



ADAPTHEALTH CORP. ANNOUNCES FOURTH QUARTER AND FULL-YEAR 2022 RESULTS AND UPDATES 2023 OUTLOOK

PLYMOUTH MEETING, Pa. – February 27, 2023 - AdaptHealth Corp. (NASDAQ: AHCO) (“AdaptHealth” or the “Company”), a national leader in providing patient-centered, healthcare-at-home solutions including home medical equipment, medical supplies, and related services, announced today financial results for the fourth quarter and fiscal year ended December 31, 2022.

Highlights of 2022

- AdaptHealth provides needed medical equipment and supplies to approximately 3.9 million patients annually.
- Net revenue increased 21% over full-year 2021, driven by acquired growth of 17.9% and non-acquired growth of 3.5%.
- Net income attributable to AdaptHealth Corp. was \$69.3 million, or \$0.33 per diluted share, compared to \$156.2 million, or \$0.67 per diluted share, in 2021.
- Adjusted EBITDA was \$593.8 million, an increase of 4.9% from full-year 2021.
- Cash flow from operations was \$373.9 million in 2022, up from \$275.7 million in 2021.

Fourth Quarter Results and Highlights

- AdaptHealth reported Net revenue of \$780.3 million for the fourth quarter of 2022 compared to \$702.1 million in the fourth quarter of 2021, an increase of 11.1% including non-acquired growth of 5.3%.
- Strong sequential growth in Sleep revenue and further improvement in supply of PAP equipment.
- Net loss attributable to AdaptHealth Corp. was \$2.6 million, or \$(0.02) per diluted share, compared to net income attributable to AdaptHealth Corp. of \$22.9 million, or \$0.15 per diluted share, in the fourth quarter of 2021.
- Adjusted EBITDA was \$146.0 million, compared to \$158.1 million in the fourth quarter of 2021, a decrease of 7.7%.
- Cash flow from operations was \$96.9 million, compared to \$100.9 million in the fourth quarter of 2021.

Guidance Updated for Fiscal Year 2023

The Company is updating its initial financial guidance for fiscal year 2023, as follows:

- Net revenue of \$3.160 billion to \$3.240 billion (previously \$3.210 billion to \$3.290 billion);
- Adjusted EBITDA of \$650 million to \$710 million (previously \$690 million to \$750 million);
- Total capital expenditures representing 10-12% of net revenue (previously 9-11% of net revenue).

Guidance for fiscal year 2023 does not include any contributions from acquisitions that have not yet closed.

Management Commentary

Steve Griggs, Chief Executive Officer, commented, “2022 was another year of substantial progress for AdaptHealth. We advanced a number of strategic initiatives, including completing the integration of our merger with AeroCare, stabilizing

and optimizing our internal processes, and continuing to invest in the technology, tools, and talent to deliver on the goals that we presented at our Capital Markets Day. As a result of these investments and the efforts of our 10,931 employees, AdaptHealth has continued to grow and prosper, and the company is entering 2023 from a position of strength.

We are disappointed that Adjusted EBITDA fell short of our full-year guidance due primarily to larger impacts from revenue mix and cost pressures than we previously expected. However, we are excited about the immediate future and our long-term opportunities, and are confident that management will execute on new cost containment programs to ensure we deliver on our updated guidance.”

Josh Parnes, President, said, “Over the past year, AdaptHealth took the first steps toward building our vision for the future of our company and our expectations to help lead the transition of value-based care into the home. We are already playing a critical role in the healthcare continuum, especially for post-acute and chronic disease patients, and are now in the process of enhancing the connectivity for the benefit of our patients, payors, and provider partners.”

Conference Call

Management will host a conference call at 8:30 am ET tomorrow to discuss the results and business activities. Interested parties may participate in the call by dialing:

- (800) 245-3047 (Domestic) or
- (203) 518-9765 (International)

When prompted, reference Conference ID: AHCO4Q22

Webcast registration: Click [Here](#)

Following the live call, a replay will be available for six months on the Company's website, www.adapthealth.com under "Investor Relations."

About AdaptHealth Corp.

