us. These banks could attempt, by virtue of their influence on the networks, to alter the networks' rules or policies to the detriment of non-members, including us.

Changes in laws and regulations relating to interchange fees on payment card transactions would adversely affect our revenue and results of operations.

We pay interchange fees to the card networks or the card issuers for each transaction we process. The card networks may increase, from time to time, the fees that they charge members or service providers. Although we may attempt to pass these increases along to our clients, this may result in the loss of clients to our competitors that do not pass along the increases. A provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") known as the Durbin Amendment empowered the Board of Governors of the Federal Reserve System ("FRS"), to establish and regulate a cap on the interchange fees that issuers (e.g. banks) may charge or receive for electronic clearing of debit card transactions. The original regulations implementing the Durbin Amendment established standards for assessing whether debit card interchange fees received by debit card issuers were reasonable and proportional to the costs incurred by issuers for electronic debit transactions, and it established a maximum permissible interchange fee that an issuer may receive for an electronic debit transaction, limiting the fee revenue to debit card issuers and payment processors. If the maximum permissible interchange fee for debit cards, credit cards, or other payment cards is changed or the exempt status of HSA-linked payment cards from such maximum interchange rate caps is lost as a result of amendment to Regulation II by the FRS or any other new rulemaking, legislation, or private litigation challenge, our revenue and profit from payment card transactions processed through our payments platform could decrease, and there could be a material adverse effect on our financial condition and results of operations.

Risk relating to our data and intellectual property

If our intellectual property is not adequately protected, we may not be able to build name recognition, protect our technology and products, and our business may be adversely affected.

Our business depends on proprietary technology and content, including software, databases, confidential information and know-how, the protection of which is crucial to the success of our business. We rely on a combination of trademark, trade-secret and copyright laws, confidentiality procedures and contractual provisions to protect our intellectual property rights in our proprietary technology, content and brand. We may, over time, increase our investment in protecting our intellectual property through additional trademark, patent and other intellectual property filings that could be expensive and time-consuming. Effective trademark, trade-secret and copyright protection is expensive to develop and maintain, both in terms of initial and ongoing registration requirements and the costs of defending our rights. These measures, however, may not be sufficient to offer us meaningful protection. If we are unable to protect our intellectual property and other proprietary rights, our brand, competitive position and business could be harmed, as third parties may be able to dilute our brand or commercialize and use technologies and software products that are substantially the same as ours without incurring the development and licensing costs that we have incurred. Any of our owned or licensed intellectual property rights could be challenged, invalidated, circumvented, infringed or misappropriated, our trade secrets and other confidential information could be disclosed in an unauthorized manner to third parties, or our intellectual property rights may not be sufficient to permit us to

take advantage of current market trends or otherwise provide us with competitive advantages, which could result in costly redesign efforts, discontinuance of certain offerings or other competitive harm.

Monitoring unauthorized use of our intellectual property is difficult and costly. From time to time, we seek to analyze our competitors' products and services, and may in the future seek to enforce our rights against potential infringement. However, the steps we have taken to protect our proprietary rights may not be adequate to prevent infringement or misappropriation of our intellectual property. We may not be able to detect unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. Any inability to meaningfully protect our intellectual property rights could result in harm to our brand or our ability to compete and reduce demand for our technology and products. Moreover, our failure to develop and properly manage new intellectual property could adversely affect our market positions and business opportunities. Also, some of our products and services rely on technologies and software developed by or licensed from third parties. Any disruption or disturbance in such third-party products or services, which we have experienced in the past, could interrupt the operation of our solutions. We may not be able to maintain our relationships with such third parties or enter into similar relationships in the future on reasonable terms or at all.

We may also be required to protect our proprietary technology and content in an increasing number of jurisdictions, a process that is expensive and may not be successful, or which we may not pursue in every location. In addition, effective intellectual property protection may not be available to us in every country, and the laws of some foreign countries may not be as protective of intellectual property rights as those in the United States. Additional uncertainty may result from changes to intellectual property legislation enacted in the United States and elsewhere, and from interpretations of intellectual property laws by applicable courts and agencies. Accordingly, despite our efforts, we may be unable to obtain and maintain the intellectual property rights necessary to provide us with a competitive advantage. Our failure to obtain, maintain and enforce our intellectual property rights could therefore have a material adverse effect on our business, financial condition and results of operations.

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

We 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 software. Our use of third-party technologies and open source software 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. Most of these licenses can be renewed only by mutual consent and may be terminated if we breach the terms of the license and fail to cure the breach within a specified period of time. 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 use any of the technology covered by these licenses to compete directly with us. 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.

Third parties may initiate legal proceedings alleging that we are infringing or otherwise violating their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on our business, financial condition and results of operations.

Our commercial success depends on our ability to develop and commercialize our services and use our proprietary technology without infringing the intellectual property or proprietary rights of third parties. Intellectual property disputes can be costly to defend and may cause our business, operating results and financial condition to suffer. As the market for healthcare in the United States expands and more patents are issued, the risk increases that there may be patents issued to third parties that relate to our products and technology of which we are not aware or that we must challenge to continue our operations as currently contemplated. Whether merited or not, we may face allegations that we, our partners, our licensees or parties indemnified by us have infringed or otherwise violated the patents, trademarks, copyrights or other intellectual property rights of third parties. Such claims may be made by competitors seeking to obtain a competitive advantage or by other parties. Additionally, in recent years, individuals and groups have begun purchasing intellectual property assets for the purpose of making claims of infringement and attempting to extract settlements from companies like ours. We may also face allegations that our employees have misappropriated the intellectual property or proprietary rights of their former employers or other third parties. It

may be necessary for us to initiate litigation to defend ourselves in order to determine the scope, enforceability and validity of third-party intellectual property or proprietary rights, or to establish our respective rights. Additionally, the intellectual property ownership and license rights, including copyright, surrounding AI technologies, which we are increasingly incorporating into our product offerings, has not been fully addressed by U.S. courts or other federal or state laws or regulations, and the use or adoption of AI technologies in our products and services may expose us to copyright infringement or other intellectual property misappropriation claims related to AI training or output. Regardless of whether claims that we are infringing patents or other intellectual property rights have merit, such claims can be time-consuming, divert management's attention and financial resources and can be costly to evaluate and defend. Results of any such litigation are difficult to predict and may require us to stop commercializing or using our products or technology, obtain licenses, modify our services and technology while we develop non-infringing substitutes or incur substantial damages, settlement costs or face a temporary or permanent injunction prohibiting us from marketing or providing the affected products and services. If we require a third-party license, it may not be available on reasonable terms or at all, and we may have to pay substantial royalties, upfront fees or grant cross-licenses to intellectual property rights for our products and services. We may also have to redesign our products or services so they do not infringe third-party intellectual property rights, which may not be possible or may require substantial monetary expenditures and time, during which our technology and products may not be available for commercialization or use. Even if we have an agreement to indemnify us against such costs, the indemnifying party may be unable to uphold its contractual obligations. If we cannot or do not obtain a third-party license to the infringed technology, license the technology on reasonable terms or obtain similar technology from another source, our revenue and earnings could be adversely impacted.

From time to time, we may be subject to legal proceedings and claims in the ordinary course of business with respect to intellectual property. We are not currently subject to any claims from third parties asserting infringement of their intellectual property rights. Some third parties may be able to sustain the costs of complex litigation more effectively than we can because they have substantially greater resources. Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our common stock. Moreover, any uncertainties resulting from the initiation and continuation of any legal proceedings could have a material adverse effect on our ability to raise the funds necessary to continue our operations. Assertions by third parties that we violate their intellectual property rights could therefore have a material adverse effect on our business, financial condition and results of operations.

Interruption or failure of our information technology and communications systems could impair our ability to effectively deliver our products and services, which could cause us to lose clients and harm our operating results.

Our business depends on the continuing operation of our technology infrastructure and systems. Proprietary software development is time-consuming, expensive and complex, and may involve unforeseen difficulties. We may encounter technical obstacles in enhancing our existing software and developing new software, and it is possible that we may discover additional problems that prevent our proprietary applications from operating properly. In addition, any damage to or failure of our existing systems, or the systems of our third-party providers, could result in interruptions in our ability to deliver our products and services. Interruptions in our service, such as one that affected our ConnectOnCall product in 2024, have in the past and could in the future reduce our revenue and profits, and our reputation could be damaged if people believe our systems are unreliable.

Our systems and operations, and those of our third-party providers, are vulnerable to damage or interruption from natural disasters or man-made problems, such as earthquakes, floods, fires, political unrest, acts of terrorism, armed conflict or war (such as the current Russian invasion of Ukraine and the conflict in the Middle East), power loss, break-ins, hardware or software failures, telecommunications failures, computer viruses, cyber-attacks or other attempts to harm our systems and similar events. Any unscheduled interruption in our service would result in an immediate loss of revenue. Frequent or persistent system failures that result in the unavailability of our solutions or slower response times could reduce our clients' ability to access our solutions, impair our delivery of our products and services and harm the perception of our solutions as reliable, trustworthy and consistent. Our insurance policies provide only limited coverage for service interruptions and may not adequately compensate us for any losses that may occur due to any failures or interruptions in our systems.

If our services fail to provide accurate and timely information, or if our content or any other element of our service is associated with errors or malfunctions, we could have liability to clients or patients which could adversely affect our results of operations.

Our software, content and services are used to assist medical groups, health systems and other organizations with managing the patient intake process and to empower patients and healthcare organizations as they navigate the challenges of an evolving healthcare system. If our software, content or services fail to provide accurate and timely information or are associated with errors or malfunctions, then healthcare services clients or patients could assert claims against us that could result in substantial costs to us, harm our reputation in the industry and cause demand for our services to decline.

