



 **adapt**health

Financial Supplement – Q2 2020

Disclaimer

Disclaimers and Other Important Information

This presentation (this "Presentation") is for informational purposes only and has been prepared to assist interested parties in making their own evaluation with respect to a potential investment in AdaptHealth Corp. ("AdaptHealth" or the "Company") and for no other purpose. The information contained in this Presentation does not purport to be all inclusive. The data contained herein is derived from various internal and external sources. The information contained in this Presentation is not, and should not be assumed to be, complete and does not present all the information that investors may require or desire in considering an investment in the Company. It is not intended to form the basis of any investment decision or any other decision in respect of the Company. AdaptHealth (as well as its respective directors, officers and stockholders) makes, and each of hereby expressly disclaims, any representations or warranties, express or implied, as to the reasonableness of the assumptions made in this Presentation or the accuracy or completeness of any projections or modeling or any other information contained in this Presentation. AdaptHealth shall not have any liability for any representations, express or implied, contained in, or omissions from, this Presentation or any other written or oral communication communicated to the recipient in the course of the recipient's evaluation of AdaptHealth. Nothing contained within this Presentation is or should be relied upon as a promise or representation as to the future. AdaptHealth does not assume any obligation to provide the recipient with access to any additional information or to update the information in this Presentation. Investors should not construe the contents of this Presentation, or any prior or subsequent communications from or with the Company or its representatives as investment, legal or tax advice.

No securities commission or securities regulatory authority or other authority in the United States or any other jurisdiction has in any way passed upon the merits of a potential investment in AdaptHealth or the accuracy or adequacy of this Presentation.

Forward Looking Statements

This Presentation 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. 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 AdaptHealth. These forward-looking statements are subject to a number of risks and uncertainties, including the outcome of judicial and administrative proceedings to which AdaptHealth may become a party or governmental investigations to which AdaptHealth may become subject that could interrupt or limit AdaptHealth's operations, result in adverse judgments, settlements or fines and create negative publicity; changes in AdaptHealth's clients' preferences, prospects and the competitive conditions prevailing in the healthcare sector. Important factors that could cause or contribute to such risks and uncertainties are discussed in AdaptHealth's filings with the U.S. 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 AdaptHealth presently knows or that AdaptHealth currently believes is immaterial that could also cause actual results to differ from those contained in the forward-looking statements. In addition, forward-looking statements reflect AdaptHealth's expectations, plans or forecasts of future events and views as of the date of this press release. AdaptHealth anticipates that subsequent events and developments will cause AdaptHealth's assessments to change. However, while AdaptHealth may elect to update these forward-looking statements at some point in the future, AdaptHealth specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing AdaptHealth'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.

Market and Industry Data

Industry and market data used in this Presentation is unaudited and have been obtained from third-party industry publications and sources as well as from research reports prepared for other purposes. AdaptHealth has not independently verified the data obtained from these sources and cannot assure you of the data's accuracy or completeness. This data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. You are cautioned not to give undue weight to such industry and market data.

Non-GAAP and Other Financial Information

The financial information contained in this Presentation has not been prepared with a view toward compliance with rules of the SEC applicable to disclosures by SEC reporting companies generally or with a view toward compliance with the SEC's rules relating to non-GAAP financial information.

This Presentation includes references to unaudited financial measures that are calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles in the United States of America ("GAAP"), including the measures EBITDA, Adjusted EBITDA, and Adjusted EBITDA less Patient Equipment Capex. A reconciliation of certain of these non-GAAP financial measures to the nearest GAAP measure can be found in the Appendix to this Presentation. Any non-GAAP financial measures used in this Presentation are in addition to, and not meant to be considered superior to, or a substitute for, the Company's financial statements prepared in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in the Company's financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expense and income are excluded or included in determining these non-GAAP financial measures. The non-GAAP financial measures presented herein may not be comparable to similar non-GAAP financial measures presented by other companies..

