

**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 March 31, 2026
or

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

Commission file number: 001-37576



Surgery Partners, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

340 Seven Springs Way, Suite 600

Brentwood, Tennessee

(Address of Principal Executive Offices)

47-3620923

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

37027

(Zip Code)

(615) 234-5900

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	SGRY	The Nasdaq Global Select Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T 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 ☒

Non-accelerated filer ☐

Accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

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

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

As of April 28, 2026, there were 130,788,162 shares of the registrant's common stock outstanding.

SURGERY PARTNERS, INC.
FORM 10-Q
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

SURGERY PARTNERS, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (Dollars in millions, except per share amounts)

	(Unaudited) March 31, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 182.3	\$ 239.9
Accounts receivable	603.4	602.2
Inventories	100.5	96.6
Prepaid expenses	38.8	41.1
Other current assets	157.5	170.9
Total current assets	1,082.5	1,150.7
Property and equipment, net of accumulated depreciation of \$686.0 and \$651.2, respectively	1,134.9	1,153.4
Goodwill and other intangible assets, net	5,245.0	5,235.6
Investments in and advances to affiliates	225.4	234.0
Right-of-use operating lease assets	281.5	289.2
Other long-term assets	72.8	56.8
Total assets	\$ 8,042.1	\$ 8,119.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 168.6	\$ 208.7
Accrued payroll and benefits	77.1	64.9
Other current liabilities	235.6	242.6
Current maturities of long-term debt	100.4	99.3
Total current liabilities	581.7	615.5
Long-term debt, less current maturities	3,613.5	3,602.9
Right-of-use operating lease liabilities	271.9	279.9
Long-term deferred tax liabilities	52.1	53.4
Other long-term liabilities	41.6	41.2
Non-controlling interests—redeemable	383.4	395.5
Stockholders' equity:		
Preferred stock, \$0.01 par value; shares authorized - 20,310,000; shares issued or outstanding - none	—	—
Common stock, \$0.01 par value; shares authorized - 300,000,000; shares issued and outstanding - 130,797,216 and 129,321,144, respectively	1.3	1.3
Additional paid-in capital	2,548.3	2,540.6
Accumulated other comprehensive income (loss)	(10.5)	(13.8)
Retained deficit	(851.1)	(815.2)
Total Surgery Partners, Inc. stockholders' equity	1,688.0	1,712.9
Non-controlling interests—non-redeemable	1,409.9	1,418.4
Total stockholders' equity	3,097.9	3,131.3
Total liabilities and stockholders' equity	\$ 8,042.1	\$ 8,119.7

See notes to unaudited condensed consolidated financial statements.

SURGERY PARTNERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, dollars in millions, except per share amounts; shares in thousands)

	Three Months Ended March 31,	
	2026	2025
Revenues	\$ 810.9	\$ 776.0
Operating expenses:		
Salaries and benefits	247.4	238.6
Supplies	220.2	215.8
Professional and medical fees	101.3	95.3
Lease expense	23.0	20.8
Other operating expenses	58.8	43.6
Cost of revenues	650.7	614.1
General and administrative expenses	39.3	36.0
Depreciation and amortization	38.5	36.3
Transaction and integration costs	15.6	24.7
Net loss on disposals, consolidations and deconsolidations	4.3	6.4
Equity in earnings of unconsolidated affiliates	(4.1)	(5.6)
Litigation settlements	2.5	2.2
Other income, net	(1.7)	—
	745.1	714.1
Operating income	65.8	61.9
Interest expense, net	(69.1)	(62.2)
Income (loss) before income taxes	(3.3)	(0.3)
Income tax (expense) benefit	1.2	—
Net income (loss)	(2.1)	(0.3)
Less: Net income attributable to non-controlling interests	(33.8)	(37.4)
Net income (loss) attributable to Surgery Partners, Inc.	\$ (35.9)	\$ (37.7)
Net loss per share attributable to common stockholders:		
Basic	\$ (0.28)	\$ (0.30)
Diluted ⁽¹⁾	\$ (0.28)	\$ (0.30)
Weighted average common shares outstanding:		
Basic	128,367	126,602
Diluted ⁽¹⁾	128,367	126,602

(1) The impact of potentially dilutive securities for all periods was not considered because the effect would be anti-dilutive.

See notes to unaudited condensed consolidated financial statements.

SURGERY PARTNERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited, dollars in millions)

	Three Months Ended March 31,	
	2026	2025
Net income (loss)	\$ (2.1)	\$ (0.3)
Other comprehensive income (loss), net of tax:		
Derivative activity, net of tax of \$0	3.3	(16.6)
Comprehensive income (loss)	1.2	(16.9)
Less: Comprehensive income attributable to non-controlling interests	(33.8)	(37.4)
Comprehensive income (loss) attributable to Surgery Partners, Inc.	<u>\$ (32.6)</u>	<u>\$ (54.3)</u>

See notes to unaudited condensed consolidated financial statements.

SURGERY PARTNERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited, dollars in millions, shares in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Deficit	Non-Controlling Interests— Non-Redeemable	Total
	Shares	Amount					
Balance as of December 31, 2025	129,321	\$ 1.3	\$ 2,540.6	\$ (13.8)	\$ (815.2)	\$ 1,418.4	\$ 3,131.3
Net income (loss)	—	—	—	—	(35.9)	34.2	(1.7)
Equity-based compensation	1,476	—	6.0	—	—	—	6.0
Other comprehensive income (loss)	—	—	—	3.3	—	—	3.3
Acquisition and disposal of shares of non-controlling interests, net	—	—	1.7	—	—	3.3	5.0
Distributions to non-controlling interests—non-redeemable holders	—	—	—	—	—	(46.0)	(46.0)
Balance as of March 31, 2026	<u>130,797</u>	<u>\$ 1.3</u>	<u>\$ 2,548.3</u>	<u>\$ (10.5)</u>	<u>\$ (851.1)</u>	<u>\$ 1,409.9</u>	<u>\$ 3,097.9</u>
Balance as of December 31, 2024	127,109	\$ 1.3	\$ 2,520.9	\$ 4.8	\$ (737.3)	\$ 1,406.7	\$ 3,196.4
Net income (loss)	—	—	—	—	(37.7)	32.6	(5.1)
Equity-based compensation	1,084	—	7.6	—	—	—	7.6
Other comprehensive income (loss)	—	—	—	(16.6)	—	—	(16.6)
Acquisition and disposal of shares of non-controlling interests, net	—	—	(2.6)	—	—	25.6	23.0
Distributions to non-controlling interests—non-redeemable holders	—	—	—	—	—	(49.3)	(49.3)
Balance as of March 31, 2025	<u>128,193</u>	<u>\$ 1.3</u>	<u>\$ 2,525.9</u>	<u>\$ (11.8)</u>	<u>\$ (775.0)</u>	<u>\$ 1,415.6</u>	<u>\$ 3,156.0</u>

See notes to unaudited condensed consolidated financial statements.