Our proprietary service is utilized in patient intake and engagement and to help healthcare services organizations better understand patients through medical histories, insurance benefits and socio-economic indicators. If our service fails to provide accurate and timely information, or if our content or any other element of our service is associated with errors or malfunctions, we could have liability to healthcare services clients or patients. We attempt to limit by contract our liability for damages and to require that our clients assume responsibility for medical care and approve key system rules, protocols and data. Despite these precautions, the allocations of responsibility and limitations of liability set forth in our contracts may not be enforceable, may not be binding upon patients or may not otherwise protect us from liability for damages.

Our proprietary software may contain errors or failures that are not detected until after the software is introduced or updates and new versions are released. It is challenging for us to test our software for all potential problems because it is difficult to simulate the wide variety of computing environments or methodologies that our clients may deploy or rely upon. From time to time we have discovered defects or errors in our software, and such defects or errors can be expected to appear in the future. Defects and errors that are not timely detected and remedied could expose us to risk of liability to healthcare services clients and patients and cause delays in introduction of new services, result in increased costs and diversion of development resources, require design modifications or decrease market acceptance or client satisfaction with our services. If any of these risks occur, they could materially and adversely affect our business, financial condition or results of operations.

We may be liable for use of incorrect or incomplete data we provide, which could harm our business, financial condition and results of operations.

We collect, store and display data, including patient health information, for use by healthcare services clients in handling patient intake and engagement. Our clients, their patients, or third parties provide us with most of this data. If this data is incorrect or incomplete, or if we make mistakes in the capture or input of this data, adverse consequences may occur and give rise to product liability and other claims against us. In addition, a court or government agency may take the position that our storage and display of health information exposes us to liability arising out of our intake, storage and display of erroneous health information. While we maintain insurance coverage, we cannot be certain that this coverage will prove to be adequate or will continue to be available on acceptable terms, if at all. Even unsuccessful claims could result in substantial costs and diversion of management resources. A claim brought against us that is uninsured or under-insured could harm our business, financial condition and results of operations.

Our use of “open source” software could adversely affect our ability to offer our services and subject us to possible litigation.

We may use open source software in connection with our products and services. Companies that incorporate open source software into their products have, from time to time, faced claims challenging the use of open source software and/or compliance with open source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software or claiming noncompliance with open source licensing terms. Some open source software licenses require users who distribute software containing open source software to publicly disclose all or part of the source code to such software and/or make available any derivative works of the open source code, which could include valuable proprietary code of the user, on unfavorable terms or at no cost. While we monitor the use of open source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur, in part because open source license terms are often ambiguous. Any requirement to disclose our proprietary source code or pay damages for breach of contract could have a material adverse effect on our business, financial condition and results of operations and could help our competitors develop products and services that are similar to or better than ours.

Risks relating to laws and regulations applicable to our industry

We are subject to health care laws and data privacy and security laws and regulations governing our collection, use, disclosure, storage and transmission of personally identifiable information, including protected health information and payment card data, which may impose restrictions on us and our operations, require us to change our business practices and put in place additional compliance

mechanisms, and subject us to fines, penalties, lawsuits, adverse publicity, reputational harm, loss of customer trust or government enforcement actions if we are unable to fully comply with such laws.

Numerous complex federal and state laws and regulations govern the collection, use, disclosure, storage and transmission of personally identifiable information, including protected health information. State laws may be even more restrictive and not preempted by HIPAA, and may be subject to varying interpretations by the courts and government agencies. These laws and regulations, including their interpretation by governmental agencies, are subject to frequent change and could have a negative impact on our business. Further, these varying interpretations could create complex compliance issues for us and our partners and potentially expose us to additional expense, liability, penalties, negatively impact our client relationships, and lead to adverse publicity, and all of these risks could adversely affect our business in the short and long term. In addition, contractual obligations and legislation may limit, forbid or regulate the use or transmission of health information outside of the United States or across other national borders. These developments, if adopted, could render our use of Indian employees and other non-U.S. resources for work related to such data impracticable or substantially more expensive.

We are a "Business Associate" as defined under HIPAA. The HHS Office for Civil Rights may impose civil penalties on a Business Associate for a failure to comply with HIPAA requirements. The U.S. Department of Justice is responsible for criminal prosecutions under HIPAA. Penalties can vary significantly depending on a number of factors, such as whether the Business Associate's failure to comply was due to willful neglect. State attorneys general also have the right to prosecute HIPAA violations in their states. While HIPAA does not create a private right of action that would allow individuals to sue in civil court, its standards have been used as the basis for the duty of care in state civil suits, such as those for recklessness in misusing individuals' health information. If we are subject to investigation or litigation related to an alleged violation of HIPAA, then we may elect to resolve the matter through a settlement. Such settlement could require payment of a civil penalty or damages, corrective action and/or monitoring of our business by a third party.

The security measures that we and our third-party vendors and subcontractors have in place to ensure compliance with privacy and data protection laws are not guarantees that we and our subcontractors will not be the victims of cyber-attacks, acts of vandalism or theft, computer viruses, misplaced or lost data, malfeasance, programming and human errors or other similar events. Under the HITECH Act, as a Business Associate we may also be liable for privacy and security breaches and failures of our subcontractors. Even though we provide for appropriate protections through our agreements with our subcontractors, we still have limited control over their actions and practices. A breach of privacy or security of individually identifiable health information by a subcontractor may result in an enforcement action, including criminal and civil liability, against us. We are not able to predict the extent of the impact such incidents may have on our business. Enforcement actions against us could be costly and could interrupt regular operations, which may adversely affect our business. While we are not aware of any non-compliance or violations of any applicable privacy and data protection laws and believe we are in compliance with such laws, there can be no assurance that we will not receive notices of non-compliance or violations in the future.

Even when HIPAA does not apply, according to the FTC, failing to take appropriate steps to keep consumers' personal information secure constitutes unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act ("FTCA"). The FTC's current guidance for appropriately securing consumers' personal information is similar to what is required by the HIPAA security regulations, but this guidance may change in the future, resulting in increased complexity and the need to expend additional resources to ensure we are complying with the FTCA.

Federal and state consumer protection laws are increasingly being applied by the FTC and states' attorneys general to regulate the collection, use, storage and disclosure of personal or personally identifiable information, through websites or otherwise, and to regulate the presentation of website content. The FTC has authority to initiate enforcement actions against entities that mislead customers about HIPAA compliance, make deceptive statements about privacy and data sharing in privacy policies, fail to limit third-party use of personal health information, fail to implement policies to protect personal health information or engage in other unfair practices that harm customers or that may violate Section 5(a) of the FTCA, and has brought enforcement actions against companies in the healthcare space in recent years. As a result of regulatory enforcement proceedings, we may be subject to related litigation, settlements or enforcement actions that could include monetary penalties and/or compliance requirements that (1) impose significant and material costs, (2) require us to make modifications to our data practices and our marketing programs, (3) result in negative publicity, or (4) have a negative impact on consumer demand for our products and services, or on our commercial or industry relationships. Even an unsuccessful challenge of our privacy practices by our consumers, regulatory authorities or other third parties could result in negative publicity and could require a costly response from and defense by us. Any of these events could adversely affect our ability to operate our business and our financial results.

Other federal and state laws restrict the use and protect the privacy and security of personally identifiable information, in many cases are not preempted by HIPAA and may be subject to varying interpretations by courts and government agencies. These varying interpretations can create complex compliance issues for us and our partners and potentially expose us to additional expense, adverse publicity and liability, any of which could adversely affect our business. States continue to introduce and adopt new and amended laws, regulations and industry standards concerning privacy, data protection and information security. The first of these was the CCPA, as amended by the CPRA, which amendments went into effect on January 1, 2023. The CCPA created specific obligations with respect to processing and storing personal information, and the CPRA amendments created a new state agency that is vested with authority to implement and enforce the CCPA. In addition to the CCPA, similar privacy and data security laws have been enacted or proposed in numerous other states as well as in the U.S. Congress. These new laws will impose similar, additional, and in some cases more restrictive requirements than the CCPA created.

Furthermore, other states have proposed or enacted legislation that is focused on more narrow aspects of privacy. For example, a number of states have passed laws that protect biometric information and a smaller number of states have passed or are considering laws that are specifically focused upon health privacy, such as Washington's My Health My Data Act. The My Health My Data Act imposes new state restrictions and requirements on the processing and sale of consumer health data and creates a private right of action, which further increases the relevant compliance risk. Connecticut and Nevada have also passed similar laws regulating consumer health data. The effects of state and federal privacy laws are potentially significant and may require us to modify our data processing practices and policies and to incur substantial costs and potential liability in an effort to comply with such legislation.

We cannot yet determine the full impact these laws or other such future laws, regulations and standards may have on our current or future business. Any of these laws may broaden their scope in the future, and similar laws have been proposed on both a federal level and in various states in the U.S. Such proposed legislation, if enacted, may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment of resources in compliance programs, impact strategies and the availability of previously useful data and could result in increased compliance costs and/or changes in business practices and policies. The existence of comprehensive privacy laws in different states in the country, and the heightened scrutiny associated with the enforcement of such laws, could make our compliance obligations more complex and costly and may increase the likelihood that we may be subject to enforcement actions or otherwise incur liability for noncompliance. State laws are changing rapidly and there are discussions in the U.S. Congress of new comprehensive federal data privacy laws to which we could become subject, if enacted.

While we primarily process data of consumers located within the United States, we process data of consumers located in other jurisdictions and have employees outside of the United States that may be subject to foreign laws. Internationally, virtually every jurisdiction in which we operate has established its own data security and privacy legal framework with which we or our customers must comply. Cross-border data transfers and other future developments regarding local data residency and access could increase the cost and complexity of delivering our services in some markets and may lead to governmental enforcement actions, litigation, fines and penalties or adverse publicity, which could adversely affect our business and financial position could greatly increase our cost of providing our products and services, require significant changes to our operations or even prevent us from offering certain services in specific jurisdictions. In addition, any limitation on our ability to use or transmit health information outside of the U.S. could impose restrictions on our ability to recruit and maintain employees residing outside of the U.S., which could, in turn, adversely affect our business.