No Offer or Solicitation

This Presentation and any oral statements made in connection with this Presentation do not constitute an offer to sell, or a solicitation of an offer to buy, or a recommendation to purchase, any securities in any jurisdiction, or the solicitation of any proxy, vote, consent or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of any securities in any jurisdiction where, or to any person to whom, such offer, solicitation or sale may be unlawful under the laws of such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Summary Financial Results

(in thousands)	Three Months Ended					Six Months Ended	
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	June 30, 2020	June 30, 2019
Sale revenue	\$ 160,965	\$ 128,974	\$ 91,436	\$ 83,064	\$ 72,996	\$ 289,938	\$ 141,952
Rental revenue	71,151	62,465	58,106	53,387	51,158	133,617	101,700
Total net revenue	\$ 232,116	\$ 191,439	\$ 149,542	\$ 136,451	\$ 124,154	\$ 423,555	\$ 243,652
Operating income (loss)	\$ 16,470	\$ 9,311	\$ 716	\$ 8,723	\$ 14,911	\$ 25,781	\$ 20,258
Net income (loss) attributable to AdaptHealth Corp.	\$ 4,033	\$ (158)	\$ (3,425)	\$ (3,687)	\$ (2,084)	\$ 3,875	\$ (7,884)
Adjusted EBITDA	\$ 42,634	\$ 30,460	\$ 33,670	\$ 31,655	\$ 29,480	\$ 73,094	\$ 57,696
Adjusted EBITDA less Patient Equipment Capex	\$ 30,566	\$ 17,493	\$ 21,838	\$ 18,714	\$ 18,075	\$ 48,059	\$ 35,048
<u>% of Revenue</u>							
Adjusted EBITDA	18.4%	15.9%	22.5%	23.2%	23.7%	17.3%	23.7%
Adjusted EBITDA less Patient Equipment Capex	13.2%	9.1%	14.6%	13.7%	14.6%	11.3%	14.4%

Note: 2020 Adjusted EBITDA and Adjusted EBITDA less Patient Equipment Capex as a % of revenue were impacted by losses at PCS⁽¹⁾. Page 4 summarizes results excluding PCS.

⁽¹⁾ Patient Care Solutions "PCS" was acquired in January 2020. PCS is a turn-around situation and we expect to invest \$15 million into one-time restructuring and operational losses in 2020.

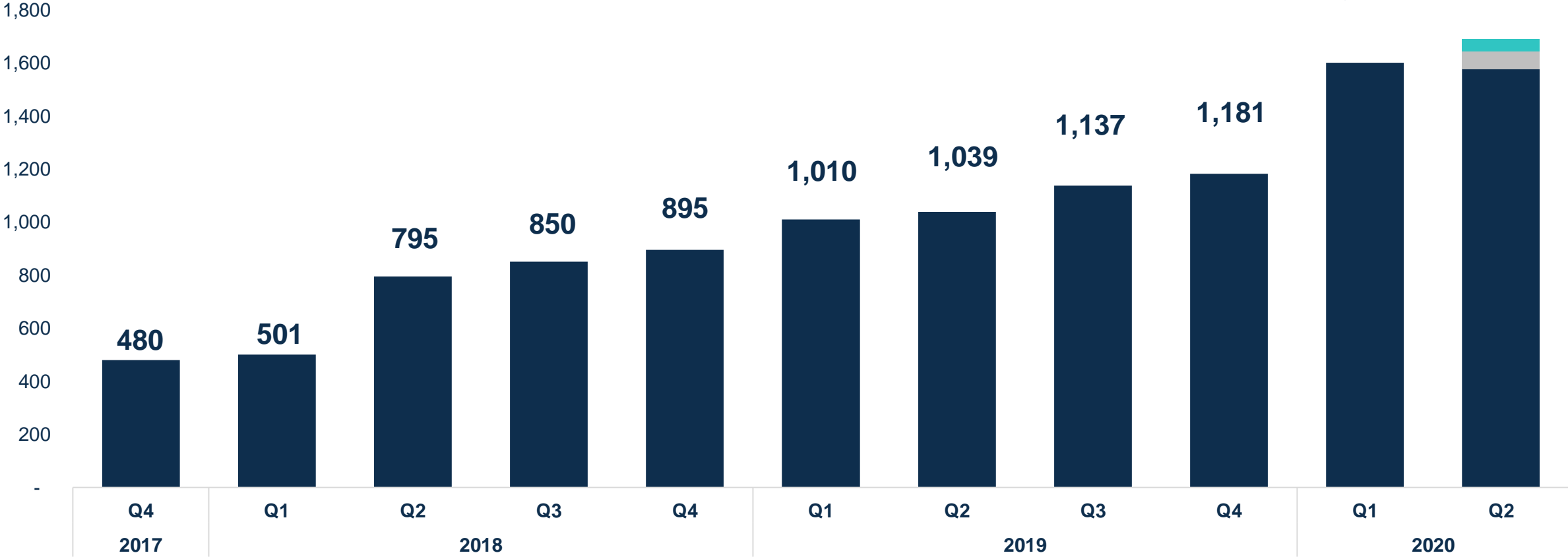
Summary Financial Results – Excluding PCS⁽¹⁾