AdaptHealth is a national leader in providing patient-centered, healthcare-at-home solutions including home medical equipment (HME), medical supplies, and related services. The Company provides a full suite of medical products and solutions designed to help patients manage chronic conditions in the home, adapt to challenges in their activities of daily living, and thrive. Product and service offerings include (i) sleep therapy equipment, supplies, and related services (including CPAP and bi PAP services) to individuals suffering from obstructive sleep apnea, (ii) medical devices and supplies to patients for the treatment of diabetes (including continuous glucose monitors and insulin pumps), (iii) HME to patients discharged from acute care and other facilities, (iv) oxygen and related chronic therapy services in the home, and (v) other HME devices and supplies on behalf of chronically ill patients with wound care, urological, incontinence, ostomy and nutritional supply needs. The Company is proud to partner with an extensive and highly diversified network of referral sources, including acute care hospitals, sleep labs, pulmonologists, skilled nursing facilities, and clinics. AdaptHealth services beneficiaries of Medicare, Medicaid, and commercial insurance payors, reaching approximately 3.9 million patients annually in all 50 states through its network of approximately 725 locations in 47 states.

Forward-Looking Statements

This press release includes certain statements that are not historical facts but are forward-looking statements for purposes of the safe harbor provisions under the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements generally are accompanied by words such as “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “should,” “would,” “plan,” “predict,” “potential,” “seem,” “seek,” “future,” “outlook,” and similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward-looking statements include, but are not limited to, statements regarding projections, estimates and forecasts of revenue and other financial and performance metrics and projections of market opportunity and expectations and the Company’s acquisition pipeline. These statements are based on various assumptions and on the current expectations of AdaptHealth management and are not predictions of actual performance. These forward-looking statements are provided for

illustrative purposes only and are not intended to serve as, and must not be relied on, by any investor as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond the control of the Company.

These forward-looking statements are subject to a number of risks and uncertainties, including the outcome of judicial and administrative proceedings to which the Company may become a party or governmental investigations to which the Company may become subject that could interrupt or limit the Company's operations, result in adverse judgments, settlements or fines and create negative publicity; changes in the Company's customers' preferences, prospects and the competitive conditions prevailing in the healthcare sector. A further description of such risks and uncertainties can be found in the Company's filings with the Securities and Exchange Commission. If the risks materialize or assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. There may be additional risks that the Company presently knows or that the Company currently believes are immaterial that could also cause actual results to differ from those contained in the forward-looking statements. In addition, forward-looking statements reflect the Company's expectations, plans or forecasts of future events and views as of the date of this press release. The Company anticipates that subsequent events and developments will cause the Company's assessments to change. However, while the Company may elect to update these forward-looking statements at some point in the future, the Company specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing the Company's assessments as of any date subsequent to the date of this press release. Accordingly, undue reliance should not be placed upon the forward-looking statements.

Use of Non-GAAP Financial Information and Financial Guidance

This release contains non-GAAP financial guidance, which is adjusted to exclude certain costs, expenses, gains and losses and other specified items that are evaluated on an individual basis. These non-GAAP items are adjusted after considering their quantitative and qualitative aspects and typically have one or more of the following characteristics, such as being highly variable, difficult to project, unusual in nature, significant to the results of a particular period or not indicative of future operating results. Similar charges or gains were recognized in prior periods and will likely reoccur in future periods.

The Company uses EBITDA, Adjusted EBITDA and Free Cash Flow, which are financial measures that are not in accordance with generally accepted accounting principles in the United States, or U.S. GAAP, to analyze its financial results and believes that they are useful to investors, as a supplement to U.S. GAAP measures.

The Company believes Adjusted EBITDA is useful to investors in evaluating the Company's financial performance. The Company uses this metric as the profitability measure in its incentive compensation plans that have a profitability component and to evaluate acquisition opportunities, where it is most often used for purposes of contingent consideration arrangements.

EBITDA and Adjusted EBITDA should not be considered as measures of financial performance under U.S. GAAP, and the items excluded from EBITDA and Adjusted EBITDA are significant components in understanding and assessing financial performance. Accordingly, these key business metrics have limitations as an analytical tool. They should not be considered as an alternative to net income or any other performance measures derived in accordance with U.S. GAAP or as an alternative to cash flows from operating activities as a measure of the Company's liquidity.

The Company uses free cash flow in its operational and financial decision-making and believes free cash flow is useful to investors because similar measures are frequently used by securities analysts, investors, ratings agencies and other interested parties to evaluate the Company's competitors and to measure the ability of companies to service their debt. The Company's presentation of free cash flow should not be construed as a measure of liquidity or discretionary cash available to the Company to fund its cash needs, including investing in the growth of its business and meeting its obligations.

