



 **adapt**health

Financial Supplement – Q3 2020

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This Presentation includes references to 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 ("U.S. GAAP"), including EBITDA, Adjusted EBITDA and Adjusted EBITDA less Patient Equipment Capex. AdaptHealth defines EBITDA as net income (loss) attributable to AdaptHealth Corp., plus net income (loss) attributable to noncontrolling interests, interest expense (income), 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, severance, and similar items of expense (income). AdaptHealth defines Adjusted EBITDA less Patient Equipment Capex as Adjusted EBITDA (as defined above) less patient equipment acquired during the period without regard to whether the equipment was purchased or financed through lease transactions. EBITDA, Adjusted EBITDA and Adjusted EBITDA less Patient Equipment Capex should not be considered as measures of financial performance under U.S. GAAP, and the items excluded from EBITDA, Adjusted EBITDA and Adjusted EBITDA less Patient Equipment Capex 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 AdaptHealth's liquidity.

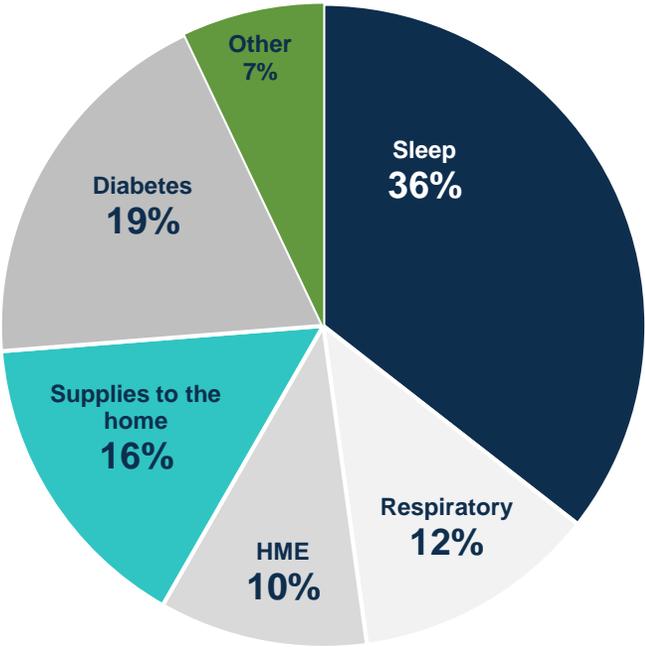
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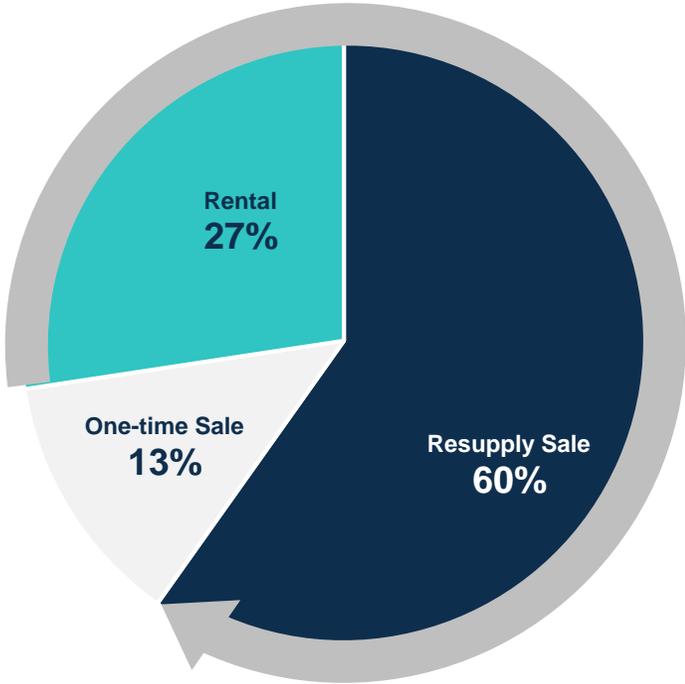
Summary Financial Results

(in thousands)	Three Months Ended					Nine Months Ended	
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	September 30, 2020	September 30, 2019
Sale revenue	\$ 207,140	\$ 160,965	\$ 128,973	\$ 91,435	\$ 83,064	\$ 497,078	\$ 225,016
Rental revenue	77,265	71,151	62,466	58,106	53,387	210,882	155,087
Total net revenue	\$ 284,405	\$ 232,116	\$ 191,439	\$ 149,541	\$ 136,451	\$ 707,960	\$ 380,103
Operating income	\$ 13,259	\$ 16,470	\$ 9,311	\$ 714	\$ 8,724	\$ 39,040	\$ 28,982
Net income (loss) attributable to AdaptHealth Corp.	\$ (2,489)	\$ 4,033	\$ (158)	\$ (3,426)	\$ (3,686)	\$ 1,386	\$ (11,570)
Adjusted EBITDA	\$ 53,160	\$ 42,634	\$ 30,460	\$ 33,669	\$ 31,656	\$ 126,254	\$ 89,352
Adjusted EBITDA less Patient Equipment Capex	\$ 35,912	\$ 30,566	\$ 17,493	\$ 21,837	\$ 18,715	\$ 83,971	\$ 53,763
% of Revenue							
Adjusted EBITDA	18.7%	18.4%	15.9%	22.5%	23.2%	17.8%	23.5%
Adjusted EBITDA less Patient Equipment Capex	12.6%	13.2%	9.1%	14.6%	13.7%	11.9%	14.1%