(in thousands)	Three Months Ended					Six Months Ended	
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	June 30, 2020	June 30, 2019
Sale revenue	\$ 127,939	\$ 95,099	\$ 91,436	\$ 83,064	\$ 72,996	\$ 223,038	\$ 141,952
Rental revenue	71,151	62,465	58,106	53,387	51,158	133,616	101,700
Total net revenue	\$ 199,090	\$ 157,564	\$ 149,542	\$ 136,451	\$ 124,154	\$ 356,654	\$ 243,652
Operating income (loss)	\$ 21,603	\$ 16,442	\$ 716	\$ 8,723	\$ 14,911	\$ 38,045	\$ 20,258
Net income (loss) attributable to AdaptHealth Corp.	\$ 7,191	\$ 3,785	\$ (3,425)	\$ (3,687)	\$ (2,084)	\$ 10,976	\$ (7,884)
Adjusted EBITDA	\$ 46,265	\$ 34,913	\$ 33,670	\$ 31,655	\$ 29,480	\$ 81,178	\$ 57,696
Adjusted EBITDA less Patient Equipment Capex	\$ 34,197	\$ 21,946	\$ 21,838	\$ 18,714	\$ 18,075	\$ 56,143	\$ 35,048
<u>% of Revenue</u>							
Adjusted EBITDA	23.2%	22.2%	22.5%	23.2%	23.7%	22.8%	23.7%
Adjusted EBITDA less Patient Equipment Capex	17.2%	13.9%	14.6%	13.7%	14.6%	15.7%	14.4%

(1) Patient Care Solutions “PCS” was acquired in January 2020. PCS is a turn-around situation and we expect to invest \$15 million into one-time restructuring and operational losses in 2020.

Unique Patients Served Including Solara & ActivStyle

LTM¹ Pro Forma Unique Patients Serviced
(in thousands)



■ AH ■ ActivStyle ■ Solara

Note: Q2 2020 LTM was impacted by lower new patient starts as a result of COVID pandemic

¹ Acquisitions included on a pro forma basis for full LTM period as of acquisition date

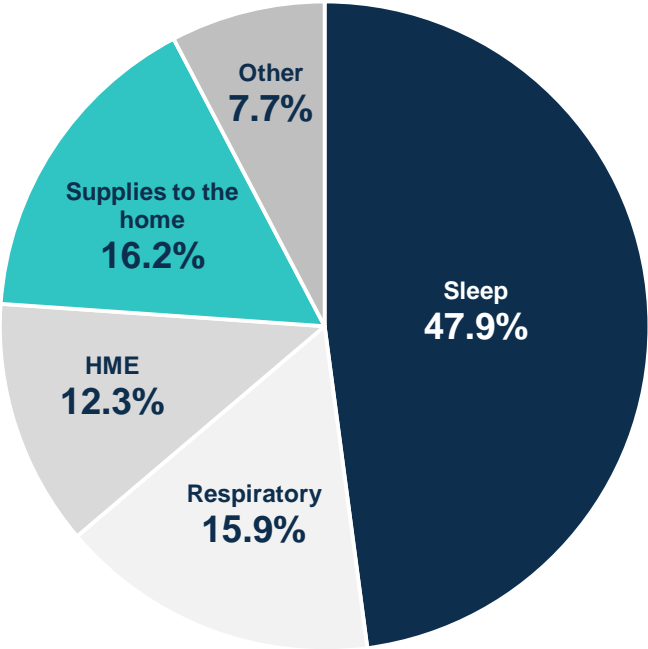
AH Standalone / PCS Financial Results Breakout