Specifically, regulators and legislators in the U.S. are increasingly scrutinizing and restricting certain personal data transfers and transactions involving foreign countries. For example, the Biden Administration's Executive Order 14117 on Preventing Access to Americans' Bulk Sensitive Personal Data and United States Government-Related Data by Countries of Concern, as implemented by Department of Justice regulations issued in December 2024, prohibits data brokerage transactions involving certain sensitive personal data categories, including health data, genetic data, and biospecimens, to countries of concern, including China. The regulations also restrict certain investment agreements, employment agreements, and vendor agreements involving such data and countries of concern, absent specified cybersecurity controls. Actual or alleged violations of these regulations may be punishable by criminal and/or civil sanctions, and may result in exclusion from participation in federal and state programs. While Phreesia does not currently transfer data to these countries of concern, we are continuing to monitor the applicability of these new regulations and similar rules that may be enacted from time to time.

We expect that there will continue to be new or amended laws, regulations, standards and obligations proposed and enacted in various foreign jurisdictions. Many countries around the world have enacted comprehensive privacy and data protection laws that can impact our business. Some of the businesses we have acquired are subject to

additional laws and regulations in jurisdictions outside of the U.S. For example, in Europe, organizations that collect or otherwise process personal data in connection with (a) the activities of a business establishment within the European Economic Area/United Kingdom; or (b) offering goods or services to/monitoring the behavior of individuals within these territories are subject to the EU General Data Protection Regulation, or EU GDPR, and the EU GDPR as incorporated into the laws of the United Kingdom following Brexit ("UK GDPR", together with the EU GDPR, "GDPR"). The GDPR, alongside supplementary local data protection laws in the EU and the UK, impose stringent requirements on the processing of personal data, with heightened obligations for health and other sensitive data. These requirements include: (i) providing information to individuals regarding data processing activities; (ii) ensuring a legal basis or condition applies to the processing of personal data and, where applicable, obtaining consent from individuals to whom the data processing relates; (iii) responding to data subject requests; (iv) imposing requirements to notify the competent national data protection authorities and data subjects of personal data breaches; (v) implementing safeguards in connection with the security and confidentiality of the personal data; (vi) accountability requirements; and (vii) taking certain measures when engaging third-party processors. The GDPR also restricts the transfer of personal data to countries outside of the EEA/UK that do not ensure an adequate level of protection, including the United States in certain circumstances, unless a valid transfer mechanism is in place, and where required, a transfer impact assessment has been completed. Compliance with such laws and regulations, including any new or evolving regulations relating to the use of data in AI and machine learning technologies, such as the EU AI Act, requires resources and could be more costly and take more time than we anticipate, and could involve regulatory investigations, fines (which under the GDPR can be substantial), or other penalties for non-compliance, all of which could adversely affect our business.

We have operations in Canada, where our collection, use, disclosure and management of personal information must comply with both federal and provincial privacy laws, which impose separate requirements, but may overlap in some instances. The Personal Information Protection and Electronic Documents Act ("PIPEDA") applies in all Canadian provinces except Alberta, British Columbia and Québec, as well as to the transfer of consumer data across provincial borders. PIPEDA imposes stringent consumer data protection obligations, requires privacy breach reporting and limits the purposes for which organizations may collect, use, and disclose consumer data. The provinces of Alberta, British Columbia and Québec have enacted separate data privacy laws that are substantially similar to PIPEDA, but all three additionally apply to our handling of our own employees' personal data within their respective provinces. Notably, Québec's Act respecting the protection of personal information in the private sector (the "Private Sector Act"), was amended by Bill 64, an Act to modernize legislative provisions as regards the protection of personal information, which introduced major amendments to the Private Sector Act, notably, to impose significant and stringent new obligations on Québec businesses while increasing the powers of Quebec's supervisory authority. We may incur additional costs and expenses related to compliance with these laws and may incur significant liability if we are not able to comply with these laws. We are also subject to Canada's anti-spam legislation, or CASL, which includes rules governing commercial electronic messages, which include marketing emails, text messages and social media advertisements. Under these rules, we must follow certain standards when sending marketing communications, are prohibited from sending them to customers without their consent and can be held liable for violations.

Certain of our products and services are also subject to self-regulatory standards and industry certifications that may legally or contractually apply to us. These include the Payment Card Industry Data Security Standards ("PCI-DSS"), AICPA Security Organization Control 2 ("SOC 2") and HITRUST certification, which apply to or are maintained by certain of our solutions. In the event we fail to comply with the PCI-DSS or fail to maintain our SOC 2 or HITRUST certification, we could be in breach of our obligations under customer and other contracts, fines and other penalties could result, and we may suffer reputational harm and damage to our business. Further, our clients may expect us to comply with more stringent privacy, data storage and data security requirements than those imposed by laws, regulations or self-regulatory requirements, and we may be obligated contractually to comply with additional or different standards relating to our handling or protection of data.

All of these evolving compliance and operational requirements impose significant costs, such as costs related to organizational changes, implementing additional protection technologies, training employees and engaging consultants and legal advisors, which are likely to increase over time. In addition, such requirements may require us to modify our data processing practices and policies, utilize management's time and/or divert resources from other initiatives and projects. Any failure or perceived failure by us to comply with domestic or foreign laws or regulations, industry standards or other legal obligations, or any actual or suspected privacy or security incident, whether or not resulting in unauthorized access to, or acquisition, release or transfer of personally identifiable information or other data, may result in governmental enforcement actions and prosecutions, private litigation, fines and penalties or adverse publicity and could cause our clients to lose trust in us, which could have an adverse effect on our reputation and business. We may be unable to make such changes and modifications in a commercially reasonable

manner or at all, and our ability to develop new products and features could be limited. Any of these developments could harm our business, financial condition and results of operations. Privacy and data security concerns, whether valid or not valid, may inhibit retention of services by existing clients or adoption of our services by new clients.

Existing laws regulate our ability to engage in direct marketing, and changes in privacy laws could adversely affect our ability to market our products effectively and could impact our results from operations or result in costs and fines.

We rely on a variety of direct marketing techniques, including email marketing. These activities are regulated by legislation such as the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (“CAN-SPAM Act”). Any failure by us to comply fully with the CAN-SPAM Act may leave us subject to substantial fines and penalties. In addition, any future restrictions in laws such as the CAN-SPAM Act, and various United States state laws, or new federal laws regarding marketing and solicitation or international data protection laws that govern these activities could adversely affect the continuing effectiveness of our marketing efforts and could force changes in our marketing strategies. If this occurs, we may not be able to develop adequate alternative marketing strategies, which could have a material adverse impact on our results of operations.

Additionally, while we do not allow any third-party cookies, tags or trackers (collectively, “cookies”) to be placed in our software solutions, we utilize cookies on some of our public websites to collect data about visitors to our websites in order to administer our sites, enhance users’ web-browsing experience, analyze trends and gather information about users’ activities on our sites. Our ability to collect, analyze, use and share information collected via cookies is governed by U.S. and foreign laws and regulations which change from time to time, such as those regulating the level of consumer notice and consent required before a company can employ cookies to collect data about interactions with users online.

In recent years, there has been increasing public and regulatory scrutiny of the use of cookies by companies in the healthcare space. For example, the FTC has brought enforcement actions against online healthcare services and service providers, and there has been an increase in litigation alleging the unauthorized collection and sharing of sensitive health information in violation of federal and state privacy laws. While we do not collect HIPAA-regulated PHI via the use of cookies on our websites, and we believe our use of cookies on those websites complies with all applicable laws, we may from time to time receive public or regulatory inquiries about our use of tracking technologies. Continued regulation of cookies, changes in the interpretation and enforcement of existing laws and regulations, and increased scrutiny of the use of cookies by healthcare technology companies could restrict our ability to engage in certain activities or require changes to our practices. If we are believed or found to have not complied with our obligations under applicable laws, we may also be subject to litigation, substantial financial penalties, injunctive actions and reputational harm. All of the above could impact our business, financial condition or results of operations.

Any failure by us to comply fully with website accessibility standards could result in us being subject to considerable fines and penalties.

We conduct business through various Internet websites and web-based applications that are subject to accessibility requirements. Courts have ruled that the Americans with Disabilities Act (“ADA”) applies to Internet websites and other digital experiences, and litigation related to ADA website accessibility has soared in recent years. Failing to comply with those requirements could leave us subject to claims, litigation, lawsuits and, ultimately, substantial fines and penalties.

The healthcare regulatory and political framework is uncertain and evolving.

Healthcare laws and regulations are rapidly evolving and may change significantly in the future, which could adversely affect our financial condition and results of operations. For example, in 2020, the HHS, Office of the National Coordinator for Health Information Technology (“ONC”) and Centers for Medicare & Medicaid Services (“CMS”) promulgated final rules to clarify and operationalize provisions of the 21st Century Cures Act (“Cures Act”), regarding interoperability and “information blocking,” and create significant new requirements for health care industry participants. Information blocking is defined as activity that is likely to interfere with, prevent, or materially discourage access, exchange, or use of EHI, where a health information technology developer, health information network or health information exchange knows or should know that such practice is likely to interfere with access to, exchange or use of EHI. In April 2023, the ONC issued a notice of proposed rulemaking that would modify certain components of the Final Rule, including modifying and expanding certain exceptions to the information blocking regulations, which are intended to support information sharing.

While these rules benefit us in that certain EHR vendors will no longer be permitted to interfere with our attempts at integration, they may also make it easier for other similar companies to enter the market, creating increased competition and reducing our market share.