SURGERY PARTNERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS [Open]
(Unaudited, dollars in millions)

	Three Months Ended March 31,	
	2026	2025
Cash flows from operating activities:		
Net income (loss)	\$ (2.1)	\$ (0.3)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	38.5	36.3
Non-cash lease expense	11.2	9.6
Non-cash interest expense, net	2.3	2.5
Equity-based compensation expense	5.8	7.6
Net loss on disposals, consolidations and deconsolidations	4.3	6.4
Deferred income taxes	(1.3)	(0.3)
Equity in earnings of unconsolidated affiliates, net of distributions received	2.6	1.1
Changes in operating assets and liabilities, net of acquisitions and divestitures:		
Accounts receivable	3.6	4.8
Other operating assets and liabilities	(53.2)	(61.7)
Net cash provided by (used in) operating activities	11.7	6.0
Cash flows from investing activities:		
Purchases of property and equipment	(16.0)	(22.7)
Payments for acquisitions, net of cash acquired	(4.2)	(44.0)
Proceeds from disposals of facilities and other assets	—	4.8
Purchases of equity investments	—	(3.8)
Proceeds from sales of equity investments	0.9	—
Other investing activities	5.9	(10.7)
Net cash provided by (used in) investing activities	(13.4)	(76.4)
Cash flows from financing activities:		
Principal payments on long-term debt	(193.8)	(119.3)
Borrowings of long-term debt	195.4	213.6
Payments of debt issuance costs	(0.4)	—
Distributions to non-controlling interest holders	(58.0)	(62.3)
Proceeds related to ownership transactions with non-controlling interest holders	0.5	1.7
Other financing activities	0.4	(3.5)
Net cash provided by (used in) financing activities	(55.9)	30.2
Net increase (decrease) in cash and cash equivalents	(57.6)	(40.2)
Cash and cash equivalents at beginning of period	239.9	269.5
Cash and cash equivalents at end of period	\$ 182.3	\$ 229.3

See notes to unaudited condensed consolidated financial statements.

SURGERY PARTNERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Summary of Accounting Policies

Organization

Surgery Partners, Inc., a Delaware corporation, acting through its subsidiaries, owns and operates a national network of surgical facilities and ancillary services. The surgical facilities, which include ambulatory surgery centers ("ASCs") and surgical hospitals, primarily provide non-emergency surgical procedures across many specialties, including, among others, orthopedics and pain management, gastroenterology, ophthalmology, and general surgery. Although some of the Company's surgical hospitals may include emergency departments, they are generally not equipped to handle a broad spectrum of patient needs, including critical and traumatic injuries. Ancillary services are comprised of multi-specialty physician practices, urgent care facilities and anesthesia services. Unless the context otherwise indicates, Surgery Partners, Inc. and its subsidiaries are referred to herein as "Surgery Partners," "we," "us," "our" or the "Company."

As of March 31, 2026, the Company owned or operated a portfolio of 180 surgical facilities, comprised of 161 ASCs and 19 surgical hospitals in 30 states. The Company owns these facilities in partnership with physicians and, in some cases, health care systems in the markets and communities it serves. The Company owned a majority interest in 89 of these surgical facilities and consolidated 122 surgical facilities for financial reporting purposes.

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for fair presentation of the Company's financial position and results of operations have been included. The Company's fiscal year ends on December 31 and interim results are not necessarily indicative of results for a full year or any other interim period. The information contained in these condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025 (the "2025 Annual Report on Form 10-K"). Certain prior year amounts have been reclassified to conform with the current year presentation.

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, as well as interests in partnerships and limited liability companies controlled by the Company through its ownership of a majority voting interest or other rights granted to the Company by contract to manage and control the affiliate's business. All significant intercompany balances and transactions are eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and footnotes. Examples include, but are not limited to, estimates of accounts receivable allowances, professional and general liabilities and the estimate of deferred tax assets or liabilities. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications were specific to the Company's payor mix disclosures and had no effect on the reported results of operations.

Revenues

The Company's revenues generally relate to contracts with patients in which the performance obligations are to provide health care services. The Company recognizes revenues in the period in which its obligations to provide health care services are satisfied and reports the amount that reflects the consideration the Company expects to be entitled to receive. The contractual relationships with patients, in most cases, also involve a third-party payor (e.g., Medicare, Medicaid and private insurance organizations, including plans offered through the health insurance exchanges) and the transaction prices for the services provided are dependent upon the terms provided by or negotiated with the third-party payors. The payment arrangements with third-party payors for the services provided to the related patients typically specify payments at amounts less than the Company's standard charges. The Company continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and the frequent changes in managed care contractual terms resulting from contract renegotiations and renewals.

SURGERY PARTNERS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The following table presents a summary of revenues by service type as a percentage of total revenues:

	Three Months Ended March 31,	
	2026	2025
Patient service revenues	97.7 %	97.8 %
Other service revenues	2.3 %	2.2 %
Total revenues	100.0 %	100.0 %

Patient service revenues. This revenue is related to charging facility fees in exchange for providing patient care. The fee charged for health care procedures performed in surgical facilities varies depending on the type of service provided, but usually includes all charges for usage of an operating room, a recovery room, special equipment, medical supplies, nursing staff and medications. The fee does not normally include professional fees charged by the patient's surgeon, anesthesiologist or other attending physician, which are billed directly by such physicians to the patient or third-party payor. However, in several surgical facilities, the Company charges for anesthesia services. Ancillary service revenues include fees for patient visits to the Company's physician practices, pharmacy services and diagnostic tests ordered by physicians.

Patient service revenues are recognized as performance obligations are satisfied. Performance obligations are based on the nature of services provided. Typically, the Company recognizes revenue at a point in time in which services are rendered and the Company has no obligation to provide further patient services. Because the Company primarily performs outpatient procedures, performance obligations are generally satisfied same day and revenue is recognized on the date of service.

The Company determines the transaction price based on gross charges for services provided, net of estimated contractual adjustments and implicit price concessions. The Company estimates its contractual adjustments and implicit price concessions based on contractual agreements, its discount policies and historical experience of cash collections and historical write-offs. The estimated contractual adjustments and implicit price concessions are recognized at the time of services being performed, with ASCs generally based on contractual agreements and surgical hospitals generally based on historical experience of cash collections and write-offs. Changes in estimated contractual adjustments and implicit price concessions are recorded in the period of change, with final adjustments, if any, typically at the time of payment.

Several states utilize supplemental Medicaid reimbursement programs for the purpose of providing reimbursement to providers to increase base rates to the levels that Medicare would have paid for the same service or for payments that offset a portion of the cost of providing care to Medicaid and indigent patients. These programs are designed with input from the Centers for Medicare & Medicaid Services ("CMS") and are funded with a combination of state and federal resources, including, in certain instances, fees or taxes levied on the providers. We account for payments under these supplemental programs as variable consideration and estimate the amount using the most likely amount method. Reimbursement under these programs, including the recognition of variable consideration, is reflected in patient service revenues. Taxes or other program-related costs are reflected in other operating expenses.

Other service revenues. Other service revenues include management and administrative service fees derived from the non-consolidated facilities that the Company accounts for under the equity method, management of surgical facilities in which it does not own an interest, and management services provided to physician practices for which the Company is not required to provide capital or additional assets and other non-patient services. The management agreements typically require the Company to provide recurring management services over a multi-year period, which are billed and collected on a monthly basis. The fees derived from these management arrangements are based on a predetermined percentage of the revenues of each facility or practice and are recognized in the period in which management services are rendered and billed.

The following table sets forth patient service revenues by type of payor and as a percentage of total patient service revenues for the Company's consolidated surgical facilities (dollars in millions):

	Three Months Ended March 31,			
	2026		2025	
	Amount	%	Amount	%
Patient service revenues:				
Private insurance	\$ 398.9	50.4 %	\$ 393.8	51.9 %
Government	357.4	45.1 %	328.5	43.3 %
Self-pay	19.2	2.4 %	20.1	2.7 %
Other ⁽¹⁾	16.6	2.1 %	16.0	2.1 %
Total patient service revenues	792.1	100.0 %	758.4	100.0 %
Other service revenues	18.8		17.6	
Total revenues	\$ 810.9		\$ 776.0	

SURGERY PARTNERS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) Other is comprised of automobile liability, letters of protection and other payor types.