(in thousands)

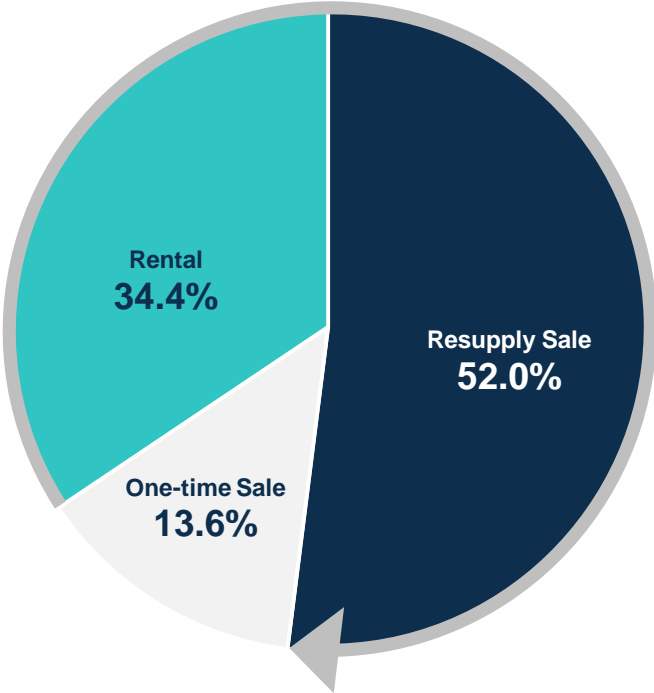
	Three Months Ended June 30, 2020			Six Months Ended June 30, 2020		
	AH Standalone	PCS ⁽¹⁾	AH Consolidated	AH Standalone	PCS ⁽¹⁾	AH Consolidated
Net revenue	\$ 199,090	\$ 33,026	\$ 232,116	\$ 356,654	\$ 66,901	\$ 423,555
Cost of net revenue	161,342	36,175	197,517	288,786	75,271	364,057
General and administrative expenses	15,177	1,915	17,092	27,681	3,758	31,439
Depreciation, excluding patient equipment depreciation	968	69	1,037	2,142	136	2,278
Total costs and expenses	177,487	38,159	215,646	318,609	79,165	397,774
Operating income (loss)	21,603	(5,133)	16,470	38,045	(12,264)	25,781
Interest expense, net	7,482	-	7,482	15,420	-	15,420
Income (loss) before income taxes	14,121	(5,133)	8,988	22,625	(12,264)	10,361
Income tax expense	1,819	-	1,819	2,922	4	2,926
Net income (loss)	12,302	(5,133)	7,169	19,703	(12,268)	7,435
Income (loss) attributable to noncontrolling interests	5,111	(1,975)	3,136	8,727	(5,167)	3,560
Net (loss) income attributable to AdaptHealth Corp.	\$ 7,191	\$ (3,158)	\$ 4,033	\$ 10,976	\$ (7,101)	\$ 3,875
Non-GAAP Reconciliation						
Net income (loss) attributable to AdaptHealth Corp.	\$ 7,191	\$ (3,158)	\$ 4,033	\$ 10,976	\$ (7,101)	\$ 3,875
Income (loss) attributable to noncontrolling interests	5,111	(1,975)	3,136	8,727	(5,167)	3,560
Interest expense, net	7,482	-	7,482	15,420	-	15,420
Income tax expense	1,819	-	1,819	2,922	4	2,926
Depreciation, including patient equipment depreciation	18,305	69	18,374	34,978	136	35,114
EBITDA	39,908	(5,064)	34,844	73,023	(12,128)	60,895
Equity-based compensation expense	2,354	890	3,244	4,281	1,186	5,467
Transaction costs	3,346	195	3,541	5,707	692	6,399
Severance	1,557	348	1,905	1,658	666	2,324
Other non-recurring (income) expense	(900)	-	(900)	(3,491)	1,500	(1,991)
Adjusted EBITDA	46,265	(3,631)	42,634	81,178	(8,084)	73,094
Less: Patient equipment capex	(12,068)	-	(12,068)	(25,035)	-	(25,035)
Adjusted EBITDA less Patient Equipment Capex	\$ 34,197	\$ (3,631)	\$ 30,566	\$ 56,143	\$ (8,084)	\$ 48,059
% of net revenue						
Adjusted EBITDA	23.2%	-11.0%	18.4%	22.8%	-12.1%	17.3%
Adjusted EBITDA less Patient Equipment Capex	17.2%	-11.0%	13.2%	15.7%	-12.1%	11.3%