There is no reliable or reasonably estimable comparable GAAP measure for the Company's non-GAAP financial guidance because the Company is not able to reliably predict the impact of certain items, including equity-based compensation expense, transaction costs, changes in fair value of the warrant liability, and other non-recurring items of expense or income in full year 2023. As a result, reconciliation of these non-GAAP measures to the most directly comparable GAAP measure is not available without unreasonable effort. In addition, the Company believes such a

reconciliation would imply a degree of precision and certainty that could be confusing to investors. The variability of the specified items may have a significant and unpredictable impact on the Company's future GAAP results.

In addition, the Company's non-GAAP financial guidance in this release excludes the impact of any potential additional future strategic acquisitions and any specified items that have not yet been identified and quantified. The financial guidance is subject to risks and uncertainties applicable to all forward-looking statements as described elsewhere in this press release.

ADAPTHEALTH CORP.**Condensed Consolidated Balance Sheets (Unaudited)**

| (in thousands) | December 31, 2022 | December 31, 2021 |
|---|------------------------------|------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 46,272 | \$ 149,627 |
| Accounts receivable | 359,146 | 359,896 |
| Inventory | 127,754 | 123,095 |
| Prepaid and other current assets | 52,136 | 37,440 |
| Total current assets | 585,308 | 670,058 |
| Equipment and other fixed assets, net | 487,079 | 398,577 |
| Operating lease right-of-use assets | 129,506 | 147,760 |
| Finance lease right-of-use assets | 5,423 | — |
| Goodwill | 3,545,297 | 3,512,567 |
| Identifiable intangible assets, net | 162,773 | 202,231 |
| Other assets | 22,415 | 15,098 |
| Deferred tax assets | 281,786 | 304,193 |
| Total Assets | <u>\$ 5,219,587</u> | <u>\$ 5,250,484</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 337,498 | \$ 358,384 |
| Current portion of long-term debt | 35,000 | 20,000 |
| Current portion of operating lease obligations | 30,001 | 31,418 |
| Current portion of finance lease obligations | 2,211 | 15,446 |
| Contract liabilities | 31,641 | 31,370 |
| Other liabilities | 19,863 | 43,194 |
| Total current liabilities | 456,214 | 499,812 |
| Long-term debt, less current portion | 2,153,267 | 2,183,552 |
| Operating lease obligations, less current portion | 104,394 | 120,180 |
| Finance lease obligations, less current portion | 3,950 | — |
| Other long-term liabilities | 305,501 | 322,487 |
| Warrant liability | 38,503 | 57,764 |
| Total Liabilities | 3,061,829 | 3,183,795 |
| Total Stockholders' Equity | <u>2,157,758</u> | <u>2,066,689</u> |
| Total Liabilities and Stockholders' Equity | <u>\$ 5,219,587</u> | <u>\$ 5,250,484</u> |

ADAPTHEALTH CORP.

Consolidated Statements of Operations (Unaudited)

| (in thousands, except per share data) | Three Months Ended | | Twelve Months Ended | |
|--|--------------------|------------------|---------------------|-------------------|
| | December 31, | | December 31, | |
| | 2022 | 2021 | 2022 | 2021 |
| Net revenue | \$ 780,283 | \$ 702,106 | \$2,970,595 | \$2,454,535 |
| Grant income | — | 10,595 | — | 10,595 |
| Costs and expenses: | | | | |
| Cost of net revenue | 699,322 | 591,620 | 2,553,169 | 2,008,925 |
| General and administrative expenses | 37,452 | 34,921 | 162,125 | 167,505 |
| Depreciation and amortization, excluding patient equipment depreciation | 16,777 | 17,081 | 64,890 | 63,095 |
| Total costs and expenses | <u>753,551</u> | <u>643,622</u> | <u>2,780,184</u> | <u>2,239,525</u> |
| Operating income | 26,732 | 69,079 | 190,411 | 225,605 |
| Interest expense, net | 30,509 | 25,611 | 109,414 | 95,195 |
| Change in fair value of warrant liability | (13) | 4,178 | (17,158) | (53,181) |
| Change in fair value of contingent consideration common shares liability | — | 4,661 | — | (29,389) |
| Loss on extinguishment of debt | — | — | — | 20,189 |
| Other (income) loss, net | <u>(6,926)</u> | <u>1,134</u> | <u>253</u> | <u>1,832</u> |
| Income before income taxes | 3,162 | 33,495 | 97,902 | 190,959 |
| Income tax expense | <u>4,733</u> | <u>10,024</u> | <u>24,769</u> | <u>32,806</u> |
| Net (loss) income | (1,571) | 23,471 | 73,133 | 158,153 |
| Income attributable to noncontrolling interests | <u>1,017</u> | <u>529</u> | <u>3,817</u> | <u>1,978</u> |
| Net (loss) income attributable to AdpatHealth Corp. | <u>\$ (2,588)</u> | <u>\$ 22,942</u> | <u>\$ 69,316</u> | <u>\$ 156,175</u> |
| Weighted average common shares outstanding - basic | 134,139 | 132,470 | 134,175 | 126,306 |
| Weighted average common shares outstanding - diluted | 134,139 | 136,376 | 138,988 | 133,034 |
| Basic net (loss) income per share | \$ (0.02) | \$ 0.16 | \$ 0.47 | \$ 1.12 |
| Diluted net (loss) income per share | \$ (0.02) | \$ 0.15 | \$ 0.33 | \$ 0.67 |