In addition, on December 27, 2024, HHS-OCR issued a Notice of Proposed Rulemaking to modify the HIPAA Security Rule to enhance cybersecurity protections for electronic protected health information. The proposed rule would modify the HIPAA Security Rule to require covered entities and business associates to strengthen cybersecurity protections for individuals' protected health information. Key proposals include removing the distinction between "required" and "addressable" implementation specifications and mandating the development and revision of a technology asset inventory and a network map. Given the recent change in presidential administration, it is difficult to anticipate when the proposed rule will be finalized or if the NPRM will be withdrawn. If the NPRM is finalized, we may be subject to additional compliance obligations and incur additional costs in connection with compliance.

In addition, we are subject to various other laws and regulations, including, among others, anti-kickback laws, antitrust laws and the privacy and data protection laws described below.

We conduct business in a heavily regulated industry in an uncertain and evolving political and regulatory environment, and any failure to comply with applicable healthcare laws and government regulations, could result in financial penalties, adverse regulatory action and adverse publicity, or could require us to make significant operational changes, any of which could harm our business.

Our current and future arrangements with healthcare professionals and life sciences companies may subject us to various federal and state fraud and abuse laws and other healthcare laws, including, without limitation, the federal Anti-Kickback Statute, the federal civil and criminal false claims laws, HIPAA and regulations promulgated under such laws. These laws will impact, among other things, proposed sales, marketing and educational programs, and other interactions with healthcare providers. For more information regarding the risks related to these laws and regulations please see "*Business – Regulatory Matters – U.S. Federal and State Fraud and Abuse Laws*" in our Annual Report on Form 10-K for the fiscal year ended January 31, 2025.

The scope and enforcement of each of these laws is uncertain and subject to rapid change in the current environment. Federal and state enforcement bodies have recently increased their scrutiny of interactions between healthcare industry participants, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry. Because of the breadth of these laws and the narrowness of their statutory or regulatory exceptions and safe harbors, some of our business activities may be subject to challenge under one or more of them.

Ensuring that our internal operations and future business arrangements with third parties comply with applicable healthcare laws and regulations will involve substantial costs. The risk of our being found in violation of healthcare laws and regulations is increased by the fact that their provisions are sometimes complex and open to a variety of interpretations. Executive orders and other governmental actions, particularly from the U.S. presidential administration, may further increase uncertainty about how laws and regulations will be interpreted and applied, and there may be an increase in legal challenges to healthcare regulations and agency guidance and decisions, including but not limited to those issued by HHS and certain of its agencies, such as the CMS, FDA, and Office of Inspector General.

It is possible that governmental authorities will conclude that our business practices do not comply with current or future statutes, regulations, agency guidance or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of the laws described above or any other governmental laws and regulations that may apply to us, we may be subject to significant penalties, including administrative, civil and criminal penalties, damages, fines, disgorgement, the exclusion from participation in federal and state healthcare programs, individual imprisonment, reputational harm, and the curtailment or restructuring of our operations, as well as additional reporting obligations and oversight if we become subject to a corporate integrity agreement or other agreement to resolve allegations of non-compliance with these laws. Likewise, if any of the healthcare providers or entities with whom we do business are found to not be in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs and imprisonment. Further, defending against any such actions can be costly and time consuming, and may require significant financial and personnel resources. Therefore, even if we are successful in defending against any such actions that may be brought against us, our business may be impaired. If any of the above occur, our ability to operate our business and our results of operations could be adversely affected.

We may be subject to risks related to government contracts and related procurement regulations.

We derive revenues from contracts with the U.S. federal government, state and local governments. Our contracts with federal, state, local and foreign government entities are subject to various procurement regulations and other requirements relating to their formation, administration and performance. We are from time to time subject to audits and investigations relating to our government contracts, and any violations could result in various civil and criminal penalties and administrative sanctions, including termination of contracts, refunding or suspending of payments, forfeiture of profits, payment of fines and suspension or debarment from future government business. In addition, such contracts may provide for termination by the government at any time, without cause. In addition, many federal, state, local and foreign governments and their agencies are facing increased pressure to reduce spending, and demand and payment for our services may be impacted by public sector budgetary cycles and funding authorizations. These factors may combine to potentially limit the revenue we derive from government contracts in the future. Additionally, government contracts generally have requirements that are more complex than those found in commercial enterprise agreements and therefore are more costly to comply with. Any of these risks related to contracting with government entities could adversely impact our future sales and operating results.

The U.S. Food and Drug Administration (“FDA”) may in the future determine that our technology solutions are subject to the Federal Food, Drug, and Cosmetic Act and we may face additional costs and risks as a result.

The FDA may promulgate a policy or regulation that affects our products and services. FDA regulations govern, among other things, product development, testing, manufacture, packaging, labeling, storage, clearance or approval, advertising and promotion, sales and distribution and import and export for regulated drugs, biologics and devices. Non-compliance with applicable FDA requirements can result in, among other things, public warning letters, fines, injunctions, civil penalties, recall or seizure of products, total or partial suspension of production, failure of the FDA to grant marketing approvals, withdrawal of marketing approvals, criminal prosecutions or a recommendation by the FDA to disallow us from entering into government contracts. The FDA also has the authority to request repair, replace or refund of the cost of any device.

Individuals may claim our calling or text messaging services are subject to, and are not compliant with, the Telephone Consumer Protection Act or similar state laws.

Our clients may use our products to place various short message service, or SMS, text messages and calls to patients. Additionally, we place certain calls and text messages as part of our operations. There are a number of federal and state statutes and regulations that govern certain of these telecommunications, including the Telephone Consumer Protection Act (“TCPA”), the Telemarketing Sales Rule (“TSR”), and various state laws similar in scope to the TCPA and TSR. The U.S. Federal Communications Commission (“FCC”), and the FTC have responsibility for regulating various aspects of some of the TCPA, TSR and other federal laws. The FCC has recognized that certain healthcare-related telecommunications from or on behalf a healthcare provider to a patient are exempt from some TCPA restrictions if the calls or text messages meet certain requirements. For certain informational calls and text messages that do not qualify as a healthcare-related telecommunication, the TCPA requires callers to obtain prior express consent from the call recipient. Further, for calls and texts for telemarketing purposes, the TCPA requires callers to obtain prior express written consent from the call recipient and to adhere to “do-not-call” registry requirements which, in part, mandate that callers maintain and regularly update lists of consumers who have chosen not to be called and restrict calls to consumers who are on the national do-not-call list. Florida, Oklahoma and other states also have mini-TCPA and other similar consumer protection laws regulating calls and texts directed to their residents. As currently construed, the TCPA does not distinguish between voice and data, and, as such, text and SMS/MMS messages are also “calls” for the purpose of TCPA (and, in some cases, state mini-TCPA) obligations and restrictions.

For violations of the TCPA, the law provides for a private right of action under which a plaintiff may recover monetary damages of \$500 for each call or text made in violation of the prohibitions on certain calls made using an artificial or pre-recorded voice or an ATDS and certain calls made to numbers properly registered on the federal “do-not-call” list. A court may treble the \$500 amount upon a finding of a willful or knowing violation. There is no statutory cap on maximum aggregate exposure (although some courts have applied in TCPA class actions constitutional limits on excessive penalties). An action may be brought by the FCC, a state attorney general, an individual, or a class of individuals. As with the TCPA, Florida’s mini-TCPA, for example, restricts certain calls and calls and texts made using an automated system to Florida residents without prior consent, allows a plaintiff to obtain \$500 for each call or text made in violation of its prohibitions, and permits a court to treble the \$500 amount for willful or knowing violations of the statute. The TCPA, TSR, mini-TCPA laws and other similar state laws are subject to interpretations that may change. We regularly evaluate how they may apply to our business. The FCC, FTC, a state attorney general or other regulator, or a court, however, may disagree with our interpretation of these laws and conclude that we are not in compliance and impose damages, civil penalties and other consequences

upon us for noncompliance. Determination by a court or regulatory agency that our services did not comply may also invalidate all or portions of some of our client contracts, could require us to change or terminate some portions of our business, could require us to refund portions of our services fees, and could have an adverse effect on our business. Further, we could be subject to putative class action lawsuits alleging violations of the TCPA, state mini-TCPA laws and other similar state laws. Our call and SMS texting services are potential sources of risk for class action lawsuits and liability for us. Numerous class-action suits under federal and state laws have been filed in recent years against companies who conduct call and SMS texting programs, with many resulting in multi-million-dollar settlements to the plaintiffs. Even an unsuccessful challenge by consumers or regulatory authorities of our activities could result in adverse publicity and could require a costly response from us.

If in the future we are found to have violated such laws in a class action, the amount of damages and potential liability could be extensive and adversely impact our business. Accordingly, were such a class certified or if we are unable to successfully defend such a suit, then the damages could have a material adverse effect on our results of operations and financial condition.

Our business is dependent in part on phone, email and text messaging channels, and any technical, legal or other restrictions on the sending of such correspondence or a decrease in consumer willingness to receive such correspondence could adversely affect our business.

Our business is dependent in part on phone, email and other messaging channels, such as text messages. Actions taken by third parties that block, impose restrictions on or charge more for the delivery of these communications could harm our business. For example, from time to time, internet service providers or other third parties may block bulk communications or otherwise experience difficulties that result in our inability to successfully deliver communications to patients. In addition, our use of email and text messaging channels to send communications to patients, potential patients, clients and potential clients may result in legal claims against us, which if successful might limit or prohibit our ability to send such communications.

Our product relies on a third-party service provider for delivery of calls, emails, text messages and other forms of electronic communication. If we were unable to use any one of our current service providers, alternate providers are available; however, we believe our revenue could be impacted for some period as we transition to a new provider, and the new provider may be unable to provide equivalent or satisfactory services. Any disruption or restriction on the distribution of our communications, termination or disruption of our relationships with our third-party service providers or any increase in the associated costs, may be beyond our control and would adversely affect our business.