Accounts Receivable

Accounts receivable from third-party payors are recorded net of contractual allowances and implicit price concessions, which are estimated based on established fee schedules, relationships with payors, procedure statistics and other objective information including the historical trend of cash collections and contractual write-offs. The Company estimates its contractual adjustments and implicit price concessions based on contractual agreements, its discount policies and historical experience of cash collections and historical write-offs. The estimated contractual adjustments and implicit price concessions are recognized at the time of services being performed, with ASCs generally based on contractual agreements and surgical hospitals generally based on historical experience of cash collections and write-offs. Changes in estimated contractual adjustments and implicit price concessions are recorded in the period of change, with final adjustments, if any, typically at the time of payment. While changes in estimated reimbursement from third-party payors remain a possibility, the Company expects that any such changes would be minimal and, therefore, would not have a material effect on its financial condition or results of operations.

Accounts receivable consists of receivables from federal and state agencies (under the Medicare and Medicaid programs), private insurance organizations, employers and patients. Management recognizes that revenues and receivables from government agencies are significant to the Company's operations, but it does not believe that there is significant credit risk associated with these government agencies. Concentration of credit risk with respect to other payors is limited because of the large number of such payors.

The Company recognizes that final reimbursement of accounts receivable is subject to final approval by each third-party payor. However, because the Company has contracts with its third-party payors and also verifies insurance coverage of the patient before medical services are rendered, the amounts that are pending approval from third-party payors are not considered significant. Amounts are classified outside of self-pay if the Company has an agreement with the third-party payor or has verified a patient's coverage prior to services rendered. The Company's policy is to collect co-payments and deductibles prior to providing medical services. Patient services of the Company are primarily non-emergency, which allows the surgical facilities to control the procedures for which third-party reimbursement is sought and obtained. The Company does not require collateral from self-pay patients.

The Company's collection policies and procedures are based on the type of payor, size of claim and estimated collection percentage for each patient account. The Company analyzes accounts receivable at each of its surgical facilities to ensure the proper collection and aged category. Collection efforts include direct contact with third-party payors or patients, written correspondence and the use of legal or collection agency assistance, as required.

Income Taxes

We use the asset and liability method to account for income taxes. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. We assess the likelihood that deferred tax assets will be recovered from sources of future taxable income. To the extent we believe that recovery is not probable, a valuation allowance is established. To the extent we establish a valuation allowance or subsequently increase or decrease this allowance, we must include an adjustment as part of the income tax provision in our results of operations.

The first step in determining the deferred tax asset valuation allowance is identifying reporting jurisdictions where we have a history of tax and operating losses or are projected to have losses in future periods as a result of changes in operational performance. We then determine if a valuation allowance should be established against the deferred tax assets for that reporting jurisdiction. The second step is to determine the amount of the valuation allowance. We will generally establish a valuation allowance equal to the net deferred tax asset (deferred tax assets less deferred tax liabilities) related to the jurisdiction identified in step one of the analysis. In certain cases, we may not reduce the valuation allowance by the amount of the deferred tax liabilities depending on the nature and timing of future taxable income attributable to deferred tax liabilities.

In assessing tax contingencies, we apply the provisions of ASC 740, "Income Taxes". We apply the recognition threshold and measurement of a tax position taken or expected to be taken in a tax return. We classify interest and penalties as a component of income tax expense. During each reporting period, we assess the facts and circumstances related to recorded tax contingencies, such as lapsing of applicable statutes of limitations, conclusion of tax audits, additional exposure based on current calculations, identification of new issues, release of administrative guidance, or rendering of a court decision affecting a particular tax issue. If tax contingencies are no longer deemed probable based upon new facts and circumstances, the contingency is reflected as a reduction of the provision for income taxes in the current period.

Goodwill

Goodwill represents the excess of the fair value of the consideration provided in an acquisition plus the fair value of any non-controlling interests over the fair value of net assets acquired and is not amortized. Additions to goodwill include amounts resulting from new business combinations and incremental ownership purchases in the Company's subsidiaries. A summary of the Company's acquisitions, disposals and deconsolidations for the three months ended March 31, 2026 is included in Note 2. "Acquisitions, Disposals and Deconsolidations."

SURGERY PARTNERS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

A summary of activity related to goodwill for the three months ended March 31, 2026 is as follows (in millions):

Balance as of December 31, 2025	\$	5,194.6
Acquisitions, including post acquisition adjustments		10.6
Disposals		—
Balance as of March 31, 2026	\$	5,205.2

A detailed evaluation of potential impairment indicators was performed as of March 31, 2026, which specifically considered recent changes in interest rates, inflation risk and market volatility. On the basis of available evidence as of March 31, 2026, no indicators of impairment were identified. Future estimates of fair value could be adversely affected if the actual outcome of one or more of the Company's assumptions changes materially in the future, including a material decline in the Company's stock price and the fair value of its long-term debt, lower than expected surgical case volumes, higher market interest rates or increased operating costs. Such changes impacting the calculation of fair value could result in a material impairment charge in the future.

Derivative Instruments and Hedging Activities

The Company records all derivatives on the balance sheet at fair value and any financing elements treated as debt instruments are recorded at amortized cost. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain risks, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

The Company made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

Non-Controlling Interests—Redeemable

Each partnership and limited liability company through which the Company owns and operates its surgical facilities is governed by a partnership or operating agreement, respectively. In certain circumstances, the applicable partnership or operating agreements for the Company's surgical facilities provide that the facilities will purchase all of the physician limited partners' or physician minority members', as applicable, ownership if certain adverse regulatory events occur, such as it becoming illegal for the physician(s) to own an interest in a surgical facility, refer patients to a surgical facility or receive cash distributions from a surgical facility. Management believes the likelihood of an event occurring that would trigger such purchases was remote as of March 31, 2026. The non-controlling interests—redeemable are reported outside of stockholders' equity in the condensed consolidated balance sheets.

A summary of activity related to redeemable non-controlling interests is as follows (in millions):

	Three Months Ended March 31,	
	2026	2025
Balance at beginning of period	\$ 395.5	\$ 438.8
Net income attributable to non-controlling interests—redeemable	(0.4)	4.8
Acquisition and disposal of shares of non-controlling interests, net—redeemable	0.3	1.0
Distributions to non-controlling interest —redeemable holders	(12.0)	(14.1)
Balance at end of period	\$ 383.4	\$ 430.5

Fair Value of Financial Instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in an orderly transaction between market participants to sell the asset or transfer the liability. The Company uses fair value measurements based on inputs classified into the following hierarchy:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These may include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, depending on the nature of the item being valued.

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A summary of the carrying amounts and estimated fair values of the Company's long-term debt follows (in millions):

	Carrying Amount		Fair Value	
	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025
Senior secured term loan	\$ 1,371.0	\$ 1,374.4	\$ 1,371.0	\$ 1,379.6
7.250% senior unsecured notes due 2032	\$ 1,225.0	\$ 1,225.0	\$ 1,212.8	\$ 1,237.3

The fair values in the table above were based on Level 2 inputs using quoted prices for identical liabilities in inactive markets. The carrying amounts related to the Company's other long-term debt obligations, including finance lease obligations, approximate their fair values.

Variable Interest Entities

The condensed consolidated financial statements include the accounts of variable interest entities ("VIE") in which the Company is the primary beneficiary under the provisions of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification 810, "*Consolidation*." The Company has the power to direct the activities that most significantly impact a VIE's economic performance. Additionally, the Company would absorb the majority of the expected losses from any of these entities should such expected losses occur. As of March 31, 2026, the Company's consolidated VIEs consisted of nine surgical facilities and 27 physician practices.