ADAPTHEALTH CORP.

Consolidated Statements of Cash Flows (Unaudited)

| (in thousands) | Twelve Months Ended December 31, | |
|---|-------------------------------------|--------------------|
| | 2022 | 2021 |
| Cash flows from operating activities: | | |
| Net income | \$ 73.133 | \$ 158.153 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization, including patient equipment depreciation | 351,178 | 258,053 |
| Equity-based compensation | 22,397 | 25,323 |
| Change in fair value of warrant liability | (17,158) | (53,181) |
| Change in fair value of contingent consideration common shares liability | — | (29,389) |
| Reduction in the carrying amount of operating lease right-of-use assets | 32,264 | 28,624 |
| Deferred income tax expense | 18,036 | 22,380 |
| Change in fair value of interest rate swaps, net of reclassification adjustment | (2,936) | (2,927) |
| Amortization of deferred financing costs | 5,234 | 5,378 |
| Write-off of deferred financing costs | — | 4,054 |
| Loss on extinguishment of debt from prepayment penalty | — | 16,135 |
| Other | (285) | (3,615) |
| Changes in operating assets and liabilities, net of effects from acquisitions: | | |
| Accounts receivable | (209) | (29,694) |
| Inventory | (6,300) | (14,920) |
| Prepaid and other assets | (13,143) | 2,731 |
| Operating lease obligations | (31,213) | (28,043) |
| Operating liabilities | (57,131) | (83,383) |
| Net cash provided by operating activities | <u>373,867</u> | <u>275,679</u> |
| Cash flows from investing activities: | | |
| Payments for business acquisitions, net of cash acquired | (19,017) | (1,620,320) |
| Purchases of equipment and other fixed assets | (391,423) | (203,308) |
| Payments for cost method investments | (731) | (1,125) |
| Net cash used in investing activities | <u>(411,171)</u> | <u>(1,824,753)</u> |
| Cash flows from financing activities: | | |
| Proceeds from borrowings on long-term debt and lines of credit | — | 1,165,000 |
| Repayments on long-term debt and lines of credit | (20,000) | (827,271) |
| Repayments of finance lease obligations | (16,176) | (42,164) |
| Payments for shares purchased under share repurchase program | (13,992) | — |
| Proceeds from the exercise of stock options | 2,510 | 12,320 |
| Proceeds received in connection with employee stock purchase plan | 1,616 | 1,016 |
| Payments for tax withholdings from equity-based compensation and stock option exercises | (3,516) | (3,557) |
| Payments of contingent consideration and deferred purchase price from acquisitions | (14,493) | (25,233) |
| Distributions to noncontrolling interests | (2,000) | (1,070) |
| Proceeds from the issuance of senior unsecured notes | — | 1,100,000 |
| Proceeds from the issuance of Class A Common Stock | — | 278,850 |
| Payments for equity issuance costs | — | (13,832) |
| Payments of deferred financing costs | — | (29,185) |
| Payments for debt prepayment penalties | — | (16,135) |
| Net cash (used in) provided by financing activities | <u>(66,051)</u> | <u>1,598,739</u> |
| Net (decrease) increase in cash and cash equivalents | (103,355) | 49,665 |
| Cash and cash equivalents at beginning of period | <u>149,627</u> | <u>99,962</u> |
| Cash and cash equivalents at end of period | <u>\$ 46,272</u> | <u>\$ 149,627</u> |

Non-GAAP Financial Measures

EBITDA and Adjusted EBITDA

This press release presents AdaptHealth's EBITDA and Adjusted EBITDA for the three and twelve months ended December 31, 2022 and 2021.