Artificial intelligence presents risks and challenges that can impact our business, including by posing security risks to our confidential information, proprietary information and personal data, increasing our regulatory and compliance burden and increasing competition.

As with many technological innovations, AI presents opportunities for enhanced productivity and innovation, but also presents risks and challenges that could impact our business. Issues in the development and use of AI, combined with an uncertain regulatory environment and emerging ethical issues, may result in reputational harm, liability or other adverse consequences to our business operations. We currently incorporate AI technologies into our operations and certain of our products, and we may continue to adopt and integrate AI, including generative AI, into our operations and products in the future for specific use cases reviewed by legal and information security. Additionally, our employees, vendors and third-party partners could use AI to perform their work. Our vendors could in turn incorporate AI tools into their offerings, and the providers of these AI tools may not meet existing or rapidly evolving regulatory or industry standards, including with respect to privacy and data security. If we, our vendors, or our third-party partners experience an actual or perceived data breach or cybersecurity incident because of the use of generative AI, we may lose valuable intellectual property, personal data and/or confidential information, and our reputation and the public perception of the effectiveness of our security measures could be harmed. Further, bad actors around the world use increasingly sophisticated methods, including the use of AI, to engage in illegal activities involving the theft and misuse of personal information, confidential information, and intellectual property. Any of these outcomes could damage our reputation, subject us to legal liability, result in the loss of valuable property and information, and adversely impact our business.

The rapid evolution of artificial intelligence will require the application of significant resources to design, develop, test and maintain such systems to help ensure that artificial intelligence is implemented in accordance with applicable law and regulation and in a socially responsible manner and to minimize any real or perceived unintended harmful impacts. For example, AI systems can present risks of bias, errors and false or “hallucinatory” inferences or outputs. Furthermore, if the content, analyses, or recommendations that AI systems assist in producing are, or are alleged or perceived to be inaccurate, deficient, or biased, our reputation, competitive position,

business, financial condition, and results of operations may be adversely affected. The use of certain artificial intelligence technologies can also give rise to intellectual property risks, including by disclosing or otherwise compromising our confidential or proprietary intellectual property, or by undermining our ability to assert or defend ownership rights in intellectual property created with the assistance of artificial intelligence tools. Any of these effects could damage our reputation, result in the loss of valuable property and information, and adversely impact our business.

We use AI technologies licensed from third parties, including in our products, and our ability to continue to use such third-party AI technologies at the scale we need may be dependent on access to specific third-party software and infrastructure. We cannot control the availability or pricing of such third-party AI technologies, especially in a highly competitive environment, and we may be unable to negotiate favorable economic terms with the applicable providers. If any such third-party AI technologies become incompatible with our products and programs or unavailable for use, or if the providers of such models unfavorably change the terms on which their AI technologies are offered or terminate their relationship with us, our products may become less appealing to our clients and our business may be adversely affected. In addition, to the extent any third-party AI technologies are used as a hosted service, any disruption, outage, or loss of information through such hosted services could disrupt our operations or solutions, damage our reputation, cause a loss of confidence in our products, or result in legal claims or proceedings, for which we may be unable to recover damages from the affected provider.

A growing number of legislators and regulators are adopting laws and regulations and have focused enforcement efforts on the adoption of artificial intelligence and the use of such technologies in compliance with ethical standards and societal expectations. These developments may increase our compliance burden and costs in connection with the use of artificial intelligence and lead to legal liability if we fail to meet evolving legal standards or if use of such technologies results in harms or other causes of action we did not predict. For example, beginning January 1, 2026, two new state laws – California’s Generative Artificial Intelligence: Training Data Transparency Act (“AB 2013”) and the Texas Responsible Artificial Intelligence Governance Act (“TRAIGA”) – will impose novel requirements on AI developers and users. AB 2013 requires public disclosure of detailed information about the training data used in generative AI models, which, if applicable to us, may impact the confidentiality of proprietary information and could affect our competitive position. TRAIGA establishes broad obligations for both developers and deployers of AI systems, including civil rights protections, regulatory oversight, and the creation of an AI governance council. In addition, the Colorado Artificial Intelligence Act, set to take effect in February 2026, will regulate AI systems that make consequential decisions and closely aligns with the EU AI Act in its scope and structure. These state-level initiatives reflect a growing trend toward AI regulation in the absence of federal legislation. As a result, we may face a fragmented and evolving compliance landscape that could increase operational complexity, regulatory scrutiny, and legal exposure associated with our use or development of AI technologies.

In addition, our competitive position could be harmed if we fail to adopt and integrate AI effectively into our operations and product offerings. While we believe that AI technologies present opportunities for improving our operations and enhancing our product offerings, the successful implementation of AI technology requires significant investment in talent, infrastructure, and ongoing research and development. Developing, testing and deploying AI systems may also increase the cost profile of our products due to the nature of the computing costs involved in such systems. Market acceptance, understanding, and valuation and consumer perceptions of platforms, products, and programs that incorporate AI technologies is uncertain and the perceived value of AI technologies could be inaccurate. Misjudging the convergence of AI with our business needs may lead to inefficiencies or obsolescence of our services or products. Further, if our use of AI technologies is restricted or limited due to legal or regulatory requirements or becomes controversial due to implementation or emerging ethical issues, our service offerings may be impacted, our business may be less efficient, we may suffer brand or reputation harm or we may be at a competitive disadvantage.

Our future success will depend, in part, on our ability to leverage AI responsibly, effectively and in compliance with laws and regulations. Because AI technology is highly complex and rapidly developing, it is not possible to predict all of the legal, operational or technological risks that may arise relating to the use of AI.

We may be adversely affected by the operation of laws in non-U.S. jurisdictions.

Our employment practices and corporate activities in non-U.S. jurisdictions, such as Canada and India, where certain of our employees are based, are in many cases subject to the laws of those jurisdictions rather than U.S. law. Laws in some jurisdictions differ in significant respects from those in the U.S. and may impose additional requirements, particularly with respect to employment and tax matters, which can make our compliance obligations more complex and costly and may increase the likelihood that we may be subject to enforcement actions or otherwise incur liability for noncompliance. These differences can also affect our ability to react to changes in our business, and our rights or ability to enforce rights may be different than would be expected under U.S. law.

Moreover, enforcement of laws in some overseas jurisdictions can be inconsistent and unpredictable, which can affect both our ability to enforce our rights and to undertake activities that we believe are beneficial to our business. In addition, the business and political climate in some jurisdictions may encourage corruption, which could reduce our ability to compete successfully in those jurisdictions while remaining in compliance with local laws or U.S. anti-corruption laws applicable to our businesses.

Due to the particular nature of certain services we provide or the manner in which we provide them, we may be subject to additional government regulation and foreign government regulation.

While our solutions are primarily subject to government regulations pertaining to healthcare, certain aspects of our solutions may require us to comply with regulatory schema from other areas. Examples of such regulatory schema include:

- *Foreign Corrupt Practices Act ("FCPA") and foreign anti-bribery laws.* The FCPA makes it illegal for U.S. persons, including U.S. companies, and their subsidiaries, directors, officers, employees, and agents, to promise, authorize or make any corrupt payment, or otherwise provide anything of value, directly or indirectly, to any foreign official, any foreign political party or party official, or candidate for foreign political office to obtain or retain business. Violations of the FCPA can also result in violations of other U.S. laws, including anti-money laundering, mail and wire fraud, and conspiracy laws. There are severe penalties for violating the FCPA. The Company may also be subject to other non-U.S. anti-corruption or anti-bribery laws, such as the U.K. Bribery Act 2010. In many foreign countries, particularly in those with developing economies, it may be common to engage in business practices that are prohibited by laws and regulations applicable to us, such as the FCPA and other anti-bribery laws. Any violations of the FCPA or local anti-corruption laws by us, our subsidiaries or our local agents in India or elsewhere could have a material adverse effect on our business, financial condition, results of operations, and prospects, as well as our reputation, and result in substantial financial penalties or other sanctions.
- *Economic sanctions and export controls.* Economic and trade sanctions programs that are administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") prohibit or restrict transactions to or from, and dealings with specified countries and territories, their governments, and in certain circumstances, with individuals and entities that are located in or nationals of those countries, and other sanctioned persons, including specially designated nationals, narcotics traffickers and terrorists or terrorist organizations. As federal, state and foreign legislative regulatory scrutiny and enforcement actions in these areas increase, we expect our costs to comply with these requirements will increase as well. Failure to comply with any of these requirements could result in the limitation, suspension or termination of our services, imposition of significant civil and criminal penalties, including fines, and/or the seizure and/or forfeiture of our assets.
- Further, our solutions incorporate encryption technology. The U.S. Export Administration Regulations require authorization for the export of certain encryption items, including by a license, a license exception or other appropriate government authorizations. Such solutions may also be subject to certain regulatory reporting requirements. While we believe our products meet certain exceptions that reduce the scope of export control restrictions applicable to such products, these exceptions may be determined not to apply to our products and our products and underlying technology may become subject to export control restrictions.
- Our subsidiary, Insignia, receives a portion of its revenue from customers that are governmental agencies or funded by government programs. As a federal government contractor, Insignia's government contracts and subcontracts subject Insignia to the Federal Acquisition Regulation ("FAR") and, among other requirements, the following: (a) termination when appropriated funding for the current fiscal year is exhausted; (b) termination for the governmental customer's convenience, subject to a negotiated settlement for costs incurred and profit on work completed, along with the right to place contracts out for bid before completion of the full contract term, as well as the right to make unilateral changes in contract requirements, subject to negotiated price adjustments; (c) compliance and reporting requirements related to, among other things, agency-specific policies and regulations, information security, subcontracting requirements, equal employment opportunity, affirmative action for veterans and workers with disabilities and accessibility for the disabled; (d) broad audit rights; (e) specialized remedies for breach and default, including setoff rights, retroactive price adjustments and civil or criminal fraud penalties under the False Claims Act (as described below), re-procurement expenses, as well as mandatory administrative dispute resolution procedures instead of state contract law remedies; and (f) requirements to calculate overhead rates in accordance with the accounting procedures and internal controls required under the FAR standards.