The total assets (excluding goodwill and intangible assets, net) of the consolidated VIEs included in the accompanying condensed consolidated balance sheets as of March 31, 2026 and December 31, 2025, were \$77.1 million and \$75.1 million, respectively, and the total liabilities of the consolidated VIEs were \$40.4 million and \$40.4 million, respectively.

2. Acquisitions, Disposals and Deconsolidations

Acquisitions

During the three months ended March 31, 2026:

- The Company acquired a controlling interest in one surgical facility for aggregate cash consideration of \$4.2 million, net of cash acquired. In connection with this acquisition, the Company preliminarily recognized non-controlling interests of \$4.1 million and goodwill of \$8.3 million.

During the three months ended March 31, 2025:

- The Company acquired a controlling interest in four surgical facilities and one physician practice for aggregate cash consideration of \$44.0 million, net of cash acquired. In connection with these acquisitions, the Company preliminarily recognized non-controlling interests of \$28.0 million and goodwill of \$70.2 million.
- The Company acquired non-controlling interests in one surgical facility and for aggregate cash consideration of \$3.8 million. The non-controlling interests were accounted for as equity method investments and recorded as a component of investments in and advances to affiliates in the condensed consolidated balance sheets.

Disposals and Deconsolidations

During the three months ended March 31, 2026:

- The Company disposed of its non-controlling interests in one surgical facility, which was previously accounted for as an equity method investment, for cash proceeds of \$0.9 million. In connection with this transaction, the Company recognized a pre-tax loss of \$4.0 million, which is included in net loss on disposals, consolidations and deconsolidations in the accompanying condensed consolidated statements of operations.

During the three months ended March 31, 2025:

- The Company sold a portion of its interests in one surgical facility for net cash proceeds of \$0.5 million. As a result of the transaction, the Company no longer controlled the previously controlled surgical facility but retained a non-controlling interest, resulting in the deconsolidation of the previously consolidated entity. This transaction resulted in a pretax net loss on deconsolidation of \$3.0 million, which is included in net loss on disposals, consolidations and deconsolidations in the accompanying condensed consolidated statements of operations. The net gain was determined based on the difference between the net cash proceeds plus the fair value of the Company's retained interests in the entity and the carrying values of both the tangible and intangible assets of the entity immediately prior to the transaction.
- The Company sold or otherwise disposed of its controlling interests in two surgical facilities for aggregate net cash proceeds of \$4.3 million. In connection with the transactions, the Company recognized a pre-tax net gain of \$0.5 million, which is included in net loss on disposals, consolidations and deconsolidations in the accompanying condensed consolidated statements of operations.

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3. Long-Term Debt

A summary of long-term debt follows (in millions):

	March 31, 2026	December 31, 2025
Senior secured term loan ⁽¹⁾	\$ 1,371.0	\$ 1,374.4
Senior secured revolving credit facility	28.0	—
7.250% senior unsecured notes due 2032	1,225.0	1,225.0
Notes payable and other secured loans	195.4	199.3
Finance lease obligations	925.7	935.5
Less: unamortized debt issuance costs and discounts	(31.2)	(32.0)
Total debt	3,713.9	3,702.2
Less: current maturities	100.4	99.3
Total long-term debt	\$ 3,613.5	\$ 3,602.9

(1) Includes unamortized fair value discount of \$1.2 million as of both March 31, 2026 and December 31, 2025.

Revolving Credit Facility

As of March 31, 2026, the Company's availability on its \$703.8 million senior secured revolving credit facility (the "Revolver") was \$666.1 million (including letters of credit of \$9.7 million). The increase in outstanding borrowings on the Revolver compared to December 31, 2025 was primarily due to changes in working capital needs.

4. Leases

The Company's operating leases are primarily for real estate, including medical office buildings, and corporate and other administrative offices. The Company's finance leases include certain land, buildings and improvements, medical equipment and information technology and telecommunications assets.

The following table presents the components of the Company's right-of-use assets and liabilities related to leases and their classification in the condensed consolidated balance sheets (in millions):

	Classification in Condensed Consolidated Balance Sheets	March 31, 2026	December 31, 2025
Assets:			
Operating lease assets	Right-of-use operating lease assets	\$ 281.5	\$ 289.2
Finance lease assets	Property and equipment, net of accumulated depreciation	725.4	740.4
Total leased assets		\$ 1,006.9	\$ 1,029.6
Liabilities:			
Operating lease liabilities:			
Current	Other current liabilities	\$ 42.2	\$ 42.7
Long-term	Right-of-use operating lease liabilities	271.9	279.9
Total operating lease liabilities		314.1	322.6
Finance lease liabilities:			
Current	Current maturities of long-term debt	39.3	39.0
Long-term	Long-term debt, less current maturities	886.4	896.5
Total finance lease liabilities		925.7	935.5
Total lease liabilities		\$ 1,239.8	\$ 1,258.1

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The following table presents the components of the Company's lease expense and their classification in the condensed consolidated statements of operations (in millions):

	Three Months Ended March 31,	
	2026	2025
Operating lease costs	\$ 16.7	\$ 16.5
Finance lease costs:		
Amortization of leased assets	16.9	16.0
Interest on lease liabilities	16.1	18.2
Total finance lease costs	33.0	34.2
Variable and short-term lease costs	6.5	4.6
Total lease costs	<u>\$ 56.2</u>	<u>\$ 55.3</u>

The following table presents supplemental cash flow information (in millions):

	Three Months Ended March 31,	
	2026	2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	\$ 16.8	\$ 15.8
Operating cash outflows from finance leases	15.1	16.7
Financing cash outflows from finance leases	10.8	6.2
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	3.6	10.8
Finance leases	1.5	60.0

5. Derivatives and Hedging Activities

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate caps as part of its interest rate risk management strategy. During 2026 and 2025, such derivatives have been used to hedge the variable cash flows associated with existing variable-rate debt.

The key terms of interest rate caps outstanding are presented below:

Description	Effective Date	March 31, 2026		December 31, 2025		Maturity Date
		Notional Amount (in millions)	Status	Notional Amount (in millions)	Status	
Deferred premium cap	March 31, 2025	\$ 392.0	Active	\$ 393.0	Active	December 31, 2028
Deferred premium cap	March 31, 2025	196.0	Active	196.5	Active	December 31, 2028
Deferred premium cap	March 31, 2025	392.0	Active	393.0	Active	December 31, 2028
Deferred premium cap	March 31, 2025	196.0	Active	196.5	Active	December 31, 2028
Deferred premium cap	March 31, 2025	196.0	Active	196.5	Active	December 31, 2028
		<u>\$ 1,372.0</u>		<u>\$ 1,375.5</u>		

Within the Company's condensed consolidated balance sheets, the interest rate caps are recorded at fair value. The cash flows related to the interest rate caps are classified as operating activities in the condensed consolidated statements of cash flows. The fair value of the interest rate caps is determined using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates rise above the strike rate of the caps. The variable interest rates used in the calculation of projected receipts on the caps are based on an expectation of future interest rates derived from observable market interest rate curves and volatilities. The interest rate caps are classified using Level 2 inputs within the fair value hierarchy.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in accumulated other comprehensive income ("OCI") and subsequently reclassified into interest expense in the same period(s) during which

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the hedged transaction affects earnings, as documented at hedge inception in accordance with the Company's accounting policy election. Amounts reported in accumulated OCI related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. Over the next 12 months, the Company estimates that an additional \$5.4 million will be reclassified as an increase to interest expense.