Q3 2020 Business Mix Summary⁽¹⁾

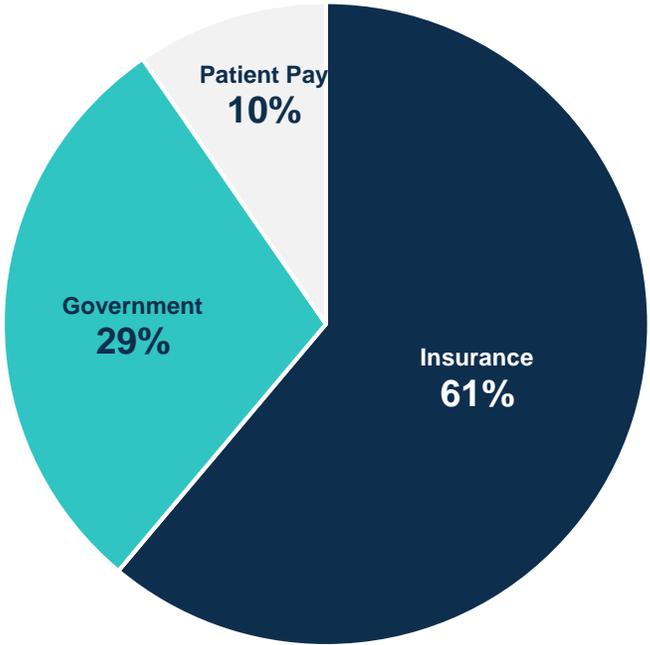


Product



More than 87% 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 (\$4.3 million in Q3 2020). 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					Nine Months Ended	
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	September 30, 2020	September 30, 2019
Net sales revenue							
Sleep	\$ 74,655	\$ 84,421	\$ 68,894	\$ 67,865	\$ 59,117	\$ 227,970	\$ 156,677
Diabetes	52,887	6,372	5,307	-	-	64,566	-
Supplies to the home	44,579	27,868	28,032	1,849	1,966	100,479	5,910
Respiratory	5,152	18,114	2,768	1,659	1,397	26,034	4,121
HME	14,998	12,727	11,579	10,889	10,873	39,304	31,598
Other	14,869	11,463	12,393	9,173	9,711	38,725	26,710
Total net sales revenue	\$ 207,140	\$ 160,965	\$ 128,973	\$ 91,435	\$ 83,064	\$ 497,078	\$ 225,016
% of total net revenue	72.8%	69.2%	67.4%	61.1%	60.9%	70.2%	59.2%
Net revenue from fixed monthly equipment reimbursements							
Sleep	\$ 24,971	\$ 22,644	\$ 22,669	\$ 23,084	\$ 20,761	\$ 70,284	\$ 57,762
Diabetes	946	-	-	-	-	946	-
Respiratory	32,269	30,856	25,007	21,333	19,646	88,132	60,084
HME	14,256	13,262	12,177	11,445	11,088	39,695	31,533
Other	4,823	4,389	2,613	2,244	1,892	11,825	5,708
Total net revenue from fixed monthly equipment reimbursements	\$ 77,265	\$ 71,151	\$ 62,466	\$ 58,106	\$ 53,387	\$ 210,882	\$ 155,087
% of total net revenue	27.2%	30.8%	32.6%	38.9%	39.1%	29.8%	40.8%
Total net revenue							
Sleep	\$ 99,626	\$ 107,065	\$ 91,563	\$ 90,949	\$ 79,878	\$ 298,254	\$ 214,439
Diabetes	53,833	6,372	5,307	-	-	65,512	-
Supplies to the home	44,579	27,868	28,032	1,849	1,966	100,479	5,910
Respiratory	37,421	48,970	27,775	22,992	21,043	114,166	64,205
HME	29,254	25,989	23,756	22,334	21,961	78,999	63,131
Other	19,692	15,852	15,006	11,417	11,603	50,550	32,418
Total net revenue	\$ 284,405	\$ 232,116	\$ 191,439	\$ 149,541	\$ 136,451	\$ 707,960	\$ 380,103

Revenue by Sale Type

(in thousands)