- In addition, our establishment of a subsidiary in India to bring outside services in-house could increase our risk of violations of the aforementioned laws and regulations. Despite our policies, procedures and compliance programs, our internal controls and compliance systems may not be able to protect us from prohibited acts willfully committed by our employees, agents or business partners that would violate such applicable laws and regulations.

Risks relating to our dependence on third parties

We rely on our third-party contractors, vendors and partners, including some outside of the United States, to execute our business strategy. Replacing them could be difficult and disruptive to our business. If we are unsuccessful in forming or maintaining such relationships on terms favorable to us, our business may not succeed.

We have entered into contracts with third-party contractors and vendors to provide critical services relating to our business, including initial software development and cloud hosting. We also rely on third-party providers to enable automated eligibility and benefits verification through our solutions, and we outsource certain of our software development and design, quality assurance and operations activities to third-party contractors that have employees and consultants in international locations that may be subject to political and economic instability, including India and Ukraine.

Our dependence on third-party contractors to support key functions of our business creates numerous risks, in particular, the risk that we may not maintain service quality, control or effective management with respect to these operations. In the event that these service providers fail to maintain adequate levels of support, do not provide high quality service, increase the fees they charge us, discontinue their lines of business, terminate our contractual arrangements or cease or reduce operations, we may suffer additional costs and be required to pursue new third-party relationships, which could materially disrupt our operations and our ability to provide our products and services, and could divert management's time and resources. Our reputation and our customers' willingness to purchase our products and partners' willingness to use our products depend, in part, on our third-party contractors' compliance with ethical employment practices, such as with respect to child labor, wages and benefits, forced labor, discrimination, safe and healthy working conditions, and with all legal and regulatory requirements relating to the conduct of their businesses. If our third-party contractors fail to comply with applicable laws, regulations, safety codes, employment practices, human rights standards, quality standards, environmental standards, production practices, or other obligations, norms, or ethical standards, our reputation and brand image could be harmed and we could be exposed to litigation and additional costs that would harm our business, reputation, and results of operations.

These third-party contractors, some of which handle sensitive data on our behalf, could be non-compliant with regulatory requirements or our contractual provisions regarding the handling of sensitive data, despite our best efforts to monitor their compliance and mitigate risks in our contractual cost-shifting provisions. Even if these third parties are compliant, they still could be the victims of sophisticated cyber-attacks or other unforeseeable events, such as the cyber-attack affecting Change Healthcare. The ability of our third-party contractors to effectively satisfy our business requirements could be impacted by financial difficulty of our third-party contractors or damage to their operations caused by fire, terrorist attack, natural disaster, or other events. It would be difficult to replace some of our third-party contractors and third-party vendors in a timely manner if they were unwilling or unable to provide us with these services in the future, and our business and operations could be adversely affected. If these services fail or are of poor quality, our business, reputation and operating results could be harmed. For example, the continued Russian invasion of Ukraine has, and may continue to, impact macroeconomic conditions, give rise to regional instability, increase the threat of cyberwarfare and result in heightened economic sanctions from the U.S. and the international community in a manner that adversely affects us and our third-party contractors that have employees and consultants located in Ukraine. Further, although the length and impact of the continuing conflict are highly unpredictable, individuals located in these areas have been and could continue to be forced to evacuate or voluntarily choose to relocate, making them unavailable to provide services, such as software engineering, to support our business. It could also disrupt or delay our communications with such resources or the flow of funds to support their operations, or otherwise render some of our resources unavailable. While we have risk mitigation efforts in place, the realization of any of these risks could adversely affect our product development, operations, business and/or financial results and may require us to shift some of our development activities to other jurisdictions and/or third-party contractors, which may result in significant disruption, including delays in releases of new versions or updates of our software and incurrence of additional costs. We anticipate that we will continue to depend on these and other third-party relationships in order to grow our business for the foreseeable future. If we are unsuccessful in maintaining existing and, if needed, establishing new relationships with third parties, our ability to

efficiently operate existing services or develop new services could be impaired, and, as a result, our competitive position or our results of operations could suffer.

We also depend on our third-party processing partners to perform payment processing services, which generate almost all of our payments revenue. Our processing partners may go out of business or otherwise be unable or unwilling to continue providing such services, which could significantly and materially reduce our payments revenue and disrupt our business. A number of our processing contracts require us to assume liability for any losses our processing partners may suffer as a result of losses caused by our healthcare services clients and their patients, including losses caused by chargebacks and fraud. Thus, in the event of a significant loss by our processing partners, we may be required to pay-out a large amount of cash in one or two business days following such event and, if we do not have sufficient cash on hand, may be deemed in breach of such contracts. A contractual dispute with our processing partners could adversely impact our revenue. Certain contracts may expire or be terminated, and we may not be able to enter into a new payment processor relationship that replicates the associated revenue for a considerable period of time.

In addition, we have entered into contracts with providers of EHR and PM solutions, and we intend to pursue such agreements in the future. These contracts are typically structured as commercial and technical agreements, pursuant to which we integrate certain of our solutions into the EHR and PM systems that are utilized by many of our clients, for agreed payments or provision of services to such providers of EHR and PM solutions. Our ability to form and maintain these agreements in order to facilitate the integration of our solutions into the EHR and PM systems used by our healthcare services clients and their patients is important to the success of our business. We or the providers of EHR and PM solutions with which we contract may terminate or seek to amend our agreements in response to future laws or regulations, such as those involving the access, exchange, and use of EHI. If providers of EHR or PM solutions amend, terminate or fail to perform their obligations under their agreements with us, we may need to seek other ways of integrating our solutions with the EHR and PM systems of our healthcare services clients, which could be costly and time consuming, and could adversely affect our business results.

We may also seek to enter into new agreements in the future, and we may not be successful in entering into future agreements on terms favorable to us. Any delay in entering agreements with providers of EHR or PM solutions or other technology providers could either delay the development and adoption of our products and services and reduce their competitiveness. Any such delay could adversely affect our business.

We rely on a limited number of third-party suppliers and contract manufacturers to support our products, and a loss or degradation in performance of these suppliers and contract manufacturers could have a negative effect on our business, financial condition and results of operations.

We rely on third-party suppliers and contract manufacturers for the materials and components used to operate our solutions and product offerings, and to manufacture and assemble our hardware, including the PhreesiaPad and our on-site kiosks, which we refer to as Arrivals Kiosks. We rely on a sole supplier, for example, as the manufacturer of our PhreesiaPads and Arrivals Kiosks, which help drive our business and support our subscription, payment processing and network solutions offerings. In connection with these services, our supplier builds new hardware for us and refurbishes and maintains existing hardware.

Any of our other suppliers or third-party contract manufacturers may be unwilling or unable to supply the necessary materials and components or manufacture and assemble our products reliably and at the levels we anticipate or that are required by the market. Our ability to supply our products commercially and to develop any future products depends, in part, on our ability to obtain these materials, components and products in accordance with regulatory requirements and in sufficient quantities for commercialization. If we are required to change contract manufacturers due to any change in or termination of our relationships with these third parties, or if our manufacturers are unable to obtain the materials they need to produce our products at consistent prices or at all, (including, without limitation, because of the effect of tariffs or other trade restrictions), we may lose sales, experience manufacturing or other delays, incur increased costs or otherwise experience impairment to our client relationships. We cannot guarantee that we will be able to establish alternative relationships on similar terms, without delay or at all.

If our third-party suppliers fail to deliver the required quantities of materials on a timely basis and at commercially reasonable prices, and we are unable to find one or more replacement suppliers capable of production at a substantially equivalent cost in substantially equivalent volumes and quality on a timely basis, the supply of our products to clients and the development of any future products will be delayed, limited or prevented, which could have material adverse effect on our business, financial condition and results of operations.

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

Our ability to deliver our products and services, particularly our cloud-based solutions, 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 connection with the necessary speed, data capacity and security for providing reliable Internet access and services and reliable telephone and facsimile services. Our services are designed to operate without interruption in accordance with our service level commitments.

However, we have experienced limited interruptions in these systems in the past, including server failures that temporarily slow down the performance of our services, and we may experience more significant interruptions in the future. We rely on internal systems as well as third-party suppliers, including bandwidth and telecommunications equipment providers, to provide our services. We do not maintain redundant systems or facilities for some of these services. Interruptions in these systems, whether due to system failures, computer viruses, physical or electronic attacks or other catastrophic events, could affect the security or availability of our services, compromise the data we handle on behalf of our partners and prevent or inhibit the ability of our partners to access our services. In the event of a catastrophic event with respect to one or more of these systems or facilities, we may experience an extended period of system unavailability, which could result in substantial costs to remedy those problems or negatively impact our relationship with our clients, our business, results of operations and financial condition.

Any disruption in the network access, telecommunications or co-location services provided by third-party providers or any failure of or by third-party providers' systems or our own systems to handle current or higher volume of use could significantly harm our business. We exercise limited control over third-parties, which increases our vulnerability to problems with services they provide. We have experienced failures by third-party providers' systems which resulted in a limited interruption of our system. For example, in February 2024, Change Healthcare, a subsidiary of UnitedHealth Group and the largest clearinghouse for medical claims in the U.S., was the subject of a cyber-attack that required it to take offline its computer systems that handled electronic payments and insurance claims. One of our clearinghouse clients, for whom we act as merchant processor for patient payments, contracted with Change Healthcare to operate their online payment portal and handle print communications. As a result of the outage, the online payment portal was impacted, resulting in a decline in our patient payment volume during the three months ended April 30, 2024. Similar events could occur in the future, and the impact to our business could be material. 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 clients and adversely affect our business and could expose us to third-party liabilities.