The following table presents the fair values of our derivatives and their location on the condensed consolidated balance sheets (in millions):

	March 31, 2026		December 31, 2025	
	Assets	Liabilities	Assets	Liabilities
Derivatives in cash flow hedging relationships				
Interest rate caps ⁽¹⁾	\$ —	\$ 10.5	\$ —	\$ 13.8
Total	\$ —	\$ 10.5	\$ —	\$ 13.8

(1) Amounts were included in other long-term liabilities on the condensed consolidated balance sheets as of March 31, 2026 and December 31, 2025.

The following table presents the pre-tax effect of the interest rate swaps and caps on the Company's accumulated OCI and condensed consolidated statements of operations (in millions):

	Location	Three Months Ended March 31,	
		2026	2025
Derivatives not designated as hedging instruments			
Gain (loss) recognized in income	Other income, net	\$ —	\$ —
Derivatives in cash flow hedging relationships			
Gain (loss) recognized in OCI (effective portion)		\$ 1.9	\$ (5.6)
Gain (loss) reclassified from accumulated OCI into income (effective portion)	Interest expense, net	1.4	(11.0)

6. Earnings Per Share

Basic and diluted earnings (loss) per share is calculated based on the weighted-average number of shares outstanding in each period and dilutive stock options, unvested shares and warrants, to the extent such securities exist and have a dilutive effect on earnings (loss) per share. A reconciliation of the numerator and denominator of basic and diluted earnings (loss) per share follows (dollars in millions, except per share amounts; shares in thousands):

	Three Months Ended March 31,	
	2026	2025
Numerator:		
Net income (loss) attributable to Surgery Partners, Inc.	\$ (35.9)	\$ (37.7)
Denominator:		
Weighted average common shares outstanding:		
Basic	128,367	126,602
Diluted ⁽¹⁾	128,367	126,602
Net loss per share attributable to common stockholders:		
Basic	\$ (0.28)	\$ (0.30)
Diluted ⁽¹⁾	\$ (0.28)	\$ (0.30)
Dilutive securities outstanding not included in the computation of diluted loss per share as their effect is antidilutive:		
Stock options	144	957
Restricted shares	115	138

(1) The impact of potentially dilutive securities for all periods was not considered because the effect would be anti-dilutive.

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7. Income Taxes

For the three months ended March 31, 2026, the Company calculated its effective tax rate under a discrete-period approach based solely on its income from operations for the three months ended March 31, 2026. The Company's effective tax rate was 36.4% for the three months ended March 31, 2026. For the three months ended March 31, 2026, the effective tax rate differed from the U.S. federal statutory rate of 21% primarily due to earnings attributable to non-controlling interests, an increase in the Company's valuation allowance attributable to interest expense limitations and a permanent difference between the book and tax deductions related to the Company's stock compensation expense.

For the three months ended March 31, 2025, the Company estimated its effective tax rate under a discrete-period approach based solely on its income from operations for the three months ended March 31, 2025. The Company's effective tax rate was 0% for the three months ended March 31, 2025. For the three months ended March 31, 2025, the effective tax rate differed from the U.S. federal statutory rate of 21% primarily due to earnings attributable to non-controlling interests, an increase in the Company's valuation allowance attributable to interest expense limitations, and a permanent difference between the book and tax deductions related to the Company's stock compensation expense.

As of March 31, 2026 and December 31, 2025, the Company was in a cumulative three-year pre-tax loss position, which was considered significant negative evidence that could not be overcome by objective and verifiable positive evidence. Based on the weight of available evidence, the Company concluded that it was more likely than not that a portion of its net deferred tax assets will not be realized. Therefore, in accordance with ASC 740-10-30, the Company recorded a full valuation allowance, net of future reversing deferred tax liabilities, on its deferred tax assets to reflect the net realizable value as of the balance sheet dates.

8. Other Current Liabilities

A summary of other current liabilities was as follows (in millions):

	March 31, 2026	December 31, 2025
Right-of-use operating lease liabilities	\$ 42.2	\$ 42.7
Cost report liabilities	7.2	4.7
Amounts due to patients and payors	46.3	46.6
Interest payable	41.9	19.5
Accrued expenses and other	98.0	129.1
Total	<u>\$ 235.6</u>	<u>\$ 242.6</u>

9. Commitments and Contingencies

Professional, General and Workers' Compensation and Cyber Liability Risks

The Company is subject to claims and legal actions in the ordinary course of business, including claims relating to patient treatment, employment practices and personal injuries. The Company maintains professional, general and workers' compensation and cyber liability insurance in excess of self-insured retentions, through third party commercial insurance carriers. Although management believes the coverage is sufficient for the Company's operations, some claims may potentially exceed the scope of coverage in effect. Plaintiffs in these matters may request punitive or other damages that may not be covered by insurance. The Company is not aware of any such proceedings that are reasonably possible to have a material adverse effect on the Company's business, financial position, results of operations or liquidity. Total professional, general and workers' compensation claim liabilities as of March 31, 2026 and December 31, 2025 were \$26.9 million and \$23.9 million, respectively. Expected insurance recoveries of \$8.6 million as of both March 31, 2026 and December 31, 2025 are included as a component of other current assets and other long-term assets in the condensed consolidated balance sheets.

10. Segment Reporting

Segment information is prepared on the same basis that our Chief Executive Officer, who is our Chief Operating Decision Maker ("CODM"), manages our segments, evaluates financial results, and makes key operating decisions. We have one reportable segment: Surgical Facilities.

The Surgical Facilities reportable segment is comprised of two operating segments, which we have aggregated to a single reportable segment in consideration of the aggregation criteria set forth in ASC 280.

The Surgical Facilities reportable segment includes the operation of ASCs, surgical hospitals, anesthesia services, and multi-specialty physician practices, which earns revenues primarily from contracts with patients in which the performance obligations are to provide health care services. The "All other" line item primarily consists of amounts attributable to the Company's corporate general and administrative

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functions. The Company defines its segments on the basis of the way in which its internally reported financial information is regularly reviewed by the CODM to assess performance and allocate resources.

The Company's CODM uses Adjusted EBITDA to assess performance and allocate resources. The CODM considers budget-to-actual and actual versus prior period variances on a periodic basis as a means of assessing performance. The following segment information, including significant segment expenses, is presented in millions:

	Three Months Ended March 31,	
	2026	2025
Surgical Facilities Revenues	\$ 810.9	\$ 776.0
Less:		
Salaries and benefits	247.4	238.6
Supplies	220.2	215.8
Professional and medical fees	101.3	95.3
Lease expense	23.0	20.8
Other segment items ⁽¹⁾	84.2	73.5
	<u>676.1</u>	<u>644.0</u>
Adjusted Surgical Facilities EBITDA	<u>\$ 134.8</u>	<u>\$ 132.0</u>
Reconciliation:		
Add back: Net income attributable to non-controlling interests	(33.8)	(37.4)
Unallocated amounts:		
General and administrative expenses	39.3	36.0
Transaction and integration costs	15.6	24.7
Other corporate expenses	9.4	10.5
Depreciation and amortization	38.5	36.3
Interest expense, net	69.1	62.2
Income (loss) before income taxes	<u>\$ (3.3)</u>	<u>\$ (0.3)</u>

(1) Other segment items includes equity in earnings of unconsolidated affiliates, net income attributable to non-controlling interests and other expenses, net.