(1) Patient Care Solutions "PCS" was acquired in January 2020. PCS is a turn-around situation and we expect to invest \$15 million into one-time restructuring and operational losses in 2020.

Q2 2020 Business Mix Summary⁽¹⁾

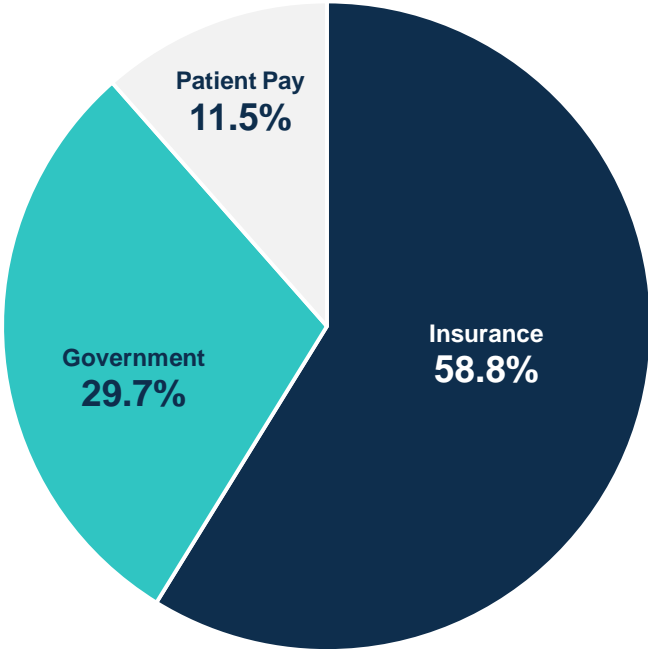


Product



More than 85% of revenue comes from recurring sales or rentals

Sale Type



Payor

(1) Excludes B2B sales and rental revenue to referral partners and healthcare facilities in support of their urgent needs for ventilation and oxygen equipment for COVID patients. This was a new channel for AdaptHealth as our normal business models involve providing equipment and services to patients in the home.

Revenue by Product

(in thousands)

	Three Months Ended					Six Months Ended	
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	June 30, 2020	June 30, 2019
Net sales revenue							
Sleep	\$ 84,421	\$ 68,894	\$ 67,864	\$ 59,117	\$ 50,433	\$ 153,315	\$ 97,560
Supplies to the home	34,240	33,339	1,849	1,966	1,915	67,579	3,944
HME	12,727	11,579	10,889	10,873	10,236	24,306	20,725
Respiratory	18,114	2,768	1,659	1,397	1,445	20,882	2,724
Other	11,463	12,394	9,175	9,711	8,967	23,856	16,999
Total net sales revenue	\$ 160,965	\$ 128,974	\$ 91,436	\$ 83,064	\$ 72,996	\$ 289,938	\$ 141,952
% of total net revenue	69.3%	67.3%	61.1%	60.9%	58.8%	68.5%	58.3%
Net revenue from fixed monthly equipment reimbursements							
Sleep	\$ 22,644	\$ 22,669	\$ 23,084	\$ 20,762	\$ 18,944	\$ 45,313	\$ 37,001
HME	13,262	12,177	11,437	11,088	10,202	25,439	20,445
Respiratory	30,856	25,007	21,333	19,646	20,009	55,863	40,438
Other	4,389	2,612	2,252	1,891	2,003	7,002	3,816
Total net revenue from fixed monthly equipment reimbursements	\$ 71,151	\$ 62,465	\$ 58,106	\$ 53,387	\$ 51,158	\$ 133,617	\$ 101,700
% of total net revenue	30.7%	32.7%	38.9%	39.1%	41.2%	31.5%	41.7%
Total net revenue							
Sleep	\$ 107,065	\$ 91,563	\$ 90,948	\$ 79,879	\$ 69,377	\$ 198,628	\$ 134,561
Supplies to the home	34,240	33,339	1,849	1,966	1,915	67,579	3,944
HME	25,989	23,756	22,326	21,961	20,438	49,745	41,170
Respiratory	48,970	27,775	22,992	21,043	21,454	76,745	43,162
Other	15,852	15,006	11,427	11,602	10,970	30,858	20,815
Total net revenue	\$ 232,116	\$ 191,439	\$ 149,542	\$ 136,451	\$ 124,154	\$ 423,555	\$ 243,652