The reliability and performance of our Internet connection may be harmed by increased usage or by denial-of-service attacks. The Internet has experienced a variety of outages and other delays as a result of damages to portions of its infrastructure, and it could face outages and delays in the future. These outages and delays could reduce the level of Internet usage as well as the availability of the Internet to us for delivery of our Internet-based services.

Risks relating to taxes and accounting standards

Our financial results are based in part on our estimates or judgments relating to our critical accounting policies. Changes in related judgments or assumptions, or changes in accounting standards and tax regulations could materially impact our financial position and results of operations.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") and our key metrics requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes and amounts reported in our key metrics. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to, but not limited to, revenue recognition, the allowance for doubtful accounts, contingent liabilities, the useful lives, the capitalization, valuation and recoverability of long-lived assets, the grant-date fair value of stock-based compensation awards, and the fair value of identifiable assets acquired and liabilities assumed in business combinations. Changes in accounting rules and interpretations or in our accounting assumptions, estimates and/or judgments could significantly impact our consolidated financial

statements. In some cases, we could be required to delay the filing of our consolidated financial statements, or to apply a new or revised standard retroactively, resulting in restating prior period consolidated financial statements. Any of these circumstances could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations.

Furthermore, we are subject to federal and state income, sales, use, value added and other taxes in the United States and other countries in which we conduct business, and such laws and rates vary by jurisdiction. We are registered in all states that assess sales and use taxes on our services. Although we believe our tax practices and provisions are reasonable, the final determination of tax audits and any related litigation, changes in the taxation of our operations and proposed changes in tax laws could cause the ultimate settlement of our tax liabilities to be materially different from our historical tax practices, provisions and accruals. If we receive an adverse ruling as a result of an audit, or we unilaterally determine that we have misinterpreted provisions of the tax regulations to which we are subject, there could be a material effect on our tax provision, net income or cash flows in the period or periods for which that determination is made, which could materially impact our financial results. Further, any changes in the taxation of our operations, including certain proposed changes in U.S. tax laws, may increase our effective tax rate and adversely affect our financial position and results of operations. In addition, liabilities associated with taxes are often subject to an extended or indefinite statute of limitations period. Therefore, we may be subject to additional tax liability (including penalties and interest) for a particular year for extended periods of time.

Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations.

As of January 31, 2025, we had U.S. federal and state net operating loss carryforwards ("NOLs") of \$596.5 million due to prior period losses, which, subject to the following discussion, are generally available to be carried forward to offset a portion of our future taxable income, if any, until such NOLs are used or expire. In general, under Section 382 ("Section 382") of the Internal Revenue Code of 1986, as amended (the "Code"), a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its pre-ownership change NOLs to offset future taxable income. Similar rules may apply under state tax laws. We have completed a Section 382 study and as a result of the analysis, it is more likely than not that we have experienced an "ownership change." In addition, it is more likely than not that our existing NOLs are subject to limitations arising from previous ownership changes. Future changes in our stock ownership, some of which are outside of our control, could result in an ownership change under Section 382 of the Code. In addition, under the Tax Cuts and Jobs Act of 2017, as amended by The Coronavirus Aid, Relief, and Economic Security Act of 2020, the amount of post-2017 NOLs that we are permitted to utilize in any taxable year is limited to 80% of our taxable income in such year, where taxable income is determined without regard to the NOL deduction itself. For these reasons, we may not be able to realize a tax benefit from the use of our NOLs. We have a valuation allowance related to our NOLs to recognize only the portion of the deferred tax asset that is more likely than not to be realized.

Risks relating to our financing needs

Our cash and cash equivalents could be adversely affected if the financial institutions in which we hold our cash and cash equivalents fail.

We regularly maintain cash balances at third-party financial institutions in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit, and there can be no assurance that we will be able to access uninsured funds in a timely manner or at all in the event of a failure of these financial institutions. If any such depository institution fails to return our deposits, or if a depository institution is subject to other adverse conditions in the financial or credit markets, this could further impact access to our invested cash or cash equivalents and could adversely impact our operating liquidity and financial performance.

In order to support the growth of our business, we may need to incur additional indebtedness under our current credit facilities or seek capital through new equity or debt financings, which sources of additional capital may not be available to us on acceptable terms or at all.

Our operations have consumed substantial amounts of cash since inception and we intend to continue to make significant investments to support our business growth, respond to business challenges or opportunities, develop new applications and services, enhance our existing solution and services, enhance our operating infrastructure and potentially acquire complementary businesses and technologies. For the six months ended July 31, 2025 our net cash provided by operating activities was \$29.7 million. As of July 31, 2025, we had \$98.3 million of cash and cash equivalents, which are held for working capital purposes. As of July 31, 2025 and January 31, 2025, we had no outstanding borrowings under the Capital One Credit Facility, with the ability to borrow up to \$50.0 million.

Our future capital requirements may be significantly different from our current estimates and will depend on many factors, including the need to:

- finance unanticipated working capital requirements;
- develop or enhance our technological infrastructure and our existing products and services;
- fund strategic relationships, including joint ventures and co-investments;
- fund additional implementation engagements;
- respond to competitive pressures; and
- acquire complementary businesses, technologies, products or services.

Accordingly, we may need to engage in equity or debt financings or collaborative arrangements to secure additional funds. Additional financing may not be available on terms favorable to us, or at all. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing secured by us in the future could involve additional restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, during times of economic instability, it has been difficult for many companies to obtain financing in the public markets or to obtain debt financing, and we may not be able to obtain additional financing on commercially reasonable terms, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us, it could have a material adverse effect on our business, financial condition and results of operations.

Restrictive covenants in the agreements governing our Capital One Credit Facility may restrict our ability to pursue our business strategies.

The Credit Agreement governing our Capital One Credit Facility contains various restrictive covenants that limit our ability to take certain actions, including, but not limited to, our ability to grant or incur liens, dispose of assets, incur additional indebtedness, make certain investments, restricted payments (including dividends) and restricted debt payments, enter into certain transactions with affiliates and enter into certain mergers and acquisitions. In addition, the Capital One Credit Facility contains financial covenants applicable from time to time, which include Minimum Consolidated EBITDA, Consolidated Fixed Charge Coverage Ratio and Minimum Liquidity, as such terms are defined in the Credit Agreement.

Our ability to comply with these covenants and meet these financial ratios and tests may be affected by events beyond our control, and we may not be able to meet those covenants. A breach of any such covenants could result in a default under the applicable loan agreement, which could cause all of the outstanding indebtedness under such credit facility to become immediately due and payable and terminate all commitments to extend further credit. These covenants could also limit our ability to seek capital through the incurrence of new indebtedness or, if we are unable to meet our obligations, require us to repay any outstanding amounts with sources of capital we may otherwise use to fund our business, operations and strategy.

Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties, could adversely affect our current and projected business operations and our financial condition and results of operations.

Adverse developments that affect financial institutions, transactional counterparties or other third parties, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. For example, in early 2023, several financial institutions closed and were taken into receivership by the FDIC. There is no guarantee that the U.S. Department of Treasury, FDIC and Federal Reserve Board will provide access to uninsured funds in the future in the event of the closure of other banks or financial institutions, stabilize financial institutions through access to loans or other liquidity or support programs, or that they would do so in a timely fashion.

Although we assess our banking relationships as we believe necessary or appropriate, our access to cash in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired by factors that affect us, the financial institutions with which we have banking relationships, or the financial services industry or economy in general. Further, investor concerns regarding domestic or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any decline in available funding or access to cash and liquidity resources could, among other risks, adversely impact our ability to meet our

financial obligations, which could have material adverse impacts on our liquidity and our business, financial condition, or results of operations.

In addition, a partner or supplier could be adversely affected by any of the liquidity or other risks that are described above as factors that could result in material adverse impacts on us, including but not limited to delayed access or loss of access to uninsured deposits or loss of the ability to draw on existing credit facilities involving a troubled or failed financial institution. Any partner or supplier bankruptcy or insolvency, or the failure of any partner to make payments when due, or any breach or default by a partner or supplier, or the loss of any significant supplier relationships, may have a material adverse impact on our business.

Risks relating to ownership of our common stock

Our share price has been and may in the future be volatile, and you could lose all or part of your investment.

The trading price of our common stock has been and may be volatile and subject to wide price fluctuations in response to various factors, including, but not limited to:

- market conditions in the broader stock market in general, or in our industry in particular, which create highly variable and unpredictable pricing of equity securities;
- actual or anticipated fluctuations in our quarterly financial reports and results of operations;
- changes in the financial projections we provide to the public or our failure to meet these projections;
- our ability to satisfy our ongoing capital needs and unanticipated cash requirements;
- indebtedness incurred in the future;
- actual or anticipated developments in our business, our competitors' businesses, or the competitive landscape generally, including introduction of new products and services by us or our competitors;
- the timing, size and integration success of recent and potential future acquisitions, including the AccessOne Acquisition;
- issuance of new or changed securities analysts' reports or recommendations;
- additions or departures of key personnel;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- regulatory developments;
- litigation and governmental investigations;
- the impact of public health concerns, on the economy, our company, our customers, suppliers or employees;
- macroeconomic conditions, such as international tariffs and other trade restrictions, changes in interest rates and economic slowdowns and recessions, and political conditions or events including from the results of the change in U.S. presidential administration and those resulting from geopolitical uncertainty and instability or war, such as the ongoing military conflict between Russia and Ukraine and the conflict in the Middle East;
- trading activity by stockholders who together beneficially own a significant portion of our outstanding common stock, as well as other institutional or activist investors; and
- our sale of common stock or other securities in the future.