	Three Months Ended March 31,	
	2026	2025
Depreciation and amortization:		
Surgical Facilities	\$ 35.9	\$ 33.8
All other	2.6	2.5
Total depreciation and amortization expense	<u>\$ 38.5</u>	<u>\$ 36.3</u>
	March 31, 2026	December 31, 2025
Assets:		
Surgical Facilities	\$ 7,608.0	\$ 7,643.9
All other	434.1	475.8
Total assets	<u>\$ 8,042.1</u>	<u>\$ 8,119.7</u>

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	Three Months Ended March 31,	
	2026	2025
Cash purchases of property and equipment:		
Surgical Facilities	\$ 16.0	\$ 21.8
All other	—	0.9
Total cash purchases of property and equipment	<u>\$ 16.0</u>	<u>\$ 22.7</u>

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and related notes included elsewhere in this report and our 2025 Annual Report on Form 10-K. Unless the context otherwise indicates, the terms "Surgery Partners," "we," "us," "our" or the "Company," as used herein, refer to Surgery Partners, Inc. and its subsidiaries, and the term "affiliates" means direct and indirect subsidiaries of Surgery Partners, Inc. and partnerships and joint ventures in which such subsidiaries are partners. The terms "facilities" or "hospitals" refer to entities owned and operated by affiliates of Surgery Partners, Inc. and the term "employees" refers to employees of affiliates of Surgery Partners, Inc.

Cautionary Note Regarding Forward-Looking Statements

This report contains forward-looking statements, which are based on our current expectations, estimates and assumptions about future events. All statements other than statements of current or historical fact contained in this report are forward-looking statements. These statements include, but are not limited to, statements regarding our future financial position, business strategy, budgets, effective tax rate, projected costs and plans and objectives of management for future operations. The words "projections," "believe," "continue," "drive," "estimate," "expect," "intend," "may," "plan," "will," "could," "would" and similar expressions are generally intended to identify forward-looking statements.

By their nature, forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ from the expectations expressed in the statements. Many of these factors are beyond our ability to control or predict. These factors include, without limitation, reductions in payments from government health care programs and private insurance payors, such as health maintenance organizations, preferred provider organizations, and other managed care organizations and employers; our ability to contract with private insurance payors; changes in our payor mix or surgical case mix; failure to maintain or develop relationships with physicians on beneficial or favorable terms, or at all; the impact of payor controls designed to reduce the number of surgical procedures; our efforts to integrate operations of acquired businesses and surgical facilities, attract new physician partners, or acquire additional surgical facilities; supply chain issues, including shortages or quality control issues with surgery-related products, equipment and medical supplies; competition for physicians, nurses, strategic relationships, acquisitions and managed care contracts; our ability to attract and retain qualified health care professionals; our ability to enforce non-compete restrictions against our physicians; our ability to manage material liabilities whether known or unknown incurred as a result of acquiring surgical facilities; the impact of current and future legislation and other health care public policy changes, and the effect of that legislation and other regulatory actions on our business; our ability to comply with current health care laws and regulations; the outcome of legal and regulatory proceedings that have been or may be brought against us; the impact of cybersecurity attacks or intrusions; changes in the regulatory, economic and other conditions of the states where our surgical facilities are located; our indebtedness; the social and economic impact of a pandemic, epidemic or outbreak of a contagious disease on our business; and the risks and uncertainties set forth under the heading "Risk Factors" in our 2025 Annual Report on Form 10-K and discussed from time to time in our reports filed with the SEC.

Considering these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this report may not occur, and actual results could differ materially from those anticipated or implied in the forward-looking statements. When you consider these forward-looking statements, you should keep in mind these risk factors and other cautionary statements in this report.

These forward-looking statements speak only as of the date made. Other than as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events or otherwise.

Executive Overview

As of March 31, 2026, we owned or operated, primarily in partnership with physicians, a portfolio of 180 surgical facilities comprised of 161 ASCs and 19 surgical hospitals across 30 states. We owned a majority interest in 89 of the surgical facilities and consolidated 122 of these facilities for financial reporting purposes.

Total revenues for the first quarter of 2026 increased 4.5% to \$810.9 million from \$776.0 million in the first quarter of 2025. The increase in revenues was attributable to same-facility revenue growth in 2026. Days adjusted same-facility revenues for the first quarter of 2026 increased 4.4% from the first quarter of 2025, with a 3.8% increase in revenue per case and a 0.6% increase in same-facility cases. Additionally, for the first quarter of 2026, net loss attributable to Surgery Partners, Inc. was \$35.9 million compared to \$37.7 million for the first quarter of 2025. For the first quarter of 2026, Adjusted EBITDA decreased 1.5% to \$102.3 million compared to \$103.9 million for the same period in 2025. A reconciliation of non-GAAP financial measures appears below under the heading "Certain Non-GAAP Measures."

We continue to focus on improving our same-facility performance, selectively acquiring established facilities, developing new facilities and pursuing other portfolio management initiatives. During the first quarter of 2026, we acquired a controlling interest in one surgical facility for aggregate cash consideration of \$4.2 million, net of cash acquired.

We had cash and cash equivalents of \$182.3 million and \$666.1 million of borrowing capacity under the Revolver as of March 31, 2026.

Revenues

Our revenues consist of patient service revenues and other service revenues. Patient service revenues consist of revenue from our Surgical Facilities reportable segment. Specifically, patient service revenues include fees for surgical or diagnostic procedures performed at surgical facilities that we consolidate for financial reporting purposes, as well as for patient visits to our physician practices, anesthesia services, pharmacy services and diagnostic screens ordered by our physicians. Other service revenues include management and administrative service fees derived from our non-consolidated facilities that we account for under the equity method, management of surgical facilities and physician practices in which we do not own an interest, management services we provide to physician practices for which we are not required to provide capital or additional assets and other non-patient services.

The following table summarizes revenues by service type as a percentage of total revenues:

	Three Months Ended March 31,	
	2026	2025
Patient service revenues:		
Patient service revenues	97.7 %	97.8 %
Other service revenues	2.3 %	2.2 %
Total revenues	100.0 %	100.0 %

Payor Mix

The following table sets forth by type of payor the percentage of our patient service revenues generated at the surgical facilities that we consolidate for financial reporting purposes:

	Three Months Ended March 31,	
	2026	2025
Private insurance payors	50.4 %	51.9 %
Government payors	45.1 %	43.3 %
Self-pay payors	2.4 %	2.7 %
Other payors ⁽¹⁾	2.1 %	2.1 %
Total	100.0 %	100.0 %

(1) Comprised of automobile liability, letters of protection and other payor types.

Surgical Case Mix

We primarily operate multi-specialty surgical facilities where physicians perform a variety of procedures in various specialties. We believe this diversification helps to protect us from adverse pricing and utilization trends in any individual procedure type and results in greater consistency in our case volume.

The following table sets forth the percentage of cases in each specialty performed at the surgical facilities that we consolidate for financial reporting purposes for the periods indicated:

	Three Months Ended March 31,	
	2026	2025
Orthopedics and pain management	41.2 %	40.5 %
Ophthalmology	20.5 %	21.9 %
Gastrointestinal	23.6 %	24.3 %
General surgery	2.0 %	2.2 %
Other	12.7 %	11.1 %
Total	100.0 %	100.0 %

Critical Accounting Policies

A summary of significant accounting policies is disclosed in our 2025 Annual Report on Form 10-K under the caption “Critical Accounting Policies” in the Management’s Discussion and Analysis of Financial Condition and Results of Operations section. There have been no material changes in the nature of our critical accounting policies or the application of those policies since December 31, 2025.