	Three Months Ended						
	September 30, 2020 (Excl B2B) ⁽¹⁾	September 30, 2020	June 30, 2020 (Excl B2B) ⁽¹⁾	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Resupply Sale	\$ 167,533	\$ 167,533	\$ 105,816	\$ 105,816	\$ 98,491	\$ 73,356	\$ 64,583
One-time Sale	35,715	39,607	27,710	55,149	30,482	18,079	18,481
Rental	76,829	77,265	70,159	71,151	62,466	58,106	53,387
Total net revenue	\$ 280,077	\$ 284,405	\$ 203,685	\$ 232,116	\$ 191,439	\$ 149,541	\$ 136,451
Resupply Sale	59.8%	58.9%	52.0%	45.6%	51.4%	49.1%	47.4%
One-time Sale	12.8%	13.9%	13.6%	23.7%	16.0%	12.0%	13.5%
Rental	27.4%	27.2%	34.4%	30.7%	32.6%	38.9%	39.1%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Resupply Sale & Rental	87.2%	86.1%	86.4%	76.3%	84.0%	88.0%	86.5%

(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 June 30, 2020	46,475 ⁽²⁾	28,509	7,695
Class B exchanges	2,634	(2,634)	-
Warrant exercises	1,979	-	(3,414)
OEP investment (includes Series A-1 Preferred Stock converted to Common Stock during the period)	13,818	-	-
Deerfield investment (Series B-1 Preferred Stock as converted)	2,545	-	-
Public offering	9,200	-	-
Equity issued in connection with acquisitions	4,344	-	-
Equity-based compensation activity	35	-	-
Other	7	-	-
Number of shares outstanding at September 30, 2020	81,037 ⁽³⁾	25,875	4,281
Equity issued in connection with acquisitions	1,087	-	-
Number of shares outstanding subsequent to activity above (as of November 3, 2020)	82,124	25,875	4,281

Summary of Preferred Stock Outstanding at September 30, 2020:

Class	Number of Shares	As-converted Common Stock	
Series B-1	184	18,356	Converts into Class A common shares 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

⁽³⁾ Includes 18,356 as converted shares of Series B-1 Preferred Stock



Appendix



Non-GAAP Reconciliation

(in thousands)

	Three Months Ended				Nine Months Ended		
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	September 30, 2020	September 30, 2019
Non-GAAP Reconciliation							
Net income (loss) attributable to AdaptHealth Corp.	\$ (2,489)	\$ 4,033	\$ (158)	\$ (3,425)	\$ (3,686)	\$ 1,386	\$ (11,570)
Income (loss) attributable to noncontrolling interests	(1,338)	3,136	424	775	627	2,222	1,336
Interest expense excluding change in FV of interest rate swaps	12,406	7,482	7,938	8,586	7,834	27,826	19,292
Interest expense (income) - Change in FV of interest rate swaps	-	-	-	(933)	2,922	-	12,359
Income tax expense (benefit)	(636)	1,819	1,107	(4,288)	1,027	2,290	5,444
Depreciation, including patient equipment depreciation	22,747	18,374	16,740	17,490	16,871	57,861	45,077
EBITDA	30,690	34,844	26,051	18,205	25,595	91,585	71,938
Loss on extinguishment of debt (a)	5,316	-	-	-	-	5,316	2,121
Equity-based compensation expense (b)	5,502	3,244	2,223	5,264	400	10,969	5,806
Transaction costs (c)	10,213	3,541	2,858	7,752	5,282	16,612	8,232
Severance (d)	921	1,905	419	1,580	33	3,245	721
Other non-recurring (income) expense (e)	518	(900)	(1,091)	869	346	(1,473)	534
Adjusted EBITDA	53,160	42,634	30,460	33,670	31,656	126,254	89,352
Less: Patient equipment capex (f)	(17,248)	(12,068)	(12,967)	(11,832)	(12,941)	(42,283)	(35,589)
Adjusted EBITDA less Patient Equipment Capex	\$ 35,912	\$ 30,566	\$ 17,493	\$ 21,838	\$ 18,715	\$ 83,971	\$ 53,763

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

(b) Represents amortization of equity-based compensation to employees and non-employee directors. The higher expense in the 2020 periods is due to a full quarter and year-to-date expense for awards granted in late 2019, and overall increased equity-compensation grant activity in 2020. The 2019 year-to-date period includes expense resulting from accelerated vesting and modification of certain awards in that period.

(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 nine months ended September 30, 2020 includes \$2.9 million of reductions in the fair value of contingent consideration liabilities related to acquisitions, a \$0.6 million gain in connection with the sale of a cost method investment, offset by a \$1.5 million expense associated with the PCS Transition Services Agreement and \$0.5 million of other non-recurring expenses.

(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)

	Nine Months Ended	
	September 30, 2020	September 30, 2019
Patient equipment capex additions acquired under capital leases ⁽¹⁾	\$ 28,888	\$ 29,565
Cash paid during the period for fixed assets ⁽²⁾	22,834	14,453
	51,722	44,018
Non patient equipment capex additions	(8,149)	(4,354)
Change in fixed asset accruals between beginning and end of period	(1,290)	(4,075)
Total patient equipment capex additions during the period	\$ 42,283	\$ 35,589

⁽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