These and other factors may cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the company that issued the stock. If any of our stockholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business.

The trading market for our common stock is also influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more securities or industry analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. If one or more of the analysts who cover us downgrades our common stock or provides more favorable recommendations about our competitors, or if our results of operations do not meet their expectations, our stock price could decline.

We do not currently intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We have never declared or paid any cash dividends on our common stock and do not currently intend to do so for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth. Therefore, you

are not likely to receive any dividends on your common stock for the foreseeable future and the success of an investment in shares of our common stock will depend upon any future appreciation in its value. There is no guarantee that shares of our common stock will appreciate in value or even maintain the price at which you have purchased your shares.

We cannot guarantee that our stock repurchase program will enhance long-term stockholder value. Share repurchases could also increase the volatility of our stock price and diminish our cash reserves.

On March 12, 2025, our Board of Directors authorized a stock repurchase program. Under the program, we may repurchase up to 2.5 million shares of our common stock from time to time. The stock repurchase program does not obligate us to repurchase a specified number or dollar value of shares, and the program may be modified, suspended or discontinued at any time without prior notice. Our ability to return capital to stockholders through stock repurchases principally depends upon the amount of cash we generate from our operations, which will fluctuate from quarter to quarter based on, among other things, cash received from customers and cash paid to employees and suppliers, and other factors impacting our financial condition, some of which are beyond our control. The existence of the stock repurchase program could cause our common stock to trade at a higher price than it otherwise would. Although the program is intended to enhance long-term stockholder value, there is no assurance it will do so because the market price of our common stock may decline below the levels at which we repurchased shares and short-term stock price fluctuations could reduce the effectiveness of the program. Any failure to repurchase our common stock after we have announced our intention to do so may negatively impact our reputation and investor confidence in us and may negatively impact our stock price. Repurchasing our common stock will reduce the amount of cash we have available to fund working capital, capital expenditures, strategic acquisitions, or business opportunities and other general corporate purposes, and we may fail to realize the anticipated long-term stockholder value of the stock repurchase program. Further, the timing and amount of any repurchases, if any, will be subject to liquidity, market and economic conditions, compliance with applicable legal requirements such as Delaware surplus and solvency tests and other relevant factors. In addition, our stock repurchase program may be suspended or discontinued at any time and may not enhance long-term stockholder value. Additionally, the Inflation Reduction Act of 2022 provides for the imposition of a 1% non-deductible U.S. federal excise tax (the "Stock Buyback Tax") on certain repurchases of stock by publicly traded U.S. corporations.

Risks relating to our bylaws and certificate of incorporation

Anti-takeover provisions under our incorporation documents and Delaware law could delay or prevent a change of control, which could limit the market price of our common stock and may prevent or frustrate attempts by our stockholders to replace or remove our current management.

Our seventh amended and restated certificate of incorporation (as amended, our "certificate of incorporation") and our fourth amended and restated by-laws ("bylaws") contain provisions that could delay or prevent a change of control of our company or changes in our board of directors that our stockholders might consider favorable. Some of these provisions include:

- a board of directors divided into three classes serving staggered three-year terms, such that not all members of the board will be elected at one time;
- a prohibition on stockholder action through written consent, which requires that all stockholder actions be taken at a meeting of our stockholders;
- a requirement that special meetings of stockholders be called only by the board of directors acting pursuant to a resolution approved by the affirmative vote of a majority of the directors then in office;
- advance notice requirements for stockholder proposals and nominations for election to our board of directors;
- a requirement that no member of our board of directors may be removed from office by our stockholders except for cause and, in addition to any other vote required by law, upon the approval of not less than 75% of all outstanding shares of our voting stock then entitled to vote in the election of directors;
- a requirement of approval of not less than 75% of all outstanding shares of our voting stock to amend any bylaws by stockholder action or to amend specific provisions of our certificate of incorporation; and
- the authority of the board of directors to issue preferred stock on terms determined by the board of directors without stockholder approval and which preferred stock may include rights superior to the rights of the holders of common stock.

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporate Law ("DGCL"), which may prohibit certain business combinations with stockholders owning 15% or more of our outstanding voting stock. These anti-takeover provisions and other provisions in our certificate of incorporation and our bylaws could make it more difficult for stockholders or potential acquirers to

obtain control of our board of directors or initiate actions that are opposed by the then-current board of directors and could also delay or impede a merger, tender offer or proxy contest involving our company. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors or cause us to take other corporate actions. Any delay or prevention of a change of control transaction or changes in our board of directors could cause the market price of our common stock to decline.

Our bylaws designate certain specified courts as the sole and exclusive forums for certain disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (the "Chancery Court") will be the sole and exclusive forum for state law claims for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws, (iv) any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or bylaws, or (v) any action asserting a claim governed by the internal affairs doctrine (the "Delaware Forum Provision"). The Delaware Forum Provision will not apply to any causes of action arising under the Securities Act or the Exchange Act. Our bylaws further provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act (the "Federal Forum Provision"). Our bylaws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the foregoing Delaware Forum Provision and the Federal Forum Provision; provided, however, that stockholders cannot and will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder.

The Delaware Forum Provision and the Federal Forum Provision in our bylaws may impose additional litigation costs on stockholders in pursuing any such claims. Additionally, these forum selection clauses may limit our stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage the filing of lawsuits against us and our directors, officers and employees, even though an action, if successful, might benefit our stockholders. In addition, while the Delaware Supreme Court and other states courts have upheld the validity of federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court, there is uncertainty as to whether other courts will enforce our Federal Forum Provision. If the Federal Forum Provision is found to be unenforceable in an action, we may incur additional costs associated with resolving such an action. The Federal Forum Provision may also impose additional litigation costs on stockholders who assert that the provision is not enforceable or invalid. The Chancery Court or the federal district courts of the United States may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There were no sales of unregistered securities during the quarter ended July 31, 2025 that were not previously reported on a Current Report on Form 8-K.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

On June 24, 2025, Balaji Gandhi, our Chief Financial Officer, adopted a trading arrangement for the sale of our common stock (a "Rule 10b5-1 Trading Plan") that is intended to satisfy the affirmative defense conditions of Exchange Act Rule 10b5-1(c). Mr. Gandhi's Rule 10b5-1 Trading Plan, which expires on September 30, 2026, provides for the sale of (i) up to 36,069 shares of our common stock, net of the number of shares sold to cover Mr. Gandhi's taxes (ii) an additional number of shares receivable upon the vesting of certain equity awards that may be granted pursuant to Mr. Gandhi's first half of fiscal year 2026 bonus, full fiscal year 2026 bonus, and first half of fiscal 2027 bonus, net of any shares sold in non-discretionary transactions pursuant to our mandatory sell-to-cover

policy to cover Mr. Gandhi's tax withholding obligations in connection with the vesting and settlement of RSUs and (iii) 100% of his vested 2023 PSUs, net of the number of shares sold to cover Mr. Gandhi's taxes.

ITEM 6. EXHIBITS.

Exhibit Number	Description
2.1**	Agreement and Plan of Merger, dated as of August 29, 2025, by and among Phreesia, Inc., Ace Merger Sub, Inc., AccessOne Parent Holdings, Inc. and the Representative named therein (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K (file No. 001-38977) filed with the Securities and Exchange Commission on September 4, 2025)
3.1	Seventh Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly report on Form 10-Q (file No. 001-38977) filed with the Securities and Exchange Commission on September 10, 2019)
3.2	Amendment to the Seventh Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant's Quarter report on Form 10-Q (file No. 001-38977) filed with the Securities and Exchange Commission on September 7, 2023)
3.3	Fourth Amended and Restated By-laws of the Registrant (incorporated by reference to Exhibit 3.3 to the Registrant's Annual Report on Form 10-K (file No. 001-38977) filed with the Securities and Exchange Commission on March 14, 2024)
10.1	Form of Support and Joinder Agreement, by and among Phreesia, Inc., AccessOne Parent Holdings, Inc. and the person set forth on the signature page thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (file No. 001-38977) filed with the Securities and Exchange Commission on September 4, 2025)
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1+	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2+	Certification of Principal Financial Officer pursuant to 18 U.S.C. 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	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

- + This certification will not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. Such certification 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 specifically incorporated by reference into such filing.
- * Schedules omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted schedule to the Securities and Exchange Commission upon request.
- ** Certain portions of the exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K because they are both (i) not material to investors and (ii) is the type that the registrant treats as private or confidential. The Company agrees to furnish supplementally an unredacted copy of this exhibit and its materiality and privacy or confidentiality analyses to the Securities and Exchange Commission upon request.

SIGNATURES

Pursuant to the requirements 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.

PHREESIA, INC.

Date: September 5, 2025

By: /s/ Chaim Indig
Chaim Indig
Chief Executive Officer and Director
(Principal Executive Officer)

Date: September 5, 2025

By: /s/ Balaji Gandhi
Balaji Gandhi
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) OR 15d-14(a) AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Chaim Indig, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Phreesia, 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.
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: September 5, 2025

By: /s/ Chaim Indig

Chaim Indig
Chief Executive Officer and Director
(Principal Executive Officer)

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

In connection with the Quarterly Report on Form 10-Q of Phreesia, Inc. (the "Company") for the fiscal quarter ended July 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Chaim Indig, the Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge, the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 5, 2025

By: /s/ Chaim Indig
Chaim Indig
Chief Executive Officer and Director
(Principal Executive Officer)

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

In connection with the Quarterly Report on Form 10-Q of Phreesia, Inc. (the "Company") for the fiscal quarter ended July 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Balaji Gandhi, the Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge, the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 5, 2025

By: /s/ Balaji Gandhi
Balaji Gandhi
Chief Financial Officer
(Principal Financial Officer)