Results of Operations

Comparison of Operating Results for the Three Months Ended March 31, 2026 to the Three Months Ended March 31, 2025

The following tables summarize certain results from the condensed consolidated statements of operations for the periods indicated (in millions):

	Three Months Ended March 31,	
	2026	2025
Revenues	\$ 810.9	\$ 776.0
Operating expenses:		
Cost of revenues	650.7	614.1
General and administrative expenses	39.3	36.0
Depreciation and amortization	38.5	36.3
Transaction and integration costs	15.6	24.7
Net loss on disposals, consolidations and deconsolidations	4.3	6.4
Equity in earnings of unconsolidated affiliates	(4.1)	(5.6)
Litigation settlements	2.5	2.2
Other income, net	(1.7)	—
	745.1	714.1
Operating income	65.8	61.9
Interest expense, net	(69.1)	(62.2)
Income (loss) before income taxes	(3.3)	(0.3)
Income tax (expense) benefit	1.2	—
Net income (loss)	(2.1)	(0.3)
Less: Net income attributable to non-controlling interests	(33.8)	(37.4)
Net income (loss) attributable to Surgery Partners, Inc.	\$ (35.9)	\$ (37.7)

Revenues. The following table sets forth patient service revenues (in millions):

	Three Months Ended March 31,	
	2026	2025
Patient service revenues	\$ 792.1	\$ 758.4
Other service revenues	18.8	17.6
Total revenues	\$ 810.9	\$ 776.0

Patient service revenues increased 4.4% to \$792.1 million for the three months ended March 31, 2026 compared to \$758.4 million for the three months ended March 31, 2025. The increase was primarily driven by a 4.4% increase in days adjusted same-facility revenues. The increase in days adjusted same-facility revenues was attributable to a 0.6% increase in same-facility case volumes and a 3.8% increase in same-facility revenue per case.

Cost of Revenues. Cost of revenues was \$650.7 million for the three months ended March 31, 2026 compared to \$614.1 million for the three months ended March 31, 2025. The increase was primarily driven by an increase in case volume and the performance of high acuity procedures completed during the three months ended March 31, 2026, and increased hospital provider taxes related to certain state supplemental programs. As a percentage of revenues, cost of revenues was 80.2% and 79.1% for the three months ended March 31, 2026 and 2025, respectively.

General and Administrative Expenses. General and administrative expenses were \$39.3 million and \$36.0 million for the three months ended March 31, 2026 and 2025, respectively. As a percentage of revenues, general and administrative expenses were 4.8% and 4.6% for the three months ended March 31, 2026 and 2025, respectively.

Depreciation and Amortization. Depreciation and amortization expenses were \$38.5 million and \$36.3 million for the three months ended March 31, 2026 and 2025, respectively. As a percentage of revenues, depreciation and amortization expenses were 4.7% for the three months ended March 31, 2026 and 2025.

Transaction and Integration Costs. The Company incurred \$15.6 million of transaction and integration costs for the three months ended March 31, 2026 compared to \$24.7 million for the three months ended March 31, 2025. The costs for both periods primarily related to ongoing development initiatives and the integration of acquisitions. The decrease was primarily driven by reduced acquisition and divestiture activity and reduced severance, IT implementation, and revenue cycle standardization costs.

Net Loss on Disposals, Consolidations and Deconsolidations. The net loss on disposals, consolidations and deconsolidations for the three months ended March 31, 2026 and 2025 includes activity discussed in Note 2. "Acquisitions, Disposals and Deconsolidations" of the accompanying notes to the condensed consolidated financial statements. The remaining net loss in both periods was primarily attributable to sales and disposals of other assets.

Interest Expense, Net. Interest expense, net was \$69.1 million for the three months ended March 31, 2026 compared to \$62.2 million for the three months ended March 31, 2025. As a percentage of revenues, interest expense, net was 8.5% and 8.0% for the three months ended March 31, 2026 and 2025, respectively. The increase was primarily driven by the maturity of prior interest rate swaps in March 2025 and increased interest related to the incremental senior unsecured notes raised in December 2025, partially offset by reduced borrowings on the Revolver.

Income Tax (Expense) Benefit. Income tax (expense) benefit was \$1.2 million and \$0.0 million for the three months ended March 31, 2026 and 2025, respectively. The effective tax rate was 36.4% and 0.0% for the three months ended March 31, 2026 and 2025, respectively. The Company's effective tax rate for both periods differed from the U.S. federal statutory rate of 21% primarily due to earnings attributable to non-controlling interests, an increase in the Company's valuation allowance attributable to interest expense limitations and permanent differences resulting from share-based payment awards.

Net Income Attributable to Non-Controlling Interests. As a percentage of revenues, net income attributable to non-controlling interests was 4.2% and 4.8% for the three months ended March 31, 2026 and 2025, respectively.

Liquidity and Capital Resources

Cash and cash equivalents were \$182.3 million at March 31, 2026 compared to \$239.9 million at December 31, 2025.

The primary source of our operating cash flows is the collection of accounts receivable from private insurance companies, federal and state agencies (under the Medicare and Medicaid programs) and individuals. Our cash flows provided by operating activities was \$11.7 million for the three months ended March 31, 2026 compared to \$6.0 million for the three months ended March 31, 2025. The \$5.7 million increase was primarily driven by timing of changes in working capital partially offset by an increase in cash interest payments.

Net cash used in investing activities for the three months ended March 31, 2026 was \$13.4 million compared to \$76.4 million for the three months ended March 31, 2025. The \$63.0 million decrease was primarily driven by an aggregate net decrease of \$43.6 million in payments for acquisitions and purchases of equity investments (net of cash acquired), a \$6.7 million decrease in purchases of property and equipment and a decrease in other investing activities.

Net cash used in financing activities for the three months ended March 31, 2026 was \$55.9 million compared to net cash provided of \$30.2 million for the three months ended March 31, 2025. The decrease of \$86.1 million was primarily driven by the paydown of long-term debt.

Capital Resources

Net working capital was approximately \$500.8 million at March 31, 2026 compared to \$535.2 million at December 31, 2025.

In addition to cash flows from operations and available cash, other sources of capital include amounts available on our Revolver as well as anticipated continued access to the capital markets.

Material Cash Requirements

There have been no material changes outside of the ordinary course of business to our upcoming cash obligations during the three months ended March 31, 2026 from those disclosed under "Material Cash Requirements" in Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2025 Annual Report on Form 10-K.

Summary

Broad economic factors, including recent changes in interest rates, inflation and supply chain risks and market volatility, could negatively affect our payor mix, increase the relative proportion of lower margin services we provide and reduce patient volumes, as well as diminish our ability to collect outstanding receivables. Any increase in the amount or deterioration in the collectability of patient accounts receivable will adversely affect our cash flows and results of operations, requiring an increased level of working capital.

If general economic conditions, including recent changes in interest rates, inflation risk and market volatility, continue to deteriorate or remain uncertain for an extended period of time, our ability to access capital could be harmed, which could negatively affect our liquidity and ability to repay our outstanding debt.

Based on our current level of operations, we believe cash flows from operations, available cash, available capacity on our Revolver and continued anticipated access to capital markets, will be adequate to meet our short-term (i.e., 12 months) and long-term (beyond 12 months) liquidity needs.

Certain Non-GAAP Measures

Adjusted EBITDA is not a measurement of financial performance under GAAP and should not be considered in isolation or as a substitute for net income, operating income or any other measure calculated in accordance with GAAP. The items excluded from this non-GAAP metric are significant components in understanding and evaluating our financial performance. We believe such adjustments are appropriate, as the magnitude and frequency of such items can vary significantly and are not related to the assessment of normal operating performance. Our calculation of Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies. We use Adjusted EBITDA as a measure of financial performance. Adjusted EBITDA is a key measure used by our management to assess operating performance, make business decisions and allocate resources.