AdaptHealth defines EBITDA as net income (loss) attributable to AdaptHealth Corp., plus net income (loss) attributable to noncontrolling interests, interest expense, net, income tax expense (benefit), and depreciation and amortization.

AdaptHealth defines Adjusted EBITDA as EBITDA (as defined above), plus loss on extinguishment of debt, equity-based compensation expense, transaction costs, change in fair value of the contingent consideration common shares liability, change in fair value of the warrant liability, and other non-recurring items of expense or income.

The following unaudited table presents the reconciliation of net income attributable to AdaptHealth Corp. to EBITDA and Adjusted EBITDA for the three and twelve months ended December 31, 2022 and 2021:

| (in thousands) | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|--|-------------------|---|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net (loss) income attributable to AdaptHealth Corp. | \$ (2,588) | \$ 22,942 | \$ 69,316 | \$ 156,175 |
| Income attributable to noncontrolling interest | 1,017 | 529 | 3,817 | 1,978 |
| Interest expense, net | 30,509 | 25,611 | 109,414 | 95,195 |
| Income tax expense | 4,733 | 10,024 | 24,769 | 32,806 |
| Depreciation and amortization, including patient equipment depreciation | 102,343 | 77,226 | 351,178 | 258,053 |
| EBITDA | 136,014 | 136,332 | 558,494 | 544,207 |
| Loss on extinguishment of debt (a) | — | — | — | 20,189 |
| Equity-based compensation expense (b) | 5,613 | 3,929 | 22,397 | 25,323 |
| Transaction costs (c) | 171 | 4,511 | 6,003 | 49,081 |
| Change in fair value of warrant liability (d) | (13) | 4,178 | (17,158) | (53,181) |
| Change in fair value of contingent consideration common shares liability (e) | — | 4,661 | — | (29,389) |
| Other non-recurring expense, net (f) | 4,171 | 4,467 | 24,034 | 9,688 |
| Adjusted EBITDA | \$ 145,956 | \$ 158,078 | \$ 593,770 | \$ 565,918 |

- (a) Represents the write-off of unamortized deferred financing costs and other expenses related to refinancing of debt and prepayment penalties for early debt payoff.
- (b) Represents equity-based compensation expense for awards granted to employees and non-employee directors. The higher expense in 2021 is primarily due to expense resulting from accelerated vesting of certain awards, including accelerated vesting of certain awards in connection with the separation of the Company's former Co-CEO.
- (c) Represents transaction costs and expenses related to integration efforts related to acquisitions.
- (d) Represents a non-cash gain or charge for the change in the estimated fair value of the warrant liability.
- (e) Represents a non-cash gain or charge for the change in the estimated fair value of the contingent consideration common shares liability.
- (f) The 2022 period consists of \$11.7 million of consulting expenses associated with systems implementation activities and post-implementation support services, \$10.5 million of expenses associated with litigation, a \$0.8 million loss related to the write-off of an investment, and \$3.9 million of net other non-recurring expenses, offset by income of \$2.9 million related to changes in AdaptHealth's estimated TRA liability. The 2021 period includes \$2.1 million of expenses related to legal and other costs associated with the separation of the Company's former Co-CEO, \$3.9 million of expenses associated with litigation, claims and settlements, \$1.9 million of expenses associated with lease terminations, and \$4.6 million of net other non-recurring expenses, offset by a \$1.9 million gain in connection with the consolidation of an equity method investment, and \$0.9 million of net reductions in the fair value of

Free Cash Flow

This press release presents AdaptHealth's Free Cash Flow for the three and twelve months ended December 31, 2022 and 2021.

AdaptHealth defines Free Cash Flow as net cash provided by operating activities less cash paid for purchases of equipment and other fixed assets.

The following unaudited table reconciles net cash provided by operating activities to the free cash flow measure for the three and twelve months ended December 31, 2022 and 2021:

| (in thousands) | Three Months Ended | | Twelve Months Ended | |
|---|---------------------------|------------------|----------------------------|------------------|
| | December 31, | | December 31, | |
| | 2022 | 2021 | 2022 | 2021 |
| Net cash provided by operating activities | \$ 96,920 | \$ 100,929 | \$ 373,867 | \$ 275,679 |
| Purchases of equipment and other fixed assets | (142,912) | (63,622) | (391,423) | (203,308) |
| Free cash flow | \$ (45,992) | \$ 37,307 | \$ (17,556) | \$ 72,371 |

Contacts

AdaptHealth Corp.

Jason Clemens, CFA
Chief Financial Officer

Anton Hie
Vice President, Investor Relations
IR@adapthealth.com