Revenue by Sale Type

(in thousands)

	Three Months Ended					
	June 30, 2020 (Excl B2B) ⁽¹⁾	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Resupply Sale	\$ 105,816	\$ 105,816	\$ 98,491	\$ 73,356	\$ 64,583	\$ 56,160
One-time Sale	27,710	55,149	30,483	18,080	18,481	16,836
Rental	70,159	71,151	62,465	58,106	53,387	51,158
Total net revenue	<u>\$ 203,685</u>	<u>\$ 232,116</u>	<u>\$ 191,439</u>	<u>\$ 149,542</u>	<u>\$ 136,451</u>	<u>\$ 124,154</u>
Resupply Sale	52.0%	45.6%	51.4%	49.1%	47.4%	45.2%
One-time Sale	13.6%	23.7%	16.0%	12.0%	13.5%	13.6%
Rental	34.4%	30.7%	32.7%	38.9%	39.1%	41.2%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Total Resupply Sale & Rental	86.4%	76.3%	84.1%	88.0%	86.5%	86.4%

(1) Excludes B2B sales and rental revenue to referral partners and healthcare facilities in support of their urgent needs for ventilation and oxygen equipment for COVID patients. This was a new channel for AdaptHealth as our normal business models involve providing equipment and services to patients in the home.

Share Count Information

(in thousands)

	Common Stock		Warrants ⁽¹⁾
	Class A	Class B	
Number of shares outstanding at March 31, 2020	43,354	30,564	8,728
Class B Conversions	2,055	(2,055)	-
Warrant exercises	1,033	-	(1,033)
Equity-based compensation activity	33	-	-
Number of shares outstanding at June 30, 2020	46,475 ⁽²⁾	28,509	7,695
OEP Investment - Common Stock	10,930	-	-
OEP Investment - Series A-1 Preferred Stock as converted	2,888	-	-
Deerfield Investment - Series B-2 Preferred Stock as converted	2,545	-	-
Equity issued in Solara acquisition	3,906	-	-
Public offering	9,200	-	-
Class B Conversions	531	(531)	-
Warrant exercises	184	-	(184)
ESPP activity	6	-	-
Number of shares outstanding subsequent to activity above (as of July 7, 2020)	76,666	27,978	7,511

Summary of Preferred Stock Outstanding

Class	Preferred Stock	As-converted Common Stock	
Series A-1	40	2,888	Converts to Class A Common Stock at 72.727273 to 1 ratio
Series B-1	158	15,811	Converts into Class A common shares at 100 to 1 ratio
Series B-2	35	2,545	Converts into 25,454.55 shares of B-1 Preferred Stock, which then convert to Class A Common Stock at 100 to 1 ratio

⁽¹⁾ Warrants have an exercise price of \$11.50

⁽²⁾ Includes 15,811 as converted shares of Series B-1 Preferred Stock

Pro Forma Capitalization

<u>(in thousands - except share price)</u>	<u>June 30, 2020</u>
Cash and cash equivalents	\$ 304,181
Term Loan	\$ 250,000
Revolver (\$200mm)	-
Other secured debt & capital leases	22,875
Total secured debt	\$ 272,875
Promissory note	143,500
Senior unsecured notes	350,000
Other non-secured debt	667
Total debt⁽¹⁾	\$ 767,042
Total net debt⁽¹⁾	\$ 462,861
Pro Forma as converted Class A shares outstanding (as of July 7, 2020) ^{(2),(3)}	104,644
Share Price (7/7/20 at close)	\$ 19.44
Market equity as of 7/7/20	\$ 2,034,279
Total Capitalization	\$ 2,801,321
Enterprise Value	\$ 2,497,140

Note: Pro forma for Solara/ActivStyle transactions, primary offering, senior unsecured notes, and new credit facility, all of which occurred in July 2020.

⁽¹⁾ Debt amounts do not reflect the balance of unamortized deferred debt issuance costs.

⁽²⁾ On an as converted basis, includes 28.0mm Class B shares, 2.9mm shares from Preferred A-1, 15.8mm shares from Preferred B-1, and 2.5mm shares from Preferred B-2.

⁽³⁾ Excludes 7.5mm warrants which have a strike price of \$11.50



Appendix



Non-GAAP Reconciliation

(in thousands)

	Three Months Ended				Six Months Ended		
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	June 30, 2019	
Non-GAAP Reconciliation							
Net income (loss) attributable to AdaptHealth Corp.	\$ 4,033	\$ (158)	\$ (3,425)	\$ (3,687)	\$ (2,084)	\$ 3,875	\$ (7,884)
Income attributable to noncontrolling interests	3,136	424	775	627	361	3,560	709
Interest expense excluding change in FV of interest rate swaps	7,482	7,938	8,586	7,834	7,900	15,420	11,458
Interest expense (income) - Change in FV of interest rate swaps	-	-	(933)	2,922	6,735	-	9,437
Income tax expense (benefit)	1,819	1,107	(4,288)	1,027	1,999	2,926	4,417
Depreciation, including patient equipment depreciation	18,374	16,740	17,490	16,871	13,234	35,114	28,206
EBITDA	34,844	26,051	18,205	25,594	28,145	60,895	46,343
Loss on extinguishment of debt (a)	-	-	-	-	-	-	2,121
Equity-based compensation expense (b)	3,244	2,223	5,264	400	183	5,467	5,406
Transaction costs (c)	3,541	2,858	7,752	5,282	434	6,399	2,950
Severance (d)	1,905	419	1,580	33	547	2,324	688
Other non-recurring (income) expense (e)	(900)	(1,091)	869	346	171	(1,991)	188
Adjusted EBITDA	42,634	30,460	33,670	31,655	29,480	73,094	57,696
Less: Patient equipment capex (f)	(12,068)	(12,967)	(11,832)	(12,941)	(11,405)	(25,035)	(22,648)
Adjusted EBITDA less Patient Equipment Capex	\$ 30,566	\$ 17,493	\$ 21,838	\$ 18,714	\$ 18,075	\$ 48,059	\$ 35,048

(a) Represents write offs of deferred financing costs related to refinancing of debt.

(b) Represents amortization of equity-based compensation to employees, including expense resulting from accelerated vesting and modification of certain awards incurred in 2019.

(c) Represents transaction costs related to acquisitions and the 2019 Recapitalization.

(d) Represents severance costs related to acquisition integration and internal AdaptHealth restructuring and workforce reduction activities.

(e) The 2020 periods include (1) \$2.9 million of reductions in the fair value of earnout liabilities, (2) a \$0.6 million gain in connection with the sale of a cost method investment, offset by (3) a \$1.5 million expense associated with the PCS Transition Services Agreement.

(f) Represents the value of the patient equipment obtained during the respective period without regard to whether the equipment is purchased or financed through lease transactions.

Patient Capex Reconciliation

(in thousands)

	Six Months Ended	
	June 30, 2020	June 30, 2019
Patient equipment capex additions acquired under capital leases ⁽¹⁾	\$ 20,632	\$ 18,038
Cash paid during the period for fixed assets ⁽²⁾	10,915	10,741
	<u>31,547</u>	<u>28,779</u>
Non patient equipment capex additions	(4,471)	(2,671)
Change in fixed asset accruals between beginning and end of period	(2,041)	(3,460)
Total patient equipment capex additions during the period	<u>\$ 25,035</u>	<u>\$ 22,648</u>

⁽¹⁾ Per non-cash investing and financing activities section of Consolidated Cash Flows Statement

⁽²⁾ Per cash flows from investing activities section of Consolidated Cash Flows Statement