The following table reconciles Adjusted EBITDA to income (loss) before income taxes, the most directly comparable GAAP financial measure (in millions and unaudited):

	Three Months Ended March 31,	
	2026	2025
Condensed Consolidated Statements of Operations Data:		
Income (loss) before income taxes	\$ (3.3)	\$ (0.3)
<i>Plus (minus):</i>		
Net income attributable to non-controlling interests	(33.8)	(37.4)
Interest expense, net	69.1	62.2
Depreciation and amortization	38.5	36.3
Equity-based compensation expense	5.8	7.6
Transaction and integration costs ⁽¹⁾	15.6	24.7
De novo start-up costs	1.9	1.7
Net loss on disposals, consolidations and deconsolidations	4.3	6.4
Litigation settlements and other litigation costs ⁽²⁾	4.2	2.7
Adjusted EBITDA	<u>\$ 102.3</u>	<u>\$ 103.9</u>

(1) For the three months ended March 31, 2026, this amount includes due diligence, transaction and integration costs related to acquisitions (both completed and in the pipeline) and divested facilities (collectively "M&A costs") of \$11.8 million and other costs, including severance, IT implementation, revenue cycle standardization of \$3.8 million. For the three months ended March 31, 2025, this amount includes M&A costs of \$16.8 million and other costs, including severance, IT implementation, revenue cycle standardization of \$7.9 million.

(2) This amount includes a litigation settlement loss of \$2.5 million and \$2.2 million for the three months ended March 31, 2026 and 2025, respectively. This amount also includes other litigation costs of \$1.7 million and \$0.5 million for the three months ended March 31, 2026 and 2025, respectively.

We use Credit Agreement EBITDA as a measure of liquidity and to determine our compliance under certain covenants pursuant to our Credit Agreement, as amended. Credit Agreement EBITDA is determined on a trailing twelve-month basis. We have included it because we believe that it provides investors with additional information about our ability to incur and service debt and make capital expenditures. Credit Agreement EBITDA is not a measurement of liquidity under GAAP and should not be considered in isolation or as a substitute for any other measure calculated in accordance with GAAP. The items excluded from Credit Agreement EBITDA are significant components in understanding and evaluating our liquidity. Our calculation of Credit Agreement EBITDA may not be comparable to similarly titled measures reported by other companies.

When we use the term "Credit Agreement EBITDA," we are referring to Adjusted EBITDA, as defined above, further adjusted for acquisitions and synergies. These adjustments do not relate to our historical financial performance and instead relate to estimates compiled by management and calculated in conformance with the definition of "Consolidated EBITDA" used in the credit agreements governing our credit facilities.

The following table reconciles Credit Agreement EBITDA to cash flows from operating activities, the most directly comparable GAAP financial measure (in millions and unaudited):

	Twelve Months Ended March 31, 2026
Cash flows from operating activities	\$ 280.0
<i>Plus (minus):</i>	
Non-cash interest expense, net	(9.4)
Non-cash lease expense	(39.4)
Deferred income taxes	(15.7)
Equity in earnings of unconsolidated affiliates, net of distributions received	(0.7)
Changes in operating assets and liabilities, net of acquisitions and divestitures	103.1
Income tax expense	16.8
Net income attributable to non-controlling interests	(173.2)
Interest expense, net	279.5
Transaction and integration costs	64.8
De novo start-up costs	6.9
Litigation settlements and other litigation costs	11.9
Acquisitions and synergies ⁽¹⁾	65.1
Credit Agreement EBITDA	\$ 589.7

(1) Represents impact of acquisitions as if each acquisition had occurred on April 1, 2025. Further this includes revenue and cost synergies from other business initiatives and de novo facilities and an adjustment for the effects of adopting the new lease accounting standard, as defined in the credit agreement governing the Credit Agreement, as amended.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are subject to market risk primarily from exposure to changes in interest rates based on our financing, investing and cash management activities. We utilize a balanced mix of maturities along with both fixed rate and variable rate debt to manage our exposures to changes in interest rates. Additionally, we periodically enter into interest rate swap and cap agreements to manage our exposure to interest rate fluctuations. Our interest rate cap agreements are derivative instruments that provide protection against increases in variable interest rates above a specified contractual rate, based on common notional principal amounts and maturity dates. The notional amounts of the agreements represent balances used solely to calculate contingent cash settlements and do not represent our assets or liabilities. Under these agreements, we receive cash payments from the counterparty when the applicable variable interest rate exceeds the cap rate. Our credit risk related to these agreements is considered low because the agreements are with creditworthy financial institutions. Cash settlements under these agreements are made on a net basis. These derivatives have been recognized in the financial statements at their respective fair values. Changes in the fair value of these derivatives, which are designated as cash flow hedges, are included in other comprehensive income.

Our variable rate debt instruments are primarily indexed to the prime rate or SOFR. Without derivatives, interest rate changes would result in gains or losses in the market value of our fixed rate debt portfolio due to differences in market interest rates and the rates at the inception of the debt agreements. Based on our indebtedness and the effectiveness of our interest rate cap agreements at March 31, 2026, we do not expect changes in interest rates to have a material effect on our net earnings or cash flows in 2026.

For more information regarding our interest rate swap and cap agreements, please refer to Note 5. "Derivatives and Hedging Activities" of the accompanying notes to the condensed consolidated financial statements for additional information.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of our management, including the chief executive officer and the chief financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended) as of March 31, 2026. Based on that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION**Item 1. Legal Proceedings**

We are, from time to time, subject to claims and suits, or threats of claims or suits, relating to our business, including claims for damages for personal injuries, breach of management contracts and employment related claims. In certain of these actions, plaintiffs request payment for damages, including punitive damages, which may not be covered by insurance or may otherwise have a material adverse effect on our business or results of operations. In the opinion of management, we are not currently a party to any proceedings that would have a material adverse effect on our business, financial condition, or results of operations.

Item 1A. Risk Factors

There have been no material changes with respect to the risk factors discussed in our 2025 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On February 26, 2026, the Board of Directors of the Company authorized a new share repurchase program that permits the repurchase of up to \$200 million of the Company's common stock. No repurchases were made during the first quarter of 2026.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information**Insider Trading Arrangements**

From time to time, certain of our executive officers and directors have, and we expect they will in the future, enter into, amend and terminate written trading arrangements pursuant to Rule 10b5-1 of the Securities and Exchange Act of 1934 or otherwise. During the three months ended March 31, 2026, none of the Company's directors or officers adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

Item 6. Exhibits

No.	Description
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification 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 Taxonomy Extension Instance Document - the instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2026, formatted in Inline XBRL (included in Exhibit 101).

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.

SURGERY PARTNERS, INC.

Date: May 5, 2026

By: /s/ David T. Doherty

David T. Doherty

Executive Vice President and Chief Financial Officer

(Principal Financial and Accounting Officer)

CERTIFICATIONS

I, J. Eric Evans, certify that:

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

By: /s/ J. Eric Evans
J. Eric Evans
Chief Executive Officer

Date: May 5, 2026

CERTIFICATIONS

I, David T. Doherty, certify that:

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

By: /s/ David T. Doherty
David T. Doherty
Executive Vice President and Chief Financial Officer

Date: May 5, 2026

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

In connection with the quarterly report of Surgery Partners, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned certifies, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

By: /s/ J. Eric Evans
J. Eric Evans
Chief Executive Officer

Date: May 5, 2026

By: /s/ David T. Doherty
David T. Doherty
Executive Vice President and Chief Financial Officer

Date: May 5